



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Key Peninsula Metropolitan Park District

(Key Pen Parks)

For the period January 1, 2021 through December 31, 2022

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

February 15, 2024

Board of Commissioners
Key Pen Parks
Lakebay, 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 District 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 District'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, District 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 Key Pen Parks from January 1, 2021 through December 31, 2022.

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 Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the District'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, 2022 and 2021, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Tracking and monitoring of fuel use
- Payroll – gross wages, retroactive pay and bonus and incentive payments
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

Key Pen

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**Key Pen Parks****January 1, 2021 through December 31, 2022**

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

Audit Period: January 1, 2018 through December 31, 2020	Report Ref. No.: 1030047	Finding Ref. No.: 2020-001
Finding Caption: The District did not have adequate internal controls to ensure compliance with procurement requirements over architectural and engineering services, public works projects and change orders.		
Background: <i>Procurement for Architectural and Engineering Services</i> The District did not request proposals for services, set evaluation criteria or demonstrate that it selected the most qualified firm for its Amphitheater project, as required by state law. <i>Procurement for Public Works Projects</i> The District did not advertise the Gateway Park Splash Pad project, as required by state law, and its bid documents did not contain required information regarding applicable wage rates. Additionally, the District did not ensure the contractor it selected met all of the criteria listed in the bid documents, and it did not keep proof of the contractor's bid bond. Finally, the District released retainage before the governing body approved final acceptance of the project and the District received the Notice of Completion and required releases from Department of Labor and Industries, Department of Revenue and Employment Security Department. <i>Change Orders</i> The District approved three change orders totaling \$133,405 for the Gateway Park Splash Pad project. Of these change orders, \$130,952 were for additions to the project that the District did not include in the original bid documentation and should have procured as a separate public works project.		
Status of Corrective Action: (check one) <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		

Corrective Action Taken:

Key Pen Parks believes that we have fully corrected this Audit Finding. We have taken numerous steps to improve our knowledge of Public Works Projects. Foremost, these projects were previously handled by the Former Executive Director who did not share information across the organization. Therefore, our first step was to provide training to the new Executive Director and the Fiscal Specialist. Since the Fiscal Specialist processes our payments, we felt she was very important to train on this topic. This will allow her to review or question items before a payment is made to help ensure compliance.

The Executive Director and Fiscal Specialist attended the MRSC Procurement Series Part 3: Public Works webinar on April 21, 2022. They also attended the full day “Digging into Public Works Contracts” training on March 17, 2023, hosted by MRSC and PTAC. During this session, they realized from one of the sessions, that there was an error in the District’s Purchasing Policy regarding lower dollar public works projects. They scheduled a “one-on-one” consulting session with MRSC’s Procurement and Contracting Consultant. He confirmed the omission in our Policy and also talked about other resources available to us through MRSC. Both the Executive Director and Fiscal Specialist regularly use MRSC’s resources to answer questions on these types of projects such as recent issues on filing a notice of completion and steps for bidding as we prepare for several public works projects in 2024.

A revised Purchasing Policy, which included direction on how to procure public works projects under \$20,000, was brought before the Board of Parks Commissioners during the Regular Meeting on April 10, 2023. The staff report posted online references the conversation with MRSC. The Board adopted Resolution R 2023-01 for the new Purchasing Policy.

The Fiscal Specialist also took a webinar, MRSC Rosters Electronic Bidding on October 11, 2022, to learn more about the Rosters and software options for public works projects. The Board approved the additional fees to use the electronic bidding services through MRSC Rosters in the 2024 budget.

While the District is pleased with the training that staff has taken, the Executive Director and Fiscal Specialist also recommended through the 2024 budget process to secure funds to hire a capital projects manager consultant to assist us through upcoming projects. The team learned a lot of great information during this time but also recognized that expert help was needed to assist the District through this complex process. The Board approved this budget request.

INFORMATION ABOUT THE DISTRICT

Key Pen Parks was formed by a public vote in May 2004. The District manages seven properties on the Key Peninsula, located in Pierce County. The District provides youth and adult programs, park maintenance and administration for renting of park facilities.

An elected, five-member Board of Commissioners governs the District. The Board appoints an Executive Director to oversee the District's daily operations. The District's revenues were approximately \$2 million and \$1.9 million in 2021 and 2022, respectively.

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 Key Pen Parks 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.

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