



Office of the Washington State Auditor
Pat McCarthy

Fraud Investigation Report
Washington State Parks
and Recreation Commission

For the Investigation Period December 1, 2014 through August 30, 2017

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**Office of the Washington State Auditor
Pat McCarthy**

September 17, 2018

Don Hoch, Director
Washington State Parks and Recreation Commission
Olympia, Washington

Report on Fraud Investigation

Attached is the official report on a misappropriation at the Washington State Parks and Recreation Commission. On September 7, 2017, the Commission 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 Maintenance Mechanic's unallowable activities at the Commission from December 1, 2014 through August 30, 2017. The purpose of our investigation was to determine if a misappropriation had occurred.

Our investigation was performed under the authority of state law (RCW 43.09.290) and included procedures we considered necessary under the circumstances.

If you are a member of the media and have questions about this report, please contact Assistant Director for Communications Kathleen Cooper at (360) 902-0470. Otherwise, please contact Fraud Manager Sarah Walker at (509) 454-3621.

Pat McCarthy
State Auditor
Olympia, WA

cc: Shelly Hagen, Assistant Director, Administrative Services

FRAUD INVESTIGATION REPORT

Investigation Summary

On September 7, 2017, the Commission notified our Office regarding a potential loss of public funds as required by state law.

The Commission conducted an investigation and determined a misappropriation occurred between May 2016 and August 2017. The misappropriation involved a purchase card loss totaling \$15,315 and fuel card loss of \$764. We reviewed the Commission's investigation and agreed with its scope, methodology and conclusions.

We will send this report to the Klickitat County Prosecuting Attorney's Office.

Background and Investigation Results

The Washington State Parks and Recreation Commission was created in 1913 as the State Board of Parks. The Agency's mission is caring for Washington's most treasured lands, waters, and historic places to connect all Washingtonians to their diverse natural and cultural heritage and provide memorable recreational and educational experiences that enhance their lives. The Commission, which consists of seven citizen volunteers appointed by the Governor, hires the Director and provides policy direction for the agency. The agency manages 125 state parks, five state recreation areas, two state forests and one state wildlife area. The agency has 500 full-time, permanent employees, 500 seasonal employees, and about 1,000 volunteers who contribute more than 280,000 hours a year. The Commission, headquartered in Thurston County, has a \$167 million operating, and \$86 million capital, budget for fiscal years 2018 and 2019.

The reported misappropriation occurred in the Goldendale Park areas. A former maintenance mechanic, who was issued a government purchase card (P-card) to make purchases for state park operations, used it to purchase personal items and services then falsified supporting documentation.

An internal review of P-card transactions on August 30, 2017, revealed that the P-card reconciliation form submitted by the former maintenance mechanic did not include all transactions from the July 2017 P-card statement. The reconciliation form is required as support for the P-card transactions. Only the first page of the two-page P-card statement was submitted. A contract specialist then requested an additional reconciliation form for the missing transactions, including the receipts or invoices to support the charges. A Park Ranger pulled a copy of the P-card statement and reviewed the second page of the statement. He noticed the purchases were not for state park operations. When the Park Ranger questioned the former maintenance mechanic about the purchases and reminded the mechanic that he received a letter in October 2016 regarding personal purchases made on his government P-card, he resigned the same day, stating some mistakes were made and apologizing for issues he caused.

The Commission's Executive Management team was notified on September 6, 2017. An internal investigation reviewed other purchases made by the former maintenance mechanic on his P-card, which led to a review of all P-card purchases dating to the issuance of the P-card in August 2015. The internal investigation concluded that \$16,079 was misappropriated through personal use of the government P-card and fuel card. Twenty purchases worth \$15,315 were identified as for personal items, including a \$500 payment to a collections agency and two payments totaling \$6,516 to a dental office. Further, the fuel card was used to buy \$764 worth of diesel when the two vehicles assigned to the state park area were gasoline vehicles.

We reviewed the investigation and determined it was thorough and complete, and that the conclusions could be relied upon.

Control Weaknesses

Internal controls at the Commission were not sufficient to safeguard public resources. Even though the Commission had a process in place for supervisory review and approval of P-card transactions, we found the following allowed the misappropriation to occur:

- The supervisory review failed to ensure purchases were allowable and that support was maintained for all P-card transactions.

Recommendations

We recommend the Commission continue to strengthen internal controls over government-issued purchase cards to ensure adequate oversight and monitoring to safeguard public resources and compliance with Commission policies.

We also recommend the Commission seek recovery of the misappropriated \$16,079 and related investigation costs of \$3,777 from the former Maintenance Mechanic and/or the Commission's insurance bonding company, as appropriate. Any compromise or settlement of this claim by the Commission must be approved in writing by the Attorney General and State Auditor as directed by state law (RCW 43.09.330). Assistant Attorney General Matt Kernutt is the contact person for the Attorney General's Office and can be reached at (360) 586-0740 or matinkl@atg.wa.gov. The contact for the State Auditor's Office is Brandi Pritchard, Assistant Director of Local Audit, who can be reached at (509) 662-0440 or Brandi.Pritchard@sao.wa.gov.

Commission's Response

State Parks agrees with the State Auditor's recommendation to continue strengthening internal controls to further safeguard public resources. To supplement current controls, State Parks is providing fraud awareness training to key staff within the agency. The agency is also conducting enhanced reviews of purchase card documentation and is exploring the use of automated methods to detect potential theft. State Parks has recovered over half of the loss identified in this report, as well as provided information to local county prosecutors.

We appreciate the professionalism of the State Auditor's staff on this investigation.

State Auditor's Office Remarks

We thank Commission 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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