



# Washington State Auditor's Office

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## Fraud Investigation Report Yakima County

For the Investigation Period March 1, 2013 through January 31, 2015

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## Washington State Auditor's Office

September 17, 2015

Board of Commissioners  
Yakima County  
Yakima, Washington

### Report on Fraud Investigation

Attached is the official report on a misappropriation at the Yakima County. On January 28, 2015, the County notified the State Auditor's Office of a potential loss of public funds. This notification was submitted to us under the provisions of state law (RCW 43.09.185).

This report contains the results of our investigation of the former Recovery Support Specialist's unallowable activities at the County from March 1, 2013 through January 31, 2015. The purpose of our investigation was to determine if a misappropriation had occurred.

Our investigation was performed under the authority of state law (RCW 43.09.260) and included procedures we considered necessary under the circumstances.

Questions about this report should be directed to Sarah Walker, Fraud Manager, at (509) 454-3621.

JAN M. JUTTE, CPA, CGFM  
ACTING STATE AUDITOR  
OLYMPIA, WA

cc: Ms. Karen D'Hondt, Finance Manager

# FRAUD INVESTIGATION REPORT

## Investigation Summary

On January 28, 2015, Yakima County notified our Office regarding a potential loss of public funds, as required by state law. After determining there was an issue, the County immediately initiated an investigation.

We reviewed the County's investigation and determined there was a misappropriation of federal grant expenditures at the County totaling \$72,289 between March 2013 and January 2015.

The County has filed a report with Yakima County Sheriff's Office, which is investigating this case. We will refer this case to the Yakima County Prosecuting Attorney's Office.

## Background and Investigation Results

The County, located in Central Washington, operates on an annual budget of approximately \$289 million, including approximately \$16.8 million in federal expenditures.

The County's investigation focused on grant vouchers issued to program participants through the Assessment and Referral Department. The Department issues vouchers to program participants to pay for support services to help the clients stay in various drug treatment programs. For example, vouchers are issued for rental assistance, gas, clothing and other items ranging from \$50 to \$300.

We determined through our review of the investigation that the recovery support specialist misappropriated \$64,715 in vouchers through the federal Substance Abuse and Mental Health Access to Recovery grant (CFDA 93.275) and \$7,574 through the federal Substance Abuse and Mental Health Service Projects of Regional and National Significance (SAMHSA) grant (CFDA 93.243). For example:

- Vouchers were issued to individuals who were not eligible for the program because they were not referred by valid treatment centers. These individuals received vouchers paying for services and goods such as personal utility charges, rent and tires for multiple vehicles.
- Treatment referrals were submitted lacking an authentic counselor signature or with no signature at all. Also, in several cases there were referrals without counselor signatures to husbands and wives for the same period of time, or issued on the same date.
- It is the County's practice to limit the number of vouchers a person can receive each month. In many cases, individuals received from four to eight vouchers above that limit.

- Vouchers through the SAMHSA grant were issued to individuals who were incarcerated and therefore unable to use the vouchers. But other individuals used the vouchers, personally benefited through this program, and received goods and services that they were not entitled to.

A breakdown of this loss, by year, is below:

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b><i>Total</i></b>
Access to Recovery	17,517	47,198	0	<b><i>64,715</i></b>
SAMHSA	0	3,220	4,354	<b><i>7,574</i></b>
Total	17,517	50,418	4,354	<b><i>72,289</i></b>

In February 2015, a Yakima County Sherriff’s Office detective interviewed the former recovery support specialist about the SAMHSA vouchers and the detective reported that she accepted responsibility for issuing vouchers to individuals who were not the client listed on the voucher.

We attempted to interview the former recovery support specialist regarding the Access to Recovery vouchers. She referred us to her attorney, who did not respond to our request for an interview.

## **Control Weaknesses**

Internal controls at the County were not adequate to safeguard public resources. We found the following weaknesses allowed the misappropriation to occur:

- For the Access to Recovery program, the recovery support specialist was allowed access to create a new participant in the statewide system and was also responsible for issuing vouchers to participants. For both grants, the specialist issued vouchers to participants without an independent review to ensure the participants were eligible and properly referred to the County.
- The County did not have an adequate review over voucher payments to verify that all transactions were allowable and for eligible participants.

After identifying the misappropriation, the County established controls that include reviewing vouchers before issuing them to program participants and verifying payments to vendors are allowable under the program guidelines.

## Recommendations

We recommend the County continue to strengthen internal controls over vouchers issued through the Assessment and Referral Department to ensure adequate oversight and monitoring to safeguard public resources and compliance with County policies.

We also recommend the County seek recovery of the misappropriated \$72,289 and related investigation costs of \$4,404 from the former recovery support specialist and/or its insurance bonding company, as appropriate. Any compromise or settlement of this claim by the County must be approved in writing by the Attorney General and State Auditor as directed by state law (RCW 43.09.260). Assistant Attorney General Matt Kernett is the contact person for the Attorney General's Office and can be reached at (360) 586-0740 or [matt1@atg.wa.gov](mailto:matt1@atg.wa.gov). The contact for the State Auditor's Office is Sadie Armijo, Deputy Director of Local Audit, who can be reached at (360) 902-0362 or [Sadie.Armijo@sao.wa.gov](mailto:Sadie.Armijo@sao.wa.gov).

## County's Response

*As was stated above, the County discovered the misappropriation during the normal course of business and began its own investigation. The Auditor's Office was notified when the investigation was done and proceeded to review the County's work. The review confirmed the loss.*

*The Access to Recovery ended in September of 2014, but the County is still issuing vouchers for the Service Projects grant. As a result of the issues noted over these voucher programs, the County has changed its policies so that no one person controls all aspects of the issuance of client vouchers. All vouchers are now being reviewed for proper support and adherence to policy prior to it being given to a client. Also, the County will be reviewing any future programs that may use client vouchers to ensure adequate controls can be implemented to prevent improper payments from being made.*

*We would like to extend our appreciation to the State Auditor's Office staff for their hard work and willingness to work with the County staff on this issue.*

## State Auditor's Office Remarks

We thank County officials and personnel for their assistance and cooperation during the investigation.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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