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**Washington State Historical Society (WHS)**

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**Agency: 390**

**Audit Report:** 1012566

**Finding Number:** 001

**Finding:** The Agency lacks adequate controls to safeguard and account for its capitalized and small-and-attractive assets.

**Resolution:** The Historical Society took the following corrective action to ensure adequate controls are in place to safeguard and account for assets:

- As of July 15, 2014, all Historical Society inventory coordinators were trained on the capital asset tracking system.
- As of November 30, 2014, segregation of duties between purchasing and approving is required for all purchases.
- By January 31, 2015, the Historical Society policy on Capital and Small & Attractive assets will be finalized.
- By February 27, 2015:
  - Historical Society staff will be trained on the inventory policy and procedures.
  - A Historical Society-wide physical inventory will be completed.
  - Completed physical inventory will be reviewed and certified by Historical Society management.
- By March 1, 2015, an internal control team will be created. The team will meet semiannually to conduct a risk assessment on capital assets, review inventory records, and schedule a biennial physical inventory.
- By March 15, 2015, all capital asset data will be entered into the capital asset tracking system.
- Beginning March 1, 2015:
  - All inventoriable items will be logged into a receiving log file at receiving station by receiving staff and inventory tags will be issued by the Historical Society inventory officer and attached to the items. Fiscal staff will enter inventory data in the capital asset tracking system.
  - On a quarterly basis Historical Society fiscal staff will reconcile the capital asset tracking system to the state's accounting system and make necessary adjustments.

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**Washington State Historical Society (WHS)**

**Agency: 390**

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**Audit Report:** 1012566

**Finding Number:** 002

**Finding:** The Agency lacks adequate internal controls over disbursements of local funds, including purchase card and procurement expenditures.

**Resolution:** The Historical Society took the following corrective action to ensure adequate controls are in place over disbursements:

- As of April 2014, the Historical Society began development of new contract templates to be used for all future procurements. Most contract templates will be completed by January 2015.
- As of May 2014, the Purchase Card Policy & Procedures were updated in accordance with state regulations to include clarifying purchase limitations, monitoring controls, and purchase processes.
- As of October 2014, fiscal staff compares the contract files to invoices prior to processing payments to ensure contract limits are not exceeded.
- As of December 2014, all purchases including purchases made by managers have to be pre-approved. A purchaser cannot approve his/her own purchases. Exceptions are logged into a log file to report to the Historical Society management team.
- By January 2015, the Historical Society policies and procedures related to contracts will be revised.
- By February 2015, a Historical Society-wide state procurement and contracts workshop will be conducted to ensure staff are trained on the revised policies and procedures.
- By March 1, 2015, an internal control team will be created and will conduct a risk assessment on the Historical Society procurement practices.

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