



### **Special Meeting Minutes**

August 1<sup>st</sup>, 2023

11:00 am

**Location:** 11 Bellwether Way Suite 211  
Bellingham, WA

*Approved September 12<sup>th</sup>, 2023*

**Call to Order:** Chairman Marvin Koorn called the meeting to order at 11:00 am. Also in attendance was Commissioner Gerald Smith, Chief Chris Swiger, Secretary Spydell and auditing team members Deena Garza, Christine Fazio and David Holcomb of Washington State Auditor's Office.

#### **State Audit Exit Meeting**

##### **a. Accountability Audit**

David Holcomb presented the board with the finalized audit reports. David Holcomb began review of the accountability portion of the audit report. He stated in most areas the district complied, however, there was a finding and a management letter. The areas of accountability reviewed were accounts payable, payroll and surplus. David Holcomb began addressing the accountability audit report directing the board to specific pages.

##### **Finding - Page 10**

David Holcomb stated there was a management letter in a previous audit where concerns were not addressed, and this caused the audit team to increase the report to a finding.

Chairman Koorn asked if the duties were inadequately segregated.

David Holcomb stated the auditors do look to see if the person who makes the purchase order is different from the person processing accounts payables and writing checks.

Chairman Koorn stated in a smaller district that is difficult.

Deena Garza stated the team acknowledges the difficulty for smaller districts, but some level of oversight needs to be implemented.

Chairman Koorn asked if there was no review of accounts payables.

Deena Garza stated at the time there were some inconsistencies.

Christine Fazio stated there was no proof of a process in place in areas where an additional review would be expected.

Deena Garza stated as the audit progressed through the time period, they could see that steps and changes were made in the process.

##### **Page 11**

David Holcomb stated the audit team looked at the district accrual policy and reviewed the district's files at three different time frames and accruals were not following district policy.

Chairman Koorn asked if it was an instance where an employee's leave exceeded the policy but may have been board approved.



## NORTH WHIDBEY FIRE AND RESCUE BOARD OF COMMISSIONERS

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Deena Garza stated that was not the case in at least one of the three situations. She stated there needs to be more documentation to show if, and when the board has approved an exception.

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David Holcomb addressed the accounting manager payout. He stated it was hard to determine what her payout should have been. It did not add up according to policy and the auditors could not determine whether she was a salary or hourly employee based on her contract.

Management Letter - Page 19

David Holcomb stated there were instances where the start and end time for open public meetings were not stated clearly and executive sessions were not properly announced. Additionally, in 2019 a couple of special meetings did not give the proper notice to the public.

Chairman Koorn stated the board will take responsibility for the improper statements for executive session times in minutes.

Exit Recommendation – Page 20

David Holcomb stated the audit team reviewed surplus and there was an instance where a vehicle was surplused that lacked supporting documentation to show the amount received was the maximum amount that could have been received.

Christine Fazio stated there was a lack of documentation to show due diligence was done, for instance, if the public wanted to purchase the vehicle.

Chairman Koorn asked if a local advertisement should be made.

Deena Garza stated it is the best practice. The team just could not verify how the price was determined due to lack of documentation.

The accountability audit review concluded. No further questions were presented.

### **b. Financial Audit Report**

Christine Fazio stated during the audit of financial statements the team is looking at financial presentation with validity to what has occurred within the district. She stated a finding was issued in the preparation of financial statements, accuracy and timeliness. The team found some issues with BARS manual compliance and its lack of use in preparation of notes to financial statements. She acknowledged the district's response to the issues and stated the audit team recognized that changes were already being made to improve the financial reports.

Chairman Koorn asked about the banking transfers noted in the report.

Deena Garza stated looking at the treasurer's reports and bank statements it appears the transfers were of internal funds that most likely just lacked documentation. The audit team had an idea of what happened but could not verify.

Chairman Koorn asked about the liabilities on pension section noted on the report.



Christine Fazio stated it was just a misunderstanding or lack of knowledge on the part of the person preparing the financial statements. The audit team could see now that the SAO template is being used for the reporting of pension liabilities.

Chairman Koorn asked about the schedule of liabilities noted on the report.

Christine Fazio stated compensated absences are reported as a liability as if the district had to payout that day, what it would cost the district. In the notes to the financial statements the calculations did not add up. The audit team asked for reports to be resubmitted and Christine stated the schedule of liabilities looked great. The template was being used and the report was fixed and resubmitted.

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Christine Fazio stated the audit team looks at financial statements to ensure outside onlookers can review and see what is happening with the district. She stated there were no issues of non-compliance noted.

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Christine Fazio stated the audit team issued an unmodified opinion on financial statements. She stated this is the best response even with issues the audit team did see, they were able to trace money back and account for it. The audit report stated the district financial statements show fair representation of district finances.

The financial audit review concluded. No further questions were presented.

### **c. Conclusion**

Deena Garza suggested the board review the full report prior to it being published. She stated Natasha Spydell will get a draft of the report once it is published. She asked if the management representation letter was signed and returned.

Secretary Spydell gave David Holcomb the signed management representation letter.

Deena Garza stated the district cost for the audit did increase this year, but this is not expected for the next audit. The next audit will be similar, reviewing accountability and financial statements. Deena stated the audit team's information is in the audit report packet and they can be reached at any time for questions.

Chairman Koorn asked if there were BARS training classes.

Deena Garza stated yes, they have in-person and webinar courses through the State Auditor's Office website. She stated the roundtable is once a year in December as well.

Chairman Koorn asked if the information could be sent to Secretary Spydell.

Deena Garza confirmed she would send the information out.

No Further questions or comments were presented.



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Commissioner Smith motioned to adjourn the special meeting; motion seconded by Chairman Koorn.  
**Motion carried unanimously.**

The Special Meeting of the Board adjourned at 11:52am.

Attest:

A handwritten signature in cursive script, appearing to read "Natasha Spydell".

Natasha Spydell  
Board Secretary/Accounting Manager