

**Tennessee Department of Employment Security**

**Improper Authorization of \$1,810 in  
Unemployment Benefits and Solicitation  
of a \$540 Kickback by an Interviewer II**

**January 2000**

**Arthur A. Hayes, Jr., CPA, JD, CFE**

Director

**Glen McKay, CIA, CFE**

Assistant Director

**Chas Taplin, CPA, CFE**

Audit Manager

**Jim Intermaggio, JD**

Audit Investigator

**Amy Brack**

Editor

January 10, 2000

The Honorable Don Sundquist, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243  
and

The Honorable Michael Magill, Commissioner  
Department of Labor and Workforce Development  
Andrew Johnson Tower  
710 James Robertson Parkway, 2<sup>nd</sup> Floor  
Nashville, Tennessee 37243-0655

Ladies and Gentlemen:

Transmitted herewith is a special report on the falsification of Tennessee Department of Employment Security (TDES) documents by an employee of the Nashville TDES office. The actions of the employee resulted in the improper disbursement of \$1,810 in employment benefits to an unqualified recipient. The employee further attempted to obtain a \$540 kickback from the recipient. The matter was reviewed by TDES Internal Audit staff with the assistance of Division of State Audit staff.

According to the TDES Internal Audit review, on May 13, 1998, TDES Interviewer II, Anthony McAdoo, apparently utilized the computer access code of TDES co-worker Beverly Parker, without her knowledge or consent, to authorize payment of unemployment benefits to a previously denied claimant, Sheila Williams. In exchange for arranging the improper payments, Mr. McAdoo attempted to obtain a \$540 kickback from Ms. Williams. Ms. Williams tape recorded Mr. McAdoo's July 17, 1998, telephone request for that kickback, and her boyfriend, Mr. LaTony Martin, provided a copy of that tape to Mr. McAdoo's supervisors, who forwarded it to TDES internal auditors. Mr. McAdoo resigned in lieu of termination on September 30, 1998. By the terms of a formal agreement with Mr. McAdoo, TDES withheld \$1,800 from his pay as restitution.

Based on subsequent information, TDES Internal Audit staff made a preliminary determination that Mr. McAdoo also may have arranged improper payments of \$3,533 to Claudia Curry, another ineligible claimant for unemployment benefits. Auditors interviewed Ms. Curry on December 15, 1998.

Page Two  
January 10, 2000

Ms. Curry stated that she was initially interviewed at the Eighth Avenue TDES office, in Nashville, in November, 1997, by a TDES employee she knew only as "Anthony." The auditors subsequently verified that Mr. McAdoo was the only TDES employee named Anthony assigned to that office. Ms. Curry indicated that, following notification of TDES denial of her claim, she again met with "Anthony" at the Eighth Avenue TDES office and filed an appeal. She said that her appeal was denied. Although Ms. Curry did not pursue further appeals, her claim was later approved. Payments made to her thereafter totaled \$3,533. Auditors determined that the access code of Ms. Ann McCracken, Mr. McAdoo's co-worker, was used to enter the approval for the improper payment to Ms. Curry.

On February 4, 1999, our office submitted information regarding this matter to the Office of the District Attorney General, Twentieth Judicial District (Davidson County).

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/jqi

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

**Special Report**  
**Department of Employment Security**  
**Improper Authorization of \$1,810 in Unemployment Benefits and**  
**Solicitation of a \$540 Kickback by an Interviewer II**  
**January 2000**

## REVIEW OBJECTIVES

The objective of our review was to determine whether Mr. Anthony McAdoo, Interviewer II, Tennessee Department of Employment Security (TDES), had improperly caused unqualified claimants to receive unemployment benefits and subsequently solicited money as a kickback from such recipients.

## RESULTS OF THE REVIEW

Our review substantiated that Mr. McAdoo violated provisions of the TDES *Internal Security Handbook (Handbook)* in his handling of the claim of Ms. Sheila Williams. These violations caused Ms. Williams to receive \$1,810 of unemployment benefits she was ineligible to receive. Mrs. Williams apparently did not realize that the payments were improper at the time she received them. Mr. McAdoo had told her he had reviewed her case and determined she was eligible. According to Ms. Williams, although Mr. McAdoo subsequently requested money for the benefits, she refused to pay him anything.

Available information indicates that Mr. McAdoo violated *Handbook* provisions forbidding (1) request or acceptance of consideration other than regular pay in return for the performance of official duties; (2) input of false data into TDES records; (3) use of other employees' computer access codes; (4) unauthorized alteration of official documents; (5) unauthorized release of confidential information; and (6) unauthorized personal use of the TDES fax machine.

On September 30, 1998, Mr. McAdoo signed an agreement with TDES that allowed him to resign, in lieu of termination for misconduct, without acknowledging either the nature or content of these charges against him. The terms of that agreement also provided that, in accord and satisfaction of any civil debt or obligations attributable to this matter, TDES would withhold \$1,800 from salary, leave, and bonus amounts due Mr. McAdoo.

TDES employees Ms. Beverly Parker and Ms. Ann McCracken each received a written reprimand for violating *Handbook* provisions by making it possible for Mr. McAdoo to use their access codes to enter data into the TDES computer system. It is unclear how Mr. McAdoo obtained their access codes, but the *Handbook* holds each employee strictly liable for all entries under his or her code and provides specific instructions on how to prevent other persons from obtaining it.

On February 4, 1999, our office submitted information regarding this matter to the Office of the District Attorney General, Twentieth Judicial District (Davidson County).

**Department of Employment Security  
Improper Authorization of \$1,810 in Unemployment Benefits and  
Solicitation of a \$540 Kickback by an Interviewer II  
January 2000**

---

**TABLE OF CONTENTS**

---

	<u>Page</u>
<b>INTRODUCTION</b>	
Origin of the Review	1
Objectives of the Review	1
Scope of the Review	1
Background	2
<b>DETAILS OF THE REVIEW</b>	3
Sheila Williams' Claim	3
Review for a Pattern of Behavior	6
Other Violations Found During the Review	8
Subsequent Actions by the Department	9
Referral to the District Attorney General	9
<b>RECOMMENDATIONS</b>	9

**Department of Employment Security  
Improper Authorization of \$1,810 in Unemployment Benefits and  
Solicitation of a \$540 Kickback by an Interviewer II  
January 2000**

---

**INTRODUCTION**

---

**ORIGIN OF THE REVIEW**

On August 19, 1998, staff at a Tennessee Department of Employment Security's (TDES) Nashville Metro Local Office received a cassette-tape containing a recorded conversation that indicated that Anthony McAdoo, TDES Interviewer II, may have improperly caused an unqualified claimant to receive unemployment benefits and subsequently solicited a kickback from that recipient. The tape was forwarded by the TDES local office, through its Division of Field Operations, to TDES Internal Audit for investigation. The Division of State Audit was notified, by TDES Internal Audit, on August 26, 1998.

**OBJECTIVES OF THE REVIEW**

The objectives of our review were

1. to determine whether Mr. McAdoo had improperly caused unqualified claimants to receive unemployment benefits;
2. to determine whether Mr. McAdoo subsequently solicited kickbacks from such recipients;
3. to obtain repayment of misappropriated funds from Mr. McAdoo;
4. to make recommendations, to TDES management, on how to avoid similar future losses; and
5. to refer the results of the review to the Office of the State Attorney General and, if appropriate, the relevant Office of the District Attorney General.

**SCOPE OF THE REVIEW**

Division of State Audit staff, in conjunction with TDES internal auditors, reviewed relevant claims records, office sign-in sheets, personnel records, on-line update reports, TDES Voice Response System reports, and provisions of the *Internal Security Handbook (Handbook)*

and *Tennessee* [Department of] *Employment Security Manual (Security Manual)*. Auditors also examined the contents of Mr. McAdoo's work area, and conducted interviews with Ms. Sheila Williams, the ineligible recipient who recorded Mr. McAdoo's request for an alleged kickback, and with Mr. LaTony Martin, Ms. Williams' boyfriend, who delivered the recording to TDES. Statements were also taken from TDES employees Ms. Beverly Parker, Ms. Ann McCracken, and Ms. Denise Albright, as well as from Mr. Wes Murray, Manager, Norwest Financial Services.

Mr. McAdoo was given the opportunity to discuss with auditors the evidence gathered against him, but declined to address the allegations and opted to consult an attorney. On September 30, 1998, Mr. McAdoo and TDES reached a formal agreement allowing him to resign in lieu of termination and TDES to withhold \$1,800 from his pay as restitution.

## **BACKGROUND**

The Tennessee Department of Employment Security (TDES) provides monetary benefits to qualified claimants who have become unemployed. To qualify for benefits, a claimant must, among other requirements, be "able, available, and willing to work." In addition, a claimant must be actively seeking employment while collecting unemployment benefits. Claimants who are unable to work because of physical or mental disabilities, or any other reason, do not qualify to collect benefits.

The initial benefit application process requires each claimant to visit a local TDES office to provide the necessary personal information on which a decision on his or her application will be based. During that initial visit, claimants meet with TDES interviewers who review the rules and regulations governing the qualification for, and receipt of, unemployment benefits.

When applications submitted to a TDES Metro Nashville Local Office raise issues as to the claimants' eligibility to receive benefits ("issue claims"), those applications are reviewed by staff of the Interstate Unit, a division of TDES. In areas outside Nashville, TDES Division of Field Operations adjudicators rule on "issue claims" filed by state residents. The decisions reached on such claims are termed "adjudication" and are subject to a formal appeals process available to claimants who desire reconsideration of their application. In other areas of the state, the Interstate Unit deals solely with claims made by residents of other states who earned wage credits for work performed in Tennessee, but in Nashville the unit adjudicates all claims that raise an issue regarding eligibility.

Claimants whose applications are approved by the Interstate Unit are qualified to receive benefits on a weekly basis for each week that they continue to qualify. It is the claimant's responsibility to report to TDES, each week, to confirm that he or she is able, available, and willing to work and is actively seeking employment. Verification can be made using the Telephone Information and Payment System (TIPS) provided by TDES. Callers to the system can answer all questions required to verify their continuing eligibility. This telephone verification system is entirely automated. Responses that indicate that any requirement may no longer be met trigger the system to instruct the claimant to immediately report to a TDES local office to explain

changes in circumstances. Another method of verification involves completing a “pay-order card.” Information provided on a “pay-order card” supercedes information given through TIPS.

Interviewers and other TDES employees may also have access to computer screens that allow verification of claimant qualification. Their access to the TDES computer system is governed by both the *Handbook* and the *Security Manual*.

---

## DETAILS OF THE REVIEW

---

### SHEILA WILLIAMS’ CLAIM

#### *Initial Application for Unemployment Benefits*

Sheila Williams first applied for unemployment benefits on April 23, 1998. TDES office sign-in records indicate that, on that date, Ms. Williams went to the TDES Nashville Metro Local Office on Eighth Avenue (Eighth Avenue Office). Ms. Williams said she met with Anthony McAdoo, who assisted her in preparing her application. At that time, Mr. McAdoo was employed as a TDES Interviewer II.

According to Ms. Williams, while discussing the details of her work history, she and Mr. McAdoo realized that their paths had crossed before when Mr. McAdoo had been a patient in the Vanderbilt Medical Center Intensive Care Unit during the same period that Ms. Williams worked there as a “Care Partner.” Ms. Williams said that Mr. McAdoo promised her that he would ensure that she received help, because he appreciated the help she had provided to him while he was hospitalized. Ms. Williams said that she told Mr. McAdoo that she had pressing financial troubles at the time, and that she feared her water, gas, electric, and telephone services would soon be shut off. She stated that he responded by telling her that he was a deacon in his church, and that the church could probably help her until she began receiving unemployment benefits.

Ms. Williams said that it was more than two weeks before she received a notice, dated May 7, 1998, denying her claim. Before that response came, she said, she met Mr. McAdoo at a Shoney’s Restaurant, where he offered her \$260 in cash that he told her was from his church. She stated that she told Mr. McAdoo, at that time, that she would not be able to repay the money, and that he assured her the church did not expect her to repay it. She said that she accepted the money offered by Mr. McAdoo.

Ms. Williams said that when she received the letter denying her claim for unemployment benefits, she contacted Mr. McAdoo and, again, met with him at the TDES Local Office. She said that, during that meeting, she provided Mr. McAdoo with a copy of the letter denying her claim. She said that, one week later, she called Mr. McAdoo and had a conversation during which he told her not to worry because her claim was “being taken care of.”

#### *Use of Other Employees’ Access Codes and Input of False Data*

TDES records show that, on May 13, 1998, a “re-opening claim” was entered with a “decision code” that approved Ms. Williams’ application. “Decision codes” are recorded on applicants’ records to indicate the findings on and standings of applications for such things as original claims, “re-opening claims,” and “add-claims.” Ms. Williams was approved to receive \$181 per week to a maximum of \$3,258 for an 18-week period. The entry was made using the access code belonging to Ms. Beverly Parker, a Manager II in the TDES Eighth Avenue Office. Telephone Information and Payment System (TIPS) records indicate that a caller established a Personal Identification Number (PIN) for Ms. Williams’ account on May 18, 1998, and a caller certified her eligibility by calling each of the next seven weeks. Ms. Williams stated that Mr. McAdoo provided her PIN number to her for the certification calls but that she received three checks without calling to certify her eligibility, and called once and was told by a recorded message that her claim had already been processed for the week. She said she was unaware, at the time, that claimants are not supposed to receive their PIN numbers from TDES employees but, rather, are supposed to select their own PIN numbers during their initial call to the system.

### ***Improper Request for Consideration***

According to Ms. Williams, Mr. McAdoo called her on several occasions to ask how she was doing and confirm that she was receiving benefit checks. He lost the ability to contact her, however, when her telephone service was disconnected and later renewed with a different number. Shortly thereafter, Mr. McAdoo mailed Ms. Williams a letter, she said. She stated that Mr. McAdoo’s letter stated that he wanted her to repay him the money he had given her by paying him the value of three of her benefit checks, beginning with the first check she would receive in July. The total value of three of Ms. Williams’ checks was \$543, which was more than twice what he had given her. She said that she disregarded the letter, discarded it, and paid him nothing.

On July 13, 1998, a call was made to the TIPS line to certify Ms. Williams for a benefit payment for the week ended July 11, 1998. However, contrary to previous calls, the caller answered in the negative when the system queried, “Were you able, available, and looking for work as directed?” This prompted the TIPS line’s automatic, recorded instruction that Ms. Williams report to the TDES Local Office. When Ms. Williams, herself, later called the line, she heard that instruction and reported to the Eighth Avenue Office on July 17, 1998. When she arrived at the TDES Local Office, Ms. Williams met with TDES Interviewer Ron Kirby and completed a “pay-order card” to supercede the TIPS line responses for the week ended July 11. However, the new responses also indicated that she was not able, available and looking for work. Later that day, Ms. Williams, prompted by her boyfriend, called Mr. McAdoo and recorded her telephone conversation with him. TDES records indicate that Mr. McAdoo certified Ms. Williams’ claim, on his computer terminal, that same day.

In the recorded telephone conversation, an individual identified by Ms. Williams as Mr. McAdoo reasserted his demand that she repay the money he had loaned her. He instructed Ms. Williams that she was to pay him by cashing each of her checks and giving him the cash from every other one in an envelope. According to the tape, he told her to keep one for each one she

gave him, on an alternating basis, until he had received three checks. Ms. Williams said she again disregarded Mr. McAdoo's demand and paid him nothing.

### *Unauthorized Alteration of Official Documents*

On July 24, 1998, having not received any payment from Ms. Williams, Mr. McAdoo entered a "call-in notice" for her in the TDES computer system. The computer system generated a written notice that was then mailed to Ms. Williams. Such a notice requires the recipient to visit the office to resolve the problem. Although the notice involved was entered by Mr. McAdoo, using his own access code, he listed Ms. D. Albright as the person for Ms. Williams to contact at the Eighth Avenue Office. Mr. McAdoo's act of entering a "call-in" notice for Ms. Williams had the immediate effect of stopping her benefit payments.

Ms. Williams said that when she arrived on July 30, she was met by Mr. McAdoo, not Ms. Albright. Both Ms. Albright and Ms. Williams subsequently confirmed that they had never met.

Ms. Williams completed two Unemployment Insurance Claimant Issue Questionnaires during that July 30 visit. One was an "Availability to Work" form, and the other a "Physical Ability to Work" form. Those forms are used to gather information from claimants relating to issues affecting their claims. Examination of the completed "Availability to Work" questionnaire revealed that Mr. McAdoo had used correction fluid to cover a signature reading "D. Albright" and had signed his own name in the space. There was no impact on the payment of Ms. Williams' claim as a result of the changed signature, and no motive to make such a change could be determined.

Mr. McAdoo had also changed dates shown on the "Physical Ability to Work" form before forwarding them to the TDES Interstate Unit, which performs all adjudication of claims for the TDES Metro Nashville Local Office. In an application line which states, "I was not available to work from \_\_\_\_\_ to \_\_\_\_\_," the "from" date read "7/27/98" when it arrived at the Interstate Unit. However, that date was written on top of correction fluid which substantially obscured the original entry. The specific date of the original entry could not be determined. The second blank read "present" and was unaltered. If Ms. Williams had completed the forms to indicate that she was not available for work during a period in which she drew benefits, she would have exposed herself to liability for receipt of an overpayment of benefits. Whether she originally completed the forms with such an indication could not be determined.

According to department staff, based on the answers Ms. Williams provided on the forms, she would have been classified as eligible for further benefits. Thus, the significance of Mr. McAdoo's action of entering a "call-in notice" was to enable him to suspend her benefits, arrange a meeting with her, and restart her benefits at his direction. However, because the underlying claim was invalid, Mrs. Williams was ineligible for the benefits she received, as well as any future benefits.

At that point, Ms. Williams had received what would become all of the benefit payments at issue in this case. She had been ineligible to receive benefits from the time of her initial April

23, 1998, application through the time her recipient code was established by Mr. McAdoo on May 18, 1998, and on through the week ending July 25, 1998. Though ineligible, she received benefit payments totaling \$1,810 for that entire 10-week period. Because Mr. McAdoo had entered a “call-in notice” for Ms. Williams, benefit payments to her were halted as of the week of July 26, 1998, through August 1, 1998, and another re-opening claim had to be filed on her behalf if she was to resume her receipt of benefits. After Ms. Williams met with Mr. McAdoo on July 30, 1998, Mr. McAdoo attempted to have payments to her reinstated by entering a re-opening claim, on her behalf, dated August 4, 1998.

That re-opening claim, like all such claims in Nashville, was reviewed by the Interstate Unit. When Interstate Unit staff conducted that review, they realized a problem existed because Ms. Williams had never been validly approved for receipt of benefits from the date of her original application for benefits, April 23, 1998. In light of the situation, Ms. Mary Johnson, Supervisor of the Interstate Unit, requested an explanation from the Eighth Avenue Office, for the approval of the original, May 13 re-opening claim, which came after Ms. Williams’ original application was denied.

The August 4 re-opening claim was entered using—without her knowledge or permission—the access code of Ms. Ann McCracken, an Interviewer II in the TDES Eighth Avenue Office, and was coded to indicate that a decision was pending on it. At that time, Ms. Williams had not received a benefit check since the week ending July 25, 1998.

In an effort to provide the explanation sought by the Interstate Unit, Ms. Beverly Parker, Assistant Manager of the TDES Eighth Avenue Office, took a statement from Ms. Williams on August 18, 1998. The statement addressed Ms. Williams’ ability to work for the entire period during which she received benefits—May 13, 1998, through July 25, 1998. In the statement, Ms. Williams admitted that her circumstances had not changed between the time of her original application and the time of the first re-opening claim. The statement evidenced Ms. Williams’ ineligibility for the entire period during which she received benefits. Based on that statement, as well as a doctor’s statement and the two completed questionnaires, the Interstate Unit denied both of Ms. Williams’ re-opening claims. The overpayment decision was held pending the results of the ongoing review by TDES Internal Audit.

As a result of the Internal Audit review, TDES’ Benefit Payment Control Unit found that Ms. Williams lacked culpability and, thus, had no liability for repayment of the \$1,810 she had received.

## **REVIEW FOR A PATTERN OF BEHAVIOR**

### ***Ms. Claudia Curry***

During a routine quarterly “cross match,” conducted by TDES’ Benefit Payment Control unit, Ms. Claudia Curry was among a list of claimants who had concurrently received benefits as well as wages. The department maintains a computer system containing information on benefits paid and wages earned by benefits-recipients. The wage information is provided by most covered

employers. Each quarter, department staff compare the wage files to the benefit history files to identify individuals who have received wages and benefits in the same quarter. Staff then determine if the wages and benefits were paid in the same weeks.

The fact that Ms. Curry apparently had dealt with Mr. McAdoo caused TDES Internal Audit staff to examine her records. That examination revealed that Ms. Curry's "add claim" was similar to that of Ms. Williams' in that no paperwork existed with relation to it. An "add claim" is filed by claimants who have filed for benefits within the same calendar year but have had interruptions in their receipt of benefits due to periods of employment or ineligibility. Such claims are normally supported by substantial documentation.

During the period from February 28, 1998, through September 12, 1998, Ms. Curry received checks, totaling \$3,533, after having had both her initial application and subsequent appeal denied. On December 15, 1998, TDES Internal Audit staff interviewed Ms. Curry. Ms. Curry stated that a TDES employee she remembered only as "Anthony" assisted her in completing her initial application and her appeal. TDES employment records confirmed that Mr. McAdoo was the only employee named Anthony who worked in the office at the time Ms. Curry applied for benefits. The internal auditors found that on January 22, 1998, the access code of Ms. McCracken had been used to approve Ms. Curry's claim.

Ms. Curry said that "Anthony" advised her to continue calling the TIPS line each week while her appeal was pending. Although that was proper procedure, Ms. Curry, like Ms. Williams, stated that her PIN was provided to her by Mr. McAdoo. She also stated that "Anthony" informed her that she had been approved and should begin to collect benefits despite the notice of denial that she had received. Although "Anthony" never offered Ms. Curry any of his own money or asked her for any money, he did suggest that she go out to dinner with him, she said. She said that she never went out to dinner with Mr. McAdoo.

### ***Review of Records***

As a result of the allegations brought by Ms. Williams, and the findings related to Ms. Curry, TDES internal auditors examined computer entries from Mr. McAdoo's workstation. In that examination, auditors looked for records containing certain "decision codes" that would provide Mr. McAdoo the best opportunity to disguise similar activities.

The auditors' search of records dated January 1, 1998, through July 31, 1998, resulted in two lists. The first listed all cases in which an "add-claim" was filed on a previously denied benefit application that had been processed by Mr. McAdoo. Sixteen names, including Ms. Williams', appeared on the first list. The second list was a subset of the first. It listed only those claimants whose "add-claim" was approved. This resulted in the identification of four claimants. By the time that search was done, Ms. Williams' claim had been assigned a "decision code" denying it and did not appear on the list. The internal auditors concluded that the four listed had been legitimately approved on reconsideration of their claims. Ms. Curry did not appear on either of those lists.

The parameters of TDES Internal Audit's search were, thereafter, broadened to include the "add claims" entered at Mr. McAdoo's computer terminal during 1997. That resulted in a list of 196 claimants. Ms. Curry was among those listed. TDES staff concluded that the remaining 195 claimants appearing on that list had been dealt with appropriately.

#### **OTHER VIOLATIONS FOUND DURING THE REVIEW**

In the course of reviewing Mr. McAdoo's actions related to Ms. Williams' claim, several unrelated *Handbook* violations, perpetrated by Mr. McAdoo, were discovered by TDES internal auditors. In addition, the actions of Mr. McAdoo relating to Ms. Williams' claim indicate that Ms. Parker and Ms. McCracken violated *Handbook* provisions regarding protection of their passwords.

#### ***Release of Confidential Information***

One instance was found in which Mr. McAdoo did not follow procedures, outlined in the *Security Manual*, for releasing claimant information. Contrary to provisions of the *Security Manual*, Mr. McAdoo provided a claimant's benefit history to Norwest Financial Services without first obtaining a signed release from the claimant. Release of the information would have been proper had the claimant's signed authorization been first obtained.

#### ***Personal Use of the Fax Machine***

On April 20, 1998, and April 21, 1998, Mr. McAdoo sent one fax to, and received two faxes from, a personal friend in Beloit, Wisconsin. The subject matter of the faxes involved a discussion of the tornadoes that occurred in Nashville at that time. The outgoing fax call was in violation of a *Handbook* provision requiring the use of personal billing methods when making long distance personal calls from the office. *Handbook* provisions do not specifically address the receipt of personal faxes on the machine, but the machine's use of TDES fax paper to reproduce personal faxes would be forbidden under provisions regarding use of state property for personal gain.

#### ***Computer Security Access Code Violations***

Ms. Parker and Ms. McCracken violated *Handbook* provisions by making it possible for Mr. McAdoo to use their access codes to input data into the TDES computer system by failing to properly protect their codes from unauthorized use. Currently available evidence indicates that Mr. McAdoo entered a re-opening claim on May 13, 1998, using Ms. Parker's access code, and also used Ms. McCracken's access code to enter a re-opening claim on August 4, 1998.

#### **SUBSEQUENT ACTIONS BY THE DEPARTMENT**

The Department of Employment Security entered a formal written agreement with Mr. McAdoo on September 30, 1998. The terms of the agreement allowed Mr. McAdoo to resign in lieu of termination for misconduct "without agreeing or acknowledging either the nature or context of the charges." The agreement also provided that TDES be allowed to withhold \$1,800

from Mr. McAdoo's pay as restitution "in accord and satisfaction of any civil debt or obligation which may be charged or attributed to [him] arising out of [his] alleged actions with regard to the unemployment claim of Sheila Williams." The Department subsequently withheld those monies.

The Department also issued written reprimands dated November 5, 1998, to Ms. Parker and Ms. McCracken, for failing to safeguard their computer passwords. Both Ms. Parker and Ms. McCracken submitted written responses to the reprimands. In their responses, both raised issues based on their opinions that the office was understaffed and hectic, making it impractical to log off each time they left their computer terminals. Each also expressed that she felt as though it was reasonable to trust her co-workers and that she felt that the Department should have alerted her after discovering past wrongdoing by Mr. McAdoo. These responses were considered by the TDES Commissioner, who, based on a "comprehensive review," issued final decisions, dated December 9, 1998, upholding each written warning.

#### **REFERRAL TO THE DISTRICT ATTORNEY GENERAL**

On February 4, 1999, our office submitted information regarding this matter to the Office of the District Attorney General, Twentieth Judicial District (Davidson County).

---

### **RECOMMENDATIONS**

---

The review resulted in the following recommendations:

1. Department management should further emphasize its employees' responsibilities regarding the safeguarding of computer passwords.
2. Department management should ensure that there are periodic reviews of claims initially rejected yet later approved. Such reviews should be documented and maintained.
3. Department management should reemphasize its policies relating to the release of confidential information and the personal use of department equipment such as fax machines.
4. Field Office supervisors should periodically review documents relating to claims to detect indicators of possible fraud, such as altered signatures or information.
5. Department management should advise staff that staff should immediately inform department management upon becoming aware of non-routine or otherwise suspicious practices or circumstances with relation to a claim for benefits.