



WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS

FORENSIC EXAMINATION REPORT

OCTOBER 4, 2019

Forensic Examination Report

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I. BACKGROUND

On September 11, 2018, the Wood River, IL Police Department (WRPD) was alerted to alleged misappropriation of assets by then Secretary/Treasurer, Jamie Butkovich for which she was arrested and charged on September 12, 2018. Subsequent internal review of records led the Wood River Drainage and Levee District (WRDLD) to seek a formal examination by Forensic Accounting and Consulting Services, Inc.

Based upon this initial predication, a fraud examination was conducted, which included reviews of relevant records and interviews of appropriate personnel.

II. EXECUTIVE SUMMARY

Jamie Butkovich began employment as Secretary/Treasurer by WRDLD on May 15, 2012. Her employment by WRDLD was terminated on September 12, 2018 after WRPD arrested her on suspicion of misappropriation of assets.

An internal review of documents was later performed by WRDLD which led to the hiring Forensic Accounting and Consulting Services, Inc. to examine records for a second opinion regarding the alleged misappropriation of assets for which Jamie Butkovich was charged.

An examination was performed of selected purchases, payroll transactions and scrap metal receipts and correlated petty cash purchases from May, 2012 to September, 2018 and existing WRDLD employees who were believed to have information regarding the alleged misappropriation of assets by Jamie Butkovich.

III. SCOPE

The objective of the fraud examination was as follows:

- Confirm the existence and value of alleged misappropriation of assets of WRDLD by former Secretary/Treasurer, Jamie Butkovich. The examination was predicated upon a WRPD Police Incident Report (PIR) which precipitated Jamie Butkovich, WRDLD's Secretary/Treasurer, being charged with Criminal Felony Theft of between \$10,000 and \$100,000.

IV. APPROACH

Fraud Examination performed by: Jeremy Plank, CFE, CPA

Procedures: As part of the examination of this matter, the following actions were taken:

- Obtained, reviewed, and analyzed source documents pertaining to the PIR described previously.
- Obtained, reviewed, and analyzed WRDLD financial documentation, including purchase records, invoices, and canceled checks.
- Obtained, reviewed, and analyzed public records regarding Jamie Butkovich.

Individuals Interviewed: The following individuals were interviewed in person by members of the fraud examination team:

- Chuck Johanson (Commissioner, WRDLD)
- Catrenia Roach (Former Treasurer, WRDLD)
- Ronald Carnell (Commissioner, WRDLD)
- Michael Allen (Assistant Superintendent, WRDLD)

V. FINDINGS

Based on the documents reviewed, information collected, and interviews conducted during the course of the fraud examination, findings are as follows:

- Did the fraud examination confirm the existence and value of the insurance claim and felony charges of former Secretary/Treasurer, Jamie Butkovich?

Yes. The documents and information reviewed and interviews conducted during the course of the examination indicate that Jamie Butkovich, did embezzle approximately \$76,729.30 from WRDLD over the term of her employment. During the fraud examination, the team analyzed financial documents and conducted interviews to corroborate the findings of both the Police Incident Report and the findings of the subsequent Secretary/Treasurer of WRDLD. The following is a summary of the evidence and information supporting the fraud examination's findings:

The PIR makes reference to the following pertinent details:

- Bank employees notified the district of "several suspicious transactions made using the Levee District Visa debit cards." (p5)
- The WRDLD Commissioner, was "provided with bank statements" indicating the suspicious transactions. (p5)
- WRDLD Commissioner indicated that "the Levee District employee that holds all three debit cards and has access to the Personal Identification Numbers" was Jamie Butkovich. (p5)
- WRPD was provided with "bank statements from March of 2017." (p10)
- The PIR itemizes the transactions from the bank statements next to which Jamie Butkovich was asked by the detective to "initial and sign next to the transactions made that were unauthorized and where she received money without permission." (p10)

The PIR references no transaction type other than those transacted using the WRDLD debit cards. Exhibit A is a summary listing of all vendors itemized in the PIR.

Exceptions in the PIR exist. First, the itemized amounts do not sum to the total stated for either the Rand Account or the Maintenance Account. Differences are noted below.

	PIR TOTAL	ACTUAL TOTAL	DIFFERENCE
RAND ACCOUNT	\$ 3,464.26	\$ 3,465.16	\$ 0.90
MAINTENANCE ACCOUNT	41,289.01	41,637.85	348.84
TOTAL	\$ 44,753.27	\$ 45,103.01	\$ 349.74

Second, differences also exist between itemized amounts listed in the PIR and the recorded amounts. Differences are noted below.

VENDOR	PAGE #	PIR TOTAL	ACTUAL TOTAL	DIFFERENCE
BATH & BODY WORKS	24	60.28	60.82	0.54
WALMART SUPERCENTER	25	236.06	263.06	27.00
OTHER				(0.01)
TOTAL		\$ 296.34	\$ 323.88	\$ 27.53

SUMMARY OF DIFFERENCES	AMOUNT
PIR STATED TOTAL	\$ 44,753.27
FOOTING DIFFERENCES	349.74
VENDOR DIFFERENCES	27.53
TOTAL	\$ 45,130.54

A subsequent internal review of unauthorized transactions was performed by WRDL. The WRDL Internal Review listed transactions beginning in August, 2017 through September, 2018. Exhibit C is a summary listing of vendors itemized in the WRDL Internal Review compared to vendors listed in the PIR and the conclusions of this examination. This report included the following transaction types:

- Debit card transactions, fees and withdrawals
- Payroll transactions

The WRDL Internal Review listed additional items noting that Jamie Butkovich (who had administrative access and primary control of the accounting software, Quickbooks) printed additional unauthorized payroll checks, payable to herself, Jamie Butkovich.

Upon review of both the PIR and the subsequent WRDL Internal Review by WRDL, key questions arose:

- When did the misappropriation of assets begin?
- Did misappropriation of assets extend to transactions beyond those using WRDL debit cards?
- Did misappropriation of assets extend to employees beyond former Secretary/Treasurer, Jamie Butkovich?

This examination by Forensic Accounting and Consulting Services, Inc. lists the following findings:

- Debit card transactions consistent with those listed in the PIR and subsequent internal review occurred starting in 2012 and continued through the date of termination of former Secretary/Treasurer, Jamie Butkovich in September, 2018.
- Additional unapproved payroll checks were printed and made payable to former Secretary/Treasurer, Jamie Butkovich. See Exhibit D for a listing of these checks.
- These additional unapproved payroll checks include authorizing signatures from only former Secretary/Treasurer, Jamie Butkovich.
- Additional unapproved reimbursement checks were printed and made payable to former Secretary/Treasurer, Jamie Butkovich without substantiating documentation and include authorizing signatures from only former Secretary/Treasurer, Jamie Butkovich.
- A summary is listed below of the value of the findings of misappropriation of assets by former Secretary/Treasurer, Jamie Butkovich.

MISAPPROPRIATED ASSETS	PIR	WRDL INTERNAL REVIEW	FACS
SEGMENT 1 DEBITS - 3/22/17 - 9/11/18	15,000.00	15,858.63	17,744.18
SEGMENT 1 WITHDRAWALS	30,130.54	30,135.54	30,130.54
	45,130.54	45,994.17	47,874.72
SEGMENT 2 DEBITS - PRE 3/22/17			
WITH RECEIPT	-	-	8,919.59
W/O RECEIPT	-	-	6,043.60
	-	-	14,963.19
PAYROLL	-	11,489.11	13,102.63
REIMBURSEMENT CHECKS	-	-	788.76
TOTAL MISAPPROPRIATION OF ASSETS	45,130.54	57,483.28	76,729.30
IRS PENALTIES AND INTEREST	-	81,380.48	81,380.48
TOTAL LOSS	45,130.54	138,863.76	158,109.78

DEBIT TRANSACTIONS AND WITHDRAWALS

Debit transactions are segmented into two groups. Segment 1 are those within the date range of the PIR of 3/22/17 through 9/11/18. A detailed listing of Segment 1 is found in Exhibit E. Segment 2 are those occurring between the date of hire of Jamie Butkovich of 5/15/12 and 3/21/17. A detailed listing of Segment 2 is found in Exhibit F. Segment 2 is further segmented into those for which a receipt exists and those for which a receipt does not exist.

Regarding withdrawals and related bank withdrawal fees using the debit card, this examination agrees with the amounts listed by the PIR. Exhibit B isolates and itemizes these withdrawals and associated fees.

PAYROLL

This examination lists out the unapproved payroll checks in Exhibit D. This listing also includes amounts WRDLD paid for employer FICA and employer obligations for IMRF.

REIMBURSEMENT CHECKS

Unapproved reimbursement checks that were written to Jamie Butkovich as payee and which have only one authorizing signature from Jamie Butkovich are listed in Exhibit G.

IRS PENALTIES AND INTEREST

IRS penalties and interest is a simple listing that WRDLD was required to pay for duties that were the responsibility of the former Secretary/Treasurer, Jamie Butkovich. This examination agrees with the totals as reflected in the WRDLD Internal Review.

VI. SUMMARY

This report reflects that Jamie Butkovich, former Secretary/Treasurer for Wood River Drainage and Levee District, exercised almost all administrative control of the accounting functions within WRDLD including entry, safekeeping and printing and signature authority of checks. While some oversight by the Board of Commissioners as noted by Board Minutes and dual signatures on a large percentage of checks was in place, Jamie Butkovich was able to perform e control functions for almost all the duration of her employment with WRDLD. Notwithstanding the calculation of sales tax on these transactions, the total estimated misappropriation of assets is \$76,729.30. An additional amount of \$81,380.48 in IRS penalties and interest bring the total loss to \$158,109.78.

VII. IMPACT TO THE WOOD RIVER DRAINAGE AND LEVEE DISTRICT

Over the course of seven years, Jamie Butkovich, misappropriated an estimated \$76,729.30 from WRDLD.

VIII. RECOMMENDATIONS

A full review of internal controls should be conducted to determine how such incidents can be prevented and detected in the future.



Jeremy Plank, CFE, CPA
Forensic Accounting & Consulting Services, Inc.



EXHIBIT A

PIR VENDOR/LOCATION LIST	AMOUNT
1ST MID -ILLINOIS BANK & TRUST	\$ 3,064.50
ALDI'S FOODS	66.54
AMAZON ONLINE	1,205.78
AMZ SKYBELL	398.00
ARGOSY CASINO	2,658.91
AT HOME CRAFT STORE	55.97
BASS PRO SHOP	108.93
BATH AND BODY WORKS	101.20
BEASLEY'S STORE	202.00
BIG LOTS STORE	128.82
CASEY'S PIZZA	35.68
CHICO'S BAR	387.25
CNB BANK	205.00
DOC'S SMOKEHOUSE	32.29
DOLLAR GENERAL	352.71
DOLLAR TREE	190.16
DON'S NO MAN'S LAND BAR	408.50
DUKE BAKERY	18.82
ETSY CRAFTS	243.18
FARM & HOME	114.98
FAST EDDIE'S BAR	204.75
FRANCHISE BAR	1,225.00
GOSQ.COM	300.00
HOBBY LOBBY	736.12
HOLLYWOOD CASINO	506.75
HOME DEPOT	2,076.82
JMEANDMAX	2,703.23
JOANN CRAFT STORES	306.15
LITTLE MEXICO RESTAURANT	202.75
LOWE'S	590.16
MCLINTOCK'S SALOON	505.00
MENARD'S	82.44
MICHAEL'S CRAFT STORE	1,069.68
MOBILE MINI	546.39
MOOSE SOCIAL CLUB	5,652.50
OLD TIME POTTERY	171.73
RAVANELLI'S RESTAURANT	40.59
RJ'S BAR	1,029.34
RUBY'S GAMBLING	807.98
SAM'S CLUB	1,394.10
SHOP N SAVE	87.15
ST LOUIS CHEESECAKE FACTORY	91.39
TARGET	125.11
THE FRUIT STAND	31.15
THE GIFT BOX	51.54
THE PLANT STAND	42.05
TOWNCLUB BAR	331.85
WALGREENS	1,241.48
WALMART	1,579.12
WOODSTOCK BAR	11,419.00
COUNT = 50	\$ 45,130.54

EXHIBIT B

<u>VENDOR</u>	<u>DATE</u>	<u>AMOUNT</u>
CASH WITHDRAWAL	11/1/2017	\$ 104.00
CASH WITHDRAWAL	2/15/2018	506.50
CASH WITHDRAWAL	2/26/2018	303.99
CASH WITHDRAWAL	3/5/2018	815.75
CASH WITHDRAWAL	3/8/2018	104.00
CASH WITHDRAWAL	3/19/2018	204.00
CASH WITHDRAWAL	4/2/2018	712.00
CASH WITHDRAWAL	4/9/2018	204.00
CASH WITHDRAWAL	4/16/2018	712.85
CASH WITHDRAWAL	4/23/2018	404.00
CASH WITHDRAWAL	4/30/2018	1,615.49
CASH WITHDRAWAL	5/17/2018	408.00
CASH WITHDRAWAL	5/21/2018	400.00
CASH WITHDRAWAL	5/22/2018	400.00
CASH WITHDRAWAL	5/29/2018	612.10
CASH WITHDRAWAL	5/30/2018	408.00
CASH WITHDRAWAL	6/4/2018	408.00
PAYPAL	6/4/2018	823.50
CASH WITHDRAWAL	6/11/2018	408.00
CASH WITHDRAWAL	6/26/2018	63.50
CASH WITHDRAWAL	6/28/2018	401.00
PAYPAL	6/29/2018	617.70
CASH WITHDRAWAL	7/3/2018	204.50
CASH WITHDRAWAL	7/5/2018	611.75
CASH WITHDRAWAL	7/9/2018	1,723.99
CASH WITHDRAWAL	7/19/2018	408.00
CASH WITHDRAWAL	7/23/2018	1,632.00
CASH WITHDRAWAL	7/24/2018	408.00
CASH WITHDRAWAL	7/26/2018	1,512.00
CASH WITHDRAWAL	7/27/2018	1,224.00
CASH WITHDRAWAL	7/30/2018	204.00
CASH WITHDRAWAL	8/2/2018	1,512.00
CASH WITHDRAWAL	8/6/2018	2,744.97
ALTON BELLE CASINO	8/6/2018	1,032.95
CASH WITHDRAWAL	8/9/2018	504.00
CASH WITHDRAWAL	8/15/2018	500.00
CASH WITHDRAWAL	8/20/2018	912.00
CASH WITHDRAWAL	8/27/2018	816.00
CASH WITHDRAWAL	8/31/2018	504.00
CASH WITHDRAWAL	9/4/2018	2,032.00
CASH WITHDRAWAL	9/7/2018	1,008.00
COUNT = 41		\$ 30,130.54

EXHIBIT C

VENDOR	TYPE	AMOUNT
ALDI	UNAUTHORIZED CHARGES	66.54
ALTON BELLE CASINO	WITHDRAWAL	1,032.95
AMAZON	UNAUTHORIZED CHARGES	690.44
APPLE ITUNES	UNAUTHORIZED CHARGES	0.99
AT HOME	UNAUTHORIZED CHARGES	55.97
BASS PRO	UNAUTHORIZED CHARGES	108.93
BATH AND BODY	UNAUTHORIZED CHARGES	60.82
BEASLEY'S GAS	UNAUTHORIZED CHARGES	6.48
BIG LOTS	UNAUTHORIZED CHARGES	128.82
CASH WITHDRAWAL	WITHDRAWAL	\$ 27,661.39
CHEESECAKE FACTORY	UNAUTHORIZED CHARGES	91.39
CHICO'S	UNAUTHORIZED CHARGES	135.50
DOCS	UNAUTHORIZED CHARGES	32.29
DOLLAR GENERAL	UNAUTHORIZED CHARGES	389.11
DOLLAR TREE	UNAUTHORIZED CHARGES	199.78
DUKE BAKERY	UNAUTHORIZED CHARGES	32.78
ETSY	UNAUTHORIZED CHARGES	262.90
FARM AND HOME SUPPLY	UNAUTHORIZED CHARGES	717.16
HOBBY LOBBY	UNAUTHORIZED CHARGES	736.12
HOME DEPOT	UNAUTHORIZED CHARGES	1,082.65
JO-ANNS STORES	UNAUTHORIZED CHARGES	306.15
LOWE'S	UNAUTHORIZED CHARGES	368.38
MENARDS	UNAUTHORIZED CHARGES	82.44
MICHAELS	UNAUTHORIZED CHARGES	320.51
MICHAELS STORE	UNAUTHORIZED CHARGES	289.76
OFFICE DEPOT	UNAUTHORIZED CHARGES	1,350.36
OLD TIME POTTERY	UNAUTHORIZED CHARGES	171.73
O'REILLY AUTO PARTS	UNAUTHORIZED CHARGES	69.99
PAYPAL	WITHDRAWAL	1,441.20
PAYPAL	UNAUTHORIZED CHARGES	851.83
RAVANELLIS	UNAUTHORIZED CHARGES	40.59
RJ'S PLACE	UNAUTHORIZED CHARGES	195.79
SAMS CLUB	UNAUTHORIZED CHARGES	882.72
SHOP N SAVE	UNAUTHORIZED CHARGES	68.22
SPRINT	UNAUTHORIZED CHARGES	1,407.42
STEMMONS	UNAUTHORIZED CHARGES	1,336.71
TARGET	UNAUTHORIZED CHARGES	125.11
TOWN CLUB ALTON	UNAUTHORIZED CHARGES	127.35
WAL MART	UNAUTHORIZED CHARGES	2,162.76
WALGREENS	UNAUTHORIZED CHARGES	902.14
COUNT = 40		\$ 45,994.17

EXHIBIT D

WRDLD INTERNAL REVIEW

CHECK NUMBER	GROSS	ADDITIONAL ITEMS	TOTAL PAYROL
1663	1,311.20	145.65	1,456.85
2217	295.08	22.58	317.66
2218	1,311.20	100.30	1,411.50
2260	860.65	65.84	926.49
2269	1,311.20	100.32	1,411.52
2309	983.60	75.24	1,058.84
2357	506.40	38.75	545.15
2370	1,350.40	103.30	1,453.70
2462	1,350.40	103.30	1,453.70
2906	1,350.40	103.30	1,453.70
TOTAL	10,630.53	858.58	11,489.11

FACS

CHECK NUMBER	GROSS	ADDITIONAL ITEMS	TOTAL PAYROL	EMPLOYER FICA	ER IMRF	PAYROLL TOTAL
1663	1,311.20	145.65	1,456.85	100.31	111.45	1,668.61
2217	295.08	22.58	317.66	22.57	25.08	365.32
2218	1,311.20	100.30	1,411.50	100.31	111.45	1,623.26
2260	860.65	65.84	926.49	65.84	73.15	1,065.48
2269	1,311.20	100.32	1,411.52	100.31	111.45	1,623.28
2309	983.60	75.24	1,058.84	75.25	83.61	1,217.69
2357	506.40	38.75	545.15	38.74	43.04	626.93
2370	1,350.40	103.30	1,453.70	103.31	114.78	1,671.79
2462	1,350.40	103.30	1,453.70	103.31	114.78	1,671.79
2899	1,350.40	-	1,350.40	103.31	114.78	1,568.49
TOTAL	10,630.53	755.28	11,385.81	813.24	903.59	13,102.63

EXHIBIT E

VENDOR	AMOUNT
ALDI	\$ 66.54
ALTON BELLE CASINO	1,032.95
AMAZON	1,485.40
APPLE ITUNES	0.99
AT HOME	55.97
BASS PRO	108.93
BATH AND BODY	168.69
BIG LOTS	128.82
CASH WITHDRAWAL	27,656.39
CHEESECAKE FACTORY	91.39
DOLLAR GENERAL	500.67
DOLLAR TREE	207.20
ETSY	262.90
GALETON	46.76
HOBBY LOBBY	736.12
HOME DEPOT	2,290.44
JO-ANNS STORES	306.15
LOWES	42.29
LOWE'S	547.17
MENARDS	82.44
MICHAELS	901.78
MICHAELS STORE	289.76
MOBILE MINI INC	546.39
OLD TIME POTTERY	171.73
PAYPAL	2,293.03
PETCO	30.18
SAMS CLUB	975.68
SHOP N SAVE	101.49
SKYBELL	398.00
STEMMONS	1,336.71
TARGET	125.11
THE FRUIT STAND	73.20
THE GIFT BOX	51.14
TOWN CLUB ALTON	127.35
WAL MART	3,025.14
WALGREENS	1,497.32
ZORO	112.50
COUNT = 37	\$ 47,874.72

EXHIBIT F

<u>WITH RECEIPT</u>		<u>WITHOUT RECEIPT</u>	
<u>VENDOR</u>	<u>AMOUNT</u>	<u>VENDOR</u>	<u>AMOUNT</u>
BATH AND BODY	97.00	AMAZON	526.41
BED, BATH, AND BEYOND	124.95	AT HOME	186.03
BIG LOTS	14.25	BAKE U SMILE	42.74
CVS	14.78	CHICKFILA	32.43
DOLLAR GENERAL	581.47	CULVERS	23.86
DOLLAR TREE	45.82	DOLLAR GENERAL	52.58
FIREHOUSE	44.34	DOLLAR TREE	31.35
GOOD KNIGHT CUPCAKES	17.10	DOLLER GENERAL	7.48
HOBBY LOBBY	229.89	GREATLAND	91.96
HOME DEPOT	920.11	HOBBY LOBBY	67.97
KMART	21.56	HOME DEPOT	323.22
LULA BELLS	47.99	JC PENNY	119.53
MARKET BASKET	319.67	JO-ANNS STORES	29.26
MENARDS	5.85	KMART	93.33
MICHAELS	17.96	MCDONALD'S	16.87
RURAL KING	72.38	MENARDS	116.86
SAMS CLUB	953.00	MICHAELS	151.66
SCHNUCKS	13.16	PIER 1	15.00
SEVERS MARKET	40.40	RURAL KING	33.49
SHOP N SAVE	340.22	SAMS CLUB	343.71
SIEVERS MARKET	29.19	SCHNUCKS	62.22
TARGET	134.99	SHOP N SAVE	132.91
THE FRUIT STAND	82.11	TARGET	40.97
THE PLANT STAND	31.00	THE FRUIT STAND	20.00
USPS	398.10	THE GIFT BOX	45.27
WAL MART	2,115.25	THE PLANT STAND	11.00
WALGREENS	2,207.05	UNDER ARMOUR	353.18
COUNT = 27	8,919.59	USPS	82.61
		WALMART	1,793.92
		WALGREENS	999.55
		WOOD RIVER MOOSE	32.25
		ZAPPOS	163.98
		COUNT = 32	6,043.60

EXHIBIT G

<u>NUMBER</u>	<u>AMOUNT</u>
1256	\$ 105.60
1257	176.32
1662	133.40
2101	119.31
2371	154.08
2705	100.05
<u>COUNT = 6</u>	<u>\$ 788.76</u>