FRANKLIN COUNTY

BOARD OF COMMISSIONERS

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FOR IMMEDIATE RELEASE

State Auditor finds that HAPO Center lacked financial controls: Report Concludes County should seek repayment from SVM

Pasco, WA
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The Washington State Auditor's Office (SAO) delivered a report to the Franklin County Board of Commissioners on Wednesday, detailing the findings they found when reviewing the contracts and financial management at HAPO Center dating back to 2022. The company managing the HAPO Center at the time was Simmons Venue Management (SVM). "The 2022 contract required the management company to collect and remit all revenues from the HAPO Center to the County and to provide all supporting documentation. Additionally, the contract indicated the County was responsible for paying the contractor a monthly management fee of $12,500 and reimbursing the contractor for expenses related to the HAPO Center activity. The County paid the management company $37,500 and $180,722 in 2022 and 2023, respectively, for its management services. The County did not ensure the contract terms were followed and instead allowed the management company to manage all the financial activity and only provide profit and loss statements throughout the year. Although the County selected a new contractor in 2023 and entered into new contract terms that resolved most items noted above, the County was also unable to demonstrate it monitored the new contract terms during the audit period," the report said.

As a cause of condition, the State Auditor's Office pointed to a lack of oversight by a previous County Administrator, saying, "Staff in the County Administrator's Office are responsible for monitoring the activity at the HAPO Center. The County experienced staff turnover in its Administrator's Office and did not appropriately monitor the contracts". The SAO report continued that "the 2022 contract was not in compliance with state law, which requires the County to make all deposits at least once every 24 hours and all expenditures of the County to be supported. The County was unable to provide documentation supporting the revenues and expenditures the HAPO Center management company reported. The County was also unable to provide evidence that it was monitoring financial activity at the HAPO Center for either of the two contracts in place during the period. Without effective monitoring processes and support for the reported revenues and expenditures, the County cannot ensure it receives all amounts it is due and that all expenditures are for an allowable purpose".

The Auditor's report concluded by saying, "we recommend the County strengthen its oversight and monitoring over contracts to ensure contract terms comply with state law and are followed. We further recommend the County continue to seek support for 2022 and 2023 HAPO operating activity and seek repayment of any amounts still owed." As advised in the State Auditor's report, the Board of County Commissioners will seek to collect any funds owed to the county by Simmons Venue Management (SVM), the prior management company that was in place at that time.

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