



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

**Investigation Report**  
**Bellevue College**

**For the Investigation Period January 1, 2012 through November 1,  
2016**

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

January 14, 2019

Board of Trustees  
Bellevue College  
Bellevue, Washington

**Report on Investigation**

Attached is the official report on a misappropriation at the Bellevue College. On November 4, 2016, the College 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 review of the College's investigation where multiple Public Safety department assets went missing at the College between 2012 through December 31, 2014. 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: Jennifer Strother, Executive Director of Finance & Auxiliary Services

# INVESTIGATION REPORT

## Investigation Summary

On November 4, 2016, Bellevue College notified our Office regarding a potential loss of public funds. The loss was not immediately reported to our Office as required by state law (RCW 43.09.185), when it had been originally discovered two years prior.

The College initiated an investigation in 2015 and determined there were a total of 42 missing assets that totaled \$20,185 in value. The assets became missing sometime between 2012 and December 31, 2014.

We reviewed the College's investigation and an investigation performed by the State Board of Ethics and determined there were four additional missing assets, which added an additional loss amount of \$2,333 and increased the total loss in assets to \$22,518.

The College did not file a report with law enforcement. We will send this report to the King County Prosecuting Attorney's Office.

## Background and Investigation Results

The College, located in King County, operates on an annual budget of about \$102.7 million and had 1,700 full-time employees in fiscal year 2017. In 2014, the College performed an inventory over its small assets at the Public Safety department, based on reported employee concerns of missing items. The Public Safety department is responsible for providing campus safety, security, crime prevention, and preliminary investigations.

During the College's review of the Public Safety department's inventory, it determined there were many missing assets and opened an investigation. The College's investigation determined the following:

- A total of 42 assets, valued at \$20,185, could not be located.
- Those assets were purchased by and assigned to the Public Safety Director.
- 20 of the 42 assets, valued at \$7,255, were for construction equipment that did not appear to have anything to do with the Public Safety Director's roles or responsibilities. For example, assets included construction-type assets such as multiple table saws and drill sets.
- Other assets included multiple laptop computers, cellphones, electronic tablets, and two flat-screen, high-definition TVs.

We reviewed the College's list of missing assets, and determined there were three additional assets missing, totaling \$1,924. Those assets were an individual portable air conditioning unit, an electronic tablet and an unidentified item purchased from a technology vendor. In 2015, during the College's investigation, College officials asked the Public Safety Director about the missing construction assets and the purpose of their purchases. He said the purchases of tools and

electronics were for public safety operations and emergency repairs at the College when the maintenance department was not present.

On June 10, 2015, the State Ethics Board received a complaint from a former College public safety officer, alleging that over a three-year period, the Public Safety Director had used state resources for private gain. The Ethics Board opened a formal investigation into the complaint more than a year later, in September 2016.

In November 2016, the Public Safety Director resigned from his position at the College. In May 2018, the State Ethics Board released an investigation report that addressed the complaint against the former Public Safety Director. In this investigation, a part-time public safety officer who runs a small business selling used items online stated that the former Public Safety Director asked him to sell items on his behalf. The items included drills, power sanders, a radial saw, worn/outdated public safety ballistic vests, a police siren and speaker, a tablet computer, and cellphones. In addition, the employee asserted that the former Public Safety Director asked for the unsold power tools to be returned to him. Once returned, the employee noticed those power tools were included in the College's inventory. The police siren and speaker, valued at \$409, had not been included in the College's list of missing assets total.

The Ethics Board questioned the Public Safety Director about some of the items identified missing by the College, and he acknowledged having a part-time public safety officer sell a number of items for him. However, he said the public safety storage area had been burglarized on three separate occasions and a number of items were stolen. He also said multiple people have access to the storage area. The Ethics Board reviewed College burglary reports and found there were three reported burglaries in the public safety storage area.

The Ethics Board concluded its investigation and ordered the former Public Safety Director to pay a civil penalty of \$10,000 for violations of RCW 42.52.020, RCW 42.52160(1) and RCW 42.52.070. The Board concluded that the former Public Safety Director improperly used his position as Director to access property and resources of Bellevue College as well as by using employee time for private benefit or gain.

## **Control Weaknesses**

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

- The College did not require departments to track certain categories of small assets or perform a periodic independent inventory of these assets. While the College had a secondary review over credit-card purchases, that review did not include determining whether the purchase was reasonable based on the position description of the employee making the purchase or if the purchase was supported by a valid business need.

## Recommendations

We recommend the College strengthen internal controls over small assets and procurement card purchases to ensure adequate monitoring and safeguarding of public resources. This should include ensuring purchases are scrutinized based on the employee's roles and responsibilities. We also recommend reporting loss of public funds immediately, in accordance with state law.

We recommend the College seek recovery of the value of the missing assets, as appropriate, and related investigation costs of \$2,182 from the former Public Safety Director and/or its insurance bonding company, as appropriate. Any compromise or settlement of this claim by the College 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 [mattk1@atg.wa.gov](mailto:mattk1@atg.wa.gov). The contact for the State Auditor's Office is Brandi Pritchard, Assistant Director of Local Audit, who can be reached at (360) 489-4591 or [Brandi.Pritchard@sao.wa.gov](mailto:Brandi.Pritchard@sao.wa.gov).

## College's Response

*Internal control procedures have been improved, including the implementation of annual asset reviews of Public Safety and other department inventories. Purchasing controls have been strengthened with merchant category code (MCC) restrictions now in place which prohibit Pcard purchases beyond what is normal and customary for the department. Purchases are reviewed by purchasing department staff prior to fulfillment, and exceptions to the MCC code restrictions require purchasing approval in advance.*

*The employee subject of this investigation has resigned. As a result, after a review of the case, the college has determined not to seek restitution.*

## State Auditor's Office Remarks

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

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