

**Status of Resolution of Reported Fraud Findings**

December 2013

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**Department of Ecology (ECY)**

**Agency: 461**

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<b>Audit Report:</b>	1010182
<b>Finding Number:</b>	001
<b>Finding:</b>	Internal controls at the Department were not adequate to safeguard public resources.
<b>Fraud Amount:</b>	\$14,664
<b>Recovery to Date:</b>	\$ 0
<b>Resolution/Status:</b>	<p>Upon the discovery of the potential loss, Ecology:</p> <ul style="list-style-type: none"> <li>• Immediately cancelled all merchant cards and closed store accounts. The Washington Conservation Corps (WCC) was the only agency program with merchant card and store account privileges in the agency. The remaining Ecology programs do not have merchant cards or access to store accounts.</li> <li>• Issued Washington state purchase cards directly to approved Washington Conservation Corps (WCC) supervisors. Issuance of the cards is centralized and controlled by the ecology fiscal office. Before credit cards are issued, the custodians must attest that they have fully read agency and state policies regarding authorized use. This attestation occurs on an annual basis. Senior purchasing and accounts payable manager monitor agency activity to ensure merchant cards or store accounts are not opened without agency knowledge.</li> <li>• Strengthened our controls over the review process of purchases made by all credit card custodians to ensure adequate oversight. Itemized credit card receipts are required for all purchases and must be approved by management. Purchases are reviewed by senior purchasing staff and accounts payable management for accuracy and payment.</li> </ul> <p>As recommended in the state auditor report, by December 31, 2013, Ecology will work with the Attorney General to verify its options in recovering the remaining misappropriated funds that will not be recovered as restitution in the criminal prosecution process. Options include civil action and/or utilizing the services of contracted collection agency. As of the date of this plan, no restitution payments have been received by the agency.</p>
<b>Personnel Action Taken:</b>	The Secretary Supervisor was placed on home assignment March 21, 2011 and resigned on May 6, 2011.
<b>Criminal Action Taken:</b>	The Department filed a report with Washington State Patrol, which investigated this case. The Thurston County Prosecuting Attorney's Office has also been notified of this case. On May 8, 2013, an Alford Plea Hearing was held and a felony judgment and sentence were entered.

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**Amount to be Recovered:** Restitution was set at \$2,500.

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