



King County

Office of the Ombuds

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MEMORANDUM

To: Susan McLaughlin, Director, Department of Community and Human Services (DCHS)

From: Jeremy Bell, Director, Office of the Ombuds
Shawn Abernethy, Deputy Director, Office of the Ombuds
Jon Stier, Principal Deputy Ombuds, Office of the Ombuds
Anna Endter, Senior Deputy Ombuds, Office of the Ombuds

Initial

JB

Date: May 1, 2026

Re: DCHS Programmatic Contract Evaluation

INTRODUCTION

This memo transmits the attached final “Programmatic Contract Evaluation” report independently commissioned and overseen by the Ombuds Office at your request. The report responds to specific compliance concerns that the King County Auditor’s Office (Auditor) sent for resolution to DCHS on June 16, 2025,* during the audit of four youth programs. The Auditor completed and issued the audit on August 26, 2025, updated September 10, 2025. The concerns examined here relate to contracts with 19 DCHS community partners, out of a 36-contract sample reviewed by the Auditor for its audit, and out of a total of approximately 2,700 contracts overseen by DCHS.

Building from the Auditor’s work, the independent final report transmitted here observes significant specific deficiencies with DCHS’s contracting systems, financial stewardship, oversight, and conflict of interest guardrails. It describes deficiencies and other issues with systems and an array of practices of many of the 19 community partners studied. The report indicates to us that waste, fraud, or abuse** in some cases likely occurred, and in other cases cannot be ruled out absent

* The Auditor’s letter is included with the attached report as Appendix E.

** According to the Auditor’s analysis of Government Auditing Standards, **Waste** generally means using resources carelessly, extravagantly, or to no purpose. **Abuse** means misuse of authority or position for the benefit of oneself or another. **Fraud** in the auditing context can mean obtaining something of value through

additional investigation. Given this finding, the Ombuds will be referring the Clark Nuber report to the Washington State Auditor's Office for review and any additional appropriate action. In addition, we will refer to law enforcement those specific observations within Clark Nuber's report that indicate possible fraud, forgery or attempted theft of funds. More information follows.

This memo conveys our actions and recommendations following brief summaries of the County programs involved, our forensic consultants' observations, and their recommendations. It also summarizes the Ombuds Office's authority, the background of this forensic review and the process employed.

OVERVIEW OF DCHS PROGRAMS

The DCHS and community partner records studied in the report support the following four King County programs, described by their own terms as:

- **Family Intervention and Restorative Services (FIRS).** Addresses adolescent family violence and provides an alternative to court involvement and juvenile detention. Youth may be brought to a FIRS respite center or a FIRS team may receive a police report for review. The team provides a violence/safety assessment, safety planning, services and support. There are no criminal charges or court involvement if the youth agrees to services.
- **Liberation and Healing from Systemic Racism.** Brings together community members, parents, coaches and other trusted adults to collectively create the Liberated Village - a community-centered education system that guides Black and Brown scholars to both envision and reach their full potential.
- **Restorative Community Pathways.** Focuses away from punishment of perpetrators, recognizing that all individuals deserve healing and restoration. The program supports every party in situations of harm, providing them with resources, community supports, and restorative practices in order to ensure that all those involved are supported and able to move forward.
- **Stopping the School-to-Prison Pipeline.** Partners with communities to create school-to-life success pathways for 12- to 24-year-old young people and their families most likely to be pushed into the criminal legal system or who are involved in the criminal legal system. The strategy invests in community-based programming that builds relationships, provides guidance, and connects young people to pathways of success - creating an environment that helps all our young people and their families, especially Black and Indigenous youth, embrace their worth, live-up to their potential and pursue their aspirations with the full support of their communities.

Per the Auditor's Office, funding for these programs comes from multiple sources: the Mental Health and Drug Dependency Levy, the Best Starts for Kids Levy, King County, and the City of

willful misrepresentation, though state and federal laws separately define fraud and corollary wrongdoing such as forgery.

Seattle. The independent final report we transmit today by its scope does not evaluate the work of these programs.

FORENSIC REVIEW SUMMARY

The Auditor has monitored [DCHS activities](#) related to the audit recommendations, and recently [verified significant progress](#). Meanwhile, our forensic accounting consultant, Clark Nuber, rigorously tested the compliance concerns identified by the Auditor in June 2025, to the extent possible given the availability of documentation, differences in the time periods examined for each of the 19 community partners, and the time and resources available for this engagement. Aligned with and deepening the Auditor's findings and recommendations, Clark Nuber made five key observations and recommendations for DCHS. They are, in brief summary:

1. **Observation: Questioned Costs** - \$690,617 of questioned costs across 179 transactions and 16 community partners; \$446,703 potentially improperly paid and/or not verified as recovered.
 - **Recommendation:** Immediate action to resolve compliance gaps, consider external support to enhance monitoring and implementation, and ensure payments are made only for activities strictly aligned with executed contracts.
2. **Observation: Potentially Altered Documents** - Four instances across two contracts; recordkeeping and other discrepancies including documentation that appeared to have been created or modified after the fact.
 - **Recommendation:** Formalize a document-integrity review process to distinguish routine documentation gaps from those where the reliability of documentation itself is in question.
3. **Observation: Potential Conflicts of Interest** – Six potential conflicts of interest across six community partners; the most significant conflict involved a consultant for two community partners who was also a relative (according to DCHS) of the DCHS program manager overseeing the community partner contracts.
 - **Recommendation:** Develop procedures to properly identify and remediate situations involving related parties arising within funding contracts and set clear conflict of interest expectations for community partners.
4. **Observation: Documentation Gaps Identified** – Eighty-one instances across seven community partners where documentation was missing or insufficient to validate transactions; missing invoices for stipends, missing ACH confirmations for significant vendor payments, and missing original contract budgets.
 - **Recommendation:** Define specific required documentation by cost type and establish an escalation path for missing records; disallow or withhold unsupported costs after an established deadline and automatically withhold or disallow costs remaining unsupported after an established deadline.
5. **Observation: Poor Financial Management** – Ten instances across nine community partners; inadequate accounting systems, summary or manually-created records,

unsupported allocation methodologies, non-segregated funding sources, inconsistent recordkeeping, inconsistent reassessment of prior payments in same categories in which costs were questioned or improperly paid.

- **Recommendation:** Strengthen community partner financial management oversight and reimbursement eligibility with minimum accounting and recordkeeping standards including system-generated transaction-level detail; implement risk-based monitoring of prior payments to reassess and withhold or disallow unsubstantiated costs, and require assistance or corrective actions for community partners that lack adequate systems before payments are made.

These observations and recommendations are summarized further by Clark Nuber in the report's Executive Summary, pages I and II, and are extensively detailed in the body of the report as well as the tables in the appendices.

OMBUDS ACTIONS AND RECOMMENDATIONS

The Ombuds Office is mindful that the attention to DCHS's financial stewardship offers opportunities to pursue accountability, accomplish lasting systemic reforms, and cultivate public trust in DCHS as well as all departments of King County government, and in King County's community partners and contractors going forward. To those ends, the Ombuds Office will:

- Refer the Clark Nuber report to the Washington State Auditor's Office for review and any additional appropriate action.
- Refer to law enforcement those specific observations within Clark Nuber's report that indicate possible fraud, forgery or attempted theft of funds.

We add the following **recommendations** to DCHS beyond those already transmitted through the Auditor's Office audit and the Clark Nuber report:

1. Acknowledging that DCHS disallowed payment of some questionable costs before and during the audit and Clark Nuber's forensic review, DCHS should pursue remaining available avenues to recover any funds paid that should have been disallowed.
2. Since the Finance and Business Operations Division (FBOD) has a previously established process for contractor debarment, DCHS should consult with FBOD to develop criteria for possible debarment in the context of community partner contracts and grants.
3. Recognizing that significant amounts of the funding at issue in the Auditor's and Clark Nuber's reports come from voter-approved tax levies aimed at improving social and health conditions and opportunities among some of the County's most vulnerable residents, in coordination with the County Executive's Office, DCHS should develop policy guidelines to clearly align the administration of those taxpayer funds with the need for excellent financial stewardship, as all King County residents expect.

We will follow up separately with the County Executive and County Council regarding the following additional **recommendations** which we recognize DCHS does not have authority to address. We

state them here so that DCHS is aware of the full range of recommendations that our office is making:

4. The County Executive should assess what additional structures, personnel, and other supports are necessary to ensure a robust Ethics Program within the Executive Branch, including routine frequent ethics training and oversight. Any related budgetary or legislative updates should be transmitted to the County Council expeditiously.
5. Consistent with recently announced legislative proposals, we encourage the County Council to consider:
 - a. Updating and strengthening the Code of Ethics (KCC Chapter 3.04) and Whistleblower Protection Code (KCC Chapter 3.42), including but not limited to clearly establishing that those codes apply to and cover County contractors and grantees; and
 - b. Expanding the Ombuds Office's subpoena authority, including the ability to subpoena records and/or testimony from County contractors and grantees.

During the pendency of Clark Nuber's forensic review and in compliance with King County Council Ordinance 19978, the Ombuds Office and Auditor's Office extensively studied available models to better prevent, detect, and respond to possible instances of fraud in County contracting. We recently transmitted our **joint recommendations** to the County Council as follows:

1. Prioritize prevention by advising the County Executive to a) conduct fraud risk assessments countywide, b) develop and implement plans for fraud/integrity training and awareness, and c) report all information on fraud and improper acts to the County Auditor and County Ombuds.
2. Clarify policy direction by revising code to define key concepts, assign responsibilities, designate a central reporting system (hotline), and outline consequences for fraud and improper acts.
3. Strengthen detection and response efforts by creating three new functions within the Auditor's Office and requiring an evaluation of the functions after three years:
 - a fraud/integrity reporting system (hotline)
 - a fraud investigation function
 - an inspection function for contract review.

The remainder of this memo provides additional summary details of the Ombuds Office's authority; the project background and process; and the additional steps we recommend in view of the above.

OMBUDS OFFICE AUTHORITY

The Ombuds Office was created by the voters of King County in the County Home Rule Charter of 1968 and operates as an independent office within the legislative branch of King County government. The Ombuds Office is authorized by King County Code (KCC) Chapter 2.52 to investigate complaints regarding the administrative conduct of King County agencies. The purpose of these activities is to promote public confidence in King County government by responding to complaints in an impartial, efficient, and timely manner, and to contribute to the improved operation of county government by making recommendations based upon the results of complaint investigations. The Ombuds Office is further vested with jurisdiction and authority to investigate

alleged violations of the County Whistleblower Protection Code, KCC Chapter 3.42; Employee Code of Ethics, KCC Chapter 3.04; and Lobbyist Disclosure Code, KCC Chapter 1.07.

BACKGROUND AND PROCESS SUMMARY

DCHS significantly grew its grant funding, derived from multiple funding streams, from \$922 million in 2019-20 to more than \$1.8 billion in 2023-24. This, combined with pressure to distribute funds quickly during the COVID-19 pandemic and an equity-centered effort to make its grants more accessible, led to a higher risk of waste, fraud and abuse. These risks were heightened by a set of weak financial controls, practices, and contract oversight within DCHS. Inconsistent financial stewardship knowledge, policies, and systems within a number of DCHS's community partners further contributed to the risk, particularly with smaller partner organizations that may never have previously received public grant funds. In the August/September 2025 audit, the Auditor's Office describes many of these issues in detail.

During the auditing process, the Auditor became especially concerned about a set of potential compliance issues involving 19 of the 36 contracts it reviewed from DCHS youth programs. In June 2025, the Auditor asked DCHS to facilitate a review of those issues and report results to the Auditor's Office. In October 2025, to ensure that the review is, and is perceived as, impartial and credible, the Auditor requested that remaining work on the response be overseen by the Ombuds Office, an independent oversight office within King County's legislative branch. The leadership of DCHS agreed to make the request, and the Ombuds Office accepted.

Following definition of a scope of work, in December 2025 the Ombuds Office engaged experienced forensic accounting consultants from an outside private firm, Clark Nuber. Clark Nuber rigorously tested the compliance concerns identified by the Auditor's Office in its June 2025 letter to DCHS to the extent possible. They compared the issues identified in the Auditor's June 2025 letter to DCHS's responses to date, work performed and records provided by the Auditor, additional documentation made available upon request to DCHS, and some community partner records obtained through Ombuds Office facilitation. Clark Nuber's final report is attached.

KING COUNTY OFFICE OF THE OMBUDS

Programmatic Contract Evaluation

April 23, 2026

Submitted By: Clark Nuber P.S.

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KING COUNTY OFFICE OF THE OMBUDS

Executive Summary

April 23, 2026

Objective and Scope

Clark Nuber, P.S. ("CN") was engaged by the King County Office of the Ombuds ("Ombuds") to perform an independent review of compliance concerns identified by the King County Auditor's Office ("KCAO") related to Department of Community and Human Services ("DCHS") contracts with community partners.

The following Executive Summary highlights the top five key compliance observations and recommendations identified in the review. Detailed information for all findings is presented in the body of the report and is also summarized in chart form in Appendix C. See Appendix A, Exhibit 1 for an overview of funds withheld from community partner reimbursements and funds potentially lost. See Appendix A, Exhibit 2 for an overview of noncompliance with laws, regulations, contract provisions, and/or grant agreements.

Top Five Key Observations and Recommendations (in Order of Priority)

The following five key observations and recommendations represent the areas of highest risk identified during this engagement. Overall risk to the program was considered as a combination of both the level of severity and the number of instances identified. KCAO provided a list of recommendations to DCHS as a result of its audit.

- 1. Observation: Questioned Costs** - We identified \$690,617 of questioned costs across 224 transactions and 16 community partners. These included stipends paid outside of approved activities, unsupported cash withdrawals, and costs incurred outside of contract periods. In several instances, DCHS identified these costs but allowed them because they had been paid in previous fiscal years, raising the question as to how allowability is determined. CN identified \$446,703 in funds potentially improperly paid and/or not verified as recovered. See Appendix D for specific observations about funds potentially improperly paid.

Recommendation - DCHS should take immediate action to resolve the compliance gaps and circumstances contributing to the \$446,703 in funds potentially improperly paid. In addition, DCHS may need to seek external support to enhance monitoring and implementation of policies and procedures identified throughout this engagement. Moving forward, DCHS should enforce transaction-level support requirements and ensure that payments are only made for activities that strictly align with the executed contract.

- 2. Observation: Potentially Altered Documents** - We identified four instances across two contracts where reimbursement support was inconsistent with recordkeeping, including discrepancies in metadata, dates, service periods, invoice amounts, or version history. Original source records were unavailable, and the documentation appeared to have been created or modified after the fact, undermining its reliability. Because these questioned costs rely primarily on later-created or altered records, neither DCHS nor CN can independently validate the underlying transactions.

Recommendation - As a best practice, DCHS should consider formalizing a document-integrity review process for reimbursement support that does not reasonably align by date, amount, signature, service period, or version history. A formalized process would help distinguish routine documentation gaps from cases where the reliability of the record itself is in question.

- 3. Observation: Potential Conflicts of Interest** - We identified six potential conflicts of interest across six community partners when reviewing their records. The most significant existed with Faith Finance Center and Educate to Liberate Consulting where a consultant for those entities was also a relative (according to DCHS) of the DCHS program manager overseeing the community partner contracts.

KING COUNTY OFFICE OF THE OMBUDS

Executive Summary

April 23, 2026

Top Five Key Observations and Recommendations (in Order of Priority) (Continued)

Recommendation - DCHS should develop procedures to properly identify and remediate any related party situations that arise within funding contracts. Clear expectations should also be provided to community partners about contracting with DCHS employees or relatives of employees to prevent any perception of a conflict of interest.

- 4. Observation - Documentation Gaps Identified** - We identified 81 instances across seven community partners where documentation was either missing or insufficient to validate transactions. This included missing invoices for stipend payments, missing ACH confirmations for significant vendor payments, and missing original contract budgets. Without these records, DCHS cannot verify if services were actually rendered or if costs were reasonable and allowable.

Recommendation - DCHS should define specific required documentation by cost type and implement a documented escalation path for missing records. Costs that remain unsupported after an established deadline should be automatically disallowed or withheld.

- 5. Observation - Poor Financial Management** - We identified ten instances of poor financial management across nine community partners, increasing payment risk and limiting DCHS's ability to verify the allowability, allocability, and existence of reimbursed costs. In several cases, partners lacked adequate accounting systems, relied on summary-level or manually created records, used unsupported allocation methodologies, or failed to segregate funding sources. Recordkeeping requirements were applied inconsistently, and when deficiencies contributed to questioned or improperly paid costs, prior payments in the same categories were not consistently reassessed. These weaknesses reduced transparency, weakened fiscal oversight, and increased the risk that County funds were improperly paid or inequitably allocated.

Recommendation - DCHS should strengthen community partner financial-management oversight by establishing minimum accounting and recordkeeping standards required for reimbursement eligibility, including system-generated transaction-level detail, consistent fund segregation, and documented cost-allocation methodologies. DCHS should also implement risk-based monitoring procedures to reassess prior payments when material deficiencies are identified, withhold or disallow costs that cannot be substantiated, and require corrective action or technical assistance for community partners lacking adequate financial systems before further payments are made.

Conclusion - The issues identified in this evaluation point to broader weaknesses in DCHS's reimbursement oversight and community partner monitoring. These weaknesses increase the risk of improper payments and limit DCHS's ability to demonstrate accountability for public funds. While DCHS identified some issues through its monitoring, inconsistent enforcement and reliance on unsupported or unreliable records allowed risks to persist across multiple partners and fiscal years. Addressing these gaps will require timely corrective action and stronger transaction-level controls to prevent further loss of funds.

KING COUNTY OFFICE OF THE OMBUDS

Programmatic Contract Evaluation

April 23, 2026

Engagement Background

In 2025, the King County Auditor's Office ("KCAO") audited 19 contracts issued by Department of Community and Human Services ("DCHS") to contractors ("community partners"). Prior to issuing its final audit report, KCAO sent a letter to the Director of DCHS identifying potential improper payments to the 19 community partners and requesting that DCHS leadership perform a review of the contracts. According to KCAO, potential improper payments arose from compliance issues such as questionable costs billed, alteration of documents, insufficient or missing documentation, and conflicts of interest. KCAO also requested that DCHS leadership provide the results of their review.

After a preliminary review of the KCAO findings, DCHS requested to have an independent review of the work they performed. To keep that review fully independent they requested that the King County Office of the Ombuds ("Ombuds") oversee the engagement.

Purpose and Scope

Clark Nuber ("CN") was engaged by Ombuds to perform an independent review of DCHS's response to KCAO findings, with a focus on determining the following:

- How much, if any, public funds were lost or improperly paid?
- What, if any, noncompliance with laws, regulations, contract provisions, and/or grant agreements occurred or is likely to have occurred?
- How much, if any, of the questioned costs did DCHS withhold from a later monthly or quarterly payment due to lack of sufficient and reasonable documentation of past expenses previously submitted by community partners?

CN was not engaged to review KCAO's audit workpapers, scope of work, or the resulting recommendations. See Appendix B for a full list of the scope of work, including potential issues included within the KCAO letter to DCHS.

The comments and recommendations noted in this report are the result of inquiries and observations made during our procedures. DCHS is responsible for maintaining policies and procedures for monitoring and contracting with community partners, and for evaluating recommendations included in this report. The decision to implement any of the recommendations in this report are solely the responsibility of DCHS.

Our engagement did not constitute an audit and was not designed to provide assurance over the accuracy of financial statements of the 19 community partners. Additional substantive testing may uncover more issues, red flags, or anomalies. This report is intended solely for the internal use of the management of King County Ombuds and authorized designees.

Numeric values throughout this report have been rounded to support clear and consistent presentation across tables and charts. Consequently, minor discrepancies may appear in aggregated totals or percentages; however, all conclusions are based on unrounded source data.

KING COUNTY OFFICE OF THE OMBUDS

Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations

1. Questioned Costs

Observation: We identified \$690,617 of questioned costs across 224 transactions and 16 community partners. Questioned costs included transactions such as stipends outside of approved activities, unsupported cash withdrawals, consultant charges, and costs outside of contract periods or budget. Questioned costs are assessed from two points of risk, *Program Risk* and *Financial Risk*.

Program Risk

Questioned costs observed are categorized into high, medium, and low *Program Risk* based on the ability to reperform, other contributing observations noted throughout the report, and the amount considered questioned:

High - Questioned costs include examples where the use, recipient, or allowability of funds (as determined by KCAO or DCHS) could not be independently validated due to missing or unreliable records, cash activity without records for tracing, or potential conflicts of interest.

Medium - Questioned costs include expenditures that may be allowable in nature but were missing required approvals, executed agreements, participant-level detail, or other transaction-level documentation at the time of review.

Low - Questioned costs include isolated or limited transactions, such as minor unapproved purchases or accrual-type entries, where underlying activity appears administratively correctable but was not supported in accordance with contract requirements.

Financial Risk

Questioned costs observed are categorized into high, medium, and low *Financial Risk* based on the total dollar amount of questioned costs identified for each community partner. To establish the low-risk threshold, CN used the average community partner contract amount, calculated at approximately \$646,000. This approach was selected to support a risk assessment framework that considers potential exposure to DCHS public funding in the aggregate, rather than focusing solely on the relative impact of questioned costs within individual contracts. The average contract amount was then multiplied by thresholds determined by the engagement team and rounded down to the nearest \$10,000:

High - Questioned costs represent ten percent or more of average contract amounts (\$60,000).

Medium - Questioned costs represent between six percent and nine percent of average contract amounts (Greater than or equal to \$30,000 and less than or equal to \$60,000).

Low - Questioned costs represent five percent or less of average contract amounts (\$30,000).

KING COUNTY OFFICE OF THE OMBUDS

Programmatic Contract Evaluation (Continued)
April 23, 2026

Observations and Recommendations (Continued)

Expectation: Contractors should maintain transaction-level support sufficient to trace each charge to the grant, confirm the payee, date, amount, and business purpose, spend within the approved budget, and demonstrate that the charge relates to approved program activities. Sections 6 and 7 of the DCHS contract require financial and programmatic records to be retained and made available for inspection.

Breakout of Findings: Questioned Costs							
Community Partner	Transactions**	Questioned Costs	Contract Amount	Percent of Contract	Financial Risk	Program Risk	Context
Bridging Cultural Gaps	21	\$ 26,000	\$ 470,000	5.5%	Low	Low	Payments to 3 unapproved individuals as subcontractors for mental health consulting and training.
Educate to Liberate Consulting	n/a	117,012	550,000	21.3%	High	High	Unsubstantiated overhead costs run through a personal bank account (per DCHS), stipends, and payments to an unauthorized subcontractor.
Empowering Youth and Families Outreach	10	9,719	265,000	3.7%	Low	High	Unapproved grant writer, custodian, and administrative support payments.
Faith Finance Center	33	38,051	1,029,908	3.7%	Medium	High	Executive director stipends in excess of approved salary and reimbursements to finance director noted as a passthrough to DCHS program manager relative.
Glover Empower Mentoring	39	165,004	1,695,791	9.7%	High	Medium	Missing supporting documentation for rent, bookkeeping costs, youth center payments, and an unknown miscellaneous expense charged to the contract.
Inspirational Workshops dba BRAVE	8	5,114	200,000	2.6%	Low	Medium	Hotel accrual in GL for \$5,000 with no support and \$114 of streaming services with no written prior approval from program manager.
Restore Assemble Produce	3	27,103	700,000	3.9%	Low	High	Unapproved car washes, car payments, gifts, utilities, and payments potentially passed through employees to the executive director.
Unleash the Brilliance	41	36,777	700,000	5.3%	Medium	High	Hardship payments to cover personal expenses of community members, alcohol, and cash withdrawals with gaps in supporting documentation.
ArtsEd Solutions	2	3,675	820,000	0.4%	Low	Low	Potential overpayment stemmed from commingled King County and City of Seattle costs; other unsupported blank-vendor items were noted separately.
BlackStar Line	11	88,700	1,385,848	6.4%	High	High	Altered consultant invoice support, unsupported subcontracting, and unsupported stipend/consultant costs were treated as not payable.
The Breakfast Group	27	48,251	550,000	8.8%	Medium	High	Transaction-level support was incomplete for early contract periods, and DCHS identified both unsubstantiated and unallowable costs at closeout.
JSOL Studios	9	31,759	330,000	9.6%	Medium	High	Related-party land/RV charges, Hello Seven/Fueled4Gainz costs, and stipend/CVC documentation gaps remained questioned on the provided record.
CS Media	9	30,552	330,000	9.3%	Medium	Medium	Potentially improper costs included salary budget variance, weak transaction-level support, and unsupported meal/travel-related charges.
Kreative Collective	5	2,075	500,000	0.4%	Low	Low	Final DCHS calculation used a conservative minimum quantified amount for sponsorship, travel/meal, and travel-insurance charges outside scope or without clear program linkage.
Partners for Education Reform and Student Success	1	15,516	412,741	3.8%	Low	Low	Unsupported July 1, 2023 wage journal entry was excluded from approved 2023 costs/not paid.
Victorious Youth	5	45,309	400,000	11.3%	Medium	High	Substantiation needed at closeout after the provider stopped responding to requests for support over potential duplicate vendor charges, payroll, stipend/cash-value-card activity, and possible cash-withdrawal expenses.
Total	224	\$ 690,617	\$ 10,339,288	6.7%*			

*The total percent is based on total overspend over total contract amounts, not a sum or average of the overspend percent column

**Questionable Costs generated from budget overspend or for which transaction details were unavailable are not reflected in the Transactions column

KING COUNTY OFFICE OF THE OMBUDS

Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Impact:

Questioned costs represent the clearest measure of payment risk within the contracts reviewed. Frequently these costs consisted of repeated spending in unapproved categories, or in examples such as stipends for hardship payments, activities that directly contradicted the contract signed by DCHS and the community partner. We also observed instances where DCHS identified costs as questioned due to gaps in supporting documentation or the category of spend but allowed older costs because they had already been paid in previous fiscal years. See Appendix D for specific observations about funds potentially improperly paid by DCHS.

Funds are considered *potentially* improperly paid when they include costs for which there are gaps in supporting documentation, preventing CN from making a determination of whether the payment was proper on the payment date. In some instances, DCHS was unable to obtain supporting documentation from community partners after the contract period had ended. In other instances, questioned costs were identified within available supporting documentation; however, further analysis of those costs was beyond the scope of our engagement, which was limited to reviewing work performed by DCHS in response to KCAO findings. When questioned costs are identified that fall outside the scope of our review, they are disclosed but not fully traced to financial institutions or DCHS reimbursement activity. As a result, these amounts are reported as potential improper payments.

Questioned Costs: Bridging the Cultural Gaps

We identified \$26,000 of questioned costs within Bridging Cultural Gaps expenses as a result of 21 payments to three unauthorized subcontractors outside approved budget categories. One subcontractor was paid at a rate of \$40 per hour, while two others were paid \$100 per hour for mental health training and professional development for staff and community members. There was no evidence of prior written approval for the budget category or subcontractors and it's unclear if these activities or these particular subcontractors would have been approved if a request had been made of DCHS in advance.

Questioned Costs: Educate to Liberate Consulting

We identified \$117,012 of questioned costs within Educate to Liberate Consulting expenses in multiple categories: 1) unsubstantiated overhead of \$41,610, 2) stipends of \$17,652, and 3) payments to an unauthorized subcontractor of \$57,750. Unsubstantiated overhead costs were recorded as unbudgeted monthly journal entries in varying amounts; however, no indirect cost rate, cost base, or allocation methodology was established or disclosed. In addition, the general ledger records did not appear to be generated from an accounting system, and it was unclear whether administrative costs were also allocated to other funding sources. DCHS provided a payment workbook indicating it was unable to obtain sufficient supporting documentation to substantiate indirect costs charged to the grant. Stipends were also included in questioned costs due to missing or mismatched supporting documentation.

KING COUNTY OFFICE OF THE OMBUDS

Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

As discussed in the Documentation Gaps Identified section on page 18, this included one missing agreement and 13 missing invoices. Payments totaling \$57,750 were made to an unauthorized subcontractor, consisting of payments to the DCHS program manager's daughter (relationship status per DCHS) that appeared to be operating as a sole proprietor under the name Hueniquely Me. These costs were charged outside approved budget categories and represented payments to a relative of the DCHS program manager. See Potential Conflicts of Interest on page 15 for additional details.

Questioned Costs: Empowering Youth and Families Outreach

We identified \$9,719 of questioned costs within Empowering Youth and Families Outreach expenses as a result of four unauthorized subcontractors for varying services to: 1) provide custodial services to the community partner, 2) provide grant writing services, 3) subcontract project manager responsibilities of the project to a person, and 4) to subcontract chaperoning and tour responsibilities to More to Life. See Unauthorized Subcontractors on page 28 and Potential Conflicts of Interest on page 15 for more detail. We noted that DCHS identified \$7,008 of the costs during a 2025 desk audit and withheld those amounts from a future payment. However, a review of prior expenses didn't appear to be performed by DCHS, as both the custodial subcontractor and project manager were previously paid, with improperly paid funds totaling \$2,711.

Questioned Costs: Faith Finance Center

We identified \$38,051 of questioned costs within Faith Finance Center expenses, attributable to: 1) unsupported reimbursements to the CEO above his salary of \$1,028, 2) reimbursements to the CEO noted as payments to flow to the daughter of the DCHS program manager (relationship status per DCHS) and owner of Hueniquely Me of \$5,129, and 3) payments directly to Hueniquely Me of \$31,894. Reimbursements to the CEO appeared to be described as passthrough payments to be paid first to the CEO, then to a vendor, however the transactions are unsupported. There was no contract available for the unauthorized subcontractor and potential conflict of interest Hueniquely Me, so exact services provided to the community partner are unknown. The combination of vendor payments to Hueniquely Me as well as passthrough payments to the sole proprietor, in combination with the potential conflict of interest raises a question of how reviews of the program and related costs are handled.

Questioned Costs: Glover Empower Mentoring

We identified \$165,004 of questioned costs within Glover Empower Mentoring expenses as a result of gaps in supporting documentation for 1) rent of \$8,775, 2) payments for a youth center space of \$107,601 3) bookkeeping of \$44,250, and 4) an unidentifiable check of \$4,378. See Documentation Gaps Identified on page 23 for additional details for the youth center space and bookkeeping. We requested supporting documentation tying general ledger transactions to bank transactions for each of the categories, noting that sufficient documentation could not be provided to tie what was submitted for reimbursement to what was paid from the bank.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Yohannes Bookkeeping described a cost allocation performed between grants of Glover Empower Mentoring and provided two separate calculations for rent with maintenance and the allocated factor. In both instances, a consistent cost allocation basis couldn't be determined with the most recent payroll being used to determine rent costs, and policies with no dates of performance. Ultimately the amounts provided did not tie to the costs in question. When requesting supporting documentation for the youth center and bookkeeping costs, we were only able to obtain general ledger detail for October 1, 2024 through December 31, 2024, while the period of performance of the grant ran from January 1, 2021 to December 31, 2024. The remaining details were summary details. After two attempts to request general ledger details, DCHS responded that they are not required under the original contract, despite DCHS Contract Exhibit II, Section VI, subsection A(6) citing "the contractor shall submit general ledger/expenditure detail report listing monthly costs claimed on each invoice." We were provided with payments made by the community partner from their bank account, but due to a missing general ledger, we were unable to use those details to verify costs submitted to the contract. Lastly, an unidentifiable check transaction was identified by KCAO, entered to the general as check 1299 in the amount of \$4,378 for insurance. However, upon reviewing the supporting documentation, the check was dated June 9, 2020 in the amount of \$1,904 to Regancy Woods for a rental payment. CN requested clarification from the community partner who explained that the check was from an old bank and provided a new check to Propel Insurance for \$6,085 dated August 28, 2023. Glover Empower Mentoring was unable to provide an adequate calculation of the difference in expense incurred of \$6,085 versus the \$4,378 submitted to the contract.

Questioned Costs: Inspirational Workshops dba BRAVE

We identified \$5,114 of questioned costs within Inspirational Workshops dba BRAVE expenses as a result of a hotel journal entry and streaming services. The hotel journal entry details are included within the Documentation Gaps Identified section on page 19, where we describe a journal entry potentially booked to accrue hotel charges as of July 31, 2024 for \$5,000. However, no invoice was available to support these charges. Streaming service expenses totaling \$114 were identified as questioned costs, as they consisted of Amazon Prime and Disney Plus memberships that were unbudgeted, lacked documented prior approval from the DCHS program manager, and were noted as questioned costs by KCAO during its audit. In its response to the KCAO audit, DCHS indicated that prior approval had been obtained from a DCHS program manager; however, upon request, DCHS was only able to provide an email chain in which staff questioned how the charges aligned with program activities. No documentation evidencing approval of the charges was provided.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Questioned Costs: Restore Assemble Produce

We identified \$27,103 of questioned costs within Restore Assemble Produce expenses under various categories that encompass personal and questionable costs: Unapproved car washes, car payments, Cash App, utilities, and payments to the executive director. The categories up to and including utilities amounted to \$12,903 of the costs and are questioned due to their nature. These costs are not within the original budget and were identified by both KCAO and DCHS as unallowable. The \$14,200 payments to the executive director were unusual in that they were initially paid to a subcontractor, with a description to then pass the payment on to the executive director. We requested check images, wire screenshots, or other payment confirmations to confirm the payee in case the descriptions were changed or miscoded on the general ledger, however, only a 1099 was provided as support which is insufficient to confirm a payee on a transaction basis.

Questioned Costs: Unleash the Brilliance

We identified \$36,777 of questioned costs within Unleash the Brilliance expenses under three categories: 1) hardship payments to community members for \$14,700, 2) alcoholic beverages for \$33, and 3) cash withdrawals for \$22,044. Hardship payments were made in response to emails from community members to the executive director describing personal financial needs, including, but not limited to, car repairs, airfare, rent, orthodontic expenses, and general "life expenses," the latter of which was not further defined by the requestor. Requests were submitted via email, with the DCHS program manager included on more than half of the communications. In several instances, community members explicitly referenced underspend on the County contract, including the total amount of underspend and the portion they were requesting. Additionally, an email indicated that community members were informed of the contract underspend during a group meeting with the executive director and the DCHS program manager. Alcoholic beverage costs were identified on a receipt that included food and beverages purchased at a Seattle metro-area bar. Cash withdrawals were initiated by the executive director beginning May 12, 2023. The only documentation provided to support these withdrawals were bank cash withdrawal receipts. These amounts were described as cash to support two community events, while \$13,144. was labeled as a "performance stipend." CN was unable to associate any of the supporting documentation provided with the cash withdrawals or otherwise substantiate the purpose.

In addition to the questioned costs noted above, CN identified a significant amount of processing fees associated with the purchase of cash value cards used to disburse scholar stipends to program beneficiaries. Although these processing fees were included in the original budget, they ranged from \$3.95 to \$4.95 for each \$25 gift card purchased. Not all supporting receipts were available and additional documentation wasn't requested as this analysis was outside the scope of our investigation. CN identified \$2,793 in processing fees incurred between January 1, 2023 and December 28, 2024 based on the receipts reviewed. These costs are not considered questioned, as the stipends aligned with program objectives and the processing fees were pre-approved; however, processing fees representing approximately 15.8% to 19.8% of public funds disbursed are high and warrant evaluation of more cost-effective stipend distribution methods.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Questioned Costs: ArtsEd Solutions

We identified \$3,675 of questioned costs within ArtsEd Solutions expenses due to commingling of King County and City of Seattle funds and the absence of allocation support demonstrating that costs reimbursed by DCHS were not also chargeable to the Seattle-funded activity. The reimbursement records and general ledger show a \$3,675 deposit from the Seattle Office of Arts and Culture into the same account used for DCHS-funded expenditures, and ArtsEd did not provide fund-accounting records or another documented allocation methodology sufficient to segregate County-funded costs from Seattle-funded activity. DCHS previously cited \$3,375 as a potential overpayment; however, CN could not independently reconcile that exact amount from the documentation provided. Because \$3,675 is the clearest directly supported amount tied to the non-County funds deposited into the commingled account, CN used \$3,675 as the questioned-cost amount associated with this finding.

Questioned Costs: Black Star Line

We identified \$88,700 of questioned costs within Black Star Line expenses arising from consultant, subcontractor, and stipend charges recorded in December 2024 that DCHS determined were not payable. The reimbursement workbook attributed this amount to multiple categories, including: 1) A \$7,000 Ithemba invoice that appeared to have been altered, 2) consultant or subcontractor charges totaling \$49,000 that lacked the County's required written approval and were not substantiated after repeated requests by DCHS, 3) a \$10,000 subcontracting payment to a subcontractor that was not adequately, and 4) \$22,700 of stipend payments for which participant-level detail and form-of-payment documentation were not provided. Due to these deficiencies, DCHS was unable to rely on the submitted records to verify allowability, substantiate the work performed, or confirm the ultimate recipients of contract funds. DCHS treated the full \$88,700 as unallowable and subsequently withheld that amount from future payments. However, the workbook did not include a final reconciliation demonstrating how the individual components were aggregated without overlap to arrive at the total questioned amount.

Questioned Costs: The Breakfast Group

We identified \$48,251 of questioned costs within The Breakfast Group expenses arising at contract closeout rather than from a single improper payment. DCHS determined that a portion of contract spending could not be substantiated because the organization submitted quarterly summary statements in lieu of transaction-level general ledger or financial transaction detail, and the supporting documentation package did not include transaction-level support for the period August 2022 through March 2024. In addition, DCHS identified other costs as unallowable and rejected them during the closeout review. Due to the absence of transaction-level support for the early contract period, DCHS was unable to fully test allowability and reasonableness for all claimed costs and instead resolved the matter through closeout-level reductions rather than transaction-by-transaction validation. Based on the reimbursement workbook, the most supportable characterization is that \$48,251 represents DCHS's closeout-level questioned-cost determination, driven by a combination of unsupported early-period costs and other disallowed costs, which DCHS appears to have withheld from future payments.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Questioned Costs: JSOL Studios

We identified \$31,759 of questioned costs within JSOL Studios expenses arising from three categories of charges: 1) Land and RV charges of \$4,744 involving a related party lacked a documented land lease or right-to-use agreement, 2) \$21,080 in charges to two subcontractors, Hello Seven, and Fueled4Gainz, lacked executed vendor agreements and invoices as support, and 3) \$5,935 in stipend and cash-value-card activity lacked participant-level logs and prior authorization from DCHS.

Due to these documentation gaps, we were unable to trace the charges from the general ledger to executed agreements, source documentation, and final recipients. While DCHS stated that no loss of public funds was proven, that conclusion could not be independently reperformed based on the records provided, and the file did not indicate that any portion of the \$31,759 was subsequently withheld or recovered.

Questioned Costs: CS Media

We identified \$30,552 of questioned costs within CS Media expenses in the following categories: 1) recurring salary overcharges, 2) a salary journal entry, 3) a cash withdrawal, and 4) various other transactions without support. Recurring salary overcharges of \$7,896 were generated due to expense reports being billed approximately \$6,583 per month while the executed contract budget supported approximately \$5,267 per month for the first six months of 2023. A salary journal entry for \$17,500 and dated January 30, 2023 lacked description and was not supported by payroll records. A charge for \$300 described as "cash for dinner before play" associated with May 2023 activity that was not supported by receipts or participant or business-purpose documentation. Lastly, there were various other transactions totaling \$4,856 for which the general ledger did not identify payees or payment methods and the underlying documentation DCHS indicated it relied upon during desk review was not retained in the file.

Due to these deficiencies, we were unable to retrace the charges to payroll records, vendors, receipts, or payment evidence sufficient to demonstrate that the costs were allowable under the executed contract.

Questioned Costs: Kreative Collective

We identified \$2,075 of questioned costs within Kreative Collective expenses arising from charges in the following two categories: 1) "Sponsorships" and 2) "Travel". Sponsorships included a Rainier Beach Action Coalition ice cream sponsorship of \$1,545, a Back-to-School Bash booth fee of \$150, and "Color Purple" family tickets of \$80. Travel included at least \$200 of travel or meal charges not associated with program activities; and at least \$100 of recurring Allianz travel-insurance charges.

DCHS determined these costs fell outside approved budget categories and the community partner could not demonstrate how the expenditures advanced contract deliverables or served an allowable program purpose. We also noted that numerous travel, meal, stipend, and sponsorship transactions lacked descriptions, source documentation, meeting records, or sufficient transaction-level detail, which limited DCHS's ability to assess allowability through routine monitoring.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Questioned Costs: Partners for Education Reform and Student Success

We identified \$15,516 of questioned costs within Partners for Education Reform and Student Success arising from a single wage journal entry dated July 1, 2023, rather than from a broader pattern of payroll charges. The accounting records reflected the amount as a one-time wage posting; however, the file available for review did not include payroll documentation linking the entry to payroll registers, employee-level payroll detail, or another re-performable source document. The accessible payroll support extended only through May 31, 2023 and did not reflect a corresponding July 1, 2023 payroll transaction. As a result, we were unable to independently validate that the charge was allocable to the contract.

Questioned Costs: Victorious Youth

We identified \$45,309 of questioned costs within Victorious Youth expenses arising from unresolved closeout issues. The reimbursement workbook provided by DCHS indicates they identified \$45,309 of charges that required additional substantiation at closeout. The unresolved items included documentation supporting two \$725 Snazzy Eats LLC charges flagged as potentially duplicative, payroll detail, stipend and cash-value-card records, and confirmation of whether certain cash withdrawals were included in reported expenses. These costs were questioned because the file did not provide sufficient support to determine whether the charges were allowable, properly documented, or duplicated, and the provider ceased responding to DCHS meetings and requests for additional information during the review. The lack of response elevated unresolved documentation gaps into a significant questioned-cost exposure, as DCHS was unable to complete a full allowability review or final closeout reconciliation based on the record available. While the workbook indicates that DCHS withheld payments in connection with these issues, it does not include final payment documentation or a complete reconciliation demonstrating how the \$45,309 was ultimately resolved.

Recommendation: We recommend that DCHS take immediate action to resolve the compliance gaps and circumstances contributing to the \$446,703 in funds potentially improperly paid. In addition, DCHS may need to seek external support to enhance monitoring and implementation of policies and procedures identified throughout this report. Moving forward, DCHS should enforce transaction-level support requirements and ensure that payments are only made for activities that strictly align with the executed contract.

2. Potentially Altered Documents

Observation: We identified four instances across two contracts in which documents submitted to support reimbursement appeared inconsistent with recordkeeping, including discrepancies in metadata, dates, service periods, invoice amounts, or version history. In these cases, original source records were not available, and the documentation provided appeared to have been created or modified after the fact, reducing its reliability as evidence. This issue goes beyond ordinary missing documentation; when questioned costs are supported primarily by later-created or altered records, neither DCHS nor CN can rely on those documents to independently validate the underlying transactions.

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Programmatic Contract Evaluation (Continued)
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Observations and Recommendations (Continued)

Potentially altered documents are categorized into only the *High Program Risk* category due to the instances identified, including agreements that appeared to be generated as substantiation after services were performed and backdated to support reimbursement requests, and an invoice where an amount appeared altered that would inflate the reimbursement received by the community partner. In both cases there was no other corroborating support for the transactions.

Expectation:

Documents used to support reimbursement should align reasonably with the transaction, service period, approval date, and payment they purport to evidence. Where a document is relied upon to support an expenditure, reviewers should be able to trace it to an original record or to corroborating source evidence sufficient to establish that the document faithfully reflects the transaction as it existed at the time. If a file instead contains later-produced versions, unexplained metadata anomalies, inconsistencies between dates and service periods, or changed amounts, those issues should be resolved before the document is treated as reliable support for reimbursement. The table below summarizes the contractor-specific instances and associated financial exposure identified in this review.

Breakout of Findings: Potentially Altered Documents				
Community Partner	Instances	Direct Exposure (if stated) *	Program Risk	Context
Empowering Youth and Families Outreach	3	\$ 9,719	High	Three potentially altered subcontractor agreements that appeared back-dated 1 - 3 years as substantiation for services performed.
BlackStar Line	1	7,000	High	An altered subcontractor invoice created a document-integrity issue; DCHS treated the \$7,000 charge as not payable/not paid.
Total	4	\$ 16,719		

*Direct exposure total is a conservative floor based only on items with stated outcomes. See Questioned Costs table for total funds at risk.

Impact:

The alteration of documents in support of a contract can significantly erode trust in the financial and programmatic integrity of the grant and undermine transparency into the true nature, timing, and allowability of program costs. When records appear to be created or modified after the fact, reviewers cannot reasonably determine whether expenses were incurred within the approved performance period, aligned with the authorized scope of work, or supported by approvals. As a result, during a review of program expenditures, a funder or engaged party is unable to rely on the documentation to validate reimbursement requests or assess compliance with contract terms.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Potentially Altered Documents: Empowering Youth and Families Outreach

We identified three instances of potentially altered subcontractor agreements with Empowering Youth and Families Outreach relating to total expenses of \$9,719. One was an agreement for the subcontracting of project management for January 1, 2023 through June 30, 2024 and a signature date of December 2022, while metadata showed a document creation date of March 11, 2025. In addition, the author of the document per the metadata was the subcontractor and signee. Another subcontract to provide literacy and technology-related training sessions to students, parents, and staff had a service period start and signature date of April 1, 2025, signed by the executive director. While metadata displayed a creation date of the document of July 10, 2025. Lastly, a subcontract for cleaning services with service dates of December 1, 2023 through December 1, 2026 displayed a metadata creation date of March 1, 2025 with the executive director as the author. All three agreements lacked wet signatures and had the executive director as either author or last modifier.

Potentially Altered Documents: Black Star Line

We identified one instance of a potentially altered invoice with Black Star Line. Purchased services listed on an Ithemba invoice appeared to have been altered from \$1,000 to \$7,000. DCHS states the \$7,000 charge was deemed unallowable and rejected. Despite DCHS rejecting the invoice, the potential alteration brings into question the propriety of other agreements and invoices provided by the community partner, as well as the potential for additional anomalies within untested balances.

Recommendation: As a best practice, DCHS should consider formalizing a document-integrity review approach for reimbursement support that does not align reasonably as to date, amount, signature, service period, or version history. That approach could include obtaining original or native files where available, retaining corroborating source support when replacement records must be used, and documenting the final payment disposition of each questioned item so that later reviewers can determine whether the issue resulted in payment, nonpayment, withholding, offset, or recovery. A more formalized process would help distinguish ordinary documentation gaps from situations in which the reliability of the record itself is in question.

3. Potential Conflicts of Interest

Observation: We identified six instances across six contracts in which community partners engaged in activities presenting potential or actual conflicts of interest. In these cases, contractor leadership, closely affiliated individuals, or related entities had relationships with vendors or subcontractors involved in contract activities, and the available records were insufficient to validate whether required disclosures were made or whether payments were reviewed and approved in a manner that ensured independence. Additional related-party and governance concerns were observed across other contractors; however, these were best characterized as broader governance-risk indicators rather than direct conflict of interest violations.

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Programmatic Contract Evaluation (Continued)

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Observations and Recommendations (Continued)

Potential conflicts of interest are categorized into high, medium, and low *Program Risk* based on how close a person with the conflict is to making or influencing payments of DCHS contract funds. The closer someone is to approving, influencing, or starting payments of public funds to vendors or the community, the greater the risk that the conflict could impact decision-making:

High - Conflicts of interest include community partners contracting with the relative of their DCHS program manager and executive director ownership of community partner vendors.

Medium - Conflicts of interest include an executive director being issued an employment contract by an organization for which she is a board member.

Low - Conflicts of interest include related party relationships between board members and vendors of community partners.

Expectation:

Contractors and DCHS should identify, disclose, and independently evaluate actual or apparent conflicts of interest before contract award, before subcontractor or vendor reimbursement, and whenever relevant relationships change during the contract term. At a minimum, original agreements, board approvals or recusals, conflict disclosures, and any required related-party support should be retained in the file. Where a contractor leader, relative, board member, or affiliated entity is also a vendor, DCHS should document how the relationship was disclosed, how the vendor was selected, whether the arrangement was allowable under the contract, and why the cost was reasonable and appropriate for reimbursement.

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Programmatic Contract Evaluation (Continued)
April 23, 2026

Observations and Recommendations (Continued)

Breakout of Findings: Potential Conflicts of Interest				
Community Partner	Instances	Direct Exposure (if stated) *	Program Risk	Context
Educate to Liberate Consulting	1	\$ 57,750	High	Consultant is the daughter of the DCHS program manager of the community partner, owner of Hueniquely Me. (Relationship status per DCHS)
Empowering Youth and Families Outreach	1	\$ 1,250	High	Executive director is a registered agent of More to Life, a vendor of community partner.
Faith Finance Center	1	\$ 37,023	High	Consultant is the daughter of the DCHS program manager of the community partner, owner of Hueniquely Me. (Relationship status per DCHS)
Praxis Institute for Early Childhood Education	1	Unknown	Medium	The executive director of the community partner was also the incorporator and board member of Ashe Preparatory Academy, a related party which appeared to issue her contract for Praxis Institute.
The Breakfast Group	1	None	Low	The Breakfast Group's 2021 Form 990 reported a cash grant to STEM-TAC, an entity affiliated with a board member, and also indicated that the organization did not maintain a written conflict of interest policy or records substantiating grant eligibility or selection criteria. DCHS did not identify in-scope County payments to STEM-TAC or the board member during the period reviewed.
JSOL Studios	1	\$ 4,745	High	The records reviewed included payments to the contract signer and founder for land and RV use, along with ledger entries described as owner's pay and personal expenses, but the documentation did not retain a clear conflict of interest disclosure, independent approval, or fully reperformable arm's-length support for those arrangements.
Total	6	\$ 100,768		

*Direct exposure total includes only conflict-specific amounts with a stated outcome; related exposure is contextual and not conflict-specific. See Questioned Costs table for total funds at risk.

Impact:

Conflicts of interest, whether actual or perceived, can cause significant monetary and reputational harm to community contracting programs. In contracts where community partners are paid on an advance basis, the risk of misuse is significantly heightened when conflicts of interest are present. These conflicts may include related-party relationships between community partners and subcontractors, relationships between community partner employees and County staff, or executive directors overseeing multiple programs with competing or conflicting interests. It can lead to more opportunities for collusion, an erosion of monitoring, or invalid procurements.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Potential Conflicts of Interest: Educate to Liberate Consulting

We identified a potential conflict of interest with Educate to Liberate Consulting as a consultant, Hueniquely Me, who, per DCHS, is the daughter of the DCHS program manager for the community partner. The subcontractor was paid a total of \$57,750 from July 1, 2023 - February 28, 2025, however, there was no contract, invoices, or prior approval from DCHS to support the subcontract or indicate the types of services provided. Per discussion with DCHS, a disclosure was submitted by the DCHS program manager to the King County Board of Ethics regarding the potential conflict of interest; however, the disclosure lacked sufficient detail to fully describe the potential severity of the conflict.

Potential Conflicts of Interest: Empowering Youth and Families Outreach

We identified a potential conflict of interest with Empowering Youth and Families Outreach, as the executive director subcontracted with More to Life, a vendor at which he was a registered agent during the DCHS contract period as determined by the Washington Secretary of State website. His wife, who is also key personnel of the community partner, is listed as a governor of the vendor in Washington Secretary of State filings. More to Life was also an unauthorized subcontractor of the community partner. There is potential that, if properly disclosed and with the right safeguards in place, a relationship between the executive director and a key vendor can exist, such as additional monitoring from the DCHS program manager; however, when the subcontractor is also unauthorized, it poses much more significant risks to the County contract.

Potential Conflicts of Interest: Faith Finance Center

We identified a potential conflict of interest involving Faith Finance Center. According to DCHS, the consultant, Hueniquely Me, is the daughter of the DCHS program manager overseeing the community partner. The subcontractor appeared to be paid in two ways, as a subcontractor directly to her sole proprietorship, and through the executive director who would be paid amounts in the "Subcontractor and Consultants" category with a description of the sole proprietor's name. Per discussion with DCHS, a disclosure was submitted by the DCHS program manager to the King County Board of Ethics regarding the potential conflict of interest; however, the disclosure lacked sufficient detail to fully describe the potential severity of the conflict.

Potential Conflicts of Interest: Praxis Institute for Early Childhood Education

We identified a potential conflict of interest with Praxis Institute for Early Childhood Education ("Praxis") where the executive director was also the incorporator and board member of Ashe Preparatory Academy. We reviewed the executed contract for the position of executive director signed and dated July 25, 2023 and noted the letterhead and language suggested Ashe Preparatory Academy was a parent company or a related party issuing the contract. Per the Washington Secretary of State filing for Ashe Preparatory Academy dated August 27, 2024, the same person is listed as both the board member and the incorporator individual. It appears likely that the executive director was a board member and founding member of the entity that issued her contract.

KING COUNTY OFFICE OF THE OMBUDS

Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Potential Conflicts of Interest: The Breakfast Group

We identified a potential conflict of interest with The Breakfast Group in which its 2021 Form 990 reported a cash grant of \$110,632 to STEM TAC, an entity affiliated with a board member. The same filing indicated the organization did not maintain a written conflict of interest policy or maintain records substantiating grant eligibility or selection criteria. DCHS determined that the grant predated the DCHS contract period and, after further review, did not identify payments to STEM TAC or the board member on reimbursement requests to the DCHS during the period reviewed. Accordingly, CN did not associate this observation with questioned costs identified and disclosed in the previous sections. Even so, the affiliation and the missing governance records limited the community partner's ability to show that the transaction was disclosed, independently reviewed, and approved through an arm's-length process. In addition, although no payments were issued to STEM TAC throughout the DCHS contract period, KCAO identified that the STEM TAC contract extended through January 2024, which overlapped with the DCHS contract.

Potential Conflicts of Interest: JSOL Studios

We identified a potential conflict of interest with JSOL Studios due to questioned costs involving the contract signer and founder. Transactions included land and RV use totaling \$4,745 and general-ledger entries described as owner's pay and personal expenses. We noted the community partner did not provide a conflict-of-interest disclosure for the transactions or evidence of independent approval. DCHS concluded the compensation and rental amounts were reasonable and determined there was no loss of public funds as a result of the transactions. The community partner later hired the subcontracted executive director to a salaried position. However, the records provided did not allow CN to independently retrace how the related-party arrangement was evaluated before reimbursement. See Questioned Costs on page 9 for additional details regarding the payments listed.

Recommendation: DCHS should require recurring conflict of interest certifications from contractor leadership, board members, and key vendors; require disclosure of family, board, employment, or agency relationships that could affect procurement or reimbursement decisions; and require original agreements, board approvals, and recusal documentation for related-party or affiliated-vendor transactions. Where relationship concerns arise after payment has begun, DCHS should document an independent review of allowability and reasonableness, determine whether future payments should be paused, and retain a written memorandum tying the relationship concern to the final payment decision. The County should also distinguish in its files between a direct conflict finding, a broader related-party concern, and a governance weakness so future reviewers can understand the severity and payment implications of each issue.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

4. Documentation Gaps Identified

Observation:

We identified 81 instances of documentation gaps across seven community partners. Gaps in supporting documentation in the scope of this engagement was defined as: 1) transactions, agreements, or relationships that were not able to be supported by DCHS or the community partner after a request, or 2) documentation was provided but it was not sufficient to validate the transactions, agreements, or relationships.

Documentation gaps identified are categorized into high, medium, and low *Program Risk* based on availability of corroborating documentation, the type of documentation that was unavailable, and the number of documents.

High - Documentation gaps identified examples, including those where transaction-level supporting documentation was unavailable or incomplete across multiple periods or vendors, or where multiple documents obtained through follow-up requests also failed to support the transactions.

Medium - Documentation gaps identified examples include those where gaps involve missing or incomplete agreements, invoices, or detail where some contextual information was available, but not sufficient to fully substantiate the costs.

Low - Documentation gaps identified examples include isolated or limited instances of missing documentation, such as individual invoices, agreements, or descriptive detail where the gap didn't indicate a broader breakdown in recordkeeping.

Expectation:

Community partners should maintain complete supporting documentation for individual transactions charged to County contracts and for contractual relationships. Documentation should verify the existence, accuracy, and allowability of transactions and relationships with subcontractors. Community partners are required under section 6 paragraph A to maintain records for a period of six years after termination of the contract and make those records available at the County's request.

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Programmatic Contract Evaluation (Continued)
April 23, 2026

Observations and Recommendations (Continued)

Breakout of Findings: Documentation Gaps Identified					
Community Partner	Instances	Cost Types*	Support Types	Program Risk	Context
Educate to Liberate Consulting	14	Stipends	Invoices and Agreements	High	Stipends without underlying support: transactions are missing invoices, agreements, or both.
Glover Empower Mentoring	39	Consulting	Checks or ACH Confirmations to tie to bank transactions	High	Supporting documentation for youth center payments and bookkeeping was unavailable.
Inspirational Workshops dba BRAVE	3	Travel and Salaries	Agreement, Invoice, and Detailed Budget	Low	Supporting documentation for shared programming salaries with a school district, a hotel charged through journal entry with no support, and a missing detail original budget.
BlackStar Line	11	Subcontracting and stipends	Subcontractor invoices/service support; participant-level stipend detail and payment-method support	High	Support for several subcontracting expenses and proper tracking of stipends was insufficient and/or unavailable.
JSOL Studios	9	Related-party charges, subcontractors, and stipends/CVCs	Invoices, proof of payment, participant logs, FMV support, written approval	High	Documentation gaps remained for Hello Seven/Fueled4Gainz, stipend/CVC support, and some related-party land/RV support.
CS Media	1	Meals, travel, and transaction detail	Receipts, payee detail, and payment-method support	Low	The GL support missing payee and payment-method detail, and the support package did not contain the underlying records DCHS used for desk review.
Partners for Education Reform and Student Success	4	Non-wage journal entries	Payee detail and source support	Medium	Three non-wage journal-entry lines were missing payee detail and support, although DCHS ultimately did not disallow the costs. One wage journal entry was missing payroll support details.
Total	81				

*A gap in supporting documents for expenses contributes to questioned costs, therefore, see questioned costs for dollar impact.

Impact:

Missing documentation impairs DCHS’s ability to verify whether goods or services behind grant charges exist, are allowable, timely, or tied to program activities. When records cannot be produced during an inquiry, public confidence in the integrity of the reimbursement process or the programs they support declines.

Documentation Gaps Identified: Educate to Liberate Consulting

Educate to Liberate Consulting had gaps in supporting documentation for 14 instances of stipend payments, with supporting documentation requested consisting of both invoices and agreements with individuals receiving the stipends. Twelve of the instances represented months when general ledger disbursements occurred with no related invoice for the community member. One instance was a transaction in which both the agreement and invoice were missing, and the last was support for a money order documented as a stipend in the general ledger detail.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Documentation Gaps Identified: Glover Empower Mentoring

Glover Empower Mentoring had gaps in supporting documentation for 38 transactions across two vendors. We requested ACH confirmations and/or checks as well as confirmation from a financial institution for all payments to SafeFutures (for a youth center) in calendar year 2024 and Yohannes Bookkeeping in calendar years 2023 and 2024. An online bank statement printout was provided with payments to both vendors highlighted, while general ledger details for January 1, 2023 through December 31, 2024 were requested, but only October 1, 2024 through December 31, 2024 were provided. Invoices provided for the vendors did not correspond to the months of the available general ledger detail, so no comparison of invoice to general ledger to bank statements could be performed.

Documentation Gaps Identified: Inspirational Workshops dba BRAVE

Inspirational Workshops dba BRAVE had gaps in supporting documentation in three instances: 1) a signed agreement with a local school district, 2) an invoice with a hotel, and 3) a missing detailed original contract budget. The agreement with Talbot Elementary for a community listening session involved hiring a facilitator at an annual salary of \$55,000. As substantiation, BRAVE provided a brochure for the listening session with the school but was not able to provide an agreement. KCAO contacted Talbot Elementary directly and obtained an electronically signed agreement dated May 20, 2025, which was subsequent to the service period starting January 8, 2024, and subsequent to the initial audit request email from KCAO dated May 8, 2025. There was lack of supporting documentation for a hotel invoice in the amount of \$5,000 for a July 31, 2024 transaction in the general ledger that appears to be an accrual or estimate for credit card charges, due to the transaction being a rounded dollar amount at month-end. We requested an invoice from Fairfield Inn for the hotel charges; however, the community partner was unable to provide any supporting documentation. Lastly, there was a missing original contract budget between the community partner and DCHS. Detailed budgets are used to support the original budget of contracts with community partners and outline the types of contracted services, salaries, supplies, stipends, or other charges that will be submitted for reimbursement. Neither DCHS nor the community partner were able to produce the original detailed budget.

Documentation Gaps Identified: BlackStar Line

BlackStar Line had gaps in supporting documentation in three categories: 1) a \$10,000 payment to a consultant, 2) \$22,700 in stipends, and 3) all eight consultant payments recorded in December 2024. Supporting documentation requested for these transactions included invoices, statements of work, participant-level details, and proof of payment. While some documentation was provided, BlackStar Line was unable to fully produce records sufficient to substantiate the transactions. As a result, key information, including the identity of payees, the nature and timing of services, and the basis for the amounts charged, could not be verified. The absence of complete and reliable supporting documentation limited DCHS's ability to rely on the financial information submitted and led DCHS to determine that the unsupported amounts were not allowable.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Documentation Gaps Identified: JSOL Studios

JSOL Studios had gaps in supporting documentation for nine transactions across \$21,080 in consultant payments to two subcontractor charges to Hello Seven and Fueled4Gainz. Supporting documentation requested for these transactions included invoices, proof of payment, and executed agreements; however, JSOL Studios did not provide the requested records. We also requested a traceable support package for seven related-party land and RV usage charges, but the documentation provided was incomplete and JSOL did not produce the requested follow-up support. Although general ledger detail reflected the amounts paid, the absence of underlying support prevented DCHS from verifying the nature of the services provided, the period of performance, or the basis for the amounts charged. This documentation gap limited transparency into the use of County funds and impaired DCHS's ability to independently confirm whether the costs were allowable and tied to contract activities. Because the required documentation was neither provided during the desk review nor produced in response to follow-up requests, the reported amounts could not be relied upon as substantiated costs.

Documentation Gaps Identified: CS Media

CS Media had gaps in supporting documentation for multiple reported expenses. The Q4 2022 through Q2 2023 general ledgers contained numerous transactions with no payee information, no payment method identified, and minimal or blank descriptions, preventing confirmation of payee, purchased goods and services, and whether the expenditures aligned with contract requirements. Additionally, an expenditure labeled "cash for dinner before play" and related travel/meal items from May 2023 were not supported by receipts or itemized documentation. The lack of supporting documentation resulted in DCHS being unable to determine the nature of the charges or confirm whether the costs were reasonable, allocable, or compliant with travel and meal allowability rules. Because CS Media did not respond to DCHS's follow-up requests for documentation, CN was unable to complete its review or verify eligibility for reimbursement.

Documentation Gaps Identified: Partners for Education Reform and Student Success

Partners for Education Reform had gaps in supporting documentation in four instances across two categories: 1) Three non-wage journal entry transactions totaling \$944 did not include payee information, preventing confirmation of who received the funds or whether the expenses were reviewed for reasonableness and alignment with program objectives. 2) In addition, a one-time wage journal entry in the amount of \$15,516 was recorded without supporting payroll detail, which precluded verification that the amount represented earned compensation related to contract activities. While DCHS excluded the unsupported wage amount from payment, these documentation gaps reduced transparency, weakened the audit trail for expenditures, and increased the risk that costs not meeting contract requirements could go undetected.

Recommendation:

Aligning with KCAO recommendations, DCHS should define required supporting documents by cost type, require a documented escalation path when records are missing, and withhold or disallow costs that remain unsupported after the established deadline. DCHS should also retain its support in a centralized documentation system that is accessible for later audit external review.

KING COUNTY OFFICE OF THE OMBUDS

Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

5. Poor Financial Management Systems

Observation:

Across several contracts, CN identified repeated instances in which community partners were unable to provide sufficient supporting documentation to substantiate reported costs. In ten instances across nine contracts, gaps stemmed from weak financial-management systems and unclear documentation expectations, resulting in contractors being unable to produce reliable, transaction-level records needed to validate expenditures during later close-out review. As a result, DCHS and CN could not fully confirm whether certain costs were accurate, allowable, allocable to the contract, or recoverable if later questioned.

Poor financial management systems are categorized into high, medium, and low *Program Risk* based on the records available to support reimbursement requests and the level of general ledger used (if any):

High - Poor financial management systems examples include cost allocation plans that are unsupported due to the likelihood of errors throughout the contract, multi-grant organizations without fund accounting, and facilitating contract expenses and reimbursements through a personal bank account.

Medium - Poor financial management systems examples include providing summary income statements for all periods instead of transaction details, providing balance sheet details, or changes in general ledger formats throughout a contract period.

Low - Poor financial management systems examples include providing summary income statements for partial periods instead of transaction details.

Expectation:

CN would expect community partners receiving reimbursement-based public funds to maintain complete, traceable financial records sufficient to substantiate every cost claimed. At a minimum, contractors should be able to produce transaction level documentation that clearly identifies who was paid, when, for what purpose, in what amount, and from which funding source, regardless of whether the contract expressly required a system generated general ledger. Where multiple funding sources support overlapping activities, CN would expect fund specific tracking or a documented allocation methodology that can be independently tested. For cash disbursements such as stipends, gift cards, or hardship assistance, CN would also expect recipient level logs documenting the type of assistance, distribution date, business purpose, and approving authority. Narrative explanations or after the fact reconstructions may help clarify circumstances, but they are not a substitute for documentation in a reimbursement environment.

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Programmatic Contract Evaluation (Continued)
April 23, 2026

Observations and Recommendations (Continued)

Breakout of Findings: Poor Financial Management Systems				
Community Partner	Observations	Direct Exposure (if stated)	Program Risk	Context
Educate to Liberate Consulting	2	\$ 26,020	High	Community partner did not appear to have a financial system, which was required to comply with the reporting section of the grant agreement (general ledger details, transactions from the entity's financial system). Per DCHS, contract expenses ran through Executive Director's personal bank account.
Glover Empower Mentoring	1	Unknown	High	Community partner used indirect cost allocations to allocate rent and insurance between contracts, including the County's, but was not able to support the allocation.
Unleash the Brilliance	1	Unknown	Low	1 instance of poor financial management due to tracking systems for cash value cards, cash withdrawals, and stipends as required by DCHS contract.
Kreative Collective	1	\$ 2,075	Low	Kreative Collective reported through summary statements and high-level profit-and-loss reports rather than transaction-level detail sufficient to test allowability and reasonableness. Even after fuller ledger detail was obtained at closeout, many expenses still lacked descriptions, source documentation, meeting records, or a clear link to contract deliverables.
ArtsEd Solutions	1	\$ 3,675	High	Weak fund accounting and internal controls prevented clean segregation of King County and City of Seattle activity.
The Breakfast Group	1	Unknown	Low	The Breakfast Group submitted summary statements rather than transaction-level detail for a significant portion of the contract period.
CS Media	1	\$ 30,552	Medium	CS Media submitted incomplete and inconsistent accounting records which produced limited transaction detail, lack of source documentation, and inadequate processes to ensure expenditures aligned with the executed contract budget.
Partners for Education Reform and Student Success	1	Unknown	High	Partners for Education Reform & Student Success submitted profit-and-loss detail rather than a standard system-generated general ledger. Although DCHS concluded that the format met the contract, the records still did not provide a consistently complete and transparent accounting trail and had to be pieced together through memo descriptions, budget to actual review, and closeout reconciliation.
Victorious Youth	1	\$ 45,309	High	Victorious Youth submitted balance sheet detail rather than a complete general ledger or transaction detail report, and the closeout records still lacked payroll, stipend and cash value card, and cash withdrawal support needed to trace reported expenses. Those control gaps contributed to later contract language changes and made it difficult to test whether billed costs were traceable to original records or only to later summary schedules.
Total	10	\$ 107,631		

*Direct exposure reflects clearly tied amounts only. See Questioned Costs table for total funds at risk.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Impact:

Poor financial management systems significantly increased payment risk across the contracts reviewed. In multiple cases, community partners were unable to produce sufficient transaction-level documentation to substantiate reimbursed costs, limiting DCHS's ability to verify allocability to the contract or even whether the costs existed. Recordkeeping requirements were applied inconsistently across community partners, and when deficiencies were identified that contributed to improperly paid funds on current payments, prior payments of the same category were not reviewed.

Poor Financial Management Systems: Educate to Liberate Consulting

We identified two instances of poor financial management systems in the review of Educate to Liberate Consulting's records. The community partner did not appear to have an accounting system, and general ledger details changed formats three times from 2022 to 2025. We inquired of DCHS why a third change was made in 2025 and DCHS indicated it was because of changes between detail and summary ledgers and that DCHS was now helping the community partner prepare summary general ledgers for the contract. CN also noted during testing that the initial general ledger details appeared to be created manually, outside an accounting system. DCHS clarified that the executive director used his personal bank account to support this grant because the community partner didn't have an accounting system at the time. The lack of an accounting system, consistently changing formats, and use of a personal account pose significant risks to County funds by eliminating any consistency across periods or the ability to identify spending patterns that may indicate misuse.

Poor Financial Management Systems: Glover Empower Mentoring

We identified one instance of poor financial management systems in the review of Glover Empower Mentoring's records due to the community partner using indirect cost allocations to allocate rent and insurance between contracts, including the County's. The cost allocation methodology was provided on a PDF, but there was no indication of when the allocation base is determined or how frequently it's reviewed. In addition, when the community partner's bookkeeper provided an explanation for specific allocated expenses using current insurance costs and rental agreements, the base rent and allocation amounts didn't align with what was recorded. When CN followed up for clarification, a new rental agreement was provided, which also did not substantiate the charges to the general ledger when applying the allocation methodology. We do not know what other contracts, grants, or revenues Glover Empower Mentoring incurs, but an improper allocation could lead to the County contract being overallocated overhead such as rent and insurance rather than costs being distributed equitably across funding sources.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Poor Financial Management Systems: Unleash the Brilliance

We identified one instance of poor financial management systems in review of Unleash the Brilliance's records as a result of tracking systems for cash value cards and stipends disbursed to program beneficiaries. The total impact negative impact is unknown, however, in documents provided CN noted no sign-in sheets for parental advisory meetings, signatures on cash card disbursement forms, unique ID tracking of cards, and other tracking issues that result in an inability to tie the cards purchased to the beneficiaries of the program, or related events.

Poor Financial Management Systems: Kreative Collective

We identified one instance of poor financial management systems in the review of Kreative Collective's records due to the use of summary statements and high-level profit-and-loss reports rather than transaction-level detail sufficient to review for KCAO or DCHS to review for allowability and allocability. Although a full general ledger was ultimately provided to DCHS at closeout, many expenses continued to lack descriptions, source documentation, or a clear linkage to contract deliverables, overlapping with \$2,075 of questioned costs. See Questioned Costs on page 9 for additional details. Lastly, DCHS responded to contractor requests for a detailed ledger indicating that it's not required under the contract due to language in Exhibit I Section VII, Paragraph B 'Reporting Activities' and Exhibit I Section VIII, Paragraph D 'Financial Reporting' which require the community partner to submit a monthly and quarterly general ledger. However, per review of Exhibit I Section VIII, Paragraph A 'Payment to Contractor', the community partner is required to submit budget to actuals and detail expenditures to be eligible for reimbursement under the contract.

Poor Financial Management Systems: ArtsEd Solutions

We identified one instance of poor financial management systems in review of ArtsEd Solutions' records. The community partner maintained insufficient fund accounting controls, which prevented the clear and consistent segregation of King County and City of Seattle financial activity. As a result, DCHS was unable to adequately demonstrate that only eligible King County costs were billed, tracked, and monitored throughout the contract period. This weakness limited effective fiscal oversight and compliance verification, and ultimately led DCHS to withhold \$3,675 corresponding to City of Seattle fund activity that was identified within the ArtsEd billing records.

Poor Financial Management Systems: The Breakfast Group

We identified one instance of poor financial management systems in review of The Breakfast Group's records due to the community partner submitting quarterly reporting as summary statements rather than transaction-level detail. In addition, support provided by the community partner did not include the records needed to test August 2022 through March 2024 claimed costs. The summary reporting reduced visibility into how funds were supported and monitored. Like other contracts mentioned previously, The Breakfast Group DCHS contract included a requirement under Exhibit I Section VIII, Paragraph A 'Payment to the Contractor' requiring detailed expenditure submissions to be eligible for reimbursement.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Poor Financial Management Systems: CS Media

We identified one instance of poor financial management systems in the review of CS Media's records. The community partner did not demonstrate the use of a reliable or well-controlled accounting framework capable of producing complete, consistent, and auditable financial records for the County contract. Financial reporting relied on general ledger detail that lacked standard accounting elements such as vendor identification, transaction detail, and linkage to source documentation. CS Media was unable to produce underlying records needed to support or reconcile charges upon request. In addition, budget controls were insufficient to ensure expenditures aligned with the executed contract budget, and there was no evidence of formal processes to document, approve, or track changes to cost structures over the contract period. Those control gaps overlap with the \$30,552 of related exposure detailed in Questioned Costs on page 9.

Poor Financial Management Systems: Partners for Education Reform and Student Success

We identified one instance of poor financial management systems in review of Partners for Education Reform and Student Success's records due to the community partner submitting profit-and-loss summary rather than a system-generated general ledger. Although DCHS concluded that the format met the contract because it contained transaction-level fields, the file did not provide a consistently complete and transparent accounting trail. As a result, DCHS could not rely on the contractor's accounting records alone to review for questioned costs and instead had to supplement testing with memo descriptions, budget-to-actual review, and a closeout reconciliation. This weakens a third party's ability to reperform the reimbursement process and reflects a financial-management weakness despite DCHS withholding payment for the unsupported wage transaction. See questioned costs for more detail on the unsupported wage transaction.

Poor Financial Management Systems: Victorious Youth

We identified one instance of poor financial management systems in review of Victorious Youth's records due to the community partner submitting balance-sheet detail rather than a general-ledger or transaction-detail report. In addition, DCHS identified a lack of support for payroll, stipend/cash value cards, and cash-withdrawals. Those control gaps overlap with the \$45,309 of related exposure detailed in Questioned Costs on page 10.

Recommendation:

We recommend that DCHS consider formalizing and consistently applying a clear minimum documentation standard for reimbursement-based contracts from the outset of the award, rather than clarifying expectations only during close-out or audit response. As a best practice, that standard could call for system-generated, transaction-level expenditure detail, such as a general ledger or comparable accounting-system reports. It could also require fund-specific segregation or a testable allocation methodology where multiple funding sources are involved, as well as time logs and approvals for stipends, cash value cards, hardship assistance, and other cash-equivalent disbursements.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

We also recommend that DCHS consider documenting guidance provided by Finance and Business Operations Division (FBOD) or program staff regarding acceptable backup so that contractors and reviewers alike can later determine what documentation standard was communicated and relied upon at the time of reimbursement. Where recurring deficiencies are identified, DCHS may also wish to consider using written corrective action, enhanced invoice review, or temporary payment holds until reliable support is produced.

6. Unauthorized Subcontractors

Observation:

We identified 26 instances in which subcontractors were paid for services without obtaining prior written approval from DCHS as required by contract. In addition, of the subcontracts we reviewed, none complied with the community partner's contract with King County, which requires specific provisions to be included in all subcontracts.

Unauthorized subcontractors are categorized into high, medium, and low *Program Risk* based on type of subcontractor, if the services provided by the vendor align with the program, and the dollar amount of services unauthorized:

High - Unauthorized subcontractors include the relative of the DCHS program manager and subcontracts to related parties of executive directors of community partners.

Medium - Unauthorized subcontractors include services in a category that doesn't align with the program, but where situations don't arise such as those listed under the *High* category.

Low - Unauthorized subcontractors include only the remaining instances where subcontractors weren't approved by DCHS in advance of the purchase of services.

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Programmatic Contract Evaluation (Continued)
April 23, 2026

Observations and Recommendations (Continued)

Expectation:

Community partners are expected to adhere to all subcontracting requirements established by their contracts with the County, including obtaining prior written approval for subcontractors and executing subcontracts that fully comply with required contractual clauses and mandated language.

Section 16 paragraph A of each funding contract with the community partners states "The Contractor shall not subcontract any portion of this Contract or transfer or assign any claim arising pursuant to this Contract without the written consent of the County. The County's consent must be sought in writing by the Contractor not less than 15 days prior to the date of any proposed subcontract."

Section 16, paragraph C of each funding contract specifies the required clauses that must be incorporated into all subcontracts, identifying the contract sections that are required to be included. In addition, paragraph D requires the contractor to include specified King County indemnification language verbatim in every subcontract related to the subject matter of the contract.

Breakout of Findings: Unauthorized Subcontractors						
Community Partner	Number Unauthorized	Cost Category	Spend**	Percent of Contract	Program Risk	Context
Bridging Cultural Gaps	3	Mental Health Trainings and Professional Development	\$ 26,000	5.5%	Low	Organization ended a contract with an approved business and subcontracted to 3 unapproved individuals.
Educate to Liberate Consulting	1	Unknown Consulting	38,500	7.0%	High	Organization consulted for unknown services from a relative of the DCHS program manager.
Empowering Youth and Families Outreach	4	Custodial and Consulting	7,008	2.6%	Low	Organization subcontracted administration, chaperone and tour services, and custodial services.
Faith Finance Center	7	Various	78,135	7.6%	Medium	Organization subcontracted parent coordination, instruction, and administrative duties.
Restore Assemble Produce	1	Contracted Program Director	205,435	29.3%	Medium	Organization contracted for only \$5,164 of the services provided, while spending \$205,435.
BlackStar Line	8	Unknown Consulting	49,000	3.5%	Low	Organization paid several consultant/subcontractor costs but lacked required DCHS subcontract approval.
JSOL Studios	2	Unknown Consulting	21,080	6.4%	High	Hello Seven and Fueled4Gainz costs lacked evidence of prior written approval, and related vendor support remained incomplete.
Total	26		\$ 425,158	9.0%*		

*The total percent is based on total overspend over total contract amounts, not a sum or average of the overspend percent column

**See Questioned Costs Table for total funds at risk

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Impact:

Unauthorized subcontracting reduces transparency over who is actually performing services with public funds and whether those parties were vetted, properly documented, or bound to the same contractual obligations as the prime contractor. It also increases risk that DCHS will pay unsupported, unallowable, or duplicative costs without realizing a third party is involved. Further, unauthorized subcontracting can allow contractors to circumvent required conflict of interest disclosures and review processes, increasing the risk of undisclosed related-party relationships, such as community partners engaging entities or individuals with personal or financial ties to the County or DCHS.

Unauthorized Subcontractors: Bridging Cultural Gaps

Bridging Cultural Gaps purchased \$26,000 of services from one unauthorized subcontractor for mental health trainings and professional development. The community partner ended a contract with an approved subcontractor, while subsequently subcontracting with three unapproved individuals. One subcontractor was paid at a rate of \$40 per hour, while two others were paid \$100 per hour. All three independent contractor agreements were executed with individuals rather than businesses. Neither DCHS nor the community partner was able to provide evidence of prior written consent, as required by the contract. Additionally, the independent contractor agreements issued by the community partner did not include the required subcontract provisions outlined in Section 16, paragraphs C and D, of the DCHS contract.

Unauthorized Subcontractors: Educate to Liberate Consulting

Educate to Liberate purchased \$38,500 of services from an unauthorized subcontractor for unknown consulting services. Per DCHS, this subcontractor is the daughter of the DCHS program manager. This same subcontractor appears on other community partners as noted throughout the report and may have performed financial consulting services per the original contractor budget of Faith Finance Center, another community partner. DCHS was unable to provide written approval for the subcontractor, nor was a written agreement or statement of services provided.

Unauthorized Subcontractors: Empowering Youth and Families Outreach

Empowering Youth and Families Outreach purchased \$7,008 of services from four unauthorized subcontractors for varying services to: 1) provide custodial services to the community partner, 2) provide grant writing services, 3) subcontract project manager responsibilities of the project to a person, and 4) subcontract chaperoning and tour responsibilities to More to Life. However, through review of the budget, DCHS noted that these subcontracts were not approved in advance. The grant writing services were to write applications for grants outside of the County contract utilizing County funds. The project manager that was subcontracted to was also listed as key personnel in 2022 on the community partner's federal form 990 but was not approved on the original contract. Lastly, the executive director of the community partner is listed as a registered agent of More to Life, the fourth unauthorized vendor.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

A majority of the expenses incurred for these subcontractors commenced in Q4 2024 and were identified by DCHS during a desk audit (a document-based compliance review) that commenced shortly after the start of the KCAO audit. Unauthorized subcontractors for this community partner contributed to potential conflicts of interest, questioned costs, and the documents used to substantiate the costs for the unauthorized subcontractors were potentially altered.

Unauthorized Subcontractors: Faith Finance Center

Faith Finance Center purchased \$78,135 of services from seven unauthorized subcontractors for financial mindset consulting, financial technical training, and wealth management courses per the original budget. We noted no subcontractor names in the original budget, and a lack of descriptions of services provided within the general ledger across all payments. Subcontractors consisted of six individuals and one business. Per DCHS, one of the individuals is the daughter of a DCHS program manager mentioned within Educate to Liberate above. Payments to that individual flowed to the executive director as reimbursements with a description in the general ledger indicating the payments were to compensate the relative.

Unauthorized Subcontractors: Restore Assemble Produce

Restore Assemble Produce purchased \$205,435 of services from one unauthorized subcontractor for contracted program director services. When we requested a subcontractor agreement and advance approval from DCHS, an agreement for a separate individual was provided (a sublease for the executive director of the community partner). DCHS indicated there was no written approval. Restore Assemble Produce was able to provide a single contract with the individual, with total listed services amounting to \$5,164, compared to total actual spend on the subcontract of \$205,435. We also noted noncompliance with required clauses in section 16 paragraphs A and C of the contract, requiring specific sections of the County contract to be included within all agreements with subcontractors

Unauthorized Subcontractors: Black Star Line

Black Star Line purchased \$49,000 of services from eight unauthorized subcontractors for consultant services. The community partner failed to provide adequate supporting documentation despite multiple DCHS requests. DCHS deemed these subcontractor expenses unallowable due to documentation gaps identified. Collectively, these issues weakened the integrity of the reimbursement process and impaired DCHS's ability to rely on submitted documentation as a credible basis for payment decisions.

KING COUNTY OFFICE OF THE OMBUDS

Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Unauthorized Subcontractors: JSOL Studios

JSOL Studios purchased \$21,080 of services from two unauthorized subcontractors for professional development and program support services. The community partner did not obtain the written subcontractor approval required under the contract and did not provide invoices, proof of payment, or executed agreements to substantiate the costs. The general ledger reflects approximately \$21,080 in payments, consisting of \$5,573 paid to Hello Seven and \$15,507 paid to Fueled4Gainz; however, no vendor files or supporting documentation were produced to support the nature, allowability, or performance of the services billed. The absence of required approvals and supporting records limited transparency over who performed work under the contract, prevented DCHS from confirming whether the charges were allowable or tied to services delivered, and increased the risk of improper payment. Because invoices and proof of payment were neither obtained during the desk review nor provided after follow-up requests, these charges could not be relied upon as substantiated subcontractor costs.

Recommendation: Aligning with KCAO recommendations, DCHS should enforce contract requirements related to subcontracts by ensuring, at a minimum: 1) it has issued written approval for all subcontractors, 2) subcontractors contain language required by contract, and 3) it takes action to correct any improper payments that may have occurred related to unapproved subcontracts. Noncompliance with subcontract provisions may be identified through budget-to-actual reviews of community partners. Costs charged to unbudgeted subcontracting or consulting categories should be flagged for potential noncompliance, and the related vendors should be evaluated against the original or amended budgets to determine whether appropriate approval was obtained.

7. Unauthorized Budget Changes

Observation: We identified five instances in which written budget amendments were not obtained when community partners exceeded approved budget categories or used County funds for activities that were not reflected within the executed budget. These instances fell into two categories: (1) community partners overspending within approved budget categories; (2) community partners incurring significant costs in unapproved categories.

Unauthorized budget changes are categorized into high, medium, and low *Program Risk* based on a combination of overspend type, cost category, and overspend amount:

High - Unauthorized budget change examples include management of the contract being subcontracted without written approval, hardship payments, and personal expenses outside approved spending categories.

Medium - Unauthorized budget change examples include an original budget mishap that generated large dollar variances on most budget to actual reports throughout the contract, but not significant costs outside approved categories.

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Programmatic Contract Evaluation (Continued)
April 23, 2026

Observations and Recommendations (Continued)

Low - Unauthorized budget change examples include an amendment that appeared to be requested but was not approved in writing and salaries that exceeded budget within an approved category.

Expectation:

Initiating budget amendments is a best practice when budget to actual variances exceed 10 percent of the total budget (as reported by KCAO), a community partner wishes to reallocate funding within activities DCHS deems allowable, or the scope of the contract has expanded to include additional activities. We reviewed King County policies and DCHS contracts noting no requirements that explicitly state a percentage, however, also noted four references to a 10 percent expectation in the KCAO audit letter. See Appendix B - potential issues 4a, 6a, 8a, 16a.

Breakout of Findings: Unauthorized Budget Changes						
Community Partner	Overspend Type	Cost Category	Overspend Amount**	Overspend Percent of Contract	Program Risk	Context
Bridging Cultural Gaps	Outside Approved Categories	Professional Development and Training	\$ 26,000	5.5%	Low	Amendment meeting set up with community partner, but no evidence of written approval for overspend or an amendment.
Educate to Liberate Consulting	Outside Approved Categories	Subcontractors and Consultants	48,412	8.8%	High	Management of the contract was subcontracted out without written program manager approval. Salaries were used to cover subcontractor payments prior to budget amendment.
Faith Finance Center	Within Approved Category	Subcontractors and Consultants	473,158	45.9%	Medium	Two community partners in original budget were paid through subcontractors and consultant lines with no budget amendment.
Unleash the Brilliance	Outside Approved Categories	Hardship Payments (Other)	36,777	5.3%	High	Program beneficiaries were issued hardship payments for various personal expenses with no written approval of the expense category from DCHS or a budget amendment.
CS Media	Within Approved Category	Salaries and Wages	25,396	7.7%	Low	Monthly salary billed for an employee of the contractor exceeded the executed monthly salary budget. There was also a substantial journal entry that was not within budget. No documented amendment or reclassification was noted.
Total			\$ 609,743	19.8%*		

*The total percent is based on total overspend over total contract amounts, not a sum or average of the overspend percent column

**See Questioned Costs Table for total funds at risk

KING COUNTY OFFICE OF THE OMBUDS

Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Impact:

Not requiring and obtaining budget amendments weakens transparency by allowing actual spending to diverge from the County's approved scope without a written authorization trail. In addition, the further actuals diverge from budget, the less effective monitoring of periodic financial performance reports can become, as variances can become an expectation rather than an irregularity to examine.

Unauthorized Budget Changes: Bridging Cultural Gaps

Bridging Cultural Gaps overspent \$26,000 outside approved categories. The community partner notified DCHS of a discontinuation of services with a subcontractor, Franklin and Page Consulting, and requested a meeting to realign costs within the program which was scheduled for June 20, 2024. There is no supporting documentation indicating the results of that discussion, nor written approval of reallocation of expenses or a formalized budget amendment available. The community partner engaged with three individuals to provide mental health professional development and training services starting August 2025 and coded all costs to an unbudgeted line item, "professional development and training" at a total cost of \$26,000 for the periods under review.

Unauthorized Budget Changes: Educate to Liberate Consulting

Educate to Liberate Consulting overspent \$48,412 outside approved categories, including: 1) Subcontractors and Consultants for \$26,500, 2) Travel and Transportation for \$2,087, and 3) Administrative Costs/Overhead for \$19,825. The payments to a subcontractor were for unknown services as the general ledger describes the costs only as "consultant" and no original detailed budget was available. DCHS noted that the consultant is the daughter of the DCHS program manager overseeing the community partner's contract. CN did not independently verify this relationship. Travel and Transportation was a flight for the subcontracted executive director of the program. Administrative costs/overhead were recorded through manually entered general ledger entries that lacked supporting documentation. These entries were created to reflect program related expenditures incurred by the Executive Director. DCHS noted that the transactions flowed through the Executive Director's personal bank account; however, we were not able to independently verify this statement.

Unauthorized Budget Changes: Faith Finance Center

Faith Finance Center overspent \$473,158 within an approved budget category, "Subcontractors". At the onset of the contract, Faith Finance Center developed a detailed budget with DCHS using their templates, which included multiple tabs for partner organizations. Two partner organizations participating in the program were Seatown Consulting, with budgeted costs of \$480,700, and IT Community Connect, with budgeted costs of \$297,968. In the template, costs that the partner organizations anticipated to incur related to the contract between DCHS and Faith Finance Center rolled up into budget categories for the community partner, such as salaries, supplies, training, and other. As these partner organizations are legally separate entities, their costs are reflected as subcontracts when paid by Faith Finance Center. Therefore, as the community partner paid these costs throughout the contract it continued to contribute to a larger variance in budget to actuals. DCHS identified the discrepancy but did not propose a budget amendment, resulting in an overspend of over 40% of the contract in this category and degrading the effectiveness of the budget to actual reports.

KING COUNTY OFFICE OF THE OMBUDS

Programmatic Contract Evaluation (Continued)

April 23, 2026

Observations and Recommendations (Continued)

Unauthorized Budget Changes: Unleash the Brilliance

Unleash the Brilliance overspent \$36,777 outside approved budget categories, "Other", for three items: 1) hardship payments to community members for \$14,700, 2) cash withdrawals for \$22,044, and 3) alcoholic beverages for \$33. Stipends were included within the original budget, however, the contract with the community partner stipulates that stipends are considered compensation, providing an allowable use for parent/scholar's leadership committees to be paid at \$50/hour for services performed. The contract also allows flexibility to pay stipends using cash value cards, but describes precise documentation required for such compensation which was not fulfilled using physical cash withdrawals. We noted that hardship payments did not fit within the framework of compensation as no services were performed under the contract. In addition, the cash withdrawals did not meet the requirements for either stipend payments or cash value card payments within the contract. Lastly, the \$33 for alcoholic beverages was part of a metro area bar receipt for food and beverages submitted for reimbursement.

Unauthorized Budget Changes: CS Media

CS Media overspent \$25,396 within an approved salary category by billing a recurring monthly compensation rate of \$6,583, approximately 25 percent above the executed contract's prorated budget of about \$5,267 per month. This was done without obtaining a required budget amendment or reclassification. There was also a separately recorded and unsupported \$17,500 salary entry to the salary category. DCHS initially determined the variance was not an issue by referencing the higher annual compensation level included in the RFP budget. However, the executed contract budget governs allowable reimbursement in the absence of an amendment. No documentation was produced to show that DCHS approved a budget revision or intended to realign the contract budget to the RFP figures. As a result, the variance proceeded without transparent approval, limiting the effectiveness of budget to actual monitoring and preventing DCHS from flagging the overspend during routine review. Because payroll support was not provided and DCHS did not offset, disallow, or recoup any portion of the variance, these amounts remained unresolved at closeout, increasing the County's exposure to improper payments and reducing confidence in the reliability of the contract's financial controls.

Recommendation:

Aligning with KCAO recommendations, DCHS should develop, document, and implement clear and consistent policies and procedures for contract amendments. DCHS should clarify expectations for contract amendments with community partners and staff and integrate the policies and procedures into monitoring of community partners to ensure those expectations are enforced. See KCAO recommendations in Appendix B.

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Programmatic Contract Evaluation (Continued)

April 23, 2026

Conclusion

This engagement was conducted to provide an independent examination of the work performed by DCHS in response to potential issues identified by KCAO across 19 audited contracts. As detailed in this report, the results highlight significant risks, including \$690,617 in questioned costs - approximately 6.7 percent of the total contract value reviewed - and noncompliance with subcontracting and documentation requirements. In addition, CN categorized questioned costs and observations by program and financial risk, with program risks amounting to 28 high, nine medium, and 15 low. Financial risks amounted to three high, six medium, and seven low. See definitions of high, medium, and low risks described throughout the observations and recommendations section.

Although these impacts are substantial, CN's scope was limited to evaluating the work performed by DCHS in response to the KCAO audit findings. Accordingly, the total potential exposure could be materially greater but would need additional work to determine any impacts. These results underscore the critical importance of enforcing existing contract requirements and implementing the recommendations outlined in this report to safeguard public funds.

While the purpose of this evaluation was to assess identified issues and provide recommendations to improve controls, DCHS is responsible for implementation. Strengthening the governance framework and consistently enforcing existing contract provisions are essential to ensuring that community partner expenditures are transparent, aligned with program objectives, and fully supported by credible and re-performable documentation.

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**Appendix A - Executive Summary Exhibits
April 23, 2026**

Exhibit 1

The following exhibit contains questioned costs, funds withheld by DCHS, and funds that were potentially improperly paid. Funds potentially improperly paid were calculated as the difference between questioned costs identified and funds withheld by DCHS. Some of the funds withheld by DCHS pertained to questioned costs identified by DCHS towards the end of the contract period that were outside the scope of the KCAO audit or our engagement, while other withheld amounts were blanket withholdings based on the results of the KCAO audit and ongoing CN investigation. Therefore, funds potentially improperly paid should be read as public funds that could be retained at the end of the contract period due to questioned costs and current outstanding payments for each community partner.

In addition, funds are listed as potentially improperly paid due to limitations in scope of the engagement. CN was engaged to start with the KCAO compliance concerns letter dated June 16, 2025, review the work performed by DCHS to resolve or respond to the concerns, and to make additional requests or further investigate DCHS's responses. In order to adequately test improper payments, an expansion of scope would be required to request and sample the population of all community partner reimbursement requests and DCHS payments for each contract period. Testing would involve drilling down to the financial institution to verify the accuracy of the payments, and developing schedules to show reimbursement requests versus funds actually paid.

Funds Potentially Improperly Paid					
Community Partner	Questioned Costs	Funds Withheld By DCHS	Funds Potentially Improperly Paid**	Percent of Contract	
Bridging Cultural Gaps	\$ 26,000	\$ -	\$ 26,000	5.5%	
Educate to Liberate Consulting	117,012	26,280	90,732	16.5%	
Empowering Youth and Families Outreach	9,719	7,008	2,711	1.0%	
Faith Finance Center	38,051	-	38,051	3.7%	
Glover Empower Mentoring	165,004	-	165,004	9.7%	
Inspirational Workshops dba BRAVE	5,114	1,479	3,635	1.8%	
Praxis Institute for Early Childhood Education	-	44,067	-	0.0%	
Trafton International Consulting Group	-	-	-	n/a	
Restore Assemble Produce	27,103	19,903	7,200	1.0%	
Unleash the Brilliance	36,777	72,309	-	0.0%	
ArtsEd Solutions	3,675	-	3,675	0.4%	
BlackStar Line	88,700	88,700	-	0.0%	
Ryther	-	-	-	n/a	
The Breakfast Group	48,251	48,251	-	0.0%	
JSOL Studios	31,759	-	31,759	9.6%	
CS Media	30,552	-	30,552	9.3%	
Kreative Collective	2,075	-	2,075	0.4%	
Partners for Education Reform & Student Success	15,516	15,516	-	0.0%	
Victorious Youth	45,309	-	45,309	11.3%	
Total	\$ 690,617	\$ 323,513	\$ 446,703	3.8%*	

*The total percent is based on total overspend over total contract amounts, not a sum or average of the overspend percent column

**See Appendix C for more details about funds withheld and improperly paid

KING COUNTY OFFICE OF THE OMBUDS

Appendix A - Executive Summary Exhibits (Continued)
April 23, 2026

Exhibit 2

Community Partner	Unauthorized Budget Changes	Unauthorized Subcontractor	Documentation Gaps Identified	Poor Financial Management Systems	Potential Conflict of Interest	Potentially Altered Documents
Bridging Cultural Gaps	1	3	-	-	-	-
Educate to Liberate Consulting	1	1	14	2	1	-
Empowering Youth and Families Outreach	-	4	-	-	1	3
Faith Finance Center	1	7	-	-	1	-
Glover Empower Mentoring	-	-	39	1	-	-
Inspirational Workshops dba BRAVE	-	-	3	-	-	-
Praxis Institute for Early Childhood Education	-	-	-	-	1	-
Trafton International Consulting Group	-	-	-	-	-	-
Restore Assemble Produce	-	1	-	-	-	-
Unleash the Brilliance	1	-	-	1	-	-
ArtsEd Solutions	-	-	-	1	-	-
BlackStar Line	-	8	11	-	-	1
Ryther	-	-	-	-	-	-
The Breakfast Group	-	-	-	1	1	-
JSOL Studios	-	2	9	-	1	-
CS Media	1	-	1	1	-	-
Kreative Collective	-	-	-	1	-	-
Partners for Education Reform and Student Success	-	-	4	1	-	-
Victorious Youth	-	-	-	1	-	-
Total	5	26	81	10	6	4

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Appendix B - Scope of Work and Methodology

April 23, 2026

Scope of Work and Methodology

KCAO identified potential improper payments to 19 community partners as a part of their 2025 review of DCHS contracts. The potential improper payments arose from compliance issues such as questionable costs billed, potential alteration of documents, insufficient or missing documentation, and conflicts of interest. CN was engaged by Ombuds to independently review compliance concerns identified by KCAO in its June 16, 2025 letter to DCHS, and to review related DCHS responses, with a focus on determining the following:

- How much, if any, public funds were lost or improperly paid?
- What, if any, noncompliance with laws, regulations, contract provisions, and/or grant agreements occurred or is likely to have occurred?
- How much, if any, of the questioned costs did DCHS withhold from a later monthly or quarterly payment due to lack of sufficient and reasonable documentation of past expenses previously submitted by community partners?

To accomplish this, CN reviewed the KCAO letter to DCHS identifying potential issues to determine the relevant community partner contracts. CN then compared those issues to DCHS's responses and the associated testing. Using the context of the work performed by KCAO and DCHS, CN reviewed the documentation provided for each provider, identifying potential compliance gaps, questioned costs, and requesting additional support where needed. Note, however, that the periods investigated by each party were different for each contract.

As KCAO findings varied in date from the second quarter of 2023 to the second quarter of 2025, and documentation provided rarely covered the full contract period, CN reviewed any documents provided by DCHS across various time periods by community partner, requesting additional supporting documentation if we found those time periods did not align with KCAO findings.

See Appendix E for the original KCAO June 16, 2025 letter "Referring Issues of Potential Improper Payments for DCHS Investigation". The following is a listing of specific compliance concerns excerpted verbatim from KCAO's letter to DCHS leadership:

Inspirational Workshops dba BRAVE (6437138)

History of Fraud* - The founder and CEO, Theresa Carter-Vincent (a.k.a. Theresa Hardy) may have been sentenced by the US District Court in Seattle in a bank fraud scheme in 2009, along with her mother (Kathy Hardy) - the registered agent of the organization - and sister (Leslie Gordon).

Conflict of Interest** - The chief executive and board president are the same person.

Praxis Institute for Early Childhood Education (6336222)

Questionable Costs** - The organization's expense reports suggest that the executive director is earning 46 percent more than budgeted and reimbursed herself more than \$12,000 in expenses in January 2024.

* Certain potential issues identified by KCAO were not addressed within this report because no applicable King County policy, DCHS contract provision, or Revised Code of Washington (RCW) was identified that would prohibit the vendor activity or otherwise support a finding. CN also did not identify an established best practice that could be reasonably applied as a reference in these instances.

** Certain potential issues identified by KCAO were not classified as findings within this report because the matters were resolved through additional testing of supporting documentation or because the underlying issue was resolved prior to the start of the DCHS contract period.

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Appendix B - Scope of Work and Methodology (Continued)

April 23, 2026

Scope of Work and Methodology (Continued)

Financial Management, Conflict of Interest Risk - Public records do not verify relationship between the contract signer, Debra Sullivan, and the organization. She is not on filings with the Washington Secretary of State or the Internal Revenue Service. Debra Sullivan was the executive director of a different organization, Ashe Preparatory Academy, when it dissolved in November 2020. A co-founder of Black Star Line, Marjon Heru, was on the board of Ashe Preparatory Academy.* A likely relative of Marjon Heru, Dakaria Heru, receives payment from Praxis.** The organization's treasurer, named in 2025 filings with the state, Noni Ervin, was also the manager of Black 4 Enterprises, a for-profit business that received more than \$54,000 in contract payments between May 2023 and October 2024.** Budget to actuals reports show that the organization had already overspent its subcontracting budget by March 2024.

Restore Assemble Produce (6336229)

Financial Management Risk* - The executive director, Latasha Jackson-Rodriguez, reported loaning herself \$14,000 from the organization without board or committee approval or a written agreement in 2021.

Trafton International Consulting Group (6336232)

Financial Management Risk* - The executive director runs another entity which had its federal tax-exempt status automatically revoked in May 2023 for not filing financial reports for three consecutive years.

* Certain potential issues identified by KCAO were not addressed within this report because no applicable King County policy, DCHS contract provision, or Revised Code of Washington (RCW) was identified that would prohibit the vendor activity or otherwise support a finding. CN also did not identify an established best practice that could be reasonably applied as a reference in these instances.

** Certain potential issues identified by KCAO were not classified as findings within this report because the matters were resolved through additional testing of supporting documentation or because the underlying issue was resolved prior to the start of the DCHS contract period.

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**Appendix C - Identification of Findings and Work Performed in Order of Community Partner
April 23, 2026**

Breakout of Findings: Identification of Findings and Work Performed in Order of Community Partner					
Community Partner	Observation	Questioned Costs & Instances	KCAO Identified	DCHS Identified	CN Identified
ArtsEd Solutions	Questioned Costs	\$ 3,675	\$3,375 of questioned costs identified due to commingled King County and City of Seattle costs; other unsupported blank-vendor items were noted separately.	\$3,375 of questioned costs identified due to commingling of DCHS and City of Seattle funding identified after KCAO.	\$300 of additional questioned costs identified for the same commingled King County and City of Seattle due to the City funding deposit amounting to \$3,675 and no support to determine the allocation was provided.
ArtsEd Solutions	Poor Financial Management Systems	1	1 instance of weak fund accounting and internal controls prevented clean segregation of King County and City of Seattle funding.	-	-
BlackStar Line	Unauthorized Subcontractors	8	8 instances identified where the community partner paid consultant/subcontractors but lacked DCHS subcontract approval as required by contract.	-	-
BlackStar Line	Documentation Gaps Identified	11	11 instances identified where support for several subcontracting expenses and proper tracking of stipends was insufficient and/or unavailable.	-	-
BlackStar Line	Questioned Costs	\$ 88,700	\$88,700 of questioned costs identified due to potentially altered consultant invoice support, unsupported subcontracting, and unsupported stipend/consultant costs.	-	-
BlackStar Line	Potentially Altered Documents	1	1 instance of a potentially altered subcontractor invoice which created a document-integrity issue.	-	-
Bridging Cultural Gaps	Unauthorized Budget Changes	1	1 instance identified where an amendment meeting was scheduled with the community partner, but no evidence of written approval for overspend or an amendment.	-	-
Bridging Cultural Gaps	Unauthorized Subcontractors	3	-	DCHS identified that the community partner ended a contract with an approved business prior to contracting with the subcontractors.	3 instances identified where the community partner did not have written advance approval for subcontracts in compliance with the DCHS contract.
Bridging Cultural Gaps	Questioned Costs	\$ 26,000	3 instances identified where large payments were made to individuals as subcontractors for mental health consulting and training.	-	-
CS Media	Unauthorized Budget Changes	1	1 instance where monthly salaries billed for an employee of the contractor and a substantial journal entry that exceeded the salary budget. No documented amendment or reclassification was noted.	-	-
CS Media	Poor Financial Management Systems	1	1 instance demonstrating deficiencies in financial management, documentation, and budget control under the County contract.	-	-
CS Media	Documentation Gaps Identified	1	1 instance where the GL support is missing payee and payment-method detail, and the support package did not contain the underlying records DCHS used for desk review.	-	-

KING COUNTY OFFICE OF THE OMBUDS

Appendix C - Identification of Findings and Work Performed in Order of Community Partner (Continued)
April 23, 2026

Breakout of Findings: Identification of Findings and Work Performed in Order of Community Partner					
Community Partner	Observation	Questioned Costs & Instances	KCAO Identified	DCHS Identified	CN Identified
CS Media	Questioned Costs	\$ 30,552	8 transactions of questioned costs that include a \$17,500 unsupported journal entry, \$7,896 in overpayment of recurring salary, and \$300 unsupported meal related charges.	-	\$4,856 of questioned costs identified as missing payee details or payment method support.
Educate to Liberate Consulting	Unauthorized Budget Changes	1	1 instance identified due to unbudgeted spend in the subcontractor category.	KCAO identified the noncompliance and DCHS identified management being subcontracted out and that salaries were used to cover subcontractor payments prior to a budget amendment.	-
Educate to Liberate Consulting	Unauthorized Subcontractors	1	-	-	1 instance identified where the community partner subcontracted for unknown services from a relative of the DCHS program manager without prior written approval as required per DCHS contract.
Educate to Liberate Consulting	Potential Conflicts of Interest	1	-	-	1 instance of potential conflicts of interest as a consultant is the daughter of the DCHS program manager of the community partner, owner of Hueniquely Me. (Relationship status per DCHS)
Educate to Liberate Consulting	Documentation Gaps Identified	14	See Appendix B, KCAO assessed a finding for documentation gaps across stipends. As instances were not disclosed, CN performed an independent review of the support, noting findings aligned.	DCHS noted incorrectly labeled duties within agreements and insufficient details within invoices through their review.	14 instances of stipends identified after a detailed review, noting transactions without underlying support: missing invoices, agreements, or both.
Educate to Liberate Consulting	Questioned Costs	\$ 117,012	\$17,652 of stipend questioned costs due to gaps in supporting documentation.	\$15,590 of unsubstantiated overhead costs run through a personal bank account.	\$57,750 of consulting payments to DCHS program manager's daughter and \$26,020 of additional unsubstantiated overhead costs.
Educate to Liberate Consulting	Poor Financial Management Systems	2	-	-	2 instances noted where the community partner did not have a financial system. Per DCHS, contract expenses also ran through Executive Director's personal bank account which was noted only upon CN inquiry.
Empowering Youth and Families Outreach	Unauthorized Subcontractors	4	3 instances of subcontracting without prior approval for administration, chaperone and tour approval, and custodial services.	1 additional instance identified for administration (grant writing). DCHS concurred with the findings responding that the related expenses were withheld for the subcontractors.	-
Empowering Youth and Families Outreach	Questioned Costs	\$ 9,719	-	-	\$9,719 of questioned costs as a result of an unapproved grant writer, custodian, and administrative support payments.
Empowering Youth and Families Outreach	Potential Conflicts of Interest	1	1 instance of a potential conflict of interest as the executive director is a registered agent of More to Life, a vendor of community partner.	DCHS acknowledged, but responded that the executive director being a registered agent of a vendor is not evidence of a conflict of interest.	-
Empowering Youth and Families Outreach	Potentially Altered Documents	3	3 instances of potentially altered subcontractor agreements that appeared back-dated 1-3 years as substantiation for services performed.	-	-
Faith Finance Center	Unauthorized Budget Changes	1	1 instance of unauthorized budget changes due to the subcontract budget exceeding the line item budget by more than 10 percent.	Two community partners in original budget were paid through subcontractors and consultant lines with no budget amendment.	-

KING COUNTY OFFICE OF THE OMBUDS

Appendix C - Identification of Findings and Work Performed in Order of Community Partner (Continued)
April 23, 2026

Breakout of Findings: Identification of Findings and Work Performed in Order of Community Partner					
Community Partner	Observation	Questioned Costs & Instances	KCAO Identified	DCHS Identified	CN Identified
Faith Finance Center	Unauthorized Subcontractors	7	-	-	7 instances of unauthorized subcontractors when the community partner subcontracted parent coordination, instruction, and administrative duties without prior approval as required by DCHS contract.
Faith Finance Center	Questioned Costs	\$ 38,051	-	-	\$38,051 of questioned costs observed due to executive director stipends in excess of approved salary and reimbursements to finance director noted as a passthrough to the DCHS program manager's relative.
Faith Finance Center	Potential Conflicts of Interest	1	-	-	1 instance of potential conflict of interest as a consultant of the community partner is the daughter of the DCHS program manager, owner of Hueniquely Me. (Relationship status per DCHS, identified after inquiry).
Glover Empower Mentoring	Documentation Gaps Identified	39	See Appendix B, KCAO assessed a finding for documentation gaps across payments. As instances were not disclosed, CN performed an independent review of the support, noting findings aligned.	-	39 instances identified through independent review due to supporting documentation for Youth Center payments and bookkeeping being unavailable.
Glover Empower Mentoring	Questioned Costs	\$ 165,004	See Appendix B, KCAO assessed a finding for documentation gaps across payments. As a full amount was not disclosed, CN performed an independent review of the support, noting findings aligned.	-	\$165,004 of questioned costs noted through missing supporting documentation for rent, bookkeeping costs, youth center payments, and an unknown miscellaneous expense charged to the contract.
Glover Empower Mentoring	Poor Financial Management Systems	1	-	-	1 instance identified due to community partner using indirect cost allocations to distribute rent and insurance between contracts, including DCHS's, but not being able to support the allocation.
Inspirational Workshops dba BRAVE	Documentation Gaps Identified	3	1 instance identified due to missing documentation for shared programming salaries with a school district.	-	2 instances identified due to a hotel charged through journal entry with no support and a missing detail original budget.
Inspirational Workshops dba BRAVE	Questioned Costs	\$ 5,114	\$114 of questioned costs identified due to streaming services outside of approved budget categories with no prior written approval from the program manager.	-	\$5,000 of questioned costs identified due to a hotel accrual in the general ledger with no support.
JSOL Studios	Unauthorized Subcontractors	2	2 instances identified where contractor costs lacked evidence of prior written approval, and related vendor support remained incomplete.	-	-
JSOL Studios	Documentation Gaps Identified	9	9 instances of documentation gaps identified for contractor payment support, stipend/CVC support, and some related-party land/RV support.	-	-

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Appendix C - Identification of Findings and Work Performed in Order of Community Partner (Continued)
April 23, 2026

Breakout of Findings: Identification of Findings and Work Performed in Order of Community Partner					
Community Partner	Observation	Questioned Costs & Instances	KCAO Identified	DCHS Identified	CN Identified
JSOL Studios	Questioned Costs	\$ 31,759	KCAO identified charges in their finding of related-party land/RV charges, potentially unallowable contractor payments, and potential personal expenses. See Appendix B for complete finding details.	-	\$31,759 of questioned costs identified using KCAO-provided context as a basis for testing, including \$21,080 of contractor costs missing documentation, \$4,744 of related party land/RV charges, and \$5,935 for stipend/CVCs with missing documentation.
JSOL Studios	Potential Conflicts of Interest	1	1 instance of potential conflicts of interest identified where payments to the community partner's DCHS contract signer for rent, owner's pay and personal expenses were observed.	-	-
Kreative Collective	Questioned Costs	\$ 2,075	-	-	\$2,075 of questioned costs identified consisting of sponsorships, travel/meals, and travel-insurance charges outside approved program activities or without clear program linkage.
Kreative Collective	Poor Financial Management Systems	1	1 instance of poor financial management systems identified due to the community partner submitting summary statements in lieu of general ledgers.	-	-
Partners for Education Reform and Student Success	Documentation Gaps Identified	4	1 instance identified of a wage journal entry missing payroll support details. KCAO also generally identified reports had blanks for some payees, including staff.	3 instances identified due to non-wage journal-entry lines that were missing payee detail and support.	-
Partners for Education Reform and Student Success	Questioned Costs	\$ 15,516	\$15,516 of questioned costs identified due to a wage entry with no supporting documentation.	-	-
Partners for Education Reform and Student Success	Poor Financial Management Systems	1	1 instance where the community partner submitted profit loss detail in lieu of general ledgers required per DCHS contract.	-	-
Praxis Institute for Early Childhood Education	Potential Conflicts of Interest	1	KCAO identified that the executive director was not on Secretary of State filings for the community partner at the time of signing the DCHS contract and was the board member of Ashe Preparatory Academy. See Appendix B.	-	1 potential conflict of interest identified. CN started with KCAO-provided context and identified a contract between Ashe Preparatory Academy (where she is a board member) and the Executive Director for their position at Praxis Institute.
Restore Assemble Produce	Unauthorized Subcontractors	1	KCAO identified that the subcontracted program director was contracted for \$5,164 but paid at least \$24,000 based on fourth quarter 2024 testing. See Appendix B. CN identified total payments of \$205,435 in available ledgers, corroborating KCAO findings.	-	1 instance identified through detail testing of program director payments as the organization paid for program director services as a subcontract without evidence of prior approval as required by DCHS contract.
Restore Assemble Produce	Questioned Costs	\$ 27,103	KCAO identified unapproved car washes and blank payee information. See Appendix B.	\$19,903 identified due to insufficient documentation, unauthorized subcontractors, clothing, parking, car payments, Cash App, Utilities, and unapproved car washes.	An additional \$7,200 of questioned costs were identified due to payments potentially passed through employees to the executive director.

KING COUNTY OFFICE OF THE OMBUDS

Appendix C - Identification of Findings and Work Performed in Order of Community Partner (Continued)
April 23, 2026

Breakout of Findings: Identification of Findings and Work Performed in Order of Community Partner					
Community Partner	Observation	Questioned Costs & Instances	KCAO Identified	DCHS Identified	CN Identified
The Breakfast Group	Questioned Costs	\$ 48,251	-	\$48,251 of questioned costs of which DCHS labeled \$22,738 as "unsubstantiated expenses" and \$25,513 as "unallowable expenses" for costs in various categories.	-
The Breakfast Group	Potential Conflicts of Interest	1	1 instance of a potential conflict of interest noted due to the community partner reporting a cash grant to STEM-TAC, an entity affiliated with a community partner board member.	-	-
The Breakfast Group	Poor Financial Management Systems	1	1 instance where the organization submitted summary statements rather than transaction-level detail for a significant portion of the contract period.	-	-
Unleash the Brilliance	Unauthorized Budget Changes	1	-	1 instance of unauthorized budget changes identified where program beneficiaries were issued hardship payments for various personal expenses. DCHS noted in its response that there was written approval from the program manager.	Through testing CN determined that there was no written approval from a DCHS program manager. Program managers were CC'ed by individuals requesting disbursements, but there was no written amendment or emailed approval.
Unleash the Brilliance	Questioned Costs	\$ 36,777	KCAO identified excess stipend spending during the contract period in its finding. See Appendix B.	Cash withdrawals were identified by DCHS but noted as allowable despite no support to verify alignment to program activities or accuracy of recordkeeping.	\$36,777 of questioned costs identified through KCAO-provided context as a result of hardship payments to cover personal expenses of community members, alcohol, and cash withdrawals with gaps in supporting documentation.
Unleash the Brilliance	Poor Financial Management Systems	1	-	-	1 instance of poor financial management due to tracking systems for cash value cards, cash withdrawals, and stipends as required by DCHS contract.
Victorious Youth	Questioned Costs	\$ 45,309	KCAO findings identified generally that documents lacked sufficient detail and included gift cards, cash withdrawals, and potentially duplicate costs. See Appendix B for complete finding details.	\$45,309 of questioned costs identified due to the community partner no longer responding to requests for supporting documentation. Potential duplicate vendor charges, payroll, stipend/cash-value-card activity, and possible cash-withdrawal expenses were identified.	-
Victorious Youth	Poor Financial Management Systems	1	1 instance identified of poor financial management systems due to the organization submitting balance sheet details rather than a complete general ledger.	-	-

KING COUNTY OFFICE OF THE OMBUDS

**Appendix D - Funds Potentially Improperly Paid
April 23, 2026**

Purpose

Exhibit I of Appendix A provides a chart showing questioned costs less any amounts withheld by DCHS to determine the funds potentially lost under each contract. The chart below is used to provide additional context on the nature of funds withheld, such as if the funds withheld by DCHS were unrelated to the questioned costs, DCHS reviewed the questioned costs noted by CN and/or KCAO but considered them allowable and payable, or other context not able to be summarized within an executive summary level chart.

Breakout of Observations: Funds Potentially Improperly Paid		
Community Partner	Funds Potentially Improperly Paid	Context
Bridging Cultural Gaps	\$ 26,000	There were no funds withheld regarding questioned costs identified of \$26,000 in stipends paid to unauthorized subcontractors. DCHS noted in its response to the KCAO audit that the program manager provided approval for the three subcontractors. When CN requested evidence of written approval from DCHS it noted written approval was not available.
Educate to Liberate Consulting	\$ 90,732	DCHS withheld amounts for unsupported overhead reported by the executive director (\$15,590), an unsubstantiated invoice (\$650), Streaming Services (\$40), and a request for an advance of funding for post-contract work (\$10,000). CN noted there were no costs withheld for prior unsubstantiated overhead, stipend questioned costs, and unapproved payments to the daughter of the DCHS program manager as an unauthorized subcontractor.
Empowering Youth and Families Outreach	\$ 2,711	DCHS withheld amounts for unauthorized subcontractors when identified in Q4 2024 details, but failed to identify or withhold amounts for prior payments to the same contractors of \$2,711.
Faith Finance Center	\$ 38,051	In the DCHS response to KCAO questionable costs, it noted that all expenses were deemed allowable, however, there were unsubstantiated payments to the executive director in excess of salary. In addition, the program manager's daughter was paid as both an unauthorized subcontractor and through payments to the executive director noted as being amounts due to the subcontractor.
Glover Empower Mentoring	\$ 165,004	DCHS deemed all expenses appropriate, using vendor confirmations to substantiate costs that couldn't be supported by the community partner. However, through testing the leases, invoices, and allocations provided we noted: 1) no reasonable allocation methodology for insurance or rent that tied to agreements provided, 2) no supporting documentation available from the community provider for \$107,601 of SafeFuture youth center payments, and 3) the Yohannes Bookkeeper providing much of the support also wasn't able to adequately substantiate its \$44,250 of payments between the general ledger and bank statement, despite maintaining the client's records.
Inspirational Workshops dba BRAVE	\$ 3,635	DCHS withheld amounts for "other admin charges" (\$1,095), Stipends/incentives (\$135), and subcontractors (\$250), but approved streaming services with no written approval of \$114 and a hotel journal entry for \$5,000 with no supporting documentation.
Restore Assemble Produce	\$ 7,200	DCHS withheld payment in the amount of \$19,903 for various other costs identified as part of both the KCAO audit, a site visit, and a desk review but authorized payment for items such as car washes, car payments, gifts, utilities, and unauthorized parent participation incentives.
ArtsEd Solutions	\$ 3,675	ArtsEd Solutions' \$3,675 is described as potentially improperly paid because the records reviewed show a commingled-funding issue but do not show either a fully supported overpayment calculation or a completed recovery. DCHS identified non-County funding, including a \$3,675 Seattle Office of Arts and Culture deposit, in the same account used for King County contract activity and concluded that ArtsEd should reimburse \$3,375 because the provider could not demonstrate fund accounting or an allocation methodology separating County-funded costs from Seattle-funded costs. That created a plausible overpayment risk, but the supporting records do not include the calculation tying the \$3,375 to specific expenses. The documentation also does not show a receivable, repayment, payment offset, or other evidence that the amount was actually recovered. As a result, the \$3,675 remains best characterized as unresolved potential loss exposure: DCHS identified a reimbursement obligation, but the documentation does not show the precise calculation or the final recovery.

KING COUNTY OFFICE OF THE OMBUDS

Appendix D - Funds Potentially Improperly Paid (Continued)
April 23, 2026

Breakout of Observations		
Community Partner	Funds Potentially Improperly Paid	Context
JSOL Studios	\$ 31,759	JSOL Studios' \$31,759 remains appropriately treated as unresolved potential loss exposure because the records reviewed do not show that the questioned amounts were later withheld, offset, repaid, or otherwise recovered. The total is made up of \$4,744 of related-party land and RV charges, \$21,080 of Hello Seven and Fueled4Gainz charges, and \$5,935 of stipend and cash-value-card activity. These amounts remained unresolved because the documentation did not establish a complete audit trail for allowability, approval, and payment. The related-party charges lacked a clear land lease or right-to-use basis, payment support, independent approval or conflict documentation, and strong fair-value support. The vendor charges lacked a complete agreement package, invoices, and proof of payment, and part of the Fueled4Gainz spending predated the only written agreement packet provided. The stipend and cash-value-card activity lacked participant-level logs and approvals. DCHS stated that no loss of public funds was proven, but that conclusion cannot be fully reperformed from the documentation provided. Because the records also do not show any later recovery of the \$31,759, the amount remains unresolved as potential loss exposure rather than as a conclusively recovered or closed item.
CS Media	\$ 30,552	CS Media's \$30,552 remains potentially improperly paid because the questioned charges were not shown as resolved, recovered, or formally offset after DCHS identified them. The records reviewed support \$25,396 of salary-related exposure, made up of \$7,896 of recurring monthly billings above the executed contract budget and a separate \$17,500 salary entry dated January 30, 2023 with no description and no payroll support. They also identify a \$300 cash meal charge lacking receipts and business-purpose support, plus \$4,856 of additional transactions for which the general ledger did not identify payees or payment methods and the supporting records DCHS said it used for desk review were not retained. DCHS followed up for additional support, but the provider did not resolve the gaps. Although DCHS noted that the recurring salary level was closer to the compensation figures reflected in the RFP, the records do not show an approved budget amendment, reclassification, or final reconciliation authorizing those charges under the executed contract. Because the documentation also does not show any withholding, repayment, recoupment, or other recovery, the amount remains best described as unresolved potential loss exposure.
Kreative Collective	\$ 2,075	Kreative Collective's \$2,075 is an estimate of unresolved amounts identified during our analysis of the documentation provided rather than items specifically identified in the monitoring letter. The records reviewed clearly support \$1,775 of sponsorship charges, plus at least \$200 of non-program travel or meal charges and at least \$100 of recurring Allianz travel-insurance charges. Those costs were identified as lacking a business purpose, falling outside approved budget categories, or lacking a clear connection to contract deliverables. The amount remains potentially improperly paid because the records expressly state that DCHS did not withhold any portion of the questioned costs from later payments and instead continued making full scheduled payments. The documentation also does not show a later offset, repayment, closeout reduction, or other reconciliation demonstrating recovery.
Victorious Youth	\$ 45,309	Victorious Youth's \$45,309 figure reflects the unresolved portion of questioned costs that still required substantiation at closeout, but the clearer net County exposure shown in the records reviewed is the separate \$32,180 potential overpayment. DCHS identified \$48,254 of costs to remove from actuals, including \$2,944 already treated as unallowable and \$45,309 of charges still needing substantiation. Those unresolved items included payroll support, stipend and cash-value-card documentation, cash-withdrawal support, and two Snazzy Eats charges flagged as potentially duplicative. DCHS also stated that Victorious Youth stopped responding to meetings and documentation requests and that payments were withheld accordingly. However, the documentation provided does not quantify the amount actually withheld or include the final closeout ledger needed to tie any withholds, offsets, repayments, or other recovery actions to the questioned-cost balance. The same records separately calculate a \$32,180 potential overpayment based on payments to date versus allowable expenses, which is the strongest supported net exposure. As a result, the amount remains potentially improperly paid because the closeout issues were not resolved and the final recovery path is not documented.
Total \$		446,703

Note: Any community partners not included either had no funds withheld or the full balance of questioned costs withheld



King County



KING COUNTY AUDITOR'S OFFICE

JUNE 16, 2025

Referring Issues of Potential Improper Payments for DCHS Investigation

TO:

Kelly Rider,
Director, Department
of Community and
Human Services

FROM:

Kymber Waltmunson,
County Auditor

The King County Auditor's Office identified multiple issues that may have resulted in the Department of Community and Human Services (DCHS) making improper payments on community service contracts.

Improper payments include overpayments and payments made when there is insufficient or a lack of documentation, according to Federal Internal Control Standards. This letter conforms with Generally Accepted Government Auditing Standards that require performance auditors to communicate in writing when issues warrant the attention of those with governance authority.

This is a formal request that the department facilitate a review of the issues listed below and report the results to our office. Upon the department's request, we will provide supporting evidence obtained during our performance audit. *Please let us know, within five (5) business days of receipt of this letter, how long this review and reporting effort will take.*

During a performance audit of DCHS, we reviewed a sample of contracts within the following programs:

- Best Starts for Kids' Liberation and Healing from Systemic Racism
- Best Starts for Kids' Stopping the School-to-Prison Pipeline
- Family Intervention and Restorative Services
- Restorative Community Pathways.

We reviewed a sample of contracts with payments of more than \$60,000, made between 2022 and 2024. We were more likely to sample organizations that did not have a fiscal site visit from DCHS between 2022 and 2024, and less likely to sample organizations whose contracts ended in 2023 or

started off-cycle from a request for proposals. We may have done a more comprehensive review of some organizations if more supporting documentation had been available on the department’s contract management systems.

Note: The information below shows potential improper payments found through the evidence and data available during our audit. Whether these are in fact improper payments, noncompliance, and/or fraudulent actions can only be determined by further review and/or by involving an adjudicative agency.

EXHIBIT A: Improper payment risks for Department of Community and Human Services review.

ORGANIZATION (CONTRACT)	POTENTIAL ISSUES
<p>ArtsEd Solutions (6336225)</p>	<p>Questionable costs: The organization’s expense report for the second quarter of 2023 includes \$10,000 in duplicate expenses due to four \$2,500 checks being recorded twice. It also includes several payments labeled as shareholders’ equity and contractor payments with no listed payee. Funding from the City of Seattle is included in the report, increasing the likelihood that some of the listed expenses should be reimbursed by the City and not DCHS. The contract budget includes \$50,000 for the line-item “other,” further limiting transparency.</p>
<p>Black Star Line ACFEC (6204058)</p>	<p>Forgery or alteration of document(s): The organization submitted an altered invoice for \$7,000 from Ithemba. Before it was edited, the document showed expenses of only \$1,000. Meanwhile, a December invoice provided by Ithemba showed payment of \$5,000, suggesting overpayment of either \$2,000 or \$6,000. Including the \$7,000 expense for Ithemba, the organization reported spending \$49,000 on consultants in December 2024. Other invoices for these consultants may also have been forged or for questionable expenses. For example, the invoices included payments to subcontractors for whom King County did not provide written approval, as required by contract terms. The payee listed on one of the invoices, Asha Heru for InsideOut Consulting, may be related to contract signer Marjon Heru, also known as Marjon Way-Bonkaana.</p>

Lack of documentation: The organization did not provide support for a \$10,000 subcontracting expense for Dr. RaShon in the same period.

Insufficient documentation: The organization did not submit sufficient documentation of stipend payments totaling \$22,700 in December 2024. Information about how much each participant received and in what form of payment was lacking.

The Breakfast Group
(6336224)

Questionable costs: The organization did not submit general ledgers, only summary statements.

Financial management, conflict of interest risk: In 2021, the organization reported that it gave a cash grant of about \$111,000 to “Stemtac.” Both Stemtac LLC and Stemtac Foundation are affiliated with Al Herron, who was on the organization’s board. DCHS terminated its contract with Stemtac Foundation, signed by Executive Director Al Herron, effective January 2024.

Bridging Cultural Gaps
(6336226)

Questionable costs: The organization reallocated about 10 percent of its total budget and 100 percent of its subcontractor budget without a contract amendment. The contract budget includes \$45,275 for subcontractors, \$23,200 for scholar and parent incentives, and \$0 for professional development and training. However, in its budget to actuals report, the organization said its subcontracting partnership “ended,” and it planned to use \$37,575 for professional development and training and add \$5,000 to its budget for incentives. The organization used the funds to make large payments to individuals. One person, Abduqadir Hussein, received \$15,000 between July 2024 and March 2025. Laki Mahamud and Omar M. Hassan received \$6,000 and \$5,000, respectively. The organization reported Laki Mahamud’s \$6,000 payment as professional development in the first quarter of 2025, while it reported paying that individual the same amount as wages in the fourth quarter of 2024. The organization was on track to overspend its staffing budget at the time of the budget reclassification.

CS Media
(6336221)

Questionable costs: The organization’s expense reports do not align with budgeted salary expenses and lack sufficient detail. For example, in the first six months of 2023, the organization reports monthly salaries of \$6,583, about 25 percent higher than indicated by its contract budget. In addition,

some expenses lack information on who received payment and what form of payment was used. One expense reported for May 2023 was \$300 with the memo "cash for dinner before play."

**Educate to
Liberate
Consulting**
(6336237)

Questionable costs: The organization's spending on subcontractors exceeded its line-item budget by more than 10 percent. Its original \$350,000 budget had no funding allocated to subcontractors, but general ledgers suggest spending of \$106,000.

DCHS approved the organization to spend \$75,000 for stipends in a January 2025 contract amendment. Agreements and other documentation show the stipends going to 11 individuals in monthly payments of \$500, \$1,000, or \$2,000. The agreements do not list any deliverables and only include time commitments of at least 10 hours a week for parents earning \$2,000 per month. Several of the people listed as recipients also received payments under other contracts. Payments to Anna Graham and her children Heavenlee (or Heavenly) and Bless were included on general ledgers for Unleash the Brilliance from 2023 to 2024, while a business registered by Anna Graham, i.e., Humble Barbie, also received \$2,800 from Faith Finance Center. Anna and Bless Graham were on the review panel for Liberation and Healing's 2022 request for proposal. Cutonja Vann and Mariah Vann received stipends from the organization and Faith Finance Center. Tamara Woods received stipends from Trafton International Consulting Group, while Jazmine Parker received payments from Victorious Youth.

**Empowering
Youth and Families
Outreach**
(6437102)

Forgery or alteration of document(s): The organization likely submitted forged invoices and agreements with signatures dated in 2022, 2023, and 2024. The board president and relative of the executive director, John Shoecraft, and a key employee, Ruby (a.k.a. Rubee) Taylor, created these documents for two subcontractors, Maria Gomez and Ruby Taylor, in 2025.

Financial management, conflict of interest risk: As support for another subcontracting expense for More to Life, the organization submitted an agreement signed by Taylor S. Jones (a.k.a. Taylor Shoecraft), another key employee who is a relative of Executive Director Charlett Shoecraft. The executive director is the registered agent of More to Life.



**Faith Finance
Center (FFC)**
(6336227)

Questionable costs: The organization’s subcontract spending exceeded the line-item budget by more than 10 percent. The \$1.03 million budget for the FFC contract allocates \$63,000 to subcontractors, while general ledgers through December 2024 show spending of \$439,000. (See also Educate to Liberate Consulting.)

**Glover Empower-
Mentoring**
(6204682)

Questionable costs: The organization submitted summary statements in lieu of general ledgers for the first and third quarters of 2024. Copies of two checks provided upon request did not match general ledger amounts or payees.

Lack of documentation: The organization did not provide requested documents, including a copy of a check for \$4,378, a lease to validate rent payments, insurance to validate premium payments, and proof of payments to subcontractor SafeFutures and Yohannes Bookkeeping from a financial institution.

**Inspirational
Workshops dba
BRAVE**
(6437138)

History of fraud: The founder and CEO, Theresa Carter-Vincent (a.k.a. Theresa Hardy) may have been sentenced by the US District Court in Seattle in a bank fraud scheme in 2009, along with her mother (Kathy Hardy) — the registered agent of the organization — and sister (Leslie Gordon).

Conflict of interest: The chief executive and board president are the same person.

Insufficient documentation: A request to the Renton School District for the agreement between the organization and its school partner, Talbot Hill Elementary, resulted in a document with the organization’s logo but signed in May 2025 only by the school principal, whose signature appears on the signature line for both parties.

Questionable costs: General ledgers include payment for transportation provided a month before the contract term began, consultant fees (for Danielle Ishem) categorized inconsistently as both staff and contractors, and streaming services including Amazon Prime and Disney Plus. The contract budget includes a \$12,600 line-item for “other.”



JSOL Studios
(6336219)

Financial management risk: The organization’s general ledgers included payments to contract signer Sabine Thomas for rent and “owner’s pay and personal expenses.” The ledgers included expenses tied to at least two credit cards and one debit account. Some payments for contractors and professional development went to entities registered outside Washington State, namely Fueled4Gainz (a.k.a. Vladimir Thomas) and Hello Seven.

Kreative Collective
(6336220)

Questionable costs: The organization submitted summary statements in lieu of general ledgers.

**Partners for
Education Reform
and Student
Success**
(6336228)

Questionable costs: The organization submitted profit loss detail in lieu of general ledgers. These reports had blanks for some payees, including staff. One wage entry was a one-time payment of \$15,516 with no detail. The contract budget includes a \$7,500 line-item for “other.”

**Praxis Institute for
Early Childhood
Education**
(6336222)

Questionable costs: The organization’s expenses reports suggest that the executive director is earning 46 percent more than budgeted and reimbursed herself more than \$12,000 in expenses in January 2024.

Financial management, conflict of interest risk: Public records do not verify relationship between the contract signer, Debra Sullivan, and the organization. She is not on filings with the Washington Secretary of State or the Internal Revenue Service. Debra Sullivan was the executive director of a different organization, Ashe Preparatory Academy, when it dissolved in November 2020. A co-founder of Black Star Line, Marjon Heru, was on the board of Ashe Preparatory Academy. A likely relative of Marjon Heru, Dakaria Heru, receives payment from Praxis.

The organization’s treasurer, named in 2025 filings with the state, Noni Ervin, was also the manager of Black 4 Enterprises, a for-profit business that received more than \$54,000 in contract payments between May 2023 and October 2024. Budget to actuals reports show that the organization had already overspent its subcontracting budget by March 2024.



**Restore Assemble
Produce**
(6336229)

Insufficient documentation: The organization provided bank statements showing cash withdrawals of \$4,505 and \$10,010 as support for rent expenses of \$2,252.50 and \$5,000 in June and December 2024, respectively. Other rent expenses within 2024 were for different amounts averaging about \$3,000 per month where the period was specified. The organization also provided a subcontracting agreement for \$5,164 as support for multiple payments totaling \$24,000 to Olivia Scott in the fourth quarter of 2024. Scott is the registered agent for the organization.

Questionable costs: The organization’s general ledgers had other issues such as blanks for payee information, and likely unallowable costs such as monthly carwashes.

Financial management risk: The executive director, Latasha Jackson-Rodriguez, reported loaning herself \$14,000 from the organization without board or committee approval or a written agreement in 2021.

Ryther
(6277312)

Questionable costs: The organization did not submit expense reports in the form of general ledgers for its Family Intervention and Restorative Services respite center program. Some costs, such as IT and insurance, may be administrative but are on top of, instead of included in, the administrative cost allocation of 10 percent. The Behavioral Health and Recovery Division, which manages this contract, said that it did not have a definition of administrative costs.

**Trafton
International
Consulting Group**
(6336232)

Financial management risk: The executive director runs another entity which had its federal tax-exempt status automatically revoked in May 2023 for not filing financial reports for three consecutive years.

**Unleash the
Brilliance**
(6336233)

Questionable costs: The organization reported spending \$96,000 on parent/student stipends between 2023 and 2024. During that period, general ledgers suggest that three people — Krystle (or Krystal) Carver, Anna Graham, and Tier Simon (or Tier Matthews) — received between \$8,000 and \$10,000 each. (See also Educate to Liberate Consulting.)



Victorious Youth
(6336234)

Questionable costs: The organization submitted balance sheets in lieu of general ledgers. These documents lacked sufficient detail and included gift cards, cash withdrawals, and potentially duplicate costs.

Source: King County Auditor's Office analysis



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NON-AUDIT • This letter is not an audit as defined in Generally Accepted Government Auditing Standards, but conforms to similar requirements for independence, objectivity, and quality.



Department of Community and Human Services

401 Fifth Avenue, Suite 400
Seattle, WA 98104

Phone: 206-263-9100
TTY Relay Service: 711

May 15, 2026

Jeremy Bell, Ombuds Director
Office of the Ombuds
Dexter Horton Building
710 Second Avenue, Suite 500
Seattle, WA 98104
Email: Jeremy.Bell@kingcounty.gov

RE: Response to DCHS Programmatic Contract Evaluation

Dear Jeremy Bell:

Thank you for providing the “Programmatic Contract Evaluation” report conducted by a third-party organization at the Department of Community and Human Services’ (DCHS) request to ensure a thorough and unbiased review of the 19 contracted providers referred to in the King County Auditor’s Office (KCAO) report. DCHS is submitting this letter in response to the Memorandum and Recommendations from the Office of the Ombuds, as well as the Observations and Recommendations in the Programmatic Contract Evaluation submitted by Clark Nuber P.S., as allowed per your email dated May 1, 2026.

The independent report, that covered contracts between 2022 and 2024, underscores key themes in the King County Auditor’s Office (KCAO) report for DCHS to strengthen internal controls, contracting policies and procedures, and financial stewardship. Over the last eight months, DCHS has made a firm commitment and significant progress to strengthen financial oversight across the department. According to the [KCAO's April 2026 Report](#), this commitment is producing tangible results: DCHS has launched comprehensive anti-fraud training for all department staff, implemented [provider trainings](#) to empower community-based organizations in contracting and financial stewardship, and [established new policies](#) to tighten oversight of public dollars.

Clarification in the Report

While the report acknowledges that DCHS withheld payments from contracted providers before and during the audit and Clark Nuber's review, DCHS requests the following correction be made for accuracy.

Total Potential Improper Payments

The Clark Nuber report looked at \$12 million across 19 contracts and identified \$690K in questionable costs, of which DCHS has already withheld \$370K. This means the total amount of potential improper payments is **\$320K**—not \$446K, as stated in the report.

The report identifies costs requiring further consideration due to documentation gaps, procedural concerns, or questions about technical compliance with County contracting standards. DCHS acknowledges that incomplete documentation and inconsistent contract administration are serious issues that warrant accountability and corrective action. However, questioned costs should not be treated as a final determination of improper payment or financial loss. In several instances, DCHS has identified additional context, including payment and contract records, program information, circumstantial supporting evidence, and staff attestations indicating that costs were deemed allowable and services were provided to the community consistent with contract expectations. For this reason, DCHS views the \$320K estimate (above) as a preliminary maximum exposure amount, which may decrease through final reconciliation with the King County Finance and Business Operations Division (FBOD) as withheld payments are validated, available support is reviewed, and costs requiring recovery or corrective action are identified.

DCHS will work closely with King County FBOD to determine next steps to resolve any remaining questionable costs and ensure accountability.

Potential Fraud, Waste, or Abuse

To date, no specific fraud has been confirmed. What is specified in the Clark Nuber report are observations that indicate 'possible fraud, forgery, or attempted theft' and those items will be referred to law enforcement by the Ombuds Office. DCHS asks that until law enforcement completes their investigation, speculation not be made.

DCHS is Making Changes

Many of the recommendations made in the evaluation are already being addressed by DCHS.

- In July 2025, DCHS implemented an updated Contract Compliance Monitoring Policy and concerns escalation protocol to ensure consistent contract monitoring and more timely response when programmatic or fiscal concerns are revealed.
- The report identified payments to unauthorized subcontractors as potential improper payments. This year, DCHS developed and implemented a Subcontract Review and Management Procedure and job aids with clear standard steps and expectations for contract managers to enforce and document contract requirements, including requirements for all subcontracts. DCHS will continue to strengthen documentation of subcontractor requirements and other internal processes to mitigate conflicts of interest within funding contracts.
- In response to the 2025 KCAO report findings, DCHS implemented several new policies and procedures, and training, on things such as invoice validation procedures, stipends and prepaid cards; amending and terminating contracts; and procedures for when contract payments exceed actual expenditures. DCHS will continue to develop procedures that provide more specific, standardized documentation requirements for contracted providers.
- In March 2026, DCHS launched three contractor trainings: Financial Management and Best Practices, DCHS Contracting Overview, and Fiscal Contract Compliance. The Financial Management and Best Practices Training is required for all contractors with multi-year contracts. Eighty percent of contractors who have completed this training report feeling more prepared to manage their DCHS contract(s). These training courses and additional contract language modifications will continue to strengthen financial management oversight and minimum accounting and recordkeeping standards for contracted providers.
- In April 2026, DCHS launched a required anti-fraud training course for all department staff.
- Additionally, DCHS is prioritizing recruitment of a Chief Compliance Officer (a new position in the department) and increasing staffing on its fiscal compliance team to provide stronger oversight and timely monitoring of DCHS contracts.

The evaluation also highlights a need and recommendations for additional Countywide structures, personnel, and other supports to ensure a robust Ethics Program within the Executive Branch, including routine frequent ethics training and oversight. DCHS is working with the Executive's Office on King County Code of Ethics updates; this request aligns with the Ombuds recommendation. DCHS shares the concern regarding the

conflicts of interest with contracted providers and the need for greater documentation standards in the department and of providers.

Over the past five years, DCHS has grown rapidly. The department's budget has doubled, and the scale of programs has expanded without commensurate staffing or structures. With that growth comes a responsibility to ensure we have necessary functions, staffing, policies, and procedures in place to support this critical work, and to see that every dollar invested most effectively serves the region.

DCHS is strengthening internal controls and ensuring greater oversight, transparency, and accountability. Many of these efforts align directly with King County Executive Zahilay's [Executive Order](#) to strengthen financial oversight and improve accountability Countywide. DCHS will continue to work with the Executive's Office to make changes and respond to the recommendations made by the KCAO, the King County Council, the Office of the Ombuds, and the Programmatic Contract Evaluation report.

Sincerely,



Susan McLaughlin
Acting Department Director

cc: Shawn Abernethy, Deputy Director, Office of the Ombuds
Jon Steir, Principal Deputy Ombuds, Office of the Ombuds
Anna Endter, Senior Deputy Ombuds, Office of the Ombuds
Hyeok Kim, Chief Operating Officer, Office of the King County Executive
Ken Guy, Director, Finance and Business Operations Division, Department of Executive Services
Eben Sutton, Chief Accountant, Finance and Business Operations Division, Department of Executive Services
Amber Green, Deputy Director, DCHS
Kevin Lo, Chief Financial and Operating Officer, DCHS
Jennifer Tanaka, Division Director, Children, Youth & Young Adults Division, DCHS



King County

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Jeremy Bell, Ombuds-Director

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To: Susan McLaughlin, Director, Department of Community and Human Services (DCHS)

From: Jeremy Bell, Director, Office of the Ombuds
Shawn Abernethy, Deputy Director, Office of the Ombuds
Jon Stier, Principal Deputy Ombuds, Office of the Ombuds
Anna Endter, Senior Deputy Ombuds, Office of the Ombuds

Date: May 18, 2026

Re: DCHS Programmatic Contract Evaluation

Dear Director McLaughlin,

We are writing to confirm receipt of DCHS's May 15, 2026, response to the Ombuds Office's May 1, 2026, memorandum and DCHS Programmatic Contract Evaluation report. We appreciate you taking the time to respond and for DCHS's continued progress on responsible stewardship and strengthening financial controls.

We have reviewed your request for a correction to the DCHS Programmatic Contract Evaluation report; specifically, DCHS believes that the total amount of potentially improper payments as identified by forensic accounting firm Clark Nuber should be reduced. Clark Nuber based its forensic analysis on records provided by DCHS. We therefore believe that Clark Nuber had a verifiable basis upon which to calculate total possible improper payments and we decline to alter the report. While we are pleased to read that DCHS is engaged in additional financial review beyond the data and records provided to Clark Nuber, we encourage the department to continue working with FBOD as outlined in your response.

Respectfully,

Signed by:

Jeremy Bell

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