

Washington State Auditor's Office
Accountability Audit Report

French Slough Flood Control District
Snohomish County

Report Date
January 8, 2014

Report No. 1011285

Issue Date
February 18, 2014



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

February 18, 2014

Board of Commissioners
French Slough Flood Control District
Snohomish, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your District 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 French Slough Flood Control District's 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,

**TROY KELLEY
STATE AUDITOR**

Table of Contents

**French Slough Flood Control District
Snohomish County
January 8, 2014**

Audit Summary 1

Description of the District 2

Status of Prior Audit Findings..... 4

Audit Summary

French Slough Flood Control District Snohomish County January 8, 2014

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the French Slough Flood Control District from January 1, 2010 through December 31, 2012.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District 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:

- Conflict of interest
- Formation under state law
- Open Public Meeting Act
- Procurement and bidding

RESULTS

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

Description of the District

French Slough Flood Control District Snohomish County January 8 2014

ABOUT THE DISTRICT

The French Slough Flood Control District encompasses nearly 5,500 acres of largely agricultural land near the city of Snohomish in Snohomish County. The District's purpose is to protect its service area from minor floods on the Snohomish and Pilchuck rivers by a nearly four-mile long levee system. The French Slough levee project was constructed in 1962 under the watershed protection federal program. The system includes a pumping station and a floodway channel designed to allow floodwaters to return to the Snohomish River.

An elected, three-member Board of Commissioners governs the District. The Board appoints a General Manager to oversee the District's daily operations as well as its two employees. For 2010, 2011 and 2012, the District had revenue of \$488,079, \$394,726 and \$511,408, respectively.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Scott Gunning
James Scott Griffin Jr.
David Remlinger

APPOINTED OFFICIALS

General Manager

Neil Wheeler

DISTRICT CONTACT INFORMATION

Address: French Slough Flood Control District
P.O. Box 553
Snohomish, WA 98291-0553

Phone: 360-794-9798

AUDIT HISTORY

We audit the District once every three years. The District received two findings in the previous audit, which have been resolved in the current audit.

Status of Prior Audit Findings

French Slough Flood Control District Snohomish County January 8, 2014

The status of findings contained in the prior years' audit reports of the French Slough Flood Control District is provided below:

1. **The French Slough Flood Control District internal controls over contracts are inadequate to ensure compliance with state bid laws.**

Report No. 1005012, dated January 13, 2011

Background

State law requires flood control districts to competitively bid all public works contracts. The District hired two vendors in 2008 and 2009 without documenting that it complied with state bid laws.

The District had no evidence of formal, negotiated or signed contracts, bid bonds from contractors, certification of industrial or unemployment insurance from the contractors, compliance with prevailing wage requirements, or compliance with retainage requirements.

Status

The District adopted a resolution for competitive bidding, as required under the state law in which they were formed. The finding is resolved.

2. **The French Slough Flood Control District Commissioners have had a beneficial interest in District contracts.**

Report No. 1005012, dated January 13, 2011

Background

The District contracted with a company for excavation services in which a District Commissioner is a 50 percent owner. The District also paid another District Commissioner's company in which the Commissioner is a 20 percent owner for insurance contracts.

Status

The District did not continue to use the excavation company in which a District Commissioner is a 50 percent owner. Also, the District transferred insurance contracts over to a different provider in which the Commissioner is not a 20 percent owner. The finding is resolved.



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

State Auditor
Chief of Staff
Director of Performance and State Audit
Director of Local Audit
Deputy Director of State Audit
Deputy Director of Local Audit
Deputy Director of Local Audit
Deputy Director of Quality Assurance
Deputy Director of Communications
Local Government Liaison
Public Records Officer
Main number
Toll-free Citizen Hotline

Troy Kelley
Doug Cochran
Chuck Pfeil, CPA
Kelly Collins, CPA
Jan M. Jutte, CPA, CGFM
Sadie Armijo
Mark Rapozo, CPA
Barb Hinton
Thomas Shapley
Mike Murphy
Mary Leider
(360) 902-0370
(866) 902-3900

Website
Subscription Service

www.sao.wa.gov
www.sao.wa.gov/EN/News/Subscriptions