



# Washington State Auditor's Office

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## Accountability Audit Report

# Franklin County Fire Protection District No. 1

For the period January 1, 2013 through December 31, 2014

Published November 23, 2015

Report No. 1015588





## Washington State Auditor's Office

November 23, 2015

Board of Commissioners  
Franklin County Fire Protection District No. 1  
Connell, 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,

A handwritten signature in blue ink, reading "Jan M. Jutte".

JAN M. JUTTE, CPA, CGFM  
ACTING 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 identified areas in which the District could make improvements.

We recommended the District retain supporting documentation for all disbursements made to ensure safeguarding of public funds and as required by local government record retention schedules.

These recommendations were included in our report as a finding.

### About the audit

This report contains the results of our independent accountability audit of Franklin County Fire Protection District No. 1 from January 1, 2013 through December 31, 2014.

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:

- Payroll/personnel
- Payments/expenditures

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

**2014-001    The District did not maintain adequate supporting documentation for expenditures. We were unable to determine if expenditures were for a valid purpose of the District.**

### *Background*

The District's annual expenditures averaged \$126,000 for 2013 and 2014. Prior audits recommended the District improve internal controls over expenditures and retain support for all payments with appropriate documentation.

### *Description of Condition*

The District was unable to provide supporting documentation (invoices) for 400 checks written totaling \$101,026 made between January and October 2014. Thus we were unable to determine if these expenditures were for an allowable purpose of the District.

### *Cause of Condition*

The District Secretary retained the Commissioner approved warrant lists as support for the disbursements. However, the Secretary kept the invoices and disbursement documentation in a bag that she transports between the District and her home. The Secretary misplaced the bag after completing the District's financial statements for 2014. The District did not have adequate internal controls in place to retain required records to support District expenditures.

### *Effect of Condition*

Without supporting documentation, the District is unable to provide support for the \$101,026 in disbursements. Without proper internal controls and procedures over its disbursements, the District cannot ensure its resources are safe from loss or misuse and purchases are for a legitimate District purpose.

### *Recommendation*

We recommend the District retain supporting documentation for all disbursements made to ensure safeguarding of public funds and as required by local government record retention schedules.

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

*The District has put into place a resolution that will properly retain all supporting documents for all distributions. With this resolution in place, the District will be able to support proper control and procedures for its distributions and retention of public records.*

*Invoices and supporting documents used for the disbursements will be stored on its property, including the District Office at all times.*

*All such documents will continue to be reviewed by the Chief and the quorum of Commissioners at a monthly meeting to ensure the safeguard of public funds.*

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

We appreciate the District's commitment to resolve this finding and thank the District for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

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

RCW 43.09.200 Local government accounting – Uniform system of accounting, states in part:

The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class. The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, or other persons. The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction; all statements and reports made or required to be made, for the internal administration of the office to which they pertain; and all reports published or required to be published, for the information of the people regarding any and all details of the financial administration of public affairs.

RCW 40.14.070 Destruction, disposition, donation of local government records – Preservation for historical interest – Local records committee, duties – Record retention schedules – Sealed records, states in part:

(2)(a) Except as otherwise provided by law, no public records shall be destroyed until approved for destruction by the local records committee.

*Budget, Accounting, and Reporting System Manual (BARS), Accounting Principles and Internal Control*, states in part:

#### 3.1.4 Original Supporting Documentation

3.1.4.10 Local governments are responsible for obtaining and ensuring the integrity and retention of the original vouchers, receipts, and other documents - regardless of physical form - necessary to isolate and prove the validity of every transaction relating to the receipt, use and disposition of public funds or property (RCW 43.09.200). This requirement extends to all accounting entries, including interfund transactions or allocations of overhead costs.

## INFORMATION ABOUT THE DISTRICT

Franklin County Fire Protection District No. 1 provides fire protection and suppression services to the central part of Franklin County. In 2010, the City of Connell established an inter-local agreement with the District to ensure the city has an adequate response service for wild land/brush fires within the city limits.

An elected, three-member Board of Commissioners governs the District. Each Commissioner is elected to a six-year, staggered term. The District has approximately 35 volunteer firefighters. Property taxes are the primary funding source for the District with total operating revenues of \$185,528 for fiscal year 2013 and \$189,767 for fiscal year 2014.

Contact information related to this report	
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*Information current as of report publish date.*

## Audit history

You can find current and past audit reports for Franklin County Fire Protection District No. 1 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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