

**NORTH WHIDBEY FIRE AND RESCUE BOARD OF COMMISSIONERS**  
**Washington State Auditor's Office, 11 Bellwether Way, Suite 211 Bellingham, WA 98225**  
**MINUTES of the Special Meeting on January 16, 2018 at 1400**

**CALL TO ORDER**

- Chairman Koorn called the meeting to order at 1400. Also, in attendance were, Commissioner Lamont, Chief Kirko, Interim Secretary Amber Damon, Acting Audit Manager Elizabeth Corcoran, Assistant Audit Manager Kelly Kohnken and Audit Lead Shelby Hageman.
- Review of the 2015 and 2016 Financial and Accountability Audit, Management Letter, Exit Recommendations, Accountability Report and Financial Report.
  - The Financial report identifies a significant deficiency in internal controls over financial reporting that affect the District's ability to produce reliable financial statements. It is recommended that the district provide adequate time and training to staff and to ensure an individual understands the reporting requirements.
  - The District did not correctly implement the new requirement to report its pension liability in 2015 or 2016, which resulted in understating the pension liability. This error has been corrected.
  - Notes to the financial statements included several missing or incorrect disclosures including deposits and investments, property tax, interfund loans, debt service and pension plans. These notes have been corrected.
  - The District does not have contracting, hiring, purchasing or disbursement policies and procedures in place.
  - During the testing of warrants and credit card transactions. They identified instances that lacked supporting documentation or approval.
  - In review of the District's internal controls over safeguarding and monitoring of fuel cards. The District did not have a policy or procedure in place to ensure all fuel purchases were reasonable and allowable. Including transactions that were incomplete or unusual that were not followed-up by management.
  - During the review of internal control deficiencies for payroll we determined the Fire Chief's leave was not properly tracked, resulting in approximately \$14,000 leave payout. As well as one employee receiving a higher vacation leave rate than allowable under District policy and one employee earning a lower vacation rate.
  - It is recommended to implement policies and procedures to ensure fuel usage is adequately tracked and monitored.
  - Input policies for contracting, hiring, purchasing or disbursements. Strengthen procedures to ensure all disbursements are adequately reviewed and supported.
  - It is recommended the District implement procedures to ensure leave accrual, usage and balances are adequately monitored.

**ADJOURN MEETING**

- There being no further business and by mutual consent, the special meeting of the Board adjourned at 1425.

Attest:



Amber Damon, Interim Secretary to the Board