



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board

(LEOFF Plan 2 Retirement Board)

For the period July 1, 2017 through June 30, 2021

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

March 28, 2022

Steve Nelsen
Board of Trustees
LEOFF Plan 2 Retirement Board
Olympia, 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 Board 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 Board'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 value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Board 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.

However, we noted certain matters related to the Open Public Meetings Act that we communicated to Board management and the Board of Trustees in a letter dated March 23, 2022. We appreciate the Board's commitment to resolving those matters.

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 LEOFF Plan 2 Retirement Board from July 1, 2017 through June 30, 2021.

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 Washington State Auditor to examine the financial affairs of all state agencies. Our audit involved obtaining evidence about the Agency'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 June 30, 2021, 2020, 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:

- Payroll – gross wages, overtime, leave balances and accruals, and commute trip reduction incentive payments
- Accounts payable – general disbursements, credit cards, travel expenditures, electronic funds transfers and employee reimbursements
- Open public meetings – documentation of minutes, executive sessions and special meetings
- Employee benefits – recognition awards

INFORMATION ABOUT THE BOARD

The Washington State Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board was created by Initiative 790, passed by the people of Washington State in November 2002.

The Board was established in July 2003. The 11-member governing Board is comprised of three active fire fighters, three active police officers, three employers and two legislators. Board Members are appointed by the Governor.

The Board is a policy-making body with the responsibility to study pension issues, be fiduciaries of the LEOFF Plan 2 retirement plan, set contribution rates and recommend pension policy to the Legislature in the interest of the members and beneficiaries of LEOFF Plan 2.

The Board has one office located in Tumwater, staffed with eight employees who provide research and administrative assistance. Funding for the Board comes from the LEOFF 2 pension fund. In 2021, the Board had an annual operating budget of \$1.6 million.

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 LEOFF Plan 2 Retirement Board at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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