



NEWS

IMMEDIATE RELEASE

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City Releases Forensic Audit

A forensic audit commissioned by the City of West Linn following the City's discovery of fraudulent activities by the former finance director was released today by City Manager Chris Jordan.

"This report essentially confirms the criminal investigation carried out by West Linn police and the state Justice Department in terms of the magnitude of the loss," Jordan said, "and it sheds additional light on how it was accomplished."

In a letter accompanying the report to Jordan, the auditors stated, "Based on the results of our fraud investigation, we find that there is sufficient evidence to support the conclusion that \$1,420,452.80 was misappropriated from the City of West Linn's Bank of America checking account and that Elma Sandoval Magkamit appropriated these assets for her personal benefit."

The loss cited in the auditor's letter squares with the amount investigators concluded Magkamit took from the City over a five-year period beginning in 2000.

Magkamit's employment with the City ended in September of 2005, a few months after the current City Council, alarmed at the City's failure to perform annual audits, decided not to renew then-City Manager Sandi Farley's contract.

City finance employees uncovered irregularities in Magkamit's bookkeeping not long after that. Magkamit has pleaded guilty to 57 counts of felony theft and is awaiting sentencing in Clackamas County Circuit Court in November.

The City hired Financial Forensics to perform an audit focusing on the embezzlement and the methods Magkamit used to cover her tracks. In its report, the auditors noted discrepancies in checking statements and copies of checks received by the city from the bank, but found it "difficult to distinguish between error and intent to conceal due to the poor state of accounting oversight."

The auditors found multiple, uncorrected bookkeeping errors relating to banking activities, under-reporting of cash receipts, and undocumented adjustments to year-end balances, among other problems.

"General ledger account reconciliations were often performed well after the month and/or fiscal year had ended," the report continued. ". . . Given the myriad of uncorrected errors and journal entries made within the general ledger, it would be inordinately cost-prohibitive to ascertain to what extent individual funds or departments may have been affected by the alleged embezzlement."

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Forensic Audit