



STATE OF WASHINGTON

October 31, 2018

The Honorable Jay Inslee
Governor of Washington
P.O. Box 40002
Olympia, WA 98504-0002

Members of the Legislature
110 Legislative Building
Olympia, WA 98504-0600

Dear Governor Inslee and Members of the Legislature:

State law (RCW 39.26.220) requires the State Auditor and Attorney General to annually give the Governor and the policy and fiscal committees of the Legislature a collaborative report on state agency contract audit and investigative findings, enforcement actions and status of the state agency resolution.

This letter serves as our report of findings issued and actions taken from July 1, 2017, to June 30, 2018.

STATE AUDITOR'S OFFICE

Performance Audits, Frauds, and Whistleblowers

There were no contract findings for Performance Audits, Frauds, or Whistleblowers during this period.

Compliance and Accountability Audits

Department of Fish and Wildlife¹

On August 24, 2017, our office issued a report on the Department of Fish and Wildlife (Department). In this audit, we found the Department did not adequately monitor wildlife damage contracts.

¹ <http://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1019710&isFinding=false&sp=false>

The Department operates and manages 33 wildlife areas in Washington. The Department is responsible for mitigating wildlife conflicts with livestock and damage to crops and infrastructure caused by animals such as bears, cougars, coyotes, deer, elk, moose and wolves.

In order to mitigate damage to livestock and properties adjacent to state wildlife areas, the Department contracts with private landowners (vendors) to conduct livestock herd and predator monitoring.

The Department commonly pays 50 percent of the cost for range riders, hired by the landowner, to monitor calving areas and pastures. The Department also compensates landowners for damage that is directly caused by wildlife. To qualify for compensation, the landowner must have a Damage Prevention Cooperative Agreement (DPCA) and receive an evaluation of damages from a state licensed and federally certified adjuster.

The Department spent at least \$325,000 for wildlife conflict prevention services and wildlife damage claims. We examined \$278,825 of these claims, 46 payments, and found:

- In two instances, vendors were paid for unallowable services totaling \$1,200;
- In seven instances, vendors did not adjust their invoices for the agreed upon 50 percent cost share, resulting in overpayments totaling \$13,138;
- Two instances when range field journals did not specify how many hours were spent range riding each day;
- Three instances when documentation was not sufficient to determine if the payments were allowable;
- Twelve instances when documentation was not sufficient to determine if the cost share provisions were met by vendors;
- Five instances when year-end project reports or required range rider field journals were not submitted to the Department

Additionally, contract terms were written inconsistently:

- Some contracts did not require, rather recommended, that vendors retain documentation to support invoices;
- Contract terms did not specify whether vendors could bill for range riding services at an hourly rate instead of a daily rate;
- Contract terms did not describe how vendors should prove that they met cost share provisions

We recommended the Department requests repayment from vendors from the known overpayments identified in the audit. For contract share provisions, we recommended the Department implement internal controls that reconciles the number of hours or days invoiced for by vendors to range rider field journals and accounts. We also recommended that the Department creates a standardized field journal template for vendors.

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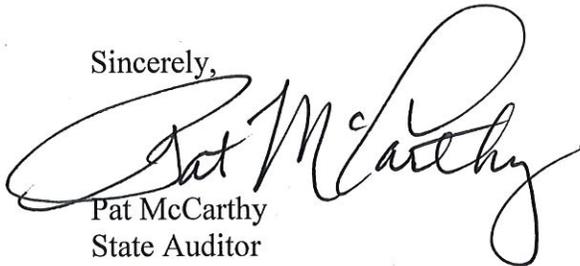
In regards to future contracts, we recommended the Department write terms more clearly to describe the scope of services and how vendors are allowed to bill for services. We also recommended the Department require all vendors to retain supporting documentation.

To resolve the finding, the Department is working on implementing our recommendations into their policies and procedures. We will follow-up with the Department during our next Accountability audit.

ATTORNEY GENERAL'S OFFICE

The Auditor's Office issued no audit or investigative findings that required referrals to the Attorney General's Office for enforcement.

Sincerely,



Pat McCarthy
State Auditor



Shane Esquibel
Chief Deputy Attorney General