



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

**Accountability Audit Report**  
**Port of Friday Harbor**

**For the period January 1, 2019 through December 31, 2019**

**Published September 3, 2020**

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

September 3, 2020

Board of Commissioners  
Port of Friday Harbor  
Friday Harbor, 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 Port 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 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

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

## TABLE OF CONTENTS

Audit Results.....	4
Related Reports.....	5
Information about the Port.....	6
About the State Auditor's Office.....	7

## AUDIT RESULTS

### Results in brief

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

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 the Port of Friday Harbor from January 1, 2019 through December 31, 2019.

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 obtaining evidence about the Port'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 year ended December 31, 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – electronic funds transfers, travel expenditures, and employee reimbursements
- Procurement – personal service contracts
- IT security policies

## RELATED REPORTS

### **Financial**

Our opinion on the Port's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the Port's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

### **Federal grant programs**

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Port's major federal program, which is listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

### **Passenger facility charge program**

We evaluated internal controls and tested compliance with the requirements, as applicable, for the Port's passenger facility charge program, and reported the results in a separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE PORT

The Port of Friday Harbor fosters economic activity by developing and maintaining harbors and terminals to promote tourism in San Juan County. The Port provides and charges rental, tariffs and other fees on docks, wharves and similar harbor facilities including associated storage and traffic landing facilities for waterborne commerce. In addition, the Port provides freight and passenger terminals and transfer for other modes of transportation including air and motor vehicles.

An elected, three-member Board of Commissioners governs the Port. Board Members serve staggered, six-year terms. The Board appoints a Port Director to oversee the Port's daily operations as well as its 19 full-time employees. For fiscal year 2019, the Port operated on approximately \$5 million in annual revenue.

### Contact information related to this report

Address:	Port of Friday Harbor P.O. Box 889 Friday Harbor, WA 98250
Contact:	Phyllis Johnson, Port Auditor
Telephone:	(360) 378-2688
Website:	<a href="http://www.portfridayharbor.org">www.portfridayharbor.org</a>

*Information current as of report publish date.*

### Audit history

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

Contact information for the State Auditor's Office	
Public Records requests	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(564) 999-0950
Toll-free Citizen Hotline	(866) 902-3900
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>