PIERCE COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
Pierce County, Washington
January 1, 1990 Through December 31, 1992

Schedule Of Findings - Pierce County Fire Protection District No. 12

1. The Advance Travel Fund Should Be Operated Correctly

Our audit of this fund revealed that it is still being used for making direct payments to vendors and reimbursements to employees.

RCW 42.24.120 states in part:

> Such advances shall be made under appropriate rules and regulations to be prescribed by the state auditor.

The *Budgeting, Accounting and Reporting System* (BARS) manual (Vol. I, Pt. 3, Ch. 3) states in part:

> The Advance Travel Expense Account must be used solely for travel expenses, not direct payments to vendors . . . It must not be used for personal loans, payment of airline tickets, pre-registration fees, reimbursements to employees or officers for travel already incurred . . . . (Emphasis ours.)

This situation was communicated to the district in the prior audit management letter.

As a result of the continuing lack of compliance, this account is still used to pay for expenses which should more properly be paid through the petty cash or voucher systems.

We recommend the Advance Travel Fund for Fire Protection District No. 12 be operated under the rules and regulations prescribed by the State Auditor's Office.

2. Internal Control Procedures For Revolving Funds Should Be Improved

Our audit of the Petty Cash Revolving Fund and the Advance Travel Fund of Fire District No. 12 revealed the following weaknesses:

a. Voided checks are not retained.

b. Deposits were made but not posted to the check register.

c. Checks over one year old have still not been submitted for reimbursement.

d. Reimbursement checks were deposited into the wrong account.

e. Both accounts currently exceed the authorized amount.

f. Neither account has been reconciled to the bank statements for at least three years.

The above problems appear to be due to a lack of knowledge in handling revolving funds and not being familiar with prescribed procedures contained in the BARS manual. Several of these weaknesses were communicated to the district in the prior audit management letter.

As a result of the weaknesses noted, there is increased risk that errors or irregularities may occur in these revolving funds and not be detected in a timely manner.

We recommend revolving fund duties be segregated to ensure that no one person handles all portions of a transaction and that these funds be reconciled by someone other than the custodian. We also recommend that the custodian review the prescribed procedures outlined in the BARS manual.

Schedule Of Findings - Pierce County Fire Protection District No. 13

1. Resolutions Should Be Properly Approved And Recorded

Review of the minutes of Fire Protection District No. 13 showed the following resolutions were either not officially approved or not accurately recorded in the minutes: Nos. 109, 110, 111, 114, 115, 117, 118, and 119. In addition, the 1992 budget was not officially approved by resolution.

RCW 52.14.080 states in part:

> The secretary of the district shall keep a record of the proceedings of the board . . . .

The *Budgeting, Accounting and Reporting System* (BARS) manual (Vol. 1, Pt. 2, Ch. 1, page 4) states in part:

> Fixed budgets must be adopted by ordinance or resolution . . . .

Failure to properly approve and/or record the resolutions raises the question of whether these actions by the board have been "officially" approved.

The reasons for not approving and/or recording the resolutions could not be readily determined. This problem was noted in the prior audit management letter.

We recommend all resolutions passed by the board of commissioners be properly approved and recorded in the official minutes.

Schedule Of Findings - Pierce County Fire Protection District No. 14

1. The District Should Follow Record Retention Schedules

Our audit revealed that district employees discarded the bank statements and cancelled checks for the petty cash fund for the period from May 1991 through January 1993.

The General Records Retention Schedule for fire districts published by the State Division of Archives and Records Management pursuant to Chapter 40.14 RCW shows that bank statements must be retained until after audit and cancelled checks must be retained for six years.

The district was unaware that these statements and checks were official public records and subject to record retention requirements.

Failure to retain required public records makes it impossible to audit them for legal compliance. In addition, errors and irregularities may occur and not be detected in a timely manner.

We recommend all bank statements, cancelled checks, and other official public records be retained according to record retention schedules.

2. Annual Budgets Should Be Properly Approved And Recorded

Review of the minutes and resolutions of Fire Protection District No. 14 showed no evidence that the annual operating budgets were officially approved by resolution by the board of commissioners.

RCW 52.16.030 states in part:

> . . . the secretary of the district shall prepare and certify a budget of the requirements of each district fund, and deliver it to the county legislative authority . . . .

The BARS manual (Vol. 1, Pt. 2, Ch. 1, page 4) states, in part:

> Fixed budgets must be adopted by ordinance or resolution . . . .

Failure to properly approve and record the budgets raises the question of whether they have been officially approved by the board.

The reasons for not officially approving and recording the budgets could not be readily determined. Proper recording of resolutions was a problem noted in the prior audit management letter.

We recommend all annual budgets be passed by resolution and be properly approved and recorded in the official minutes.

3. Vacancies On The Board Of Commissioners Should Be Filled Promptly

One of the three members of the board of commissioners resigned effective January 1, 1993. There has been no action to date to fill this vacancy.

RCW 52.14.050 states in part:

> In the event of a vacancy occurring in the office of fire commissioner, the vacancy shall, within sixty days, be filled by appointment of a resident elector of the district by a vote of the remaining fire commissioners. If the board of commissioners fails to fill the vacancy within the sixty-day period, the county legislative authority of the county in which all, or the largest portion, of the district is located shall make the appointment.

District personnel were unaware of the time requirements for filling a vacant board position.

Failure to appoint a new commissioner increases the risk of not having a quorum at board meetings and not being able to transact official business of the district.

We recommend the two remaining commissioners appoint a resident of the district to fill the board vacancy.

Schedule Of Findings - Pierce County Fire Protection District No. 15

1. Resolutions Should Be Properly Approved And Recorded

Review of the minutes of Fire Protection District No. 15 showed the following resolutions were either not officially approved or not accurately recorded in the minutes: Nos. 172, 173, 174, 175, 177, 178, 182, 183, 184, 185, 186, 187, and 188.

RCW 52.14.080 states in part:

> The secretary of the district shall keep a record of the proceedings of the board . . . .

Failure to properly approve and/or record the resolutions raises the question of whether these actions by the board have been "officially" approved.

The reasons for not approving and/or recording the resolutions could not be readily determined.

We recommend all resolutions passed by the board of commissioners be properly approved and recorded in the official minutes.

2. Executive Sessions Should Follow Proper Procedures

An executive session was held on February 10, 1992, to discuss a diesel fuel bill. This subject is not one allowed by state law. In addition, the expected time to reconvene the regular meeting was not publicly announced and recorded for many of the executive sessions.

RCW 42.30.110 lists 11 allowable subjects or reasons for legally holding an executive session. In addition, it states in part:

> (2) Before convening in executive session, the presiding officer of a governing body shall publicly announce the purpose of excluding the public from the meeting place, and the time when the executive session will be concluded.

Failure to announce the expected time to reconvene and discussing subjects not allowable were due to not being familiar with applicable state law.

As a result, the district increases the risk of a legal challenge by discussing questionable subjects and fails to inform the public.

We recommend the district follow the provisions of RCW 42.30.110 for all executive sessions.

Schedule Of Findings - Pierce County Fire Protection District No. 17

1. Executive Sessions Should Follow Proper Procedures

Our audit included a review of minutes of the board of commissioners. Of 14 executive sessions recorded, the following was noted:

a. Eight did not record the expected time to reconvene.

b. Two did not record the subject to be discussed.

c. Two subjects recorded may not have been legal to discuss in executive session.

RCW 42.30.110 lists 11 allowable subjects or reasons for legally holding an executive session. In addition, it states in part:

> (2) Before convening in executive session, the presiding officer of a governing body shall publicly announce the purpose of excluding the public from the meeting place, and the time when the executive session will be concluded. The executive session may be extended to a stated later time by announcement of the presiding officer.

Failure to record the subjects to be discussed, to announce the expected time to reconvene, and discussing subjects not allowable were due to not being familiar with applicable state law.

As a result, the district fails to inform the public and increases the risk of a legal challenge by discussing questionable subjects.

We recommend the district follow the provisions of RCW 42.30.110 for all executive sessions.

Schedule Of Findings - Pierce County Fire Protection District No. 23

1. Local Moneys Received Should Be Receipted

During the three-year audit period, the district only receipted two checks. The remaining 94 percent were not receipted. In addition, a Rediform receipt book was being used.

Good internal controls require that all local moneys received be receipted in an official, prenumbered receipt book. Not writing receipts prevents district records from being properly audited.

Proper procedures for receipting local moneys were communicated to the district in the prior audit management letter.

We recommend Fire Protection District No. 23 obtain and use a prenumbered receipt book with the district's name preprinted on the receipts.

2. Executive Sessions Should Follow Proper Procedures

Of eleven executive sessions held by the district, four did not record the subjects to be discussed. In addition, the expected time to reconvene the regular meeting was not publicly announced and recorded for ten of the executive sessions.

RCW 42.30.110 lists 11 allowable subjects or reasons for legally holding an executive session. In addition, it states in part:

> (2) Before convening in executive session, the presiding officer of a governing body shall publicly announce the purpose of excluding the public from the meeting place, and the time when the executive session will be concluded.

Failure to announce the expected time to reconvene and discussing subjects not allowable were due to not being familiar with applicable state law.

As a result, the district increases the risk of a legal challenge by discussing questionable subjects and fails to inform the public.

We recommend Fire Protection District No. 23 follow the provisions of RCW 42.30.110 for all executive sessions.

Schedule Of Findings - Pierce County Fire Protection District No. 27

1. Resolutions Should Be Properly Approved And Recorded

Review of the minutes of Fire Protection District No. 27 showed the following resolutions were either not officially approved or not accurately recorded in the minutes: Nos. 05-92, 12-92, 16-92, and 19-92. There were also two resolutions numbered 19-92. In addition, the 1993 budget was not officially approved by resolution.

RCW 52.14.080 states in part:

> The secretary of the district shall keep a record of the proceedings of the board . . . .

The BARS manual (Vol. 1, Pt. 2, Ch. 1, page 4) states in part:

> Fixed budgets must be adopted by ordinance or resolution . . . .

Failure to properly approve and/or record the resolutions raises the question of whether these actions by the board have been "officially" approved.

The reasons for not approving and/or recording the resolutions could not be readily determined. This problem was noted in the prior audit management letter.

We recommend all resolutions passed by the board of commissioners be properly approved and recorded in the official minutes.

2. The Advance Travel Fund Should Be Operated Correctly

Our audit of this fund revealed that it is still being used for making direct payments to vendors and travel reimbursements to employees.

RCW 42.24.120 states in part:

> Such advance shall be made under appropriate rules and regulations to be prescribed by the state auditor.

The BARS manual (Vol. I, Pt. 3, Ch. 3) states in part:

> The Advance Travel Expense Account must be used solely for travel expenses, not direct payments to vendors. . . It must not be used for personal loans, payment of airline tickets, pre-registration fees, reimbursements to employees or officers for travel already incurred . . . .

This situation was communicated to the district in the prior audit management letter.

As a result of the continuing lack of compliance, this account is still used to pay for expenses which should more properly be paid through the petty cash or voucher systems.

We recommend the Advance Travel Fund for Fire Protection District No. 27 be operated under the rules and regulations prescribed by the State Auditor's Office. Another alternative would be to dissolve this fund and set it up as a petty cash revolving fund.