

Washington State Auditor's Office
Accountability Audit Report

**Port Angeles Harborworks Development
Authority
(Harbor-Works)
Clallam County**

Report Date
October 29, 2010

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Issue Date
November 15, 2010



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

November 15, 2010

Board of Directors
Harbor-Works
Port Angeles, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your Authority to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on the Harbor-Works accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Clallam County
October 29, 2010**

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Audit Summary

Harbor-Works
Clallam County
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ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Harbor-Works from May 20, 2008 through October 29, 2010.

We evaluated internal controls and performed audit procedures on the activities of the Authority. We also determined whether the Authority complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Open Public Meetings Act
- Public Disclosure Act
- Contracts/agreements
- Procurement – personal service contracts
- Conflict of interest
- General disbursements
- Payroll
- Travel
- Petty cash
- Annual financial report filing
- Formation or dissolution

RESULTS

In the areas we examined, the Authority's internal controls were adequate to safeguard public assets. The Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

Description of the Authority

Harbor-Works
Clallam County
October 29, 2010

ABOUT THE AUTHORITY

Harbor-Works is a Public Development Authority created in May 2008 by the city of Port Angeles. The Authority was created to undertake and facilitate the remediation and redevelopment of the property known as the former Rayonier Mill. A five-member Board of Directors governs the Authority. The Board appointed an Executive Director to oversee the Authority's daily operations and a temporary clerical employee.

The Authority operated on loans of \$650,000 from both the city and port of Port Angeles and one loan of \$200,000 from the Washington State Department of Ecology. For 2009, the Authority had operating expenses of approximately \$431,000.

On September 2, 2010, the Board of Harbor-Works requested the city of Port Angeles take action to dissolve the Authority. On August 30, 2010, negotiations ended for the acquisition of the Rayonier Mill site and the Board determined the Authority could not accomplish what was intended in the creation of the Authority. The Authority officially dissolved on October 29, 2010.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Directors:	Karen McCormick (through October 2009)
	Bart Irwin (through December 2009)
	Orville Campbell
	Jerry Hendricks
	Jim Hallet
	Kaj Ahlburg
	Howard Ruddell

APPOINTED OFFICIALS

Executive Director	Jeff Lincoln
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AUTHORITY CONTACT INFORMATION

Address: Harbor-Works
City Clerk
City of Port Angeles
P.O. Box 1150
Port Angeles, WA 98362

Website: www.paharborworks.org

AUDIT HISTORY

This was the first and last audit for the Authority. The Authority was formed on May 20, 2008 and dissolved as of October 29, 2010.



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.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver our services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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