



Office of the Washington State Auditor
Pat McCarthy

Fraud Investigation Report

Department of Agriculture

For the investigation period April 1, 2023 through September 30, 2023

Published December 26, 2025

Report No. 1038436



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

December 26, 2025

Derek Sandison, Director
Department of Agriculture
Olympia, Washington

Report on Fraud Investigation

Attached is the official report on a misappropriation at the Department of Agriculture. On May 14, 2024, the Department 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: Natasha Roberts, Chief Financial Officer

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FRAUD INVESTIGATION REPORT

Background and Investigation Results

On May 14, 2024, the Department notified our Office regarding a potential loss of public funds, as required by state law (RCW 43.09.185). On September 1, 2023, the Department received an anonymous tip that an Education Specialist in its Agricultural Environmental Services Division claimed time worked at the Department while working at a second employer. To confirm the information from the anonymous source, the Department contacted the second employer and obtained timesheets from them for comparison.

The Department opened an investigation and determined the Education Specialist reported time they did not actually work, resulting in \$7,421 of payroll misappropriation between April 18, 2023, and September 29, 2023.

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

- The Department hired the Education Specialist on August 1, 2022 as a 40-hour-a-week employee. Some of this time included remote work.
- Records from the second employer show they hired the Education Specialist on April 18, 2023. After this, he worked a variety of onsite hours for the second employer during time he was expected to be working for the Department.
- By comparing time records from both employers, the Department found the Education Specialist inappropriately reported time worked on 90 days between April 18 and September 29, 2023, totaling 269 hours of time the Department paid for when he worked for the second employer.
- On October 5, 2023, the Education Specialist submitted a letter to the Department explaining he accepted another job, and his last day of work would be October 20, 2023.

After concluding their investigation in December 2023, the Department sent a letter to the Education Specialist notifying him of its conclusions and requesting repayment of \$7,421 for time not worked. On January 10, 2024, the Education Specialist signed a repayment agreement to pay back the full amount.

By November 2024, he repaid this amount in full.

Control Weaknesses

Internal controls at the Department were not adequate to safeguard public resources. The Department's investigation found the following weaknesses allowed the misappropriation to occur:

- The Education Specialist's supervisors did not sufficiently monitor his work activity, nor was there an effective review process in place to confirm his timesheets' accuracy.
- Management did not have an effective process to verify that employees disclosed and communicated to the Human Resources Department all conflicts of interest affecting Department employees, including outside employment conflicts.

Recommendations

We recommend the Department improve monitoring of employee time reporting, remote work and conflict of interest disclosures. Specifically, the Department should ensure that, within the Agricultural Environmental Services Division:

- Monitoring mechanisms apply to employees who perform remote work to ensure they are working during their scheduled work hours
- Employees routinely update conflict of interest acknowledgements regarding outside employment

The Department entered into a restitution agreement with the former Education Specialist without seeking proper approval from the State Auditor and Attorney General as required by RCW 43.09.330. We recommend that the Department ensures it complies with this requirement for any potential future losses.

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

We recommend the Department seek recovery of related investigation costs of \$5,654 from the former Education Specialist and/or its insurance bonding company, as appropriate. Any compromise or settlement of this claim by the Department 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 Special Investigations, who can be reached at (509) 726-1886 or Brandi.Pritchard@sao.wa.gov.

Department's Response

The Washington State Department of Agriculture (WSDA) recognizes the seriousness of employee fraud and appreciates this opportunity to respond to the State Auditor's Office Fraud Investigative Report No. 1038436.

Since the conclusion of the WSDA investigation, notification to the State Auditor's Office, and the agency's recovery of all funds that were lost, the Department has:

- *Instituted a tracking process with confirmation of staff availability for those working remotely within the Agricultural Environmental Services Division.*
- *Initiated a review of the agency's personal conflict of interest and outside employment policies to determine if additional control procedures are required to avoid fraud and unethical behavior.*

WSDA is committed to safeguarding state funds and looks forward to reviewing and addressing the areas of weakness identified by this report.

Auditor's Remarks

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

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.

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