



Office of the Washington State Auditor  
Pat McCarthy

# Accountability Audit Report

## Franklin County

For the period January 1, 2023 through December 31, 2023

*Published April 17, 2025*

Report No. 1037048



Scan to see another great way  
we're helping advance  
#GoodGovernment



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

April 17, 2025

Board of Commissioners  
Franklin County  
Pasco, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for County operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the County's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

## TABLE OF CONTENTS

Audit Results.....	4
Schedule of Audit Findings and Responses.....	6
Related Reports.....	12
Information about the County.....	13
About the State Auditor's Office.....	14

## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, County operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we identified areas where the County could make improvements. These recommendations are included with our report as a finding.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of Franklin County from January 1, 2023 through December 31, 2023.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the County's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2023, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Compliance with the HAPO Center contract terms, the food management contract terms for the County Jail and the medical services contract terms for the County Jail
- Payroll – gross wages, overtime and incentive payments
- Accounts payable – general disbursements and credit cards
- Procurement – professional services and public works
- District Court – cash receipting, adjustments and trust account activity
- Superior Court – forfeited surety bond tracking

- Surplus equipment – disposition and receipt of sales proceeds
- Self-insurance – unemployment
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### Franklin County January 1, 2023 through December 31, 2023

#### **2023-001    The County lacked internal controls and procedures over contract monitoring to ensure safeguarding of public resources.**

##### *Background*

Franklin County serves more than 96,000 residents in southeast Washington. An elected, three-member Board of Commissioners governs the County, which had an annual budget of about \$47 million in 2023. The County contracts for the management and operation of the HAPO Center, an event center in Pasco, for food and commissary services, and medical services at the Franklin County Jail.

The County is responsible for establishing contracts that align with state law and ensuring compliance with contract terms. Inadequate internal controls can hinder the County's ability to ensure contracted parties send all funds they owe and provide services as agreed.

##### *HAPO Center Management Services Contract*

The County contracted with two third-party management companies to manage the financial and operational activities at the HAPO Center during 2022 and 2023. In 2022, the County entered into a three-month contract with a company and approved a contract amendment for \$100,000 that extended services through June 30, 2023.

In June 2023, the County performed a request for proposal process and selected a new contractor to provide management services beginning in October 2023. The new contract included a term of five years and was valued at \$1,446,000.

##### *Jail Food and Commissary Service Contract*

In 2018, the County contracted with a food service management company to provide food and commissary services to people at the Franklin County Jail. The contract required the food service management company to send the County monthly statements detailing the food and commissary sales and remit 35% of net sales to the County.

### *Jail Medical Services Contract*

In 2021, the County contracted with a medical services provider to provide inmate medical services at the Franklin County Jail. The contract required the medical service provider to send the County monthly invoices for services it performed for the County during the billing period as outlined in the contract's fee schedule.

## ***Description of Condition***

### *HAPO Center Management Services Contracts*

The 2022 contract required the management company to collect and remit all revenues from the HAPO Center to the County and to provide all supporting documentation. Additionally, the contract indicated the County was responsible for paying the contractor a monthly management fee of \$12,500 and reimbursing the contractor for expenses related to the HAPO Center activity. The County paid the management company \$37,500 and \$180,722 in 2022 and 2023, respectively, for its management services.

The County did not ensure the contract terms were followed and instead allowed the management company to manage all the financial activity and only provide profit and loss statements throughout the year.

Although the County selected a new contractor in 2023 and entered into new contract terms that resolved most items noted above, the County was also unable to demonstrate it monitored the new contract terms during the audit period.

### *Jail Food and Commissary Service Contract*

Our audit found the food service management company stopped sending the contractually required monthly statements and associated commissions to the County in 2018. In 2024, the newly appointed Corrections Commander noted the County had not received the commissions from the food and commissary sales and pursued collections of the overdue amounts.

### *Jail Medical Services Contract*

Our audit found the medical services provider invoiced the County for services that were not included in the contract and exceeded the contracted amounts for some positions listed in the contract.

## *Cause of Condition*

### *HAPO Center Management Services Contract*

Staff in the County Administrator's Office are responsible for monitoring the activity at the HAPO Center. The County experienced staff turnover in its Administrator's Office and did not appropriately monitor the contracts.

### *Jail Food and Commissary Service Contract*

Staff in the Sheriff's Office are responsible for monitoring the contract for the food and commissary service provider for the Jail. No one followed up when the contractor stopped remitting required monthly operating statements and associated commissions on commissary sales to the County.

### *Jail Medical Services Contract*

Staff in the Sheriff's Office are responsible for monitoring the contract for the medical service provider for the Jail. Staff in the Jail did not monitor the contract effectively.

## *Effect of Condition*

### *HAPO Center Management Services Contract*

The 2022 contract was not in compliance with state law, which requires the County to make all deposits at least once every 24 hours and all expenditures of the County to be supported. The County was unable to provide documentation supporting the revenues and expenditures the HAPO Center management company reported. The County was also unable to provide evidence that it was monitoring financial activity at the HAPO Center for either of the two contracts in place during the period.

Without effective monitoring processes and support for the reported revenues and expenditures, the County cannot ensure it receives all amounts it is due and that all expenditures are for an allowable purpose.

As a result, we were unable to opine on the reported financial activity of the HAPO Center presented in the fiscal year 2023 financial statements.

### *Jail Food and Commissary Service Contract*

The County did not receive \$937,000 in commissary commissions until August 2024, when the current Corrections Commander inquired with the food service management company about outstanding balances.



### *Jail Medical Services Contract*

The County approved and paid approximately \$1,211,371 more than contracted amounts between 2020 and 2024 for jail medical services.

### ***Recommendation***

We recommend the County strengthen its oversight and monitoring over contracts to ensure contract terms comply with state law and are followed. We further recommend the County continue to seek support for 2022 and 2023 HAPO operating activity and seek repayment of any amounts still owed for both HAPO and commissary sales. Lastly, we recommend the County review its jail medical services contract to determine if funds need to be recouped.

### ***County's Response***

*The audit report from January 1, 2023, to December 31, 2023, highlights several concerns about Franklin County's contract monitoring and internal controls. While we acknowledge the importance of robust contract management and agree that improvements are necessary in certain areas, we wish to provide context and counterpoints to the findings, particularly regarding the Jail Commissary Service Contract and Jail Medical Services Contract.*

#### ***Jail Food and Commissary Service Contract:***

*The report indicates that the County did not receive monthly statements or commissions from the food service management company since 2018. While this issue has not been adequately addressed in the past, it is essential to highlight that the lack of compliance from the contractor was not due to a failure in county oversight but rather a lapse in the contractor's responsibilities. Due to employee turnover at Summit Foods, the County did not receive the necessary financial reports and commission payments from the contractor.*

*The new Corrections Commander, appointed in 2023, inquired about the funds and immediately acted to investigate and recover the overdue funds, totaling approximately \$937,000. While this delay in follow-up is regrettable, the new leadership has prioritized addressing this issue, and collections are now underway. Furthermore, we are revising our monitoring procedures to ensure a timely and effective oversight of the Summit Foods Contract.*

#### ***Jail Medical Services Contract:***

*The audit also indicates that the County overpaid approximately \$1.2 million for medical services between 2020 and 2024. It is essential to clarify that the overpayments stated were primarily the result of changes in the medical services provided and billing practices from the Vendor from November to November and the County billing is from January to January and some misinterpretation of contract terms from the County and Vendor. We have initiated a review of the contract terms and conditions to see if the contract meets the requirement for the Vendor.*

***Recommendations and Moving Forward:***

- ***Improved Contract:*** Franklin County Corrections will be working with Dr. Fleck LLC and the Auditor's office on a restructuring of the contract.
- ***Summit Foods:*** Franklin County Corrections has in place a monitoring system to address the issue of payments to the county with tracking in our Lockdown system.

***HAPO Center Management Services Contract:***

*The County agrees with the State Auditor's Office and has made the necessary changes to address their recommendations. A competitive process resulted in selecting an experienced management group that has addressed the internal control and reporting deficiencies.*

*The County has engaged the former vendor and requested that they supply the documentation and records they contractually agreed to compile and report to account for all public funds properly.*

*We appreciate the State Auditor's Office's recommendations and the opportunity to address the identified issues. We look forward to working with the State Auditor's Office to ensure continued progress and compliance with all applicable laws and regulations.*

***Auditor's Remarks***

We thank the County for its cooperation and assistance during the audit and acknowledge its commitment to resolve this issue. We will review the corrective action taken during our next audit.

## *Applicable Laws and Regulations*

*Budgeting, Accounting and Reporting System (BARS) Manual, 3.1.3.30, states in part, “The governing body has ultimate responsibility for ensuring adequate controls to achieve objectives, even though primary responsibility has been delegated to management.*

*Budgeting, Accounting and Reporting System (BARS) Manual, 3.1.3.3, Internal Control*

RCW 43.09.200 – Local government accounting – Uniform system of accounting

RCW 43.09.240 – Local government accounting – Public officers and employees  
– Duty to account and report - Removal from office – Deposit of collections

## RELATED REPORTS

### **Financial**

We have issued a separate report related to our engagement to audit the County's financial statements; however, we did not express an opinion on two of the County's opinion units because of a material and pervasive limitation on the scope of our audit. That report includes a finding related to deficiencies in the County's internal controls and is available on our website, <https://portal.sao.wa.gov//ReportSearch>.

### **Federal grant programs**

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the County's major federal program, which is listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <https://portal.sao.wa.gov//ReportSearch>.

## INFORMATION ABOUT THE COUNTY

Franklin County was incorporated in 1883 and currently has a population of about 99,000 residents.

An elected, three-member Board of Commissioners governs the County. The County has 14 additional elected positions including Assessor, Auditor, Coroner, Clerk, District Court Judge, Prosecuting Attorney, Sheriff, six Superior Court Judges and Treasurer. About 422 employees provide public safety, road improvement, parks and recreation, judicial administration, health and social services and general administration services. The County's revenue for fiscal year 2023, was \$69.7 million, including \$36.8 million general fund revenues. The County's expenditures for fiscal year 2023, were about \$63 million, including \$43 million general fund expenditures.

### Contact information related to this report

Address:	Franklin County 1016 N. 4th Avenue Pasco, WA 99301
Contact:	Timothy Anderson, Director of Finance
Telephone:	(509) 545-3545
Website:	<a href="http://www.franklincountywa.gov">www.franklincountywa.gov</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Franklin County at <https://portal.sao.wa.gov//ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

### Stay connected at [sao.wa.gov](http://sao.wa.gov)

- [Find your audit team](#)
- [Request public records](#)
- Search BARS Manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

### Other ways to stay in touch

- Main telephone:  
(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)