



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

## **Accountability Audit Report**

# **Lower Stemilt Irrigation District**

**Chelan County**

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

**Published November 17, 2014**

**Report No. 1012983**





# Washington State Auditor Troy Kelley

November 17, 2014

Board of Commissioners  
Lower Stemilt Irrigation District  
Wenatchee, 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,

TROY KELLEY  
STATE AUDITOR

## TABLE OF CONTENTS

Audit Summary .....	4
Status Of Prior Audit Findings .....	5
Information About The District .....	6
About The State Auditor's Office .....	7

## AUDIT SUMMARY

### Results in brief

In the 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.

### About the audit

This report contains the results of our independent accountability audit of the Lower Stemilt 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:

- Procurement

## STATUS OF PRIOR AUDIT FINDINGS

The status of findings contained in the prior years' audit reports of the Lower Stemilt Irrigation District is provided below:

### **1. Lower Stemilt Irrigation District Commissioners had remote interests in a \$41,100 District contract.**

Report No. 1006032, dated July 26, 2011

#### *Background*

From 2006 to 2010, the District paid \$41,100 in 10 payments to a nonprofit organization of which one commissioner was the treasurer and two were directors. The Commissioners did not disclose their interests in an open public meeting and all three voted to approve payments to the organization. In addition, \$20,000 of the \$41,100 paid to the nonprofit organization was an advance payment for a reservoir project. The advance payment was made without a contract. State law requires a contract for all advance payments.

State law prohibits public officials from having a direct or indirect beneficial interest in any contract under their supervision. The law allows public officials to have a remote interest in contracts if they disclose in an open public meeting their interest in the contract, do not attempt to influence other officials regarding the contract and do not vote on the contract.

#### *Status*

The District acquired the nonprofit organization's property, water rights and easements. We reviewed the Quit Claim Deed that grants the District the land, water rights and easements. Therefore, the District no longer conducts business with the non-profit company and we consider this issue to be resolved.

## INFORMATION ABOUT THE DISTRICT

The Lower Stemilt Irrigation District provides irrigation water to lands south of Wenatchee, near Malaga, in Chelan County. The District is governed by an elected, three-member Board of Commissioners and provides water to nearly 1,800 acres of orchards. The District has no employees. The District annexed lands by forming two local improvement districts and issued two infrastructure bonds. The annual revenue for 2013 was approximately \$482,282.

<b>Contact information related to this report</b>	
Address:	Lower Stemilt Irrigation District 4597 Stemilt Hill Road Wenatchee, WA 98801
Contact:	Julie Orendor, District Secretary
Phone:	(509) 662-3613

*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for the Lower Stemilt 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>	(360) 725-5617
<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>