



Washington State Auditor's Office

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Whistleblower Investigation Report Department of Enterprise Services

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Chris Liu, Director
Department of Enterprise Services

Report on Whistleblower Investigation

Attached is the official report on Whistleblower Case No. 16-021 at the Department of Enterprise Services.

The State Auditor's Office received an assertion of improper governmental activity at the Department. This assertion was submitted to us under the provisions of Chapter 42.40 of the Revised Code of Washington, the Whistleblower Act. We have investigated the assertion independently and objectively through interviews and by reviewing relevant documents. This report contains the result of our investigation.

Questions about this report should be directed to Whistleblower Manager Jim Brownell at (360) 725-5352.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

cc: Governor Jay Inslee

Francis McElroy, Internal Audit Manager

Kate Reynolds, Executive Director, Executive Ethics Board

Jacque Hawkins-Jones, Investigator

WHISTLEBLOWER INVESTIGATION REPORT

Assertions and results

Our Office received a complaint asserting an employee of the Department of Enterprise Services is using state resources for non-work-related purposes and misappropriating state funds.

We found no reasonable cause to believe an improper governmental action occurred.

Background

The Department of Enterprise Services manages the state's surplus program. Items from public agencies are received and redistributed to state agencies, local governments and the public. The surplus items are first offered to public entities and then to the general public. The public can buy state-owned goods online, at warehouse sales and at the Department's retail store.

About the Investigation

Our Office examined vehicle log books, daily cash reports and video recordings from the Department's surplus retail store.

State Funds

It was asserted that the Subject voids sales transactions occurring at the retail surplus store and keeps the money. The Department's video system recorded for 21 days at which time it begins recording over the previously captured video. We were able to review video from March 31, 2016 through April 8, 2016 and also reviewed the correlating daily cash reports.

During business hours, the Subject, and the other two cashiers, have the ability to void transactions without manager approval. At close of business the cash drawers are counted by the cashiers and reviewed by the Subject. If it is determined by a cashier and the Subject that a transaction needs to be voided, a manager must approve it.

We reviewed the video and observed no activity supporting the assertion. Additionally, all voids were supported by adequate documentation.

Therefore, we found no reasonable cause to believe an improper governmental action occurred.

State Owned Vehicle

It was asserted the Subject used a state vehicle for non-work-related purposes. The Department's retail store has two state-owned vehicles available for employee use. Employees are required to receive approval from the surplus operations manager or his designee to use the vehicles. A log book is maintained by the employees using the vehicle.

The subject said she does not drive any of the state vehicles. Her supervisor confirmed her statement. We found no evidence in the vehicle log that the subject drove either of the vehicles.

We found no reasonable cause to believe an improper governmental action occurred.

Recommendations

During the investigation, we found it was standard practice for the cashiers to log on to a specific cash register in the morning. During breaks, other employees work the cash register under the original login. This type of practice weakens the Department's internal controls over its cash handling. We also found that the vehicle log did not consistently include all requested information. For example, we found entries that lacked: the reason for the trip; the check-out date; the driver's name; the odometer reading; and the return date.

We recommend the Department improve its internal controls, and establish policies and procedures to ensure:

- Employees consistently sign in and out of the registers.
- Vehicle logs are filled out completely and legibly.
- All voids are approved by a manager.

State Auditor's Office Concluding Remarks

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

WHISTLEBLOWER INVESTIGATION CRITERIA

We came to our determination in this investigation by evaluating the facts against the criteria below:

RCW 42.52.160 - Use of persons, money, or property for private gain.

(1) No state officer or state employee may employ or use any person, money, or property under the officer's or employee's official control or direction, or in his or her official custody, for the private benefit or gain of the officer, employee, or another.

WAC 292-110-010 - Use of state resources

(1) Statement of principles - stewardship. The proper stewardship of state resources, including funds, facilities, tools, property, and employees and their time, is a responsibility that all state officers and employees share. Accordingly, state employees may not use state resources for personal benefit or gain or for the benefit or gain of other individuals or outside organizations. Responsibility and accountability for the appropriate use of state resources ultimately rests with the individual state officer or state employee, or with the state officer or state employee who authorizes such use. State officers and employees should ensure that any personal use of state resources permitted by this section is the most efficient in terms of overall time and resources.

(5) Prohibited uses.

- (a) Any use for the purpose of conducting an outside business, private employment, or other activities conducted for private financial gain;
- (e) Any use related to conduct that is prohibited by a federal or state law or rule, or a state agency policy;