



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Chelan County

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

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**Office of the Washington State Auditor
Pat McCarthy**

November 5, 2018

Board of Commissioners
Chelan County
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 County 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 County'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 most of the areas we examined, except as described below, County operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we noted certain matters that we communicated to County management and Board of Commissioners in a letter dated October 5, 2018, related to the use of lodging tax, the Farm Worker Housing Camp and the County's health and welfare self-insurance program. We appreciate the County's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of Chelan County from January 1, 2017 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 County'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 year ended December 31, 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Self-insurance – health and welfare, workers' compensation and unemployment compensation program compliance
- Use of restricted funds including lodging tax
- District Court – cash receipting and adjustments
- Farm Worker Housing Camp – cash receipting and adjustments
- IT data backup and recovery
- Payroll – benefits and deductions

RELATED REPORTS

Financial

Our opinion on the County's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the County's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

That report includes a finding for a material weakness in internal controls over financial reporting regarding tax accrual.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the County's major federal programs, which are listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE COUNTY

Chelan County serves over 75,000 citizens in north central Washington. The County is governed by an elected, three-member Board of Commissioners. Twelve additional elected officials help administer County operations which are the following: Assessor, Auditor, Clerk, Coroner, Prosecuting Attorney, Sheriff, Treasurer and two district court judges and three superior court judges. In fiscal year 2017, the County operated on an annual budget of approximately \$96 million and had approximately 500 employees.

The County provides law enforcement and public safety, juvenile, superior and district court systems, legal prosecution and indigent defense services and operates a regional justice center. The County also provides construction and maintenance of county roads, bridges and drainage systems, community planning services, community development services, parks and recreation management, property assessment, issuance of permits and licenses and election services.

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Information current as of report publish date.

Audit history

You can find current and past audit reports for Chelan County 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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