



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

**San Juan County Fire Protection
District No. 2
(Orcas Island Fire & Rescue)**

For the period January 1, 2012 through December 31, 2013

Published April 20, 2015

Report No. 1014018





Washington State Auditor Troy Kelley

April 20, 2015

Board of Commissioners
Orcas Island Fire & Rescue
Eastsound, 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
OLYMPIA, WA

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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 noted certain matters that we communicated to District management in a letter dated March 23, 2015, related to cash receipting. We appreciate the District's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of the Orcas Island Fire & Rescue from January 1, 2012 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:

- Open Public Meetings Act
- Cash receipting
- Bid compliance
- Expenditures
- Conflict of interest
- Medical reimbursements

STATUS OF PRIOR AUDIT FINDINGS

The status of findings contained in the prior years' audit reports of Orcas Island Fire & Rescue is provided below:

- 1. The District did not comply with competitive bid laws for the construction of its fire station which limited competition and did not ensure the best price. Additionally, the District created a conflict of interest when it used the Commissioner's company for a component of the project.**

Report No. 1010105, dated July 15, 2013

Background

The District added approximately \$56,000 in change orders to a project, which represented separate projects that did not follow appropriate bidding procedures. Additionally, a Commissioner's company installed the roofing for only the cost of materials; however this project should have been bid and a conflict of interest was created by the use of the Commissioner's company.

District management did not have a full understanding of the bidding and conflict of interest laws when starting this construction project.

Status

The condition reported in the 2010-2011 audit has been resolved. Our testing confirmed management properly procured its only public works project in 2014.

RELATED REPORTS

Financial

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DISTRICT

San Juan County Fire Protection District No. 2, also known as Orcas Island Fire & Rescue, is located on Orcas Island, which is a part of San Juan County. The District maintains seven fire stations and is currently staffed by four career, full-time Fire Officer Paramedics, two Fire Officer EMT's, two administrative assistants, a volunteer coordinator, an assistant chief and the Fire Chief with over 60 volunteer firefighters, EMT's and first responders.

The District's main source of revenue comes from property taxes. The District does not have a separate EMS levy and does not charge for ambulance transport services. An elected, three-member Board of Commissioners is in charge of District governance with day-to-day operations overseen by the Fire Chief. The District operated on annual operations budgets of approximately \$1.5 million in 2012 and \$1.6 million in 2013.

Contact information related to this report	
Address:	Orcas Island Fire & Rescue 45 Lavender Lane Eastsound, WA 98245
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Orcas Island Fire & Rescue 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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