



STATE OF WASHINGTON

**LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'  
PLAN 2 RETIREMENT BOARD**

*P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • (360) 586-2329 FAX • [recep@leoff.wa.gov](mailto:recep@leoff.wa.gov)*

March 23, 2022

Office of the Washington State Auditor  
3200 Sunset Way S.E.  
P.O. Box 40031  
Olympia, WA 98504-0031

To the Office of the Washington State Auditor:

We are providing this letter in connection with your accountability audit of the LEOFF Plan 2 Retirement Board for the period from July 1, 2017 through June 30, 2021. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant. Information is considered significant if it is probable that it would change or influence the judgment of a reasonable person.

We confirm the following representations made to you during your accountability audit, to the best of our knowledge and belief, and based on appropriate inquiries to support them. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

**General Representations:**

1. We have provided you with unrestricted access to people you wished to speak with and made available requested and relevant information of which we are aware, including:
  - a. Financial records and related data.
  - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - c. Internal audits performed pursuant to the State Agency Accounting Manual (SAAM) or other internal or external audits, examinations, investigations or studies that might concern the objectives of your audit, and the corrective action taken to address their significant findings and recommendations.
  - d. Communications from regulatory agencies, government representatives or others concerning possible significant noncompliance, deficiencies in internal control or other matters that might concern the objectives of your audit.

- e. Results of our internal assessment of business risks and risks related to financial records and related data, compliance and fraud, as determined under SAAM section 20.20.
2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information. We have notified you when an Agency Data Sharing/Safeguarding Agreement or special handling may be necessary between our agencies to help clarify expectations of both parties to secure and protect private information in records provided for audit.
  3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements in the areas covered by your audit.
  4. Except as discussed with you, we have complied with all significant aspects of laws, regulations, contracts and grant agreements in the areas covered by your audit.
  5. We acknowledge our responsibility under SAAM section 20.10 for establishing and maintaining effective internal controls over compliance with applicable laws and regulations and safeguarding of public resources, including controls to prevent and detect fraud, in the areas covered by your audit.
  6. Except as discussed with you, we have established adequate internal controls to provide reasonable assurance of achieving the objective of safeguarding public resources and compliance with applicable laws and regulations in the areas covered by your audit.
  7. We have no knowledge of known or suspected loss of public funds or assets or other illegal activity, or allegations of fraud or suspected fraud involving management or employees.
  8. All significant events and transactions have been properly recorded in the financial records of the LEOFF Plan 2 Retirement Board.



Steve Nelsen  
Executive Director



Jessica Burkhardt  
Administrative Services Manager



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March 9, 2022

**TO: Steve Nelsen, Executive Director**

**FROM: Tim Valencia, Deputy Director**  
**Jessica Burkhart, Administrative Services Manager**

**SUBJECT: ACCOUNTABILITY AUDIT RESPONSE PLAN**

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In October 2021 the agency began an Accountability Audit with the State Auditors Office (SAO). The audit took approximately 4 months to complete, and the agency diligently and thoroughly replied to each request received.

SAO has 3 levels<sup>1</sup> of reporting when conducting an audit – 1) verbal recommendation, 2) management letter, and 3) public written finding. The Agency received one management letter recommendation and four verbal recommendations to improve agency operations. None of these items rise to the level of being included in the published audit report. The final results of the audit will be presented to the Board at the March 23, 2022 meeting.

The following table outlines the Agency's corrective action plan for addressing each of the Auditor's recommendations.

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<sup>1</sup> Verbal Recommendations (Exit Items) are the least serious level of finding; These issues are informally communicated to management. Management letters are important enough issues to be communicated to the governing body but not included in the audit report. Public written findings are the most serious and reported in the audit published report.

| FINDING TYPE                 | AGENCY RESPONSE                                       |  |
|------------------------------|---|--|
| <b>Management Letter</b>     | <p><b>Issue:</b></p> <p><b>Corrective Action:</b></p> | <p>The Board did not fully follow OPMA protocol for announcing and documenting an Executive Session at the May 2021 Board Meeting.</p> <p>The LEOFF 2 Retirement Board strives to follow all requirements for correctly conducting public meetings. The Board will take the following actions to improve the process of conducting Executive Sessions:</p> <ol style="list-style-type: none"> <li>1. Provide written directions for the Chairman to announce Executive Session.</li> <li>2. Provide the Board specific training related to OPMA; specifically, sections 3.5 and 3.7.</li> <li>3. Modify internal review process of meeting minutes to ensure a secondary review which checks that the meeting recordings matches the written minutes.</li> </ol> |
| <b>Verbal Recommendation</b> | <p><b>Issue:</b></p> <p><b>Corrective Action:</b></p> | <p>The Agency did not comply with requirements to document and justify employee recognition awards.</p> <p>The Agency will strengthen internal controls to ensure compliance with all the rules related to reporting recognition awards:</p> <ol style="list-style-type: none"> <li>1. Create and follow a policy and procedures for recognition awards.</li> <li>2. Identify/assign Team members responsible for documenting recognition awards.</li> <li>3. Ensure justifications include verifiable accomplishments that furthered the Board's mission, strategic goals, or objectives.</li> </ol>  |
| <b>Verbal Recommendation</b> | <p><b>Issue:</b></p> <p><b>Corrective Action:</b></p> | <p>The Agency did not properly document, as prescribed by State Administrative Accounting Manual (SAAM) 10.30.20, the purchase of out-of-state lodging that was more than 150% of the maximum allowable per diem.</p> <p>The Agency will be improving internal controls to ensure compliance with SAAM:</p> <ol style="list-style-type: none"> <li>1. Update internal accounting policy and procedures.</li> <li>2. The internal check point and our partners at DES to ensure all required documents are included and contain the approval signature with the form filled out correctly.</li> <li>3. Consult with our partners at DES to request they add an additional check point to their process.</li> </ol>  |

|                              |   |
|------------------------------|---|
| <b>Verbal Recommendation</b> | <p><b>Issue:</b> The Agency did not seek guidance from the Washington State Department of Transportation (WSDOT) when providing the CTR Program to the Team.</p> <p><b>Corrective Action:</b> The Agency is following the guidance which states that the CTR program is at Agency and Executive Director discretion if funds/budget are available.</p> <p>Upon further research conducted by the State Auditor’s Office, they’ve discovered a statewide issue related to the CTR program due to conflicting information. The agency will consult with the Thurston Regional Planning Council (TRPC) and the WSDOT for ongoing policy guidance:</p> <ol style="list-style-type: none"> <li>1. Continue to communicate with the TRPC to be kept appraised when WSDOT establishes new policy guidelines.</li> <li>2. Update our policy according to the guidance.</li> </ol> |
| <b>Verbal Recommendation</b> | <p><b>Issue:</b> The Agency did not comply with reporting requirements under RCW 41.06.133(4) to report recognition awards to OFM.</p> <p><b>Corrective Action:</b> The Agency will strengthen internal controls to ensure compliance with all the rules related to reporting recognition awards:</p> <ol style="list-style-type: none"> <li>1. Consult with our partners at DES Small Agency Services to understand their reporting process and determine how to ensure proper and timely reporting in the future.</li> <li>2. Assign Team member responsible for reporting these awards to DES and OFM.</li> </ol>  |