
Department of Social and Health Services (DSHS)

Agency: 300

Audit Report: 1015276

Finding Number: 001

Finding: The Department of Social and Health Service's Internal Audit Office notified the State Auditor's Office (SAO) regarding a potential loss of client trust funds, as required by state law.

The Department initiated an investigation and determined a misappropriation totaling \$12,331 had occurred between January 1, 2010, and April 11, 2014. SAO reviewed the Department's investigation and agree with its conclusion. The Department has filed a report with the Washington State Patrol as required by law.

Fraud Amount: \$12,331

Amount to be recovered: \$0

Recovery to Date: \$0

Resolution/Status: The State Auditor's Office (SAO) reviewed and reported on the audit work conducted by the Departments' Office of Operations Review and Consultation (ORC). ORC concluded their audit in September 2014. The SAO's review of ORC's audit confirmed there was a misappropriation of funds totaling \$12,331 and that the Department took appropriate action in dealing with the misappropriation.

As of September 2014, the Department developed cash handling and cash fund procedures and trained staff on how to apply them. The procedures are meant to improve internal controls over client trust accounts. These procedures include having Department fiscal staff at Fircrest School:

- Review all documentation associated with cash withdrawals prior to releasing cash and deny any request which is not complete.
- Ensure receipts are obtained for resident purchases, regardless of cost. If funds are given directly to clients for personal use, reasonable documentation must be retained stating the specific amount given to the client.
- Segregate duties in a manner so at least three staff are involved in the process of disbursing resident funds.

ORC completed an internal audit of Fircrest School in September 2015. One of the areas ORC reviewed was the internal controls over cash funds. ORC determined the corrective actions developed in September 2014 were implemented and still in place.

Personnel Action Taken: The individual accused of misappropriating funds resigned during the course of ORC's audit. The individual was referred to and investigated by the Department's Residential Care Services program. The investigation resulted in the individual being placed on the Residential Care Services Registry. This action prohibits the individual from being employed in care of and having unsupervised access to vulnerable adults according to RCW 74.39A.056 (2).

Status of Audit Resolution

December 2015

Criminal Action Taken: The case was referred to Washington State Patrol and King County Prosecutor's Office. Both agencies reviewed the work of ORC and decided there was not sufficient evidence to pursue criminal charges against the individual who misappropriated funds. Consequently, legal action was not taken and none of the misappropriated funds were recovered.

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