

Department of Licensing

Agency 240

Audit Report	Finding Number	Finding and Resolution	
1027604	001	<p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to date:</p> <p>Resolution /Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p>	<p>The Department did not maintain adequate internal controls to detect manipulations of vehicle license transactions, resulting in misappropriations by a subagent’s employee between May 2017 and November 2019.</p> <p>\$56,054</p> <p>\$59,054</p> <p>\$0</p> <p>The Department has communicated with the county licensing agent and is seeking a restitution settlement agreement to include the misappropriated amount and the investigation costs resulting from the fraud.</p> <p>In addition, the Department implemented process improvements to strengthen internal controls on vehicle licensing transactions, which include:</p> <ul style="list-style-type: none"> • Providing specific training to licensing agents on how to properly monitor and review subagent transactions. • Improving the auditing and monitoring of high-risk transactions processed by county licensing agents and licensed subagents, such as fee overrides, voids and reversals, gifting, and no fee transactions. • Adopting a new contract template in January 2020 for all licensing agents to expand and formalize their oversight responsibilities. <p>No Department employees were involved in the fraud. At the time of the incident, the Department did take action to remove user access in the Driver and Vehicle License System to prevent additional loss.</p> <p>The county licensing agent terminated the subagent contract “for cause” as of December 2019.</p> <p>The State Auditor’s Office referred the investigation to the King County prosecuting attorney.</p> <p>Jamie Black Internal Audit Manager PO Box 9020 Olympia, WA 98507 (360) 902-3721 jblack@dol.wa.gov</p>