



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Seattle Chinatown International
District Preservation and Development
Authority

For the period January 1, 2016 through December 31, 2017

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Office of the Washington State Auditor
Pat McCarthy

November 1, 2018

Board of Directors
Seattle Chinatown International District Preservation and Development Authority
Seattle, 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 Authority 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 independent audit report on the Authority'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

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AUDIT RESULTS

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

About the audit

This report contains the results of our independent accountability audit of the Seattle Chinatown International District Preservation and Development Authority from January 1, 2016 through December 31, 2017.

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 performing procedures to obtain evidence about the Authority'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, based on our risk assessment for the years ended December 31, 2017 and 2016, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Petty Cash – Reviewed semi-annual audits performed by the Authority and performed additional review of monitoring controls
- General Disbursements – Gained an understanding of controls and processes and performed transaction testing
- Personnel Reimbursements – Gained an understanding of controls and processes and performed transaction testing

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Federal grant programs

A firm of certified public accountants evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Authority's major federal programs. That firm's reports are available on our website, <http://portal.sao.wa.gov/ReportSearch>. Their 2016 report included a federal finding regarding unauthorized cash disbursements from two component units of the Authority that did not comply with provisions of the Section 8 Housing Assistance Payments Program and the Community Development Block Grant Program. This finding was considered resolved in their 2017 report.

INFORMATION ABOUT THE AUTHORITY

The Seattle Chinatown International District Preservation and Development Authority was established by a charter issued by the city of Seattle on December 16, 1975. The purpose of the Authority is to preserve, promote, and develop the Seattle Chinatown-International District as a vibrant community and unique ethnic neighborhood.

The Authority owns or manages 433 low-income residential units and 130,000 square feet of commercial and retail space. The majority of the residential properties provide low-income housing. The most significant properties are:

- Bush Hotel, which includes 96 units of affordable housing and 26,000 square feet of commercial and retail space
- Legacy House, which provides multi-cultural senior housing and services.
- International District Village Square, which provides centralized resources for health care, mental health, social services, pre-school and childcare, senior advocacy, supportive care and housing
- IDEA Space, which serves as a catalyst for responsible neighborhood investment and a vehicle for strengthening community involvement in revitalization efforts.

The Authority is governed by a Board of Directors of up to 17 members. The Authority is supported primarily through service agreements and rental income. The Authority's 2017 operating revenues were approximately \$8.2 million. It has approximately 100 employees.

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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Seattle Chinatown International District Preservation and Development Authority 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.

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