



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Whitman County Fire Protection
District No. 12

For the period January 1, 2013 through December 31, 2016

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**Office of the Washington State Auditor
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November 19, 2018

Board of Commissioners
Whitman County Fire Protection District No. 12
Pullman, Washington

Report on Accountability

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

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

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, District operations did not comply with applicable state laws, regulations, and its own policies. Additionally, the District did not provide adequate controls over safeguarding of public resources.

As referenced above and described in the attached finding, we identified areas in which the District could make improvements.

These recommendations are included with our report as a finding.

As referenced above, we also noted certain matters that we communicated to District management and Board of Commissioners in a letter dated November 8, 2018 related to procurement of purchases. We appreciate the District's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of Whitman County Fire Protection District No. 12 from January 1, 2013 through December 31, 2016.

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

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. Our audit involved performing procedures to obtain evidence about the District's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, based on our risk assessment for the years ended December 31, 2016, 2015, 2014 and 2013, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Monitoring and use of credit cards
- Procurement – purchases, sole source and piggybacking

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

2017-001 The District lacked adequate internal controls and monitoring over credit card use to ensure safeguarding of public resources.

Background

State law (RCW 43.09.2855) allows local governments to contract for the issuance of credit cards, provided they adopt a system for distribution, authorization, control and use of the credit cards and payment of the bills. The District Board and management are responsible for establishing policies and procedures to control credit card use, and for obtaining adequate documentation to support every purchase.

The District did not have established policies and procedures defining proper use and monitoring of the cards, nor documentation required to support charges.

For fiscal years 2013 through 2016, credit card purchases averaged \$16,506 annually for office supplies, equipment, meals for meetings, employee travel and conference registrations. The District has three credit cards, of which two are issued in the District's name and one is issued in the Fire Chief's name.

Description of Condition

Our audit found the District did not have adequate internal controls over monitoring credit card usage, including ensuring all charges were adequately supported and for a valid business purpose. Specifically, during our review of credit card purchases we noted:

- The District did not retain credit card statements and supporting purchase documentation, such as itemized receipts or invoices, for 12 of 48 months in our audit period. The District subsequently obtained the statements from the credit card provider but could not provide receipts, invoices or other documentation to support purchases totaling \$10,856.
- Of the purchases tested totaling \$15,458, the District did not have adequate support for 44 percent or \$6,799 of purchases to demonstrate the purchases were for valid business purposes.

Cause of Condition

The District did not dedicate the necessary resources to establish policies and procedures and to monitor credit card purchases for adequate support and valid business purposes.

Effect of Condition

Without proper internal controls and procedures to monitor credit card purchases, the District cannot adequately safeguard its use of public funds and ensure purchases are supported and for valid business purposes.

Recommendations

We recommend the District:

- Establish and follow credit card policies and procedures defining proper use and monitoring of the cards and documentation required to support payments
- Ensure all credit card purchases are reviewed, monitored and adequately supported

District's Response

Whitman County Fire District 12 has closely reviewed the auditor's findings and we are working diligently to implement the recommended changes, policies and procedures outlined in your audit.

At the request of the auditor's office we are working to educate our board on the RCWs and policies related to procurement, credit card policies and public open meeting formatting and organization. The district has already implemented new policies and procedures in regards to these issues and we will strive to review and update those policies on an annual basis. The district is actively working to safeguard public resources and support our purchases with the appropriate documentation.

Whitman County Fire District 12 plans to work closely with the auditor's office and the performance center to improve accountability and safeguarding of public resources.

Auditor's Remarks

We appreciate the steps the District is taking to resolve this. We will review the condition during our next audit.

Applicable Laws and Regulations

RCW 43.09.2855, Local governments—Use of credit cards.

RCW 42.24.115, Municipal corporations and political subdivisions—Charge cards for officers' and employees' travel expenses.

INFORMATION ABOUT THE DISTRICT

Whitman County Fire Protection District No. 12 has approximately 37 volunteer firefighters who provide fire protection and suppression services to the City of Pullman and surrounding areas.

An elected, three-member Board of Commissioners governs the District. The District's annual revenues for fiscal years 2016, 2015, 2014 and 2013 were \$643,689, \$690,336, \$303,126 and \$285,943, respectively.

Contact information related to this report	
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Information current as of report publish date.

Audit history

You can find current and past audit reports for Whitman County Fire Protection District No. 12 at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
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