



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Irvin Water District No. 6

For the period January 1, 2015 through December 31, 2017

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

January 14, 2019

Board of Commissioners
Irvin Water District No. 6
Spokane, 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 independent audit report on the District'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 those selected areas, District operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

About the audit

This report contains the results of our independent accountability audit of Irvin Water District No. 6 from January 1, 2015 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 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, based on our risk assessment for the years ended December 31, 2017, 2016 and 2015, 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/Leave balances – verification of leave balances and gross wages
- Self-insurance for unemployment compensation
- Cash receipting at the District Office – timeliness and completeness of deposits

IRVIN WATER DISTRICT NO. 6

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Irvin Water District No. 6 January 1, 2015 through December 31, 2017

This schedule presents the status of findings reported in prior audit periods.

Audit Period: January 1, 2012 through December 31, 2014	Report Ref. No.: 1014789	Finding Ref. No.: 2014-001
Finding Caption: The District Manager exceeded his authority by increasing employee pay above the Commissioner approved amount.		
Background: In 2013, the Board of Commissioners approved the use of Social Security Cost of Living Adjustment (COLA) as the basis of future District payroll raises. The approved pay increase in 2014 was 1.5 percent. The District Manager exceeded his authority by directing the Office Manager to increase pay above the commissioner authorized 1.5 percent increase. This resulted in the District overpaying employees by \$16,211.94 for 2014.		
Status of Corrective Action: (check one) <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>That manager no longer works for Irvin (fired in September 2015). Board sees and approves employee pay/timesheets and budgets as checks and balances at each monthly Board meeting.</i>		

INFORMATION ABOUT THE DISTRICT

Irvin Water District No. 6 provides water, and limited irrigation, services to approximately 1,050 customers.

The District is governed by a three-member Board of Commissioners, which appoints a District Manager to oversee the District's two full-time employees. The District operated on a fiscal year 2015 budget of \$595,500, fiscal year 2016 budget of \$627,725 and fiscal year 2017 budget of \$634,200. The Spokane County Treasurer's and Auditor's offices process the District's revenue and expenditures.

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 Irvin Water District No. 6 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.

Contact information for the State Auditor's Office	
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