## EXHIBIT A



Bright ideas. Smart solutions.

May 11, 2017

County Council of Wicomico County, Maryland 125 N. Division Street, Room 301 Salisbury, Maryland 21801-4940

Re: Forensic Accounting Services - Investigation of Potential Fraudulent Document

Dear County Council Members:

Deal Councy Council Members.
At your request, I attempted to perform a forensic accounting investigation pertaining to a document found in a County employee's personnel file relating to a change to the employee's pay rate. The document was identified as suspicious and potentially fraudulent based upon information provided to the County's Internal Auditor, With your authorization, sought my assistance as an experienced external Certified Fraud Examiner in performing the investigation.
The subject document is a letter dated November 19, 2015 identified as being from Director of Finance (the name and title that appears at the top of the letter) and addressed to Mr. Culver (the County Executive). Attached is a copy of that letter which was provided to advised that the November 19, 2015 letter was found by the County's external audit firm (PKS & Company) while performing payroll testing which included examination of selected employee's personnel files. The person from the audit firm who provided that letter to had blocked out certain salary information which may be confidential. The content of the letter references the salary information for the at Salisbury University and at the Board of Education. The last paragraph of the letter states "Therefore an increase of _% (blocked out) for the current is warranted but will still be below the average salary for this position in this area".  The letter contains typed signatures of and
During November 2016, the November 19, 2015 letter was brought to the attention of who stated that did not write that letter, did not gather or have knowledge of any of the information set forth in that letter and expressed that is "extremely concerned as to what other documents have been written and signed representing the Wicomico County Director of Finance without my knowledge" (this was stated in a letter from dated November 4, 2016 which was addressed to PKS & Company, P.A., with copies sent to Mr. Culver, and Mr. Wilber, see copy enclosed).

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County Council of Wicomico County,
Maryland

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As I will explain within this report, I have not been able to complete the investigation because and I have not been allowed to conduct interviews of certain County employees who may have information pertaining to the subject document. The factual information we seek to obtain through such interviews includes, but is not limited to, information as to the creation of the document such as discussions leading up to its creation, who requested the document be created, who actually created the document, how and by whom the information set forth within the letter was gathered and whether there is documentation, contemporaneously prepared, of such information, steps taken after creation of the letter to obtain the approval and authorization of the letter to Mr. Culver and any discussions held in connection with Mr. Culver's approval of the pay rate increase.

Since we have not been allowed to conduct interviews of County employees, we have been unable to obtain sufficient factual information to complete our investigation. I have been requested to provide this report setting forth the information that I have obtained to date during my attempts to perform the requested investigation.

## Details of Investigation Performed and Information Obtained

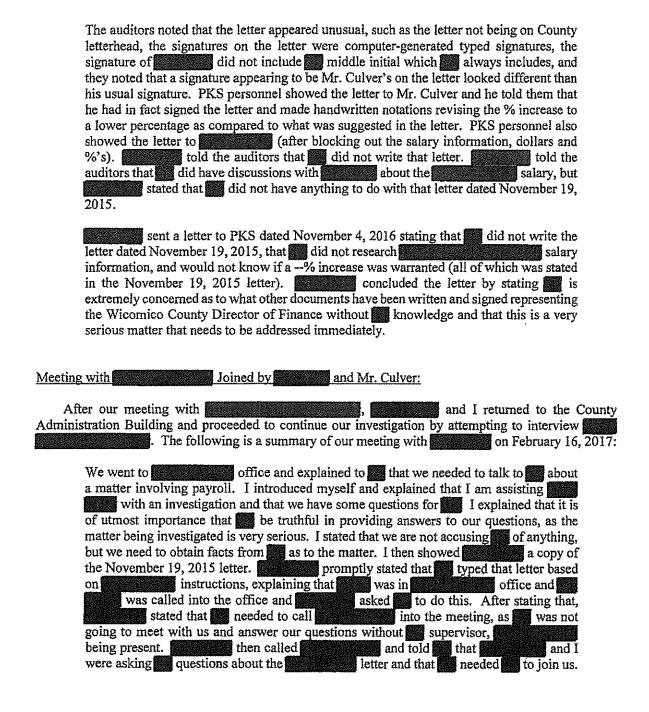
Meeting with External Audit Firm PKS & Company:

To begin the investigation, and I met with	
of PKS & Company (the County's external audit firm) at PKS' office on F	ebruary 16, 2017 and obt
the following information:	
In conducting the annual audit of the County's financial statements payroll testing during late October 2016 or early November 2016 Company) came across a letter that was in the personnel file of The letter, dated November 19, 2015, has '	6, the auditors (PKS & Director of Finance",
typed at the top of the letter and it was addressed to Mr. Culver. T related to a re-evaluation of the	he contents of the letter position based on job
responsibilities, provided information on salary amounts for	
and identified a percentage increase that is warranted for the curr	
salary. The closing of the letter was "Sincerely," follow	wed by the typed names
of and and Each of the typed names a	
italicized font (appearing similar to a signature) and once as norm	nal print font.



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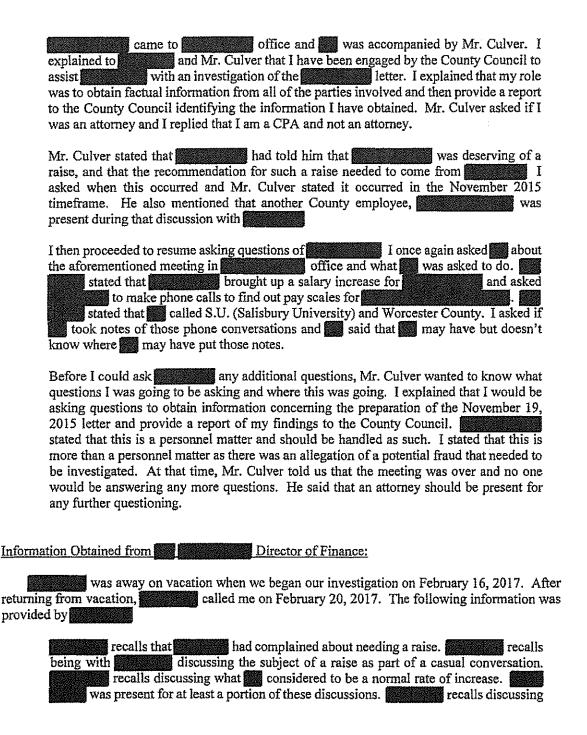
May 11, 2017





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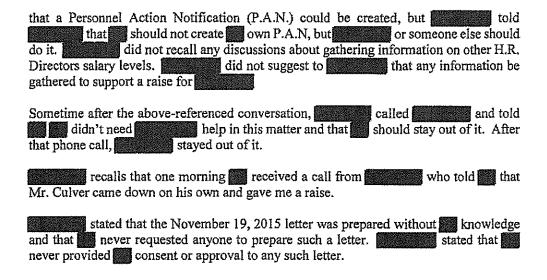
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## Subsequent Attempts to Schedule Interviews of County Employees to Continue Investigation

After our interview process was halted by Mr. Culver on February 16, 2017, we made several attempts to obtain cooperation to resume interviews of certain County employees who may have information and knowledge pertaining to the November 19, 2015 letter. As part of that process, we attempted to schedule meetings with the County Attorney, Mr. Wilber, and the County Administrator, A meeting was initially scheduled for March 10, 2017, but Mr. Wilber had to cancel that meeting. We provided alternative dates the following week but we received no response.

Eventually a meeting was held on April 7, 2017 in Mr. Wilber's office to discuss our investigation and the need to interview certain County employees. The meeting included Mr. Wilber, Mr. Culver (for a portion of the meeting) and myself (via telephone). I explained the purpose of the investigation and the seriousness of potential fraudulent acts by County employees. I identified the County employees that I would like to interview as part of the investigation including Bob Culver, and and Mr. Wilber suggested that I also interview who has knowledge pertaining to the November 19, 2015 letter. Mr. Wilber indicated that the interviews can take place provided that he will be present, the interviews will be recorded, employees will be given the option of being represented by counsel during the interview, and the interviews will be conducted in Mr. Wilber's office. I identified three dates in April when I was available to conduct the interviews.



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On April 19, 2017, Mr. Wilber sent an email stating that County Executive Culver had directed that County employees not participate in interviews on the dates that had been identified. replied to that email inquiring as to whether other dates are being considered and Mr. Wilber responded "Not to my knowledge".

On April 21, 2017, I received a letter from Mr. Culver stating that he is not going to authorize staff to be interviewed at this time. Mr. Culver stated, "I authorized the raise at issue and it is beyond dispute that I had the authority to authorize the raise. I am also well aware of the fact that at the time was supportive of receiving a raise. Under the circumstances, it is inconceivable that there was a misappropriation of monies." Mr. Culver stated, "If you can demonstrate why staff should be subjected to an interview, I will reconsider my position". Mr. Culver was also critical of our attempt to interview for monies on February 16, 2017 without advance notice and claimed that I mistreated a County employee. I sent a letter of response to Mr. Culver on April 25, 2017 (see copy attached) explaining why advance notice is not given in these types of investigations. I also stated that we did not make any accusations against when we attempted to interview on February 16, 2017 as we explained to that we were asking questions to obtain factual information to report to the County Council. In my letter, I also explained one again (this was explained at our meeting on April 7, 2017) the seriousness of potential fraudulent acts that may have been committed by a County employee and why interviews are necessary to complete the investigation.

I subsequently received a letter from Mr. Culver dated April 28, 2017 (see copy attached) responding to my April 25, 2017 letter. In that letter, Mr. Culver states that the matter had previously been investigated by the external auditors (PKS) and ruled as a personnel issue, not fraud. That statement is not supported based on the information obtained during our meeting with of PKS as they advised us that they deemed the November 19, 2015 letter to be suspicious and brought it to the attention of the County's Internal Auditor for further investigation as a potentially fraudulent document.

## **Summary and Conclusion**

This forensic accounting investigation was initiated by the County's Internal Auditor and the County Council to investigate a document, the November 19, 2015 letter found in the personnel file of the which was identified by the County's external auditors as being suspicious and potentially fraudulent. The "red flag" indicators that the document was suspicious and potentially fraudulent include that the letter, which was purported to be from the County's Director of Finance, was not on County letterhead, did not contain actual signatures but instead contained computer-generated typed signatures using an italicized font, and the signature of did not contain middle initial which always includes as part of signature. As a result of those "red flag" indicators, the external auditors showed the November 19, 2015 letter to and stated that did not write that letter and had no knowledge of it. This was also documented in a letter that



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sent to the external auditors, with copies sent to Mr. Culver, and Mr. Wilber, in which expressed being "extremely concerned as to what other documents have been written and signed representing the Wicomico County Director of Finance without my knowledge" and that this is a very serious matter that needs to be addressed immediately.

The need for a forensic investigation to gather all relevant information as to the November 19, 2015 letter, is based on the following:

- · "red flag" indicators that the subject document was suspicious and potentially fraudulent,
- the Director of Finance's statements that had no knowledge of the subject document or any of the information set forth in that document,
- the subject document was used to support a pay increase for the County's
- and conflicting statements have been made involving two high-ranking County Directors.

Mr. Culver and the County Administration have taken the position that the raise at issue (the raise that resulted from or at the very least was supported by the November 19, 2015 letter) was authorized by Mr. Culver and is a personnel matter which was addressed by the County Executive and the County Administrator. Mr. Culver has advised me that he is not going to authorize staff to be interviewed at this time, thereby precluding us from completing the forensic investigation.

The serious matter which needs to be investigated is the apparent creation of a letter made to appear as though it was from position of Director of Finance, however, has stated had no knowledge of the letter or any of the statements made in the letter that appeared under name and title, and also above the computer-generated typed signature of name. This is not a personnel matter, but is a matter of investigating a potential fraudulent act. Whether the raise that was given to was warranted, appropriate and authorized by the County Executive is not the issue to be investigated. The focus of the investigation is on the potential fraudulent document that was provided to the County Executive to support an employee raise. Interviews of all parties having any knowledge with respect to the creation of that letter, including the County Executive, are needed to obtain sufficient factual information as to how that letter came to be created and whether there was an intent to deceive associated with the creation of that letter.

Although Mr. Culver has precluded us from conducting the interviews necessary to complete the investigation, the relevant documents and the information we have obtained to date indicate that the November 19, 2015 letter that was in personnel file was created to appear as though it was a letter from the County's Director of Finance providing information in support of a pay raise for the letter state of the letter, did not request that such a letter be prepared, had no knowledge of the letter, and did not consent/authorize the use of name, title and typed signature on the letter.



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This report is intended solely for the use of the County Council of Wicomico County. I thank for his assistance during my investigation.

Sincerely,

James J. Kern, CPA, CFE, CVA GROSS, MENDELSOHN & ASSOCIATES, P.A.

JJK:ljb

Enclosure