



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Grays Harbor County Fire Protection District No. 8

For the period January 1, 2022 through December 31, 2023

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

May 8, 2025

Board of Commissioners
Grays Harbor County Fire Protection District No. 8
Pacific Beach, Washington

Report on Accountability

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

Attached is our independent audit report on the District'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 value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we identified areas where the District could make improvements. These recommendations are included with our report as a finding.

We also noted certain matters related to payroll, benefits, and credit cards addressed in the management letter that we communicated to District management and the Board of Commissioners in a letter dated April 30, 2025. We appreciate the District's commitment to resolving those matters.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of Grays Harbor County Fire Protection District No. 8 from January 1, 2022 through December 31, 2023.

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 Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the District's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2023 and 2022, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Open public meetings – compliance with minutes, meetings and executive session requirements
- Payroll – gross wages, leave balances and accruals, and benefit deductions
- Accounts Payable – credit cards
- Conflict of interest – related party transactions
- Self-insurance – unemployment
- Financial condition – reviewing for indications of financial distress

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Grays Harbor County Fire Protection District No. 8 January 1, 2022 through December 31, 2023

2023-001 The District lacked adequate internal controls for ensuring compliance with state laws for public officers and agencies.

Background

An elected, three-member Board of Commissioners governs the District, which had annual expenditures of about \$500,000 during the audit period.

The District is responsible for designing, implementing and maintaining internal controls that ensure compliance with state law and the *Budgeting, Accounting and Reporting System* (BARS) Manual. These controls should also provide reasonable assurance the District is safeguarding public resources.

The Washington Open Public Meetings Act (OPMA) requires the District to conduct any discussions and business decisions in an open public forum. A meeting subject to the OPMA occurs when a quorum of commissioners gathers to conduct District business.

If a member of the Board resigns, the remaining members are responsible for appointing another commissioner. Additionally, if a member of the Board has a beneficial interest in a contract, that member must abstain from making decisions on such contract.

Description of Condition

Our audit found the District did not have adequate internal controls for ensuring compliance with the OPMA, the Washington Code of Ethics, and nonpartisan vacancy requirements. Specifically, the District did not:

- Comply with OPMA requirements for advertising one special meeting as open to the public
- Ensure all commissioners had adequate notice for attending one special meeting
- Appoint a commissioner to fill a vacancy that lasted from April 2023 to May 2024. As a result of this vacancy, one of the two remaining commissioners voted on an employment contract that they had a beneficial interest in because a majority of commissioners was required to authorize any action by the Board.

Cause of Condition

Commissioners were unaware that the meeting was not advertised and that a commissioner was not invited. Further, commissioners were unable to agree on who to appoint as a commissioner to fill the Board vacancy.

Effect of Condition

When the District does not properly conduct open public meetings, it limits transparency and the public's knowledge and understanding of District operations. During the meeting that the District did not properly advertise, the District approved a levy. Because this meeting was out of compliance with OPMA, in accordance with state law, the District's actions taken would be null and void.

Additionally, since the District was unable to appoint a third commissioner to fill such vacancy, a commissioner was unable to abstain from deciding on an employment contract for an administrative position, in which their wife was hired. State law ordinarily prohibits public officers from hiring their spouses as an employee because of the financial interest each spouse possesses in the others' earnings under Washington community property law. Due to this, the employment contract that was created was unallowable in accordance with state law.

Recommendation

We recommend the District:

- Ensure meetings are advertised to the public in accordance with OPMA requirements
- Ensure the remaining members of the Board appoint a qualified person to fill vacant commissioner positions in a timely manner
- Ensure commissioners abstain from contracts in which they have a beneficial interest
- Work with its legal counsel to determine whether the action taken during the special meeting was valid

District's Response

To address the findings of lack of internal control of compliance with the OPMA, the Washington code of ethics, and non-partisan vacancy requirements.

- *Commissioners shall re-accomplish prerecorded PRA and OPMA trainings available at the AOG's website.*
- *An invitation will be extended to Mr. Morgan Demerol, assistant Attorney General for Open Government, to conduct in-person training on chapter 42.30 RCW. (Mr. Demerol has previously consented to provide that training.)*
- *Any action on current or new contracts shall be reviewed by our attorney, along with commissioner oversight, to ensure compliance with chapter 42, 23 RCW.*
- *Future Fire Commissioner vacancies shall be filled in a timely manner and selection shall be based on selection of the candidate best qualified to participate in the business of the governing body.*

Auditor's Remarks

We thank the District for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the District's corrective action during our next audit.

Applicable Laws and Regulations

Chapter 42.30 RCW, Open Public Meetings Act

Chapter 42.23 RCW, Code of Ethics for Municipal Officers

Chapter 42.12.070 RCW, Filling nonpartisan vacancies



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Grays Harbor County Fire Protection District No. 8
January 1, 2022 through December 31, 2023

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

Audit Period: January 1, 2019 through December 31, 2021	Report Ref. No.: 1031994	Finding Ref. No.: 2021-001
Finding Caption: The District lacked adequate controls for ensuring credit card payments were for allowable, appropriate business expenses and that accounting records were retained.		
Background: Our audit found the District lacked adequate procedures over its credit card activity to safeguard public resources. Specifically, the District did not implement controls over credit cards to ensure supporting documentation was both required and kept for all disbursement transactions. This issue was reported as a management letter in the prior audit.		
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>Credit Card Policy Amendment</i> <i>1-23-2023</i> <i>To address the finding of Credit Card use deficiencies by the State auditor these changes and additions to the existing policy will be brought to the district commissioners at February Meeting for adoption.</i> <ul style="list-style-type: none"> <i>The number of credit card will be limited to one. The Chief will control the use and will maintain possession of the card for use only when a direct billing vendor can't provide the required item service. All other credit card accounts will be closed immediately. No additional cards will be issued on the Chiefs account.</i> <i>All receipts will be copied by the attendee for presentation to the Commissioners and originals will be maintained with the admin files by the Chief for verification by the commissioners or auditors at any time.</i> <i>Any commissioner can, at their discretion review any receipt for accuracy and completeness of records.</i> 		

- *The credit card will be used for lodging and the Chief will make and pay for the reservations needed, with the credit Card prior to the any event or off site training farther than fifty miles from the district. Food and other activities will be paid for by the attendee and reviewed for payment by the Chief and documents presented to the admin for review and payment at the first commissioners meeting possible.*
- *These amendments may be reviewed and adjusted is needed after the next audit.*

The Commissioners of Grays Harbor Fire District Eight

INFORMATION ABOUT THE DISTRICT

Grays Harbor County Fire Protection District No. 8, formed in 1959, provides fire prevention and suppression services, emergency medical aid, and protection of life and property to residents living within the service boundaries, which includes the communities of Moclips, Pacific Beach, Aloha and Seabrook. The District covers approximately 18 square miles. An elected, three-member Board of Commissioners govern the District. The District is funded primarily by property taxes.

Contact information related to this report	
Contact:	Brian Shelley, Chief
Telephone:	(360) 276-4807
Website:	www.ghfd8.com

Information current as of report publish date.

Audit history

You can find current and past audit reports for Grays Harbor County Fire Protection District No. 8 at <https://portal.sao.wa.gov//ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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