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I. INTRODUCTION

The Special Investigations Division of the Office of the State Auditor (hereinafter "OSA") received notice, pursuant to Minn. Stat. § 609.456, regarding a suspected theft or embezzlement of public funds by a former employee of the Todd County Social Services Department (hereinafter "TCSS"). Specifically, the OSA was requested to investigate the suspected theft or embezzlement of funds from TCSS clients by Todd County (hereinafter "County") Social Worker Sheila Haukos (hereinafter "Social Worker Haukos").¹

The OSA reviewed various documents from several sources, including TCSS, a financial institution, a nursing home and a vendor. This Investigative Report contains the OSA's findings.

II. BACKGROUND

TCSS provides money management services for individuals who are not able to manage their own financial matters and whose family members are not willing or able to take on that responsibility. The involvement of TCSS can be a mandated requirement by the payor of disability or retirement benefits, designating TCSS as the authorized representative to manage the individual's disability or retirement funds.² An individual can also voluntarily request assistance from TCSS for the management of income. Individuals receiving these services from TCSS are referred to as "clients."

¹ As of November 3, 2000, Ms. Sheila Haukos was no longer employed by TCSS.

² The determination about a person's ability to manage their own financial matters is made by the U. S. Social Security Administration or other disability or retirement payment organizations.

TCSS uses a Social Welfare Fund, in the form of a non-interest bearing checking account, to manage clients' money.³ The clients who have funds in the Social Welfare Fund generally have consistent budgets and reside in supervised or semi-independent living situations. TCSS makes payments from the Social Welfare Fund on behalf of these clients to pay for the cost of care, housing and personal needs. The clients who live semi-independently also have the option of planning for larger purchases or special items not in their usual budgets.

It is the position of TCSS that the receipt and disbursement of client funds within the Social Welfare Fund are to be processed directly through the TCSS accounting unit. On a computer system, TCSS maintains a separate account in the Social Welfare Fund for each client.⁴ The OSA was informed that a TCSS social worker is also assigned to each client.

A client's disability and retirement benefits are generally submitted directly to the TCSS accounting unit for deposit into the client's account in the Social Welfare Fund. For payroll checks, in some cases, the client endorses the back of each paycheck and forwards the payroll check to the TCSS accounting unit for deposit into the client's account in the Social Welfare Fund. In other cases, the client signs a release directing the employer to send each paycheck directly to TCSS. It is TCSS's position that any money a social worker physically receives for a client is to be directed to the TCSS accounting unit for deposit into the client's account.

A TCSS social worker is responsible for identifying the proper monthly disbursement of funds to be made on behalf of a client from the client's account in the Social Welfare Fund. The amount of the monthly disbursement is based on the client's living arrangements and personal needs. Pursuant to notification from a social worker, the accounting unit issues checks directly to the client or to a vendor on behalf of a client.⁵

The OSA has been informed that it is common practice for a social worker to deliver a TCSS check directly to a small number of clients who reside more independently and have minimal service from outside vendors. In these instances, a social worker might also assist a client with banking or shopping on a weekly or monthly basis.

³ Minn. Stat. § 256.89 (2000).

⁴ The Social Welfare Fund contains the aggregated funds of TCSS clients, however, since TCSS maintains its own records tracking individual client funds, such funds are referred to in this report as the "client's account" in the Social Welfare Fund.

⁵ Based upon the OSA's review of TCSS documents, it appears that such direction to the accounting unit is either oral or written.

It was reported to the OSA that Social Worker Haukos began employment with TCSS on June 16, 1988, as a child care and foster care licensing worker. On February 16, 1990, Social Worker Haukos transferred within TCSS and became a social worker. At any given time, Social Worker Haukos had a case load of approximately 40 to 50 clients. Social Worker Haukos submitted her resignation to TCSS effective November 3, 2000.

III. THEFT AND EMBEZZLEMENT

Pursuant to Minnesota law, a theft has occurred when a person “intentionally and without claim of right takes, uses, transfers, conceals or retains possession of movable property of another without the other’s consent and with intent to deprive the owner permanently of possession of the property.”⁶ Theft also occurs when a person acts with intent to exercise only temporary control of another’s property and “the control exercised manifests an indifference to the rights of the owner or the restoration of the property to the owner.”⁷ A person who engages in activity that constitutes theft may be subject to a fine and/or imprisonment.⁸

Embezzlement is defined in the Minnesota Constitution as follows: “[i]f any person converts to his own use in any manner or form, . . . or shall deposit in his own name, or otherwise than in the name of the state of Minnesota; or shall deposit in banks or with any person or persons or exchange for other funds or property, any portion of the funds of the state . . . every such act shall be and constitute an embezzlement . . . and shall be a felony.”⁹

⁶ Minn. Stat. § 609.52, subd. 2 (1) (2000).

⁷ Minn. Stat. § 609.52, subd. 2 (5) (i) (2000).

⁸ Minn. Stat. § 609.52, subd. 3 (3) (a) and (d) (iv) (2000) provide that if the value of the property involved in the theft is more than \$500 but not more than \$2,500, or public funds of not more than \$500, a person may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both. Minn. Stat. § 609.52, subd. 3 (2) (2000) provides that if the value of the property is more than \$2,500, the person may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both.

⁹ Minn. Stat. § 609.54 (1) (2000) provides that a person who does an act which constitutes embezzlement of funds valued at \$2,500 or less may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both. Minn. Stat. § 609.54 (2) (2000) provides that if such value is more than \$2,500, the person may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both.

According to Minnesota law, a theft by swindle has occurred when a person “by swindling, whether by artifice, trick, device, or any other means, obtains property or services from another person.”¹⁰ Theft by swindle also occurs when a person acts with intent to exercise only temporary control of another’s property and “the control exercised manifests an indifference to the rights of the owner or the restoration of the property to the owner.”¹¹ A person who engages in activity that constitutes theft by swindle may be subject to a fine and/or imprisonment.

Based upon the information provided, the OSA questions transactions regarding funds belonging to the following three clients:

- A. Client 1 regarding a \$504.12 TCSS personal needs check and funds in a bank account totaling \$1,550.00;
- B. Client 2 regarding paychecks totaling \$18,995.84; and
- C. Client 3 regarding funds in the Client’s TCSS Social Welfare Fund account totaling \$500.00.

A. Client 1

The OSA was advised that Client 1 was an adult ward of the State committed to the guardianship of the Commissioner of the Minnesota Department of Human Services.¹² TCSS, and not an individual social worker or case manager for a client, is the delegated representative of the Commissioner of the Minnesota Department of Human Services for guardianship purposes.¹³ TCSS advised the OSA that an individual social worker would not have authority to establish a private bank account for a client, conduct financial transactions on a client’s bank account, or be listed as the private guardian of a client.

¹⁰ Minn. Stat. § 609.52, subd. 2 (4) (2000). *See also* Minn. Stat. § 609.2335, subd. 1 (2) (2000).

¹¹ Minn. Stat. § 609.52, subd. 2 (5) (i) (2000). In addition, a public officer or employee who “makes a return, certificate, official report, or other like document having knowledge it is false in any material respect” is guilty of misconduct. Minn. Stat. § 609.43 (4) (2000). Moreover, a public officer or employee who “does an act knowing it is in excess of lawful authority or knowing it is forbidden by law to be done in that capacity” is guilty of misconduct. Minn. Stat. § 609.43 (2) (2000).

¹² The Commissioner was appointed guardian of Client 1’s person, but not guardian of the estate, because Client 1’s assets were not of sufficient value to require the appointment of a guardian of the estate.

¹³ Minn. Stat. § 252A.111 (2000).

Client 1 resided in adult foster care for many years. Approximately two years before Client 1's death, Client 1 was placed into nursing home care and lived in a special care unit. Client 1 was able to move around a locked unit with the aid of a wheelchair, but no longer had the ability to feed, dress or groom without physical assistance. Social Worker Haukos was the assigned TCSS social worker for Client 1.

TCSS had oversight of Client 1's finances as the authorized representative for U. S. Social Security benefits. The benefits were managed by TCSS through the Social Welfare Fund. The OSA reviewed records of receipts and disbursements made from January 1996 through November 1999 for Client 1's account in the Social Welfare Fund.¹⁴ While Client 1 was in the nursing home, TCSS disbursed a single check each month to the nursing home in an amount equal to Client 1's U. S. Social Security benefits. A balance of \$504.12 in Client 1's account in the Social Welfare Fund was carried over by TCSS from month to month.

The nursing home staff informed the OSA that Client 1 was not capable of handling personal financial affairs. As a result, the nursing home maintained two accounts for Client 1, a resident spending account maintained within the nursing home's Residents Trust Fund, and an account for room and board. Each month, the nursing home deposited a portion of the TCSS check into Client 1's resident spending account and applied the balance of the check to the cost of room and board.¹⁵

1. TCSS Personal Needs Check

The TCSS accounting unit received a memorandum dated February 16, 1999, from Social Worker Haukos regarding Client 1. The memorandum requested that a check be issued to Client 1 for the "balance of [the] account" managed by TCSS through the Social Welfare Fund. Social Worker Haukos indicated that she would deliver the check to Client 1. Specifically, the memorandum stated, "I will bring it to [Client 1's] (nursing home) so let me know when it's ready. (It'll give me a good excuse to visit [Client 1].)"

On February 17, 1999, the TCSS accounting unit issued Check No. 15626 from the Social Welfare Fund to Client 1 in the amount of \$504.12. On February 19, 1999, the check was cashed at a bank. The back side of the check evidences a rounded mark on the endorsement line followed by the

¹⁴ In 1998, Client 1's U. S. Social Security benefits were the only funds being receipted into the Social Welfare Fund on behalf of Client 1.

¹⁵ In 1998, the amount deposited each month in Client 1's resident spending account was \$64.00; in 1999, it was \$65.00.

notation “[Client 1’s] Mark.”¹⁶ The word “Witnesses” is set forth under the endorsement line followed by two signatures. The first signature on the check is “Sheila Haukos, Gdn.” The second signature listed on the check is an employee of the bank.

The activity in Client 1’s accounts at the nursing home did not reflect a deposit at any time in 1999 in the amount of \$504.12. Moreover, it does not appear that Client 1 would have maintained \$504.12 in cash in Client 1’s room. Typically, the nursing home’s bookkeeper takes possession of any cash or checks obtained by a resident. The money is then deposited into the appropriate resident spending account at the nursing home or forwarded to a family member of the resident. There is no evidence from the nursing home’s records that \$504.12 was received and retained by the nursing home or forwarded to one of Client 1’s family members.

2. Personal Bank Account

On July 9, 1999, an individual checking account (hereinafter “Account”) was opened at a bank. The Account owners were listed as Client 1 and “Sheila Haukos, Guardian for [Client 1].”¹⁷ The taxpayer identification number for the Account was a nine digit number and included the notation “([Client 1’s] SS#).” The only signature provided to the bank for the Account was “Sheila Haukos.”¹⁸ The numbered checks disbursed from the Account indicate the account owners as Client 1 and “Sheila Haukos, Guardian.” Client 1’s nursing home address is set forth on the checks, and the bank indicated that monthly bank statements were sent to the Account owners at the nursing home address.¹⁹

According to TCSS, a social worker would not have the authority to establish a private bank account for a client, be listed as the guardian on a client’s private bank account, or conduct financial transactions on a client’s private bank account. Rather, a state ward client is committed to the guardianship of the Commissioner and the client’s delegated representative. Therefore, according to TCSS, the establishment of a private bank account identifying a social worker as the guardian of

¹⁶ The OSA was advised by a foster care provider that Client 1 was unable to read or write.

¹⁷ The pay-on-death beneficiary of the Account was TCSS.

¹⁸ By signing the bank form, Social Worker Haukos agreed to the terms stated on the form and acknowledged receiving a completed copy of the form.

¹⁹ The OSA obtained various financial records for the Account from the bank. TCSS located items that appear to be from the Account, including a vinyl checkbook cover, check box, unnumbered pad of blank checks, check register, carbon check copies, and numbered blank checks from the Account.

a client would misrepresent the guardianship authority. Furthermore, there appears to have been no need for Client 1 to have the Account since TCSS and the nursing home already maintained accounts for Client 1.

The Account was subsequently closed in November 1999. The Account activity is reflected in Attachment 1. Based upon the OSA review, and as discussed more fully below, the OSA questions whether \$1,550.00 from the Account was used for Client 1's benefit.

a. Deposits and Cash Back

On July 9, 1999, the nursing home issued Check No. 17967 from its Residents Trust Fund for Client 1 made payable to a bank in the amount of \$500.00. Bank records establish that this check was deposited in the Account. According to the nursing home's bookkeeper, the purpose of this check was to open a personal bank account for Client 1, possibly to set up a burial fund.²⁰

On July 9, 1999, the nursing home also issued Check No. 17966 from its Residents Trust Fund for Client 1 made payable to "Cash" in the amount of \$500.00.²¹ It was presented to the bank on July 9, 1999, cashed and endorsed by "Sheila Haukos." It was not deposited into the Account.²² The OSA received no evidence that Client 1 received the \$500.00 in cash. In addition, the nursing home does not have a record of a \$500.00 deposit into Client 1's accounts at the nursing home. Further, TCSS documents do not reflect a \$500.00 deposit into Client 1's account in the Social Welfare Fund.

However, during its review, the OSA became aware of the possibility that the \$500.00 in cash from Check No. 17966 may have been used to purchase a TV/VCR unit for Client 1. The nursing home's administrator verified that staff members recalled the presence of a TV/VCR unit in Client 1's room,

²⁰ The request for check form that the OSA received from the nursing home stated that Check No. 17967 was requested for Client 1 for the purpose of "purchasing of new TV/VCR."

²¹ The request for check form that the OSA received from the nursing home stated that Check No. 17966 was requested for Client 1 in order "[t]o open checking acct." It appears that the two \$500.00 checks issued on July 9, 1999 were reversed when actually negotiated.

²² Therefore, Check No. 17966 is not included in Attachment 1.

although they were not aware of any specifics regarding its purchase or arrival.²³ According to the nursing home's administrator, the TV/VCR unit is no longer at the facility, and the OSA has been unable to determine the present location of the TV/VCR.²⁴

On July 19, 1999, the nursing home issued Check No. 17979 from its Residents Trust Fund. The check was made payable to a bank in the amount of \$1,100.00. The memo space on the check included the notation "[Client 1]." The nursing home's bookkeeper reported that she believed Social Worker Haukos had requested this check in order to transfer funds into the Account opened for Client 1.²⁵

The OSA reviewed the check and bank documents regarding this transaction. Check No. 17979 was endorsed by "Sheila Haukos" and presented to the bank on July 19, 1999. However, only \$1,000.00 from the check was deposited into the Account. Bank records establish that \$100.00 from the check was returned in cash. The OSA received no evidence that Client 1 received the \$100.00 in cash. In addition, the nursing home does not have record of a \$100.00 deposit into Client 1's accounts at the nursing home. Further, TCSS documents do not reflect a \$100.00 deposit into Client 1's account in the Social Welfare Fund.

b. Check Made Payable to Cash

On July 15, 1999, an unnumbered check was written from the Account in the amount of \$200.00. The check was made payable to "Cash" and was signed by "Sheila Haukos." Bank records indicate that the check was presented to the bank on the same date and cashed. The corresponding bank statement for the Account evidences a \$200.00 debit from the Account. The OSA received no evidence that Client 1 received the \$200.00 in cash. In addition, the nursing home does not have a record of a \$200.00 deposit into Client 1's accounts at the nursing home. Further, TCSS documents do not reflect a \$200.00 deposit into Client 1's account in the Social Welfare Fund.

²³ It was reported to the OSA that Client 1 had normal hearing and corrected vision. Client 1's former foster care provider informed the OSA that Client 1 was able to turn a television set on and off, but Client 1 probably could not have operated a VCR. The OSA was informed that the nursing home does not provide television sets in residents' rooms and that any such unit must be furnished by a resident.

²⁴ Client 1's former foster care provider informed the OSA that all of Client 1's personal belongings were handled by a family member. The foster care provider did not receive any of Client 1's possessions after Client 1 died.

²⁵ The request for check form did not reference an explanation for the check.

c. Checks Made Payable to the Bank and Cashed

During the time period of July through September 1999, four checks numbered 501 through 504 were written on the Account and signed by "Sheila Haukos." The checks were made payable to the bank and cashed. The dates and amounts of the checks are set forth below:

<u>Check No.</u>	<u>Date of Check</u>	<u>Date Check Cashed</u>	<u>Amount</u>
501	7-22-99	7-22-99	\$ 300.00
502	8-24-99	8-24-99	\$ 250.00
503	9-16-99	9-16-99	\$ 500.00
504	9-27-99	9-27-99	\$ 200.00
Total:			\$1,250.00

The OSA received no evidence that Client 1 received the cash from these transactions. In addition, the nursing home does not have a record of any of these four sums being deposited into Client 1's accounts at the nursing home. Further, TCSS documents do not reflect deposits in these four amounts into Client 1's account in the Social Welfare Fund.

Check No. 505 in the amount of \$50.00, dated November 12, 1999, was also made payable to a bank and signed by "Sheila Haukos." However, the bank informed the OSA that the check was cashed to purchase a \$50.00 money order made payable to a funeral home. Documentation from the funeral home evidences receipt of a money order in the amount of \$50.00. The funeral home provided funeral services for Client 1.²⁶ As a result, it appears that \$50.00 was expended on behalf of Client 1 from the Account.

B. Client 2

The OSA was advised that Client 2 voluntarily requested financial management assistance from TCSS in 1992. Client 2 chose to have weekly paychecks sent to TCSS for deposit into the TCSS Social Welfare Fund and specific disbursements were authorized to be made on Client 2's behalf to specific vendors.²⁷ In addition, a monthly personal spending amount was established for Client 2. Social Worker Haukos was the assigned TCSS social worker for Client 2. A Semi-Independent

²⁶ The invoice from the funeral home evidenced payments totaling \$249.75 from the financial assets of Client 1. Specifically, the funeral home reported receipt of the money order from the bank in the amount of \$50.00 and a check from the nursing home's Residents Trust Fund in the amount of \$199.75.

²⁷ It appears that Client 2 signed a release letter directing Client 2's employer to mail paychecks directly to TCSS. The letter included the signature of "Sheila Haukos" as a witness.

Living Skills (hereinafter “SILS”) worker was also assigned to assist Client 2 and Client 2's family.

TCSS reported that Client 2’s weekly paychecks were mailed directly to TCSS. Initially, Client 2 traveled to the TCSS office to endorse the checks for deposit into the Social Welfare Fund. The OSA was informed that Social Worker Haukos oversaw this activity. Subsequently, Client 2’s work hours changed, and Social Worker Haukos traveled to Client 2’s place of employment in order to obtain Client 2's signature on the paychecks for deposit into the Social Welfare Fund. According to TCSS, there were rare instances when Client 2 cashed Client 2's own paychecks for a specific planned purchase or a trip. Those paychecks were not processed by TCSS through the Social Welfare Fund.

1. Deposited Paychecks

Client 2 became employed by a particular company in or about August 1997, and Client 2's first paycheck was issued on August 11, 1997. The OSA subpoenaed and received 191 weekly paychecks issued to Client 2 by the employer from August 11, 1997 through April 2, 2001.²⁸ Only 109 of the 191 paychecks were deposited, leaving 82 paychecks discussed below. The OSA noted that after Social Worker Haukos resigned on November 3, 2000, all of Client 2’s paychecks reviewed by the OSA were deposited into the Social Welfare Fund and endorsed only by “[Client 2].”

2. Cashed Checks

According to TCSS, Client 2 only cashed paychecks in rare instances. The OSA is aware of four paychecks that have the sole endorsement signature of “[Client 2]” and appear to have been cashed by Client 2.²⁹ In addition, on two occasions, special circumstances regarding the paychecks appear to have been noted by the TCSS accounting unit on the back side of the check or on other TCSS records.³⁰ Therefore, the OSA did not question these six paychecks.

²⁸ During that time period, the employer issued 21 paychecks to Client 2 in 1997, 52 paychecks in 1998, 52 paychecks in 1999, 52 paychecks in 2000, and 14 paychecks from January 1 through April 2, 2001.

²⁹ The specific checks are as follows:

<u>Check No.</u>	<u>Amount</u>	<u>Date</u>
29-804730	\$168.12	12-08-97
29-293745	\$211.53	05-22-00
29-305606	\$284.14	07-17-00
29-306699	\$289.28	07-31-00

³⁰ The OSA received evidence that TCSS was aware of special arrangements for two paychecks numbered 29-523704 and 29-295383.

However, the OSA discovered that, from August 11, 1997 through April 2, 2001, there were 76 occasions, totaling \$18,995.84, when Client 2’s weekly paycheck was not deposited into the Social Welfare Fund. All 76 checks included a notation indicating the check was cashed with the endorsement signature of “Sheila Haukos, TCSS” in addition to the endorsement signature of “[Client 2].” The OSA received no evidence that Client 2 received the cash from these 76 paychecks.

The OSA was informed that TCSS client funds are required to be processed through the TCSS accounting unit, and money received for a client should be directed to the accounting unit for deposit. TCSS stated it would not be proper for a social worker to endorse or co-endorse a check written to a client.

The 76 cashed paychecks questioned by the OSA are set forth in Attachment 2.³¹ An annual comparison of Client 2’s payroll earnings and the paycheck amounts actually deposited into the Social Welfare Fund from August 11, 1997, through April 2, 2001, is set forth in the chart below:

Account Summary	Net Payroll Amount	Deposited With County	Amount NOT Deposited with County	Questionable Amounts
1997 (Aug. 11- Dec. 31)	\$3,549.57	\$2,319.69	\$1,229.88	\$883.66
1998	\$11,085.17	\$5,597.64	\$5,487.53	\$5,487.53
1999	\$13,610.74	\$6,501.67	\$7,109.07	\$7,109.07
2000	\$14,018.07	\$7,679.57	\$6,338.50	\$5,515.58
2001 (Jan. 1-Apr. 2) ³²	\$3,578.24	\$3,578.24	\$0.00	\$0.00
Total	\$45,841.79	\$25,676.81	\$20,164.98	\$18,995.84

³¹ There is also an indication that a deposit stamp on three paychecks issued to Client 2 may have been altered. The text of the stamp states: “FOR DEPOSIT ONLY [BANK’S NAME] Todd County Social Services Account No. [#####].” All three checks contain lines drawn through the text of the stamp and contain both endorsement signatures of “Shiela Haukos TCSS” and “[Client 2].” Check Nos. 29-676271, 29-930582 and 29-975115 were cashed and the funds were not deposited into the Social Welfare Fund.

³² TCSS documents indicate that Client 2’s payroll deposits into the Social Welfare Fund for the entire year of 2001 totaled \$13,266.80.

C. Client 3

The OSA was advised that Client 3 was a TCSS client who lived semi-independently in an apartment and had a personal needs account in the Social Welfare Fund. According to TCSS, this type of living arrangement gave Client 3 the option of saving personal needs funds to expend for larger, planned purchases or for special items not usually within Client 3's budget. Social Worker Haukos was the TCSS social worker for Client 3. In addition, Client 3 had a SILS worker assigned to Client 3's case. TCSS brought the following two personal needs checks issued to Client 3 to the attention of the OSA:

- Based on TCSS records, it appears Social Worker Haukos requested that a personal needs check be issued to Client 3 for household expenses.³³ Social Worker Haukos made arrangements to take direct possession of the check. On May 24, 2000, the TCSS accounting unit issued Check No. 17351 to Client 3 in the amount of \$400.00. The check was drawn on the Social Welfare Fund and cashed on the same date. The check has the endorsement signature of "Sheila Haukos TCSS" in addition to the endorsement signature of Client 3.
- TCSS records also indicate Social Worker Haukos requested that a personal needs check be issued to Client 3 for Christmas shopping in 1999.³⁴ On December 9, 1999, the TCSS accounting unit issued Check No. 16792 to Client 3 in the amount of \$400.00. The check was drawn on the Social Welfare Fund and cashed on December 10, 1999. The check has the endorsement signature of "Sheila Haukos TCSS" in addition to the endorsement signature of Client 3. The SILS worker assigned to Client 3 recalled that Client 3 was only given \$300.00 for Christmas shopping in 1999.

TCSS questioned whether Client 3 received the funds from the cashed checks. Moreover, according to TCSS, it was not appropriate for Social Worker Haukos to have endorsed or co-endorsed personal needs checks issued to a client.

³³ TCSS records reflect a note dated May 24, 2000, stating "Per Sheila Pay \$400 to [Client 3] for household expenses. Hold check for Sheila." An initialed notation indicating "Pd 5/24/00" is present at the bottom of the note.

³⁴ TCSS records reflect a note dated December 8, 1999, stating "Per Sheila Haukos [Client 3] issue \$400 check for Xmas." There is also a reference at the bottom of the note stating "Pd 12/9/99."

V. CONCLUSION

This matter was referred to the Todd County Attorney to proceed in a manner as the law and public interest require. Any questions regarding this report may be directed to Ms. Kathleen T. Docter, Assistant Director of Special Investigations, at (651) 282-2388 or Ms. Terrilyn Diamond at (651) 297-7108.

/s/ Judith H. Dutcher

Judith H. Dutcher
State Auditor

Attachments