



Office of the Washington State Auditor  
Pat McCarthy

## **Accountability Audit Report**

# **Tacoma Community College**

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

*Published February 24, 2022*

Report No. 1029967



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

February 24, 2022

Board of Trustees  
Tacoma Community College  
Tacoma, 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 College 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 College'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

***Americans with Disabilities***

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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, College 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 Tacoma Community College 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 College'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:

- Cash receipting – timeliness and completeness of deposits at main cashier
- Payroll – base pay
- Accounts payable – general disbursements, credit cards, and electronic fund transfers
- Data backup & recovery
- User access
- CARES Act revenue
- Open public meetings – documentation of minutes, executive sessions, and special meetings

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Tacoma Community College July 1, 2017 through June 30, 2021

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

<b>Audit Period:</b> 7/1/2014 – 6/30/2017	<b>Report Ref. No.:</b> 1023607	<b>Finding Ref. No.:</b> 2017-001
<b>Finding Caption:</b> The College did not have adequate internal controls over cash receipting and local funds to ensure adequate safeguarding of public funds.		
<b>Background:</b> The College did not have adequate internal controls to ensure bank deposits were made within 24 hours of receipt and reconciliations were made in a timely manner. Timely reconciliations help ensure accurate and reliable financial information, and can detect and prevent fraud. Specifically, our examination of cash receipting found: <ul style="list-style-type: none"> <li>17 of 42 transactions tested (40 percent) were not deposited within 24 hours</li> <li>Records showing regular monthly reconciliations between the general ledger and bank statements for the period of July 1, 2015 through March 31, 2017 did not exist. We could not determine if any reconciliations were completed, due to a lack of records. Bank reconciliations ensure all cash is deposited in a timely manner with the bank and not held by another resource.</li> <li>Additionally, the College has a \$4 million reconciling error that has not been corrected since 2017.</li> </ul>		
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input checked="" type="checkbox"/> Fully Corrected         </div> <div style="text-align: center;"> <input type="checkbox"/> Partially Corrected         </div> <div style="text-align: center;"> <input type="checkbox"/> Not Corrected         </div> <div style="text-align: center;"> <input type="checkbox"/> Finding is considered no longer valid         </div> </div>		
<b>Corrective Action Taken:</b> <i>Item #1</i> <ul style="list-style-type: none"> <li>Daily deposits are being made and the college is using an armored car service to pick up the deposits and take them to the bank daily. Although deposits were being made daily, starting in March, 2020, due to COVID-19, there has been some disruption with the armored car service picking up the deposits. The backup plan implemented was to have college staff, accompanied by security personnel take the deposits to the bank when the armored car service did not show up due to personnel issues related to</li> </ul>		

*COVID-19. This continued until August 18, 2021 when the Office of Financial Management issued a waiver for timely deposit of cash receipts which allows the college to temporarily hold and safe keep receipts. The waiver is currently in place until March 31, 2022. Deposits are made as soon as practical with the armored car service.*

- *Entering deposit data into ctcLink is no longer an issue and the deposits are entered and reconciled daily.*
- *The bookstore is able to make daily deposits when they are open, there has been some disruption due to COVID-19. In addition, they have trained additional staff to prepare deposits. There have been some closures of the bookstore due to COVID-19.*

*Item #2*

- *Regular daily bank reconciliations are prepared. Monthly bank reconciliations are prepared and reviewed.*

*Item #3*

- *There are no more reconciling errors in ctcLink. All the ctcLink issues were corrected in prior years.*

## INFORMATION ABOUT THE COLLEGE

Tacoma Community College was founded in 1965. The College's main campus is located in west Tacoma. There is an additional campus location at the Gig Harbor Peninsula Center. The College is one of 34 Washington community and technical colleges in Washington State. The College's 2021-2022 operating budget totaled \$84 million. Funding for the College comes from the state, tuition, grants, contracts, donations and other local revenue sources.

In 2021, there was a full-time equivalent of 5,451 students. The College employed approximately 800 full- and part-time faculty and staff. A five-member Board of Trustees, appointed by the Governor, is responsible for oversight of College operations. Dr. Ivan Harrell has served as the College President since 2018.

### Contact information related to this report

Address:	Tacoma Community College 5900 S. 12th Street Tacoma, WA 98465
Contact:	Sharon Schroder, Director of Financial Services
Telephone:	(253) 566-5064
Website:	<a href="http://www.tacoma.ctc.edu">www.tacoma.ctc.edu</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Tacoma Community College 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](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

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