



Office of the Washington State Auditor
Pat McCarthy

Fraud Investigation Report

Thurston County

For the investigation period September 1, 2018 through December 31, 2019

Published December 17, 2020

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

December 17, 2020

Board of Commissioners
Thurston County
Olympia, Washington

Report on Fraud Investigation

Attached is the official report on a misappropriation at Thurston County. On December 12, 2019, the County notified the Office of the Washington State Auditor of a potential loss of public funds. This notification was submitted to us under the provisions of state law (RCW 43.09.185).

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 Special Investigation Program Manager Stephanie Sullivan at (509) 662-0440.

Pat McCarthy
State Auditor
Olympia, WA

cc: Darren Bennett, Financial Services Manager

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FRAUD INVESTIGATION REPORT

Background and Investigation Results

On December 12, 2019, the County notified our Office regarding a potential loss of public funds, as required by state law (RCW 43.09.185). The case involved concerns that a County employee was paid for time not actually worked.

The County investigated and determined an Accounting Analyst III in the Auditor's Office was paid for time not worked. The County paid the employee a total of \$3,295 for 125 hours between September 2018 and December 2019.

We reviewed the County's investigation and agree with its conclusions.

The County reviewed timekeeping records from September 2018 to December 2019, including badge scans to enter the building, computer activity logs, emails and calendars. The County found the Accounting Analyst III over-reported the amount of hours worked. In September 2018, the employee started a new work schedule to work four 10-hour days a week. The County's review noted she frequently arrived at work later than her scheduled 6 a.m. starting time and occasionally left work earlier than her scheduled 4:30 p.m. ending time.

The County held an initial meeting with the Accounting Analyst III in December 2019. The County requested a second meeting with the Accounting Analyst III in January 2020, but she declined. The Accounting Analyst III resigned from the County in January 2020 while the investigation was under way. Our Office also requested an interview with the former employee, but she declined.

Control Weaknesses

Internal controls at the County were not adequate to safeguard public resources. Specifically, the supervisor responsible for reviewing employee timesheets did not adequately monitor the Accounting Analyst III's activities when approving the reported time worked.

Recommendations

We recommend the County strengthen its control process over employee timekeeping and subsequent supervisor review in the County Auditor's Office. Supervisors should have adequate knowledge of employee schedules and attendance to identify any potential instances of time claimed but not actually worked.

We will refer this case to the County Prosecuting Attorney's Office for any further action it determines is necessary.

We also recommend the County seek recovery of the misappropriated \$3,295.38 and related investigation costs of \$2,207 from the former Accounting Analyst III 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 Kernutt is the contact person for the Attorney General's Office and can be reached at (360) 586-0740 or matk1@atg.wa.gov. The contact for the Office of the Washington State Auditor is Brandi Pritchard, Assistant Director of Local Audit and Special Investigations, who can be reached at (360) 489-4591 or Brandi.Pritchard@sao.wa.gov.

County's Response

Thurston County thanks the staff at the State Auditor's office for their assistance and professionalism during this investigation. The County appreciates and is thankful for the recommendations.

The County takes internal controls, transparency, and maintaining public trust very seriously. When an issue is brought to the attention of management, we immediately begin an investigation, and we notify the State Auditor's Office of potential loss of public funds.

In this case, the supervisor clearly set expectations and carefully reviewed leave. Known discrepancies were communicated with the employee in question. However, other discrepancies were unknown by the supervisor because of differing daily start times. Although, the employee is no longer working for the county, we've strengthened our internal controls for employees working alternative schedules. To further enhance this effort, the county will soon implement a new ERP system that will allow for better tracking of employee start and end times

Auditor's 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.

Contact information for the State Auditor's Office	
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