



Office of the Washington State Auditor  
Pat McCarthy

# Accountability Audit Report

# Department of Corrections

For the period July 1, 2023 through June 30, 2025

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

February 23, 2026

Tim Lang  
Secretary  
Department of Corrections  
Olympia, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Department operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Department's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

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## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Department operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

However, during the audit certain matters came to our attention that are currently under investigation. The results of that investigation will determine whether or not we issue a separate report on the matter.

Additionally, as noted under the Related Reports – Special Investigations section of this report, certain matters were examined and reported as part of a separate engagement.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of the Department of Corrections from July 1, 2023 through June 30, 2025.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.310, which requires the Office of the Washington State Auditor to examine the financial affairs of all state agencies. Our audit involved obtaining evidence about the Department's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended June 30, 2025, and 2024, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – purchase cards, general disbursements and fuel cards
- Payroll – overtime and leave use
- Cash receipting – institutional resident deposit account
- Gate money
- Contracts – procurement and monitoring
- Incarcerated individual betterment fund – disbursements
- Tracking and monitoring of theft sensitive assets
- Phone commission revenue – follow up on prior finding



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Department of Corrections July 1, 2023 through June 30, 2025

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> 2023	<b>Report Ref. No.:</b> 1034570	<b>Finding Ref. No.:</b> 2023-001
<b>Finding Caption:</b> The Department of Corrections did not have adequate internal controls over the addition of phone credits to the accounts of incarcerated people.		
<b>Background:</b> The Department of Corrections contracts with a vendor to provide telephone services for incarcerated people. Friends and relatives may deposit funds into accounts set up for incarcerated people, and phone calls are charged on a per-minute basis. The Department also earns a commission from the funds added to these accounts. This commission revenue is the primary source of revenue for the Incarcerated Individual Betterment Fund (IIBF). Under the Department’s policy, this fund’s assets can only be used for activities that “enhance security and orderly operation of a facility by reducing idleness, encouraging positive development of family and community ties, and authorized expenses for incarcerated individuals.”		
<b>Status of Corrective Action: (check one)</b> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
<b>Corrective Action Taken:</b> <i>The Department of Corrections (DOC) takes all matters related to fraud very seriously and appreciates this opportunity to review and respond to the State Auditor’s Office Fraud Investigation Report F-2023-001.</i> <i>The Department initiated an investigation regarding an internal Discrimination Complaint which resulted into a secondary investigation that expanded to include allegations of misconduct based upon information gathered from witnesses. This secondary investigation led to the reporting of a suspected loss to the SAO Fraud Unit.</i> <i>The Department conducted a training with the Intelligence and Investigations staff of policy 470.150, and ensured confidential informants are not provided benefits in exchange for information.</i>		

*The Department has since switched phone vendors to Securus. The Securus phone system does not allow staff members to add phone credits to an incarcerated individual's phone account. The staff member has been dismissed from their position with the Department. DOC began the collection process to recover the amount of loss to the state.*

## RELATED REPORTS

### Financial

We perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Annual Comprehensive Financial Report (ACFR). The ACFR reflects the financial activities of all funds, organizations, agencies, departments and offices that are part of the state's reporting entity. The results of that audit are published in a report issued by the Office of Financial Management in December of each year and can be found at [www.ofm.wa.gov](http://www.ofm.wa.gov).

### Federal programs

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management and our Office each year.

### Special investigations

We issued a report on a fraud investigation report on activities at the Department. That report is available on our website, <https://portal.sao.wa.gov/ReportSearch>.

The State Auditor's Office issued reports pursuant to the State Employee Whistleblower Act (Chapter 42.40 RCW). That report is available on our website, <https://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE DEPARTMENT

The Department of Corrections was created in 1981 by the Washington State Legislature (RCW Chapter 72.09). Prior to 1981, the Department was a division of the Department of Social and Health Services. The Department consists of the Offices of the Secretary and Deputy Secretary. The Office of the Deputy Secretary has five divisions led by Assistant Secretaries for: Community Corrections Division, Health Services Division, Prison Division (Male), Prisons Divisions (Female), Reentry, Correctional Industries Divisions, and the Statewide Records Unit. The Secretary's Office has Budget, Employee & Business Support Services Administration, and Budget, Strategy and Technology Administration divisions.

The Department has approximately 9074 employees who work in a variety of specialties and programs to administer a comprehensive system of corrections for convicted law violators. DOC staff supervise an average of 13,458 individuals housed in 10 prisons and 9 Re-entry Centers around the state. In addition, the Department provides supervision for over 13,696 in the community. The Department also operates Correctional Industries, a business enterprise, at several of its institutions. Correctional Industries is committed to maintaining and expanding incarcerated individual work/training programs which develop marketable job skills, instill and promote a positive work ethic among incarcerated workers and reduce the tax burden of corrections. Correctional Industries includes, but is not limited to, furniture and clothing manufacturing, commissary services for inmates, food processing and printing. For the 2024-2025 biennium, the Department operated on a \$3.3 billion budget.

### Contact information related to this report

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*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Department of Corrections at <https://portal.sao.wa.gov//ReportSearch>.

## 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](http://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.

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