



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

**Fraud Investigation Report**  
**Whitman County Fire Protection**  
**District No. 7**

**For the investigation period July 31, 2016 through August 10, 2018**

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

June 9, 2020

Board of Commissioners  
Whitman County Fire Protection District No. 7  
Rosalia, Washington

**Report on Fraud Investigation**

Attached is the official report on a misappropriation at Whitman County Fire Protection District No. 7. In December 2019, we identified where a potential loss of public funds had occurred at the District in 2018.

Our investigation was performed under the authority of state law (RCW 43.09.260) 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 Director of Communications Kathleen Cooper at (564) 999-0800. Otherwise, please contact Acting Fraud Investigation Manager Stephanie Sullivan at (360) 688-0858.

Pat McCarthy  
State Auditor  
Olympia, WA

cc: David Dexter, District Secretary

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# FRAUD INVESTIGATION REPORT

## Background and Investigation Results

In December 2019, during a regularly scheduled audit, we reviewed a police report filed on February 28, 2018, with the Whitman County Sheriff's Office. The report identified that a District volunteer firefighter was responsible for a loss of assets at the District.

During the Sheriff's Office investigation, the District evaluated its asset inventory and identified several missing equipment items, including three chainsaws, an iPad, a thermal imaging camera, a glass cutter and a rescue saw.

In August 2018, the District's insurance company determined the value of the loss to be \$16,617.76 based on supporting receipts and approximate replacement values for the items identified as missing in the Sheriff's Office investigation and some additional missing items, as follows:

<u>Missing Item</u>	<u>Value</u>
Thermal imaging camera, Stihl vent saw and T-rex rescue saw	\$ 10,814.39
iPad	\$ 1,335.77
Two Stihl chainsaws	\$ 1,032.42
Ryhno glass cutter	\$ 880.41
Battery charger	\$ 223.27
Honda generator	\$ 427.50
Airpack Firehawk	\$ 1,904.00
Total value of missing items	<u>\$ 16,617.76</u>

We reviewed the Sheriff's Office investigation and the District insurance company's asset values and agree with the investigation's conclusions. The investigation determined an asset misappropriation totaling \$16,617.76 occurred at the District between August 2016 and February 2018.

In February 2018, the Sheriff's Office interviewed the volunteer firefighter, who acknowledged taking the iPad and two Stihl chainsaws but denied taking the other items.

In September 2018, Whitman County Superior Court ordered the volunteer firefighter to pay restitution of \$3,000. The District's insurance company paid \$13,617.76 to the District.

## Control Weaknesses

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

- Had not established a written policy that addresses expectations to track and monitor theft-sensitive assets.

- Had not established a formal inventory schedule or performed a formal inventory recently, which allowed the missing assets to go undetected.
- Did not immediately report the loss to our Office, as required by state law (RCW 43.09.185).

## **Recommendations**

We recommend the District strengthen internal controls over theft-sensitive assets to ensure adequate oversight and monitoring to safeguard public resources and compliance with District policies. Additionally, we recommend the District immediately report all known or suspected losses of public funds or other illegal activity to the Office of the Washington State Auditor (SAO) in accordance with state law (RCW 43.09.185).

We also recommend the District seek recovery of related investigation costs of \$2,310 from the former volunteer firefighter and/or its insurance bonding company, as appropriate. Any compromise or settlement of this claim by the District must be approved in writing by the Attorney General and State Auditor as directed by state law (RCW 43.09.260). Assistant Attorney General Matthew 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 Office of the Washington State Auditor 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).

## **District's Response**

*The Office of the Washington State Auditor provided the draft report to the District for review on April 28, 2020. The District chose not to provide a response to this report.*

## **Auditor's Remarks**

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

## ABOUT THE STATE AUDITOR'S OFFICE

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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.

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