Office of the Washington State Auditor
Pat McCarthy

Fraud Investigation Report

City of Mabton

For the investigation period June 17, 2024 through August 28, 2024

Published May 15, 2025

Report No. 1037073

Office of the Washington State Auditor
Pat McCarthy

May 15, 2025

Mayor and City Council
City of Mabton
Mabton, Washington

Report on Fraud Investigation

Attached is the official report on a misappropriation at the City of Mabton. On July 15, 2024, the City 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 43.09.260) 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

Pat McCarthy, State Auditor

Olympia, WA

cc: Sophia Martin, Treasurer

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

FRAUD INVESTIGATION REPORT

Background and Investigation Results

On June 26, 2024, our Office discovered a potential loss of public funds through a newspaper article published the previous day. We contacted the City to request they submit the loss to our Office, which they were supposed to do as required by state law (RCW 43.09.185). The article reported that when the Deputy Clerk took the daily deposit to the bank on June 17, 2024, she was stopped in the City Hall parking lot, and someone stole the deposit from her. The City filed a police report that day, and later formally filed a reported loss of public funds to our Office on July 15, 2024.

The City's police department investigated and determined a misappropriation totaling $22,641 occurred on June 17, 2024, in Mabton – a city in Yakima County with a population of about 2,000.

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

On June 17, 2024, at 11:27 a.m., the Deputy Clerk said she was on the way to the bank, and a stranger robbed her in the City Hall parking lot. This person took the City bank deposit, totaling $22,641, made up of $13,402 in cash and $9,239 in checks from customers to pay their utility bills. The Deputy Clerk returned to City Hall and told the Customer Service Clerk what happened. The Customer Service Clerk told the Deputy Clerk to call the police immediately. However, the Deputy Clerk did not call the police to report this incident until 28 minutes later.

Police reviewed video footage from a nearby surveillance camera. The footage showed someone walking up to the window of the Deputy Clerk's vehicle, then running away with the deposit. The police investigation determined this person was the Deputy Clerk's boyfriend's brother and concluded they believed the Deputy Clerk, her boyfriend and her boyfriend's brother all played a part in taking the money from the City.

Meanwhile, the City contacted the customers who had paid their utility bills with checks to tell them they should cancel those checks and pay their bill by other means. The City subsequently received payments totaling $9,239, leaving the loss to the City at $13,402. The City wrote off the loss to the accounts that paid in cash.

Because the police could not rule out the Deputy Clerk's involvement in the loss, we performed additional procedures to determine if any additional misappropriation occurred. We reviewed areas the Deputy Clerk had access to, such as cash receipting and utility billing and noted additional questionable items that will be addressed in a separate accountability audit report, along with recommendations for improvement.

In June 2024, Mabton Police Department officers interviewed the Deputy Clerk multiple times, who said she was not responsible for the loss and did not know the person who took the money from her in the parking lot. When officers asked her how someone would know she was coming out of City Hall at that time with a lot of money, she said that it must have been someone who had inside knowledge that the City took money to the bank daily.

The City placed the Deputy Clerk on administrative leave on June 17, 2024 – the day the money was stolen. The City terminated the Deputy Clerk on January 8, 2025, after she did not attend a pre-disciplinary meeting the previous day.

Control Weaknesses

Internal controls at the City were not adequate to safeguard public resources. The City's investigation found the Deputy Clerk did not safeguard public funds, which allowed the misappropriation to occur.

Recommendations

We recommend the City's strengthen its internal controls over protecting deposits.

We will refer this case to Yakima County Prosecutor's Office for any further action it determines necessary.

City's Response

The City of Mabton agrees with the auditor's comments and the following action has been taken to strengthen it's internal controls regarding protecting deposits: The Mabton Police Department has been tasked with taking the deposits to the bank. In the event that a police officer is not available, a member of the city staff, ie., City Treasurer or Deputy City Clerk, is tasked with taking the deposit to the bank in their place. City staff is either escorted to their vehicle or asked to move their vehicle to the front of the building due to lack of escort while another employee from City Hall is expected to observe the person with the money get into their vehicle and leave.

Auditor's Remarks

We thank City officials and personnel for their assistance and cooperation during the investigation. We will follow up on the City'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.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- Find your audit team
- Request public records
- Search BARS Manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
- Discover which governments serve you — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov