



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

# **Accountability Audit Report**

## **Port of Dewatto**

**For the period January 1, 2017 through December 31, 2018**

**Published November 4, 2019**

**Report No. 1024886**





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

November 4, 2019

Board of Commissioners  
Port of Dewatto  
Tahuya, 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 Port 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 independent audit report on the Port'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 we value your cooperation during the audit.

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

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## AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Port operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

### About the audit

This report contains the results of our independent accountability audit of the Port of Dewatto from January 1, 2017 through December 31, 2018.

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 State Auditor to examine the financial affairs of all local governments. Our audit involved performing procedures to obtain evidence about the Port'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, based on our risk assessment for the years ended December 31, 2018 and 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Cash receipting – timeliness and completeness of campground deposits, and remittance of funds to the County Treasurer
- Accounts payable – general disbursements and petty cash
- Payroll – gross wages, timesheets, and leave balances and accruals
- Financial reporting – timeliness and accuracy of annual reports
- Self-insurance for unemployment



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Port of Dewatto January 1, 2017 through December 31, 2018

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

<b>Audit Period:</b> January 1, 2013 through December 31, 2016	<b>Report Ref. No.:</b> 1019775	<b>Finding Ref. No.:</b> 2016-001
<b>Finding Caption:</b> The Port did not have adequate internal controls over financial reporting, cash receipting, payroll and records retention to ensure compliance with state laws and safeguarding of public resources.		
<b>Background:</b> We identified deficiencies in internal controls: <u>Financial reporting:</u> The Port did not maintain an accurate or reliable method for tracking accounting activity, including cash, revenues and expenditures. Our audit found the annual financial reports submitted to our office were incomplete and unsupported. <u>Cash receipting:</u> Duties were not adequately separated because the Director receipted cash and prepared the deposits with no independent review. In addition, deposits were not made to the bank or remitted to the County promptly. <u>Payroll:</u> <ul style="list-style-type: none"> <li>• Timesheets were not retained or prepared for part-time employees. Some timesheets listed only total hours for the month.</li> <li>• Annual and sick leave accrual rates and usage were not outlined in a contract or policy.</li> <li>• Leave balances were not tracked</li> <li>• There was no contract or policy outlining required work hours or when compensatory time could be earned. However, the Director was accruing compensatory time.</li> </ul> <u>Records retention:</u> The Port did not maintain a filing system to adequately organize or retain required records.		

**Status of Corrective Action: (check one)**

Fully  
Corrected

Partially  
Corrected

Not Corrected

Finding is considered no  
longer valid

**Corrective Action Taken:**

*The Port of Dewatto Commissioners hired a new manager on July 2, 2018 to help with the filing and “clean-up” of the office status post the Executive Director resigning and the final audit report listing all the findings.*

*Under new management, the following controls are in affect:*

- 1. Spread sheets for income and outgoing have been established to include the vouchers, bills and campground collection.*
- 2. Money that is collected from the campground is brought to the manager, counted, and signed for. It is entered in to a log book for double signature. There must be two persons to sign, the campground Coordinator and the manager or one of the Commissioners. A deposit slip is made out and the money is then taken to the bank. This is a weekly process. The receipt from the bank acts as the duplicate receipt for the money. A spread sheet has been developed to keep track of all of the camp fee envelopes, the fees, and totals for the month. It is compared to the bank records monthly and must balance. After each deposit is made, a check is written out of the revenue account and mailed to Mason County Treasurer and a transmittal receipt is emailed back to the Port when the check has been cashed. The amount sent to the County must match the deposit slip at the Port and the Bank.*
- 3. Daily timesheets have been in effect since the campground coordinator was hired in April of 2018 and the Manager in July 2018. Time is recorded daily and totaled monthly for the vouchers to send to the county for payment. Payroll and benefits, deductions are done by Belfair Tax and Bookkeeping and emailed to us on a monthly basis. There are comments on the time cards to show what the daily activity and hours worked entailed. Sick time and leave accrual is now in one “bank” called PTO or paid time off. This is calculated at the rate the state requests and the amount of leave that is authorized annually by the Port of Dewatto Commissioners. There is a monthly print out sent to the Port. Leave balances are tracked each payday and listed on our pay stubs. The Commissioners discussed the hours that we would work with exception for times when we are required more or less. The Port of Dewatto can at any time choose to change the hours worked. The Port of Dewatto chose not to have formal contracts however the hours are approved and recorded on our monthly minutes. The Port no longer offers compensatory time.*
- 4. A spreadsheet and a records log along with a separate file for records retention was implemented and is being followed.*

## INFORMATION ABOUT THE PORT

The Port of Dewatto was formed in 1927 and is located on the Kitsap Peninsula in north Mason County. The Port overlooks Hood Canal and the Olympic Mountains.

The Port maintains a natural and primitive campground on the Dewatto River and operates on a budget of approximately \$80,000. The Port's main revenue source is property taxes and user fees from the campground. A three-member Board of Commissioners governs the District.

### Contact information related to this report

Address:	Port of Dewatto P.O. Box 1483 Belfair, WA 98528
Contact:	Jeana Crosby, Manager at Port of Dewatto
Telephone:	360-372-2695
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*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Port of Dewatto 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.

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
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