



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Shoreline Fire Department
King County

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

Published August 27, 2018

Report No. 1020241





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

August 27, 2018

Board of Commissioners
Shoreline Fire Department
Shoreline, 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 report on the District's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for 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

TABLE OF CONTENTS

Audit Summary.....	4
Schedule Of Audit Findings And Responses.....	5
Related Reports.....	8
Information About The District	9
About The State Auditor’s Office.....	10

AUDIT SUMMARY

Results in brief

In most areas we audited, District operations complied with applicable requirements and provided adequate safeguarding of public resources. The District also complied with state laws and regulations and its own policies and procedures in most areas we examined.

However, we identified areas in which the District could make improvements.

We recommended the District ensure that purchases made through purchasing cooperatives or other government municipalities comply with the District's applicable laws and regulations. In addition, the District should retain documentation of its efforts to verify the purchase complied with Washington procurement regulations before making the purchase.

These recommendations were included in our report as a finding.

About the audit

This report contains the results of our independent accountability audit of Shoreline Fire Department from January 1, 2016 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.

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, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Procurement: piggyback contract
- Financial condition
- Small and attractive assets
- Property acquisition: Fire Station 63
- Interlocal agreements

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

2016-001 The District did not verify purchases made through its purchasing cooperative complied with the state laws and regulations.

Background

Fire districts are required to competitively bid all purchases over \$50,000 (RCW 52.14.110). Specifications for the purchases must be available to all interested parties and must be approved by the governing body. The submitted bids must be opened and read publicly at a fixed time and place.

State law allows fire districts to fulfill bidding requirements through a process referred to as piggybacking. “Piggybacking” refers to one local government making purchases from contracts awarded by another government or group of governments via an interlocal agreement or contract. To ensure compliance when procuring through piggybacking, the local government must ensure its own bidding requirements are met before expending public funds.

Description of Condition

In 2016, Shoreline Fire District entered into a purchasing cooperative to purchase a ladder truck totaling \$1,187,500. The District observed other public agencies use the same purchasing group and verified state law authorized the use of purchasing cooperatives.

However, the District did not ensure the procurement process used by the purchasing cooperative complied with Washington bid requirements. The purchasing cooperative selected a vendor using a request for proposal process, rather than a formal competitive bidding process.

Cause of Condition

The purchasing cooperative’s procurement method complied with the out-of-state lead agency’s bid requirements; however, it did not satisfy the procurement regulations in Washington. The District believed all Washington procurement regulations were met by entering into the cooperative contract. However, the District did not know they were required to verify and maintain evidence that Washington’s bid laws were satisfied.

Effect of Condition

The District cannot demonstrate it adequately safeguarded public resources by ensuring that the purchase complied with the District's applicable laws and regulations.

Recommendation

We recommend the District ensure that purchases made through purchasing cooperatives or other government municipalities comply with the District's applicable laws and regulations. In addition, the District should retain documentation of its efforts to verify the purchase complied with Washington procurement regulations before making the purchase.

District's Response

The Shoreline Fire Department is committed to cooperating with the State Auditor to ensure that our Department is managed and operated in full compliance with the law. The Department is also committed to complying with all public bidding laws to ensure that public funds are spent in the most responsible and efficient manner possible.

Unfortunately, when purchasing the ladder truck, our Department did not ensure the procurement process used by the purchasing cooperative complied with Washington State bid requirements. This was an unintentional oversight of our policy language; however, the purpose of engaging with this purchasing cooperative was solely in the interest of saving the taxpayers money. In the end, we believe that this purchase resulted in savings to the citizens as we were provided with multiple discounts.

Although we had this misstep, the Department felt due diligence was applied by researching the purchasing cooperative contract with Pierce, other public agencies that had made the purchases under the same contract, reading of the Washington State Interlocal Cooperative Act, and solicitation of a legal opinion from counsel. The language of the Interlocal Cooperative Act authorized the use of the purchasing cooperative contract. While we disagree with the decision to issue the Department a finding, we understand that it was our responsibility to collect and maintain evidence that Washington's bid laws were satisfied.

We are planning to implement additional internal controls to ensure that the State bid requirements are met going forward by requiring that employees responsible for purchasing on behalf of the Department to present verification to the Commissioners that all statutory requirements have been met before a request for approval is presented to the Board.

In conclusion, our Department performed due diligence in evaluating and initiating the purchase, but erred in piggybacking onto a contract that was non-compliant with State law. This error likely did not cost our taxpayers additional funds, but we recognize the importance of being compliant with bid laws. The Department views these annual audits as a part of our continuing quality improvement process meant to improve our methods for safeguarding the citizen's dollars.

Auditor's Remarks

We appreciate the District's commitment to resolve the finding and thank the District for its cooperation and assistance during the audit. We will review the corrective action take during our next regular audit.

Applicable Laws and Regulations

RCW 52.14.110, Purchases and public works – Competitive bids required – Exceptions, establishes the procurement thresholds for fire protection district.

RCW 39.34.030 (5)(b), Joint powers—Agreements for joint or cooperative action, requisites, effect on responsibilities of component agencies—Joint utilization of architectural or engineering services—Financing of joint projects, states that entering into a cooperative agreement does not relieve any public agency of its responsibility imposed upon by law.

RELATED REPORTS

Financial

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DISTRICT

King County Fire Protection District No. 4 was formed in 1939 and now operates as Shoreline Fire Department. The District serves a population of approximately 55,000 citizens within the City of Shoreline, approximately 14 square-miles. In addition, the ALS program serves the cities of Bothell, Kenmore, Lake Forest Park and a portion of Woodinville resulting in an additional population of 75,000 in an area of approximately 22 square-miles. The District provides 24-hour coverage for fire suppression, technical rescue, emergency medical and advanced life support, fire prevention and education, fire investigations, inspections and code compliance to its service area.

An elected, five-member Board of Commissioners governs the District. The Board appoints a Fire Chief to oversee the District's daily operations as well as its 120 employees. In fiscal year 2016, the District operated on an annual budget of about \$24.6 million.

Contact information related to this report

Address:	Shoreline Fire Department 17525 Aurora Avenue N. Shoreline, WA 98133
Contact:	Joyce Brown, Administrative Director
Telephone:	(206) 533-6570
Website:	www.shorelinefire.com

Information current as of report publish date.

Audit history

You can find current and past audit reports for Shoreline Fire Department 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	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov