Burnet County

DATE: August 8, 2024

TO: Burnet County

FROM: Baker Tilly Advisory Group, LP

SUBJECT: **Burnet County - Investigation**

I. OVERVIEW

Baker Tilly Advisory Group, LP ("Baker Tilly," "we," or "our") was engaged to provide consulting services on behalf of Burnet County, Texas ("Burnet County" or the "Client") by Judge James Oakley ("Judge Oakley"). Baker Tilly agreed to perform certain procedures for the period of January 1, 2020, through January 31, 2023 (the "Relevant Period"). The scope for the investigation included:

- Reviewing policies and procedures.
- Reviewing and analyzing payroll records for 20-25 department employees during the period January 2020 through January 2023.
- Reviewing the payroll software (TimeClock Plus).
- Reviewing and validating through sample testing Burnet County's internal investigation and analysis.
- Conducting interviews of Burnet County professionals (if appropriate).
- Preparing a report summarizing our findings and recommendations.
- Present the findings to the Commissioner's Court.

Baker Tilly's scope of work was in response to complaints made by Burnet County employees regarding specific employees in the Sheriff Office ("SO Shift") and Dispatch ("Dispatch") departments, who may have received supplementary pay related to additional entries on their time submissions for training other employees. The concern was that these employees would then receive payment for this additional time or overtime, when no overtime was actually worked. Furthermore, a whistleblower came forth alleging that communication exists regarding such actions had occurred with Field Training Officer ("FTO") or Communication Training Officer ("CTO") time. Baker Tilly was informed that there is not an approved budgeted item or compensation program for FTO or CTO time at Burnet County (the "Allegation"). Therefore, any funds used to pay for FTO and CTO would need to be reviewed in detail.

The scope of the engagement was limited to the specific items noted under the 'Scope' section in our proposal. Furthermore, the fees quoted in the proposal were based on the following assumptions.

- Baker Tilly and Burnet County will agree upon a timeline including milestones and deliverables.
- Personnel and requested documentation are available as outlined in our agreed-upon work plan.
- The internal investigations and data analysis was:
    - Performed using a data set for which completeness, accuracy, and integrity have been validated, including an assessment of the underlying system(s) used to generate data used in the analysis.
    - The methodologies used in performing the investigation and analysis are clearly documented and available for Baker Tilly.

Upon commencing the investigation, Baker Tilly discovered that the prior internal review methodology and analysis was not complete. Following discussions with Judge Oakley on January 17, 2024 regarding the challenges in completing the scope of work within the original proposed budget, Baker Tilly and Judge Oakley agreed to limit the procedures to focus on the allegation made during the Relevant Period.[1] The investigation was limited to analyzing the Burnet County payroll data from the payroll system, TimeClock Plus, during the Relevant Period for instances of the terms "FTO" or "CTO" for all employees in the SO Shift and Dispatch departments. The process and procedures for the investigation are detailed in Section III, below.

II. INFORMATION RECEIVED

Baker Tilly received and reviewed the following information provided by the Client:

- Burnet County analysis and related supporting information and documentation (i.e., payroll reports, analyses, images from the TimeClock Plus system, employee earnings statements).
- Payroll reports and time details from the TimeClock Plus system.
- Access to the TimeClock Plus system.
- Allegation documentation.
- Employee listing for Sheriff's Office and Dispatch departments.
- List of individuals with knowledge of the Allegation.
- Burnet County Personnel Policies & Employee Handbook.[2]

[1] *See* Overview section for more information on the Allegation.
[2] Note: Last amended Aug. 22, 2023.

III. PROCEDURES PERFORMED

As previously mentioned, the procedures performed were limited to the Allegation during the Relevant Period.[3] The procedures performed included:

- Discussions with Burnet County current and former employees, including Sheriff Calvin Boyd, Chief Deputy Alan Trevino, County Attorney Eddie Arrendondo, County Auditor Karin Smith, (additional individuals asked for anonymity).
- Reviewing the preliminary analysis conducted by Burnet County relating to the Allegation,
- Reviewing relevant policies and procedures,
- Analyzing payroll records for the SO Shift and Dispatch departments, and
- Preparing a concise report of observations and recommended next steps.

Baker Tilly's understanding is that Burnet County had previously conducted an internal investigation and analysis. The methodologies used in performing the internal investigation and analysis were to be made available for Baker Tilly's review. Unfortunately, the initial analysis undertaken by Burnet County was not complete, and taking into consideration the budgetary constraints, Baker Tilly and Judge Oakley agreed the scope of work would be refined to identify instances of "FTO" or "CTO" in the SO Shift and Dispatch department employees time entries during the Relevant Period. Additionally, Baker Tilly agreed to hold focused discussions with a limited number of individuals identified by Judge Oakley in order to gain more information about the Allegation. Baker Tilly's observations are set out in Section IV, below.

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[3] *See* Overview section for more information on the Allegation.

IV. OBSERVATIONS

A. Analysis

As noted above, Baker Tilly's analysis was focused on how FTO and CTO training funds were used for potential overtime pay during the Relevant Period.[4]

The analysis performed was limited to identifying the number of instances of the terms "FTO" or "CTO" in the SO Shift and Dispatch department employees' time entries, taken from payroll information during the Relevant Period, not the number of hours or dollars associated.

During the Relevant Period, Baker Tilly identified 957 instances of "FTO" or "CTO" in the time entries for SO Shift or Dispatch department employees.

Table 1, below, summarizes the total instances, by department employee type, during the Relevant Period.

Table 1. Summary of FTO or CTO Instances During the Relevant Period

Department Employee	Instances of FTO or CTO	Total Number of Employees with instances of FTO or CTO during the Relevant Period
SO Shift	540	17
Dispatch	417	6
Total	**957**	**23**

[4] *See* Overview section for more information on the Allegation.

Table 2, below, summarizes the FTO and CTO instances by department employee type for each year during the Relevant Period.[5] **Table 2. FTO and CTO Instances by Department and Year**[6]

	CTO				FTO				
	2020	**2021**	**2022**	**2023**	**2020**	**2021**	**2022**	**2023**	**Total**
Dispatch	6	204	205	2	0	0	0	0	417
SO Shift	0	0	0	0	87	99	302	52	540
Total	**6**	**204**	**205**	**2**	**87**	**99**	**302**	**52**	**957**

Based on the data noted in **Table 2** above, the following observations were made[7]:

- 2022 contained the most instances of FTO or CTO in both Dispatch and SO Shift department employee time sheets.
- CTO instances were only contained in Dispatch department employee time sheets.
- FTO instances were only contained in SO Shift department employee time sheets.
- FTO instances increased slightly from 2020 to 2021 but increased significantly from 2021 to 2022.
- CTO instances significantly increased from 2020 to 2021 and remained consistent from 2021 to 2022.

[5] Note: For the year 2023, the Relevant Period only included one month of data (January 2023). This should be taken into consideration for the instances identified during that year.
[6] *Ibid.*
[7] Note: For the year 2023, the Relevant Period only included one month of data (January 2023). This should be taken into consideration for the instances identified during that year.

Table 3, below, summarizes the instances of "FTO" and "CTO" by department employee by year.

Table 3. FTO and CTO Instances by Department Employee and Year[8]

	CTO				FTO				
Department Employee	**2020**	**2021**	**2022**	**2023**	**2020**	**2021**	**2022**	**2023**	**Total**
Dispatch Department Employee 1	0	0	5	1	0	0	0	0	**6**
Dispatch Department Employee 2	0	0	1	1	0	0	0	0	**2**
Dispatch Department Employee 3	0	0	80	0	0	0	0	0	**80**
Dispatch Department Employee 4	6	93	35	0	0	0	0	0	**134**
Dispatch Department Employee 5	0	111	11	0	0	0	0	0	**122**
Dispatch Department Employee 6	0	0	73	0	0	0	0	0	**73**
SO Shift Department Employee 1	0	0	0	0	0	0	3	0	**3**
SO Shift Department Employee 2	0	0	0	0	0	0	1	0	**1**
SO Shift Department Employee 3	0	0	0	0	0	2	34	9	**45**
SO Shift Department Employee 4	0	0	0	0	0	4	29	0	**33**
SO Shift Department Employee 5	0	0	0	0	0	4	57	2	**63**
SO Shift Department Employee 6	0	0	0	0	0	0	0	10	**10**
SO Shift Department Employee 7	0	0	0	0	0	0	39	11	**50**
SO Shift Department Employee 8	0	0	0	0	0	0	1	0	**1**
SO Shift Department Employee 9	0	0	0	0	1	0	0	0	**1**
SO Shift Department Employee 10	0	0	0	0	44	37	64	4	**149**
SO Shift Department Employee 11	0	0	0	0	0	10	38	1	**49**
SO Shift Department Employee 12	0	0	0	0	0	0	0	13	**13**
SO Shift Department Employee 13	0	0	0	0	12	0	1	0	**13**
SO Shift Department Employee 14	0	0	0	0	0	0	1	0	**1**
SO Shift Department Employee 15	0	0	0	0	4	3	1	0	**8**
SO Shift Department Employee 16	0	0	0	0	0	0	0	2	**2**
SO Shift Department Employee 17	0	0	0	0	26	39	33	0	**98**
Total	**6**	**204**	**205**	**2**	**87**	**99**	**302**	**52**	**957**

For the purposes of this Report, Baker Tilly is providing a summary of the information. Underlying time entry data contained details such as employee names, which is contained in Baker Tilly's workpapers and analysis, which can be provided upon request.

[8] Note: For the year 2023, the Relevant Period only included one month of data (January 2023). This should be taken into consideration for the instances identified during that year.

B. Additional Observations

Although Baker Tilly's analysis was focused on identifying instances of FTO or CTO in SO Shift or Dispatch department employee time entries, other descriptions were identified in time entry descriptions that did not specifically include the terms "FTO" or "CTO." These additional descriptions were not included in the instance totals above; however, they were discussed with Judge Oakley.

The discussion with Burnet County regarding the additional descriptions provided additional background that these time entries could be relating to FTO or CTO but may have been captured with different wording. Additional analysis of supporting documentation (e.g., employee schedules, physical copies of approvals for time entries, etc.) for the department employees and/or discussions with specific department employees could be conducted to gain more information to identify any connection to FTO or CTO time entries in a second phase of work. Examples of time entry description wording identified during Baker Tilly's analysis (in addition to the "FTO" or "CTO" terms) include, but are not limited to, the following:

- Training,
- Instructor, and
- Meeting.

Baker Tilly performed a sample review of the *audit log* data from the TimeClock Plus system for the Relevant Period. Observations from this review are set out below:

- There are instances of time entries that include notations of "FTO" and "CTO" in the notes in the *audit log* from the TimeClock Plus system.

- Time entries in the TimeClock Plus system are added/edited/deleted by a Supervisor. It is our understanding that only Supervisors have access to the TimeClock Plus system.
- There are instances of Supervisors adding/editing/deleting to their own time entries in the *audit log* from the TimeClock Plus system.
    - We reviewed a selection of *Complete Payroll Timesheet's* filled out and signed by the employee and also signed by their respective Manager. In those entries reviewed for the selected Supervisor that performed adding/editing/deleting to their own time entry in the *audit log* data from the TimeClock Plus system, there was another person from management signing off on the timesheet in addition to the employee.
- There are instances of time entries that have notations of "FTO" and "CTO" that also have the "time sheet" notation under "time out" in the *audit log* from the TimeClock Plus system.
    - Entries that have "time sheet" notation in the "time out" column are entries where someone entered the data in the time sheet – they were not time entries that were clocked in or out.
- There are instances of time entries that have notations of "FTO" and "CTO" that have the "time sheet" notation and were for add/edit entries for 1.00 hour in the *audit log* from the TimeClock Plus system.
- There are also instances of time entries that have notations of "FTO" and "CTO" without the "time sheet" notation that were for add/edit entries in the *audit log* from the TimeClock Plus system.

- There are instances of time entries that have notations of "FTO" and "CTO", but the entry related to a full shift worked for the employee (rather than a 1.00 hour increment) in the *audit log* from the TimeClock Plus system.

Baker Tilly also reviewed Burnet County's Personnel Policies & Employee Handbook (the "Employee Handbook").[9] The Employee Handbook, includes the following topics: introduction, employee responsibilities, employee compensation and advancement, benefits, health and safety, use of county property, discipline, separations, personnel files, travel expenses, internet/email, and Burnet County fraud policy. The Employee Handbook "sets forth the primary rules governing employment with the County of Burnet."[10]

The Burnet County fraud policy section of the Employee Handbook, was *"established to facilitate the development of controls which will aid in the detection and prevention of fraud against Burnet County"* and provides the *"guidelines and assigning responsibility for the development of controls and conduct of investigations."*[11] This policy applies to any *"fraud, or suspected fraud, involving employees"* and others with a *"business relationship with Burnet County."*[12]

During Baker Tilly's review, the Burnet County District Attorney's Office ("DA") contacted Baker Tilly several times to discuss the scope of the investigation. Baker Tilly did not conduct any discussions with the DA as this did not form part of the agreed scope of work.

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[9] Note: Burnet County Personnel Policies & Employee Handbook, last amended Aug. 22, 2023.
[10] Note: Burnet County Personnel Policies & Employee Handbook, last amended Aug. 22, 2023: Purpose at §1.02, p.1.
[11] Note: Burnet County Personnel Policies & Employee Handbook, last amended Aug. 22, 2023: Burnet County Fraud Policy at §13.00, p.53.
[12] Note: Burnet County Personnel Policies & Employee Handbook, last amended Aug. 22, 2023: Burnet County Fraud Policy at §13.00, p.53.

C. Focused Discussions

Baker Tilly held discussions with individuals regarding the Allegation and Burnet County's internal investigation. Information provided to Baker Tilly included, but was not limited to, the following:

- Time entries, time sheets, edits and adjustments, approvals, and using the time clock system,
- FTO program and FTO pay,
- CTO program and CTO pay,
- Trainings,
- Funding,
- Processes,
- Allegation regarding the FTO and CTO time entry issues, and,
- Currently there is no line item in the budget specifically for "FTO" or "CTO".

V. RECOMMENDATIONS

As part of our review and analysis, Baker Tilly identified potential next steps for Burnet County's consideration and review, including:

- While our analysis was limited to the instances for the terms "FTO" and "CTO", Burnet County highlighted other areas that should be investigated. Baker Tilly did not include those in our initial review and analysis. Additional areas of interest discussed include, but are not limited to, the following:

- Employee time entries with descriptions containing wording other than the use of the "FTO" and "CTO" terms (e.g., "meeting", "training", "instructor", etc.).
  - Employee time entries in time entry system (TimeClock Plus) with instances of adjustments, updates, edits, or deletions to identify any patterns or trends (e.g., approvals, employees, time periods, etc.).
  - Review employee time entries with overtime patterns similar to "FTO" and "CTO" term instances.
  - Review employee time entries with small incremental time entries or duplicative time entries for similar patterns of instances for the terms "FTO" or "CTO".
- Expand the review period prior to 2020.
- Review supporting documentation for time entries with other wording than the terms "FTO" and "CTO". Examples include, but are not limited to, the following:
  - overtime requests,
  - overtime approvals,
  - meeting requests,
  - meeting approvals,
  - training requests,
  - training approvals,
  - signoff on all approvals,
  - calendars for scheduled meetings for employees, and

- time entries with concerning descriptions or wording, time entries with adjustments, updates, edits, or deletions, adjusted time entries.

- Conduct an in-depth review of Burnet County time entry processes and procedures for all employees and departments including, but not limited to, the request and approval of overtime, required documentation for time entries, time entry approval processes, and employee access to adjusting or editing time entries.
- The specific guidelines set forth by the Employee Handbook in the fraud policy section should be further analyzed and reviewed to ensure appropriate policy guidelines were followed in regard to the Allegation.
- Conduct in-depth interviews with potential individuals who can provide additional details or information related to the instances of the terms "FTO" and "CTO" identified in Baker Tilly's work.

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This Report is intended solely for the use of Burnet County. Any unauthorized use or distribution of this Report, its attachments, or any portions thereof is prohibited.

The procedures performed were determined in consultation with Burnet County and limited to those described herein. This Report highlights the procedures we performed along with selective, non-verbatim accounts of matters discussed during the engagement. This Report does not attempt to distinguish information provided by Burnet County based on first-hand knowledge from information provided based on hearsay, logical inference, or speculation.

Baker Tilly's observations are based on the documents and other information provided to date. Information obtained after the date of this Report may affect our analysis and the effect may be significant or material. If requested by Burnet County, we will update our analysis and Report for an agreed-upon additional fee.

Baker Tilly's forensic services are not intended to be, nor should they be considered an audit, review, or compilation in accordance with generally accepted auditing standards ("GAAS"). The American Institute of Certified Public Accountants (the "AICPA") defines the "objective of the ordinary audit of financial statements by the independent auditor is the expression of an opinion on the fairness with which they present, in all material respects, financial position, results of operations, and its cash flows in conformity with generally accepted accounting principles."[13]

Unlike an audit done in conformity with generally accepted accounting principles ("GAAP"), this review was conducted to analyze specific activity reported within the Client's organization. As such, Baker Tilly does not make any determinations regarding any particular transaction, or the

[13] American Institute of Certified Public Accountants AU-00110 Responsibilities and Functions of the Independent Auditor, revised March 2006, at 1.

legal guilt or innocence of any person; those determinations are the sole province of the judicial system. We appreciate the opportunity to submit this Report that sets forth the scope of our work, the procedures we performed, and a summary of our observations, and recommendations.

Respectively,

Baker Tilly Advisory Group, LP

Baker Tilly Advisory Group, LP