



# Washington State Auditor's Office

Independence • Respect • Integrity

## Accountability Audit Report

# Brewster Flat Irrigation District

Okanogan County

For the period January 1, 2011 through December 31, 2013

Published July 23, 2015

Report No. 1014690





## Washington State Auditor's Office

July 23, 2015

Board of Directors  
Brewster Flat Irrigation District  
Brewster, Washington

### Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office 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 District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the District's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

JAN M. JUTTE, CPA, CGFM  
ACTING STATE AUDITOR  
OLYMPIA, WA

## TABLE OF CONTENTS

Audit Summary .....	4
Schedule Of Audit Findings And Responses .....	5
Information About The District .....	9
About The State Auditor's Office .....	10

## AUDIT SUMMARY

### Results in brief

In most areas we audited, District operations complied with applicable requirements and provided adequate safeguarding of public resources. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

However, we identified areas in which the District could make improvements.

The District has an unallowable contract with a private association for joint operations and shared assets. We recommend the District work with legal counsel or other resources available to correct the situation.

These recommendations were included in our report as a finding.

### About the audit

This report contains the results of our independent accountability audit of the Brewster Flat Irrigation District from January 1, 2011 through December 31, 2013.

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.

Our audit involved performing procedures to obtain evidence about the District's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

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 fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Credit card transactions
- Authority
- Procurement

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### **2013-001 The District did not have authority to jointly own assets and share expenses with a non-governmental entity.**

#### *Description of Condition*

The Brewster Flats Irrigation District is a local government that provides irrigation water to the Brewster Flat area. A separate nonprofit association (Association) provides domestic water to these users. For over 20 years, the District and Association have contracted with each other for joint operation. However, the District does not have authority to jointly operate or share assets with a private association.

Our review of the agreement between agencies as well as inquiry with District staff revealed the following:

- Three staff is employed by both the irrigation district and the water association and maintains timesheets for time spent for each. However, at the time of the audit those timesheets were not provided for review.
- The District and Association jointly own a computer, three pickup trucks, and a backhoe. However, an asset cannot be deemed partially a public resource and partially a private resource.

#### *Cause of Condition*

The District entered into an agreement with the Association in response to prior audit recommendations. However, the District did not fully understand the legal restrictions on interlocal agreements or the ownership of public assets sufficient to ensure their agreement was allowable.

#### *Effect of Condition*

The District exceeded their authority and operated in a manner inconsistent with state law.

#### *Recommendation*

We recommend the District work with legal counsel or other resources available to correct the situation.

## ***District's Response***

*At the outset, the District notes that its operations in conjunction with Brewster Flat Domestic Water Association (Association) were approved in two prior state audits for 1992-1993 and 1996 subject to written agreements between the District and the Association.*

*As for the Auditor's change of position and the District's intention to operate within the law for the benefit of its water user members, the District responds to the Description of Conditions as follows:*

- The District will maintain a record keeping system including continued use of the time sheets and separate computers, from those of the Association, to track and memorialize the time the District's employees are engaged in District business in order that salaries and benefits will correspond to the labor actually expended on District business.*
- Title to two pickup trucks will be titled solely in the District name. The other pickup truck will be signed over by the District to the Association. In addition, title to the backhoe and one computer will be transferred to the Association. The values of the title exchanges are considered to be equal in value. Future rental, if any, of the backhoe and pickup trucks by the District will be pursuant to a rental agreement or agreements between the District and the Association.*

## ***Auditor's Remarks***

We appreciate the steps the District is taking to resolve this issue. We will review the condition during our next audit.

## ***Applicable Laws and Regulations***

RCW 87.30.010 states:

An irrigation district may be organized or maintained for any or all the following purposes:

- (1) The construction or purchase of works, or parts of same, for the irrigation of lands within the operation of the district.
- (2) The reconstruction, repair of improvement of existing irrigation works.

(3) The operation of maintenance of existing irrigation works.

(4) The construction, reconstruction, repair or maintenance of a system of diverting conduits from a natural source of water supply to the point of individual distribution for irrigation purposes.

(5) The execution and performance of any contract authorized by law with any department of the federal government or of the state of Washington, for reclamation and irrigation purposes.

(6) The performance of all things necessary to enable the district to exercise the powers herein granted.

Agreement for Shared Services and Equipment between Brewster Flat Irrigation District and Brewster Flat Domestic Water Association (Domestic) for January 1, 2014 through December 31, 2014, states in part:

4.1 The District shall provide office space and shop space to the Domestic

4.2 The District shall work jointly with the Domestic

5.1 The Domestic shall pay 40% of the Manager's, Water Masters, and Secretaries medical benefits.

5.2 The Domestic shall pay for all their office supplies.

5.3 The Domestic shall pay for all their long distance telephone calls.

5.4 The domestic shall pay 1/2 of repair and maintenance on all office equipment. Which Domestic has 1/2 ownership of the personal computer.

5.5 The Domestic shall pay for two monthly vehicle fuel bills per year and two monthly office electrical bills per year.

5.6 The Domestic shall pay for (1/2) of all repairs and maintenance of the Case 580SM backhoe. In which Domestic has 50% ownership.

5.7 The Domestic shall pay one (1/3) of all repairs and maintenance on the 2007 Dodge Pickup. In which Domestic has 1/3 ownership. And 40% of the repairs and maintenance on the 2008 Chevrolet pickup and a 1998 Toyota Pickup. In which Domestic has 40% ownership in both vehicles.

5.8 The Domestic shall pay for any other incidentals as agreed upon by both boards.



## INFORMATION ABOUT THE DISTRICT

The Brewster Flat Irrigation District was established in 1957 and provides irrigation water to approximately 2,740 acres in Okanogan County.

An elected, five-member Board of Directors governs the District and oversees its two full-time employees and one part-time secretary. The District operated on budgets of approximately \$304,000, \$244,000 and \$317,000 for 2011, 2012 and 2013, respectively. The District is primarily funded through property assessments.

### Contact information related to this report

Address:	Brewster Flat Irrigation District 94C Mountain View Drive Brewster, WA 98812
Contact:	Barbara Lawson
Telephone:	(509) 689-2634

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Brewster Flat Irrigation District 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.

<b>Contact information for the State Auditor's Office</b>	
<b>Deputy Director for Communications</b>	Thomas Shapley <a href="mailto:Thomas.Shapley@sao.wa.gov">Thomas.Shapley@sao.wa.gov</a> (360) 902-0367
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>