



Washington State Auditor's Office

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Accountability Audit Report

Seattle Chinatown International District Preservation and Development Authority

King County

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

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Washington State Auditor's Office

July 18, 2016

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 report on the Authority'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 cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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AUDIT SUMMARY

Results in brief

In the areas we audited, Authority operations complied with applicable requirements and provided adequate safeguarding of public resources. The Authority 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 Seattle Chinatown International District Preservation and Development Authority from January 1, 2014 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 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, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Cash receipting
- Petty cash
- Payments/expenditures

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available from Seattle Chinatown International District Preservation and Development Authority.

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 report is available from Seattle Chinatown International District Preservation and Development Authority.

Special investigations

We noted certain matters that we communicated to Authority management in a letter, relating to a loss of public funds. The Authority self-reported the loss of public funds to our office and subsequently performed its own internal investigation. Upon completion of the investigation, the Authority improved its internal controls and implemented new policies and procedures to address the control weaknesses that led to the loss of public funds. We appreciate the Authority's commitment to resolving those matters.

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 programs and 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, employment services, 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.

During the audit period, the Authority was governed by a Council of up to 17 members. The Mayor of the City of Seattle appointed four members; the constituency of the Authority elected four members, the Authority's Council elected four members and an additional one to five members were selected by the Council. After the audit period, the Council's composition was changed to a Board of Directors. The City does not consider the Authority to be a component unit. The Authority is supported primarily through service agreements and rental income. The Authority's 2014 operating revenues were approximately \$6.9 million. It has approximately 100 employees.

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 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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