

State of Washington  
 Status of Audit Resolution  
 December 2018

Eastern Washington State Historical Society

Agency 395

Audit Report	Finding Number	Finding and Corrective Action Status
1021710	2017-001	<p data-bbox="483 422 578 449">Finding:</p> <p data-bbox="672 422 1455 512">The Eastern Washington State Historical Society did not comply with procurement laws or required state policies and did not perform adequate contract monitoring.</p> <p data-bbox="483 550 602 606">Corrective Action:</p> <p data-bbox="672 550 1455 609">The Eastern Washington State Historical Society (Museum) concurs with the finding.</p> <p data-bbox="672 653 1463 743">As of July 2018, the Museum appointed the Chief Financial Officer as the Contract Manager to oversee procurement and to develop an effective process for monitoring and tracking all active agency contracts.</p> <p data-bbox="672 795 1398 886">To address the audit recommendations, the Museum has established internal policies and procedures related to contracts, procurement, management, and monitoring. This includes:</p> <ul data-bbox="704 909 1463 1688" style="list-style-type: none"> <li data-bbox="704 909 1463 999">• Following the requirements of Department of Enterprise Services (DES) Direct Buy Purchases/Procurements Policy for purchases of goods and services up to \$10,000.</li> <li data-bbox="704 1020 1430 1110">• Requiring all contracts that exceed the direct buy limit to be reviewed by the Attorney General Office to ensure they comply with procurement regulations.</li> <li data-bbox="704 1131 1463 1222">• Monitoring vendor expenditures to ensure a competitive procurement process is initiated when expenditures are expected to exceed the threshold during the fiscal year.</li> <li data-bbox="704 1243 1446 1333">• Following the DES Delegation of Authority policy in the procurement of goods and services to ensure purchases adhere to the criteria stipulated in the policy.</li> <li data-bbox="704 1354 1446 1486">• Incorporating DES best practices of monitoring repetitive purchases to ensure that the Museum does not exceed either the direct buy limit without a competitive procurement process or the delegated authority limit. As of July 2018, a monthly monitoring report has been developed for this purpose.</li> <li data-bbox="704 1507 1446 1619">• Implementing procedures for procuring sole source contracts, including the related requirements of state public inspection. The Museum will continue to work with DES to obtain approval to exempt exhibition contracts.</li> <li data-bbox="704 1640 1382 1688">• Requiring the Contract Manager to review all departments' contracts, and maintain a final copy in the contract file.</li> </ul> <p data-bbox="672 1745 1446 1898">As of September 2018, the Museum's confidential secretary has developed a checklist for monitoring required contract training for all employees and sending reminders before the expected completion dates. By December 2018, required training will be set up in the state Learning Management System for each employee.</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1021710	2017-001 (cont'd)	Completion Date: Corrective action is expected to be complete by December 2018  Agency Contact: Francis Langston Chief Financial Officer 2316 W. 1 <sup>st</sup> Avenue Spokane, WA 99201 (509) 363-5326 <a href="mailto:francis.langston@northwestmuseum.org">francis.langston@northwestmuseum.org</a>

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1021710	2017-002	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Eastern Washington State Historical Society did not have adequate internal controls in place to ensure donations were properly deposited and accounted for.</p> <p>The Eastern Washington State Historical Society (Museum) concurs with the finding.</p> <p>The Museum has had a past practice of receipting and depositing all donations into the Northwest Museum of Arts and Culture Foundation’s (Foundation) account.</p> <p>To strengthen internal controls to better safeguard donations, the Museum has implemented the following procedural changes to ensure donations are properly deposited and accounted for:</p> <ul style="list-style-type: none"> <li>• The Museum will only accept non-endowed donations.</li> <li>• The Foundation has the endowment and will:               <ul style="list-style-type: none"> <li>○ Accept all endowed donations.</li> <li>○ Track restricted and unrestricted endowed funds separately.</li> <li>○ Distribute interest earnings from the endowed donations quarterly to the Museum.</li> <li>○ Ensure interest distributions from restricted donations are clearly identified with the intent of the donations.</li> </ul> </li> </ul> <p>Additionally, the Museum has:</p> <ul style="list-style-type: none"> <li>• Instructed donors to designate donations appropriately for the intended recipient.</li> <li>• Begun performing monthly reconciliations of receipted donations against the bank statements for the Museum’s bank account.</li> <li>• Begun auditing receipted donations by management on a monthly basis to ensure money designated for the Museum is deposited into its bank account appropriately.</li> </ul> <p>As of June 2018, the Foundation has returned to the Museum all non-endowed funds that were previously accepted on behalf of the Museum.</p> <p>As of October 2018, the Museum has developed written policies and procedures over the donation receipting process to formalize the newly implemented process.</p> <p>October 2018, subject to audit follow-up</p> <p>Francis Langston            Chief Financial Officer            2316 W. 1<sup>st</sup> Avenue            Spokane, WA 99201            (509) 363-5326  <a href="mailto:francis.langston@northwestmuseum.org">francis.langston@northwestmuseum.org</a></p>