



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

## **Accountability Audit Report**

# **Washington Schools Risk Management Pool**

**For the period September 1, 2016 through August 31, 2017**

**Published November 13, 2018**

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

November 13, 2018

Executive Board  
Washington Schools Risk Management Pool  
Tukwila, 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 Pool 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 Pool'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 those selected areas, Pool 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 Schools Risk Management Pool from September 1, 2016 through August 31, 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 43.09.260, 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 Pool'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 year ended August 31, 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Property and liability self-insurance solvency
- Disbursement claims processing

## RELATED REPORTS

### **Financial**

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE POOL

The Washington Schools Risk Management Pool was formed on August 31, 1986, pursuant to Chapter 48.62 of the Revised Code of Washington. The Pool's purpose is to provide its members the capability and authority to jointly purchase property/liability insurance, establish and maintain a reserve to pay for self-insurance coverage, provide a plan of self-insurance, and provide related services, including a cooperative program of risk management.

The membership of the Pool consists of approximately 93 members, including seven educational service districts and seven interlocal cooperatives with a total insured value of approximately \$22 billion.

The Pool is governed by a 10-member Board of Directors, as well as seven ex-officio members who are appointed and non-voting. Board Members are elected from the member districts to serve staggered, three-year terms. The Board appoints an Executive Director to oversee the Pool's daily operations. The Pool employs no staff but instead contracts with Puget Sound Educational Service District No. 121 for administrative support.

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*Information current as of report publish date.*

## Audit history

You can find current and past audit reports for the Washington Schools Risk Management Pool 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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