



Office of the Washington State Auditor
Pat McCarthy

Fraud Investigation Report

Bellevue College

For the investigation period November 1, 2022 through July 31, 2024

Published November 24, 2025

Report No. 1038137



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

November 24, 2025

Board of Trustees
Bellevue College
Bellevue, Washington

Report on Fraud Investigation

Attached is the official report on a misappropriation at the Bellevue College. On April 23, 2024, the College 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 43.09.290) 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 Assistant Director of Communications Adam Wilson at (564) 999-0799. Otherwise, please contact Special Investigations Program Manager Stephanie Sullivan at (360) 688-0858.

Pat McCarthy, State Auditor
Olympia, WA

cc: Ty Bergstrom, Executive Director of Finance and Auxiliary Services

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FRAUD INVESTIGATION REPORT

Background and Investigation Results

On April 23, 2024, the College notified our Office regarding a potential loss of public funds, as required by state law (RCW 43.09.185). The Director of Student Engagement initially detected the loss in July 2023 when they reviewed the student engagement department's budget and noticed expenses with whole round numbers – something that is atypical for the department's spending.

After investigating, the College concluded a misappropriation totaling \$20,000 occurred between November 2022 and May 2023.

We reviewed the College's investigation and agree with its conclusions. The College's investigation found the following:

On May 17, 2021, a program specialist for the student engagement department submitted a vendor's contract requisition for review. It was the Program Specialist's responsibility to administer program activities, services, and trainings, and to select vendor contracts for leadership events. However, the Program Specialist did not preemptively disclose her personal relationship with a vendor they contracted with, as required by the College's conflict of interest policy. The department subsequently approved the vendor's contract. Then, between June 2021 and May 2023, the Program Specialist approved 13 payments totaling \$70,000 to this vendor for online leadership events.

In October 2023, the Director of Student Engagement noticed payments had been made to the vendor for online events, though the Director could not verify whether these events actually occurred because they could not locate supporting documentation. As a result, the College opened an investigation into these payments. While the College found limited supporting documentation for nine payments to the vendor, its investigation focused on four payments for events that never took place. The College concluded this because it could not find records to support who attended, when the event occurred, or event materials provided to attendees. Because the Program Specialist approved all these payments, totaling \$20,000 and made between November 2022 and May 2023, the College placed the Program Specialist on administrative leave beginning November 2023.

The College interviewed the Program Specialist in January and June 2024. The Program Specialist was unable to recall specifics regarding the events, nor was she able to produce any documentation of attendees or relevant materials distributed. She denied having a personal relationship with the vendor. However, the College's review of social media profiles determined the Program Specialist was engaged to this vendor. The investigation identified several personal trips made during the time improper payments were authorized, raising concerns about whether the Program Specialist benefited personally from the misappropriation.

Control Weaknesses

Internal controls at the College were not adequate to safeguard public resources. We found the College lacked adequate oversight and review of its contract requisition process to ensure contracted vendors provide intended services and employees disclosed any conflicts of interest, as required by College policy and state law.

Recommendations

We recommend the College strengthen its internal controls over the contract requisition process to safeguard public resources. At a minimum, the College should ensure there is adequate oversight of the scope of services performed and documentation to support work performed occurs before payment and provide training to employees over conflict-of-interest requirements.

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

We also recommend the College seek recovery of the misappropriated \$20,000 and related investigation costs of \$6,353 from the vendor and/or its insurance bonding company, as appropriate. Any compromise or settlement of this claim by the College must be approved in writing by the Attorney General and State Auditor as directed by state law (RCW 43.09.330). Assistant Attorney General Matt Kernutt is the contact person for the Attorney General's Office and can be reached at (360) 586-0740 or Matthew.Kernutt@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 (509) 726-1886 or Brandi.Pritchard@sao.wa.gov.

College's Response

We agree with the auditor's findings, in that there were deficiencies in controls over Contracts and the requisition process. College staff were the first to identify and start the investigation into the misappropriation. We appreciate the support of the State Auditor's Office in continuing the investigation.

Immediately after the misappropriation was suspected, we began to collect and reconcile the other contracts in the affected area. During that process, we found no additional suspected activities amongst other contracts in that division. Since the discovery, a form requiring additional information and attestations is required to be submitted along with the standard Contract Signature approval form. Each contract and additional disclosures are now required to be reviewed by the division VP. We will continue to strengthen the contract review process by training budget authorities to more closely scrutinize contracts sent for approval to ensure that services are appropriate uses of public funds. We will be filing a police report, referring the case to Prosecuting Attorney's Office and working to seek restitution of the lost funds.

Auditor's Remarks

We thank College officials and personnel for their assistance and cooperation during the investigation. We will follow up on the College's internal controls during the next audit.

ABOUT THE STATE AUDITOR'S OFFICE

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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.

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