



Washington State Auditor's Office

Government that works for citizens

Accountability Audit Report Grays Harbor County

For the period January 1, 2015 through December 31, 2015

Published September 22, 2016

Report No. 1017521





Washington State Auditor's Office

September 22, 2016

Board of Commissioners
Grays Harbor County
Montesano, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office 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 County operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the County's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

TABLE OF CONTENTS

Audit Summary.....	4
Schedule Of Audit Findings And Responses.....	6
Related Reports.....	10
Information About The County	11
About The State Auditor’s Office.....	12

AUDIT SUMMARY

Results in brief

In most areas we audited, County operations complied with applicable requirements and provided adequate safeguarding of public resources. The County also complied with state laws and regulations and its own policies and procedures in most of the areas we examined.

However, we identified areas in which the County could make improvements.

We recommended the County establish a bonus/incentive pay program with policies and procedures for awarding bonuses to employees. We also recommended the Board of Commissioners comply with the Open Public Meetings Act requirements.

These recommendations were included in our report as a finding.

We also noted certain matters that we communicated to County management in a letter dated September 14, 2016, related to the County's Equipment Rental and Revolving Fund, Small and Attractive Assets, Procurement of Purchases and Software System Documentation and Support. We appreciate the County's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of Grays Harbor County from January 1, 2015 through December 31, 2015.

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.

Our audit involved performing procedures to obtain evidence about the County's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area.

Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Open public meetings
- General revenue/expenditures trend
- Payroll
- Cost allocation
- Small and attractive assets
- Assessor's office
- County fairgrounds
- Credit card disbursements
- Software
- Restitution
- Timber sales
- Financial condition
- Interlocal agreements
- Procurement - purchases
- Equipment rental and revolving fund

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

2015-001 The County paid extra compensation to employees in violation of the Washington State Constitution. The decision to grant the extra compensation was made during a public meeting that was not properly advertised.

Background

During our audit, we became aware of action taken by the Board of Commissioners during a public meeting that was not advertised. The action was to allow employees from multiple departments to leave work for the afternoon of June 30, 2016, with pay and without having to use their earned paid leave. The leave was granted with the intention to boost morale, however, without a policy in place to allow this action, this paid leave is considered unallowable extra compensation.

Description of Condition

The County does not have a bonus or incentive pay policy. However, the Board of Commissioners granted leave with pay to approximately 50 to 60 employees for the afternoon following a staff barbeque. We did not find any County policy authorizing the Commissioners to grant this leave. The decision to grant this leave was made during the barbeque, a public meeting which included the Commissioners, that was not properly advertised.

Cause of Condition

The County was not aware that it needed to establish performance standards or goals that exceed normal employment requirements prior to payment of extra compensation. The County did not have a policy allowing employee bonuses.

Effect of Condition

The Board of Commissioners authorized the payment of leave to approximately 50 to 60 employees, without a policy. Employees awarded this leave who were paid on an hourly basis received extra compensation to which they were not entitled.

Recommendation

We recommend the County establish a bonus/incentive pay program with policies and procedures for awarding bonuses to employees. We also recommend the

Board of Commissioners comply with the Open Public Meetings Act requirements.

County's Response

The County was aware, after the fact, that they had inadvertently made a decision that should have been done in a publicized open meeting. At the time it was a spontaneous idea from one Commissioner who then asked the other Commissioners and a consensus was made. We are aware that these decisions will need to be in a properly advertised meeting in the future.

For the issue of granting additional pay, not earned, by the employees that were in attendance the County did not make the decision seeing it as extra compensation. The idea was that they were granting administrative leave to the employees, some of which would have had less than an hour left to work if they had returned to their job site.

The County did not know a policy would be needed, as they believed they had the authority to grant administrative leave, since they are the policy makers. They did not see the leave as bonus or incentive pay. There seems to be other instances when administrative leave is acceptable and granted by administration where there is not a direct policy.

The Commission is also scheduled to discuss this issue with the union representatives during upcoming negotiations to avoid any errors or misinterpretations in the future.

Auditor's Remarks

We appreciate the County's attention to these matters and look forward to following up during our next regularly scheduled audit.

Applicable Laws and Regulations

Washington State Constitution – Article II Legislative Department – Section 25
Extra Compensation Prohibited.

The legislature shall never grant any extra compensation to any public officer, agent, employee, servant, or contractor, after the services shall have been rendered, or the contract entered into, nor shall the compensation of any public officer be increased or diminished during his term of office. Nothing in this section shall be deemed to prevent increases in pensions after such pensions shall have been granted.

RCW 42.30.030 Meetings declared open and public.

All meetings of the governing body of a public agency shall be open and public and all persons shall be permitted to attend any meeting of the governing body of a public agency, except as otherwise provided in this chapter.

RCW 42.30.060 Ordinances, rules, resolutions, regulations, etc., adopted at public meetings – Notice – Secret voting prohibited.

No governing body of a public agency shall adopt any ordinance, rule, regulation, order, or directive, except in a meeting open to the public and then only at a meeting, the date of which is fixed by law or rule, or at a meeting of which notice has been given according to the provisions of this chapter. Any action taken at meetings failing to comply with the provisions of this subsection shall be null and void.

RCW 42.30.080 Special meetings.

(1) A special meeting may be called at any time by the presiding officer of the governing body of a public agency or by a majority of the members of the governing body by delivering written notice personally, by mail, by fax, or by electronic mail to each member of the governing body. Written notice shall be deemed waived in the following circumstances:

(a) A member submits a written waiver of notice with the clerk or secretary of the governing body at or prior to the time the meeting convenes. A written waiver may be given by telegram, fax, or electronic mail; or

(b) A member is actually present at the time the meeting convenes.

(2) Notice of a special meeting called under subsection (1) of this section shall be:

(a) Delivered to each local newspaper of general circulation and local radio or television station that has on file with the governing body a written request to be notified of such special meeting or of all special meetings;

(b) Posted on the agency's web site. An agency is not required to post a special meeting notice on its web site if it (i) does not have a web site; (ii) employs fewer than ten full-time equivalent employees; or (iii) does not employ personnel whose duty, as defined by a job description or existing contract, is to maintain or update the web site; and

(c) Prominently displayed at the main entrance of the agency's principal location and the meeting site if it is not held at the agency's principal location.

Such notice must be delivered or posted, as applicable, at least twenty-four hours before the time of such meeting as specified in the notice.

(3) The call and notices required under subsections (1) and (2) of this section shall specify the time and place of the special meeting and the business to be transacted. Final disposition shall not be taken on any other matter at such meetings by the governing body.

(4) The notices provided in this section may be dispensed with in the event a special meeting is called to deal with an emergency involving injury or damage to persons or property or the likelihood of such injury or damage, when time requirements of such notice would make notice impractical and increase the likelihood of such injury or damage.

RELATED REPORTS

Financial

Our opinion on the County's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the County's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the County's major federal program, which are listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE COUNTY

Grays Harbor County is home to approximately 73,200 residents. The County is governed by an elected, three-member Board of Commissioners. Additional elected officials include Assessor, Auditor, Clerk, Coroner, Prosecuting Attorney, Sheriff and Treasurer. The County also has three Superior Court Judges.

For 2015 the County operated on an annual budget of \$101 million. The County has approximately 405 employees who provide public safety (sheriff and judicial services), construction and maintenance of roads and bridges, sanitation facilities, health and social services, cultural and recreational facilities and activities, planning and zoning services and general administrative services.

Contact information related to this report	
Address:	Grays Harbor County 100 W. Broadway, Suite 2 Montesano, WA 98563
Contact:	Melinda Raihl, Chief Deputy Auditor
Telephone:	(360) 964-1559
Website:	www.co.grays-harbor.wa.us

Information current as of report publish date.

Audit history

You can find current and past audit reports for Grays Harbor County 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	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov