



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Grays Harbor County

For the period January 1, 2016 through December 31, 2016

Published September 28, 2017

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Office of the Washington State Auditor
Pat McCarthy

September 28, 2017

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,

Pat McCarthy
State Auditor
Olympia, WA

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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 areas we examined.

However, we noted certain matters that we communicated to County management in a letter dated September 21, 2017, related to the Equipment Rental & Revolving Fund. 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, 2016 through December 31, 2016.

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
- Financial condition
- Restricted funds
- Utility billing
- Procurement – public works
- Surplus property
- Payroll
- Software
- Procurement – purchases
- Small & attractive assets
- Gas cards
- General disbursements

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Grays Harbor County
January 1, 2016 through December 31, 2016**

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of Grays Harbor County. The State Auditor’s Office has reviewed the status as presented by the County.

Audit Period: January 1, 2015 through December 31, 2015	Report Ref. No: 1017521	Finding Ref. No: 2015-001
Finding Caption: 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.		
Status of Corrective Action: <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input checked="" type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>The Commissioner’s understand the issue and have stated that they will not be allowing leave in this form again. If in the future they are considering allowing leave for this purpose a policy will be enacted prior to allowing such leave.</i>		

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 programs, which are listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report includes a federal finding regarding allowable costs / cost principles for the WIC grant reported. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE COUNTY

Grays Harbor County is home to approximately 72,820 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 2016 the County operated on an annual budget of \$117 million. The County has approximately 397 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.

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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	
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