



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Washington State Commission on African American Affairs

For the period July 1, 2015 through June 30, 2017

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

July 19, 2018

Edward Prince
Executive Director
Washington State Commission on African American Affairs
Olympia, 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 Commission 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 Commission'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,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

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 those selected areas, Commission operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

About the audit

This report contains the results of our independent accountability audit of the Washington State Commission on African American Affairs from July 1, 2015 through June 30, 2017.

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

This audit was conducted under the authority of RCW 43.09.310, which requires the Office of the State Auditor to examine the financial affairs of all state agencies. Our audit involved performing procedures to obtain evidence about the Commission's use 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 June 30, 2017 and 2016, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- **Restricted Funds** – We reviewed internal controls and tested expenditures made with donated funds to ensure they complied with state policy and any restrictions imposed by the donor.
- **Receipt of Donations** – We reviewed internal controls and tested donations to ensure they were properly receipted into the Commission's account and not diverted into a non-profit.
- **Purchase Cards** – We reviewed internal controls and tested a selection of purchase card transactions to ensure they were authorized, supported, allowable and recorded correctly.
- **General Disbursements** – We reviewed internal controls and tested a selection of general disbursements to ensure they were authorized, supported, allowable and recorded correctly.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Washington State Commission on African American Affairs July 1, 2015 through June 30, 2017

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

Audit Period: July 1, 2012 through June 30, 2013	Report Ref. No.: 1016309	Finding Ref. No.: 2013-001
Finding Caption: The Commission on African American Affairs diverted public funds to a private organization and could not demonstrate funds were spent in accordance with state law.		
Background: In December 2006, the Commission's former Executive Director entered into an agreement with a former Commissioner's non-profit. This agreement allowed the Commission's public funds to be diverted to, and spent by, the non-profit. Additionally, the agreement allowed the former commissioner complete access and control of the Commission's money. Between December 2006 and February 2012, when the agreement was in place, our audit found that the former Commissioner's non-profit made \$258,000 in unsupported or unallowable payments with Commission dollars. Total donations collected on behalf of the Commission during this time period were \$284,000. Our audit found the Commission did not have adequate internal controls to prevent public funds from being diverted. Our audit also found the Commission did not have adequate internal controls to ensure the diverted public funds were spent appropriately in accordance with state law, supported, and did not violate conflict of interest and ethics laws. We recommended the Commission establish internal controls over Commission funds in accordance with state law. We also recommended the Commission ensure adequate monitoring and approval procedures over all public funds including ensuring records are retained to support the business purpose of all purchases. We further recommended a review over financial reports and bank statements of all Commission funds monthly and that the Commission seek the advice of the state Attorney General's Office to ensure that conflict-of-interest or state ethics laws are not violated.		

Status of Corrective Action: (check one)☒ Fully
Corrected☐ Partially
Corrected☐ Not Corrected☐ Finding is considered no
longer valid**Corrective Action Taken:**

Establish internal controls over commission funds in accordance with state policy requirements

Ensure adequate monitoring and approval procedures are in place over all public funds

Ensure records are retained to support the business purpose of all purchases in accordance to the state records retention schedules

Review financial reports and bank statements of all commission funds monthly

Seek the advice of the State Attorney General's office to ensure conflict of interest or ethics laws are not violated.

INFORMATION ABOUT THE COMMISSION

An Executive Order was issued in 1989 to establish the Commission on African American Affairs. The Commission was made into Washington state law in 1992. The Commission's function is to develop better public policy on delivering government services to the African American Community. The Commission's mission is to encourage the development and implementation of policies, programs and practices, which are specifically intended to improve conditions affecting the cultural, social, economic, political, educational, health and general well-being of African American people throughout the state.

The Commission's Advisory Board is made up of nine Governor-appointed Commissioners. Commissioners serve three-year terms and may serve two consecutive terms. Franklin Donahoe is the current Commission Chairperson. The Commission's only office is located in Olympia, staffed with the Governor-appointed Executive Director and an Executive Assistant. For the 2015-2017 biennium, the Commission's operating budget was approximately \$502,000. The Commission also receives gifts, grants and endowments from public and private sources.

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

Audit history

You can find current and past audit reports for the Washington State Commission on African American Affairs 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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