



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
**Housing Authorities Risk Retention
Pool
(HARRP)**

For the period January 1, 2018 through December 31, 2019

Published October 15, 2020

Report No. 1027127





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

October 15, 2020

Board of Directors
HARRP
Vancouver, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor 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.

Attached is 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

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

Audit Results.....	4
Related Reports.....	5
Information about the Pool	6
About the State Auditor's Office.....	7

AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Pool operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the HARRP from January 1, 2018 through December 31, 2019.

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 obtaining evidence about the Pool's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2019 and 2018, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – general disbursements, employee reimbursements, and electronic funds transfers
- Payroll – leave balances and accruals, leave cash outs, and electronic funds transfers
- Accounts receivable – billings, adjustments, and collections of premiums
- Self-insurance for unemployment
- Pool solvency

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 Housing Authorities Risk Retention Pool, doing business as HARRP, provides a full range of risk management services and coverages for its members. The Pool's primary purpose is to provide its member entities a cooperative program of indemnification and financial protection against risks of loss relating to the properties and operations of the members and a cooperative program of risk management. The Pool provides self-insured coverage for property, general liability, automotive liability, errors and omissions (including employment practices liability) and fidelity.

An appointed, nine-member Board of Directors governs the Pool. The Board is composed of three representatives of the Association of Washington Housing Authorities, three representatives of the Oregon Housing Association and three representatives of the California Association of Housing Authorities. The Board appoints management to oversee the Pool's daily operations as well as its eight employees. For the years 2018 and 2019, the Pool operated on approximately \$7 million and \$8.2 million in revenues, respectively.

Contact information related to this report	
Address:	HARRP 7111 NE 179 th Street Vancouver, WA 98686
Contact:	William Gregory, ARM, CPSI, CIE, Executive Director
Telephone:	(360) 574-9035
Website:	www.harrp.com

Information current as of report publish date.

Audit history

You can find current and past audit reports for the HARRP 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	(564) 999-0950
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov