

Washington State Auditor's Office
Accountability Audit Report

Franklin County Irrigation District No. 1

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December 6, 2013

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WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

December 23, 2013

Board of Directors
Franklin County Irrigation District No. 1
Pasco, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your District to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on Franklin County Irrigation District No. 1's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

TROY KELLEY
STATE AUDITOR

Table of Contents

Franklin County Irrigation District No. 1 December 6, 2013

Audit Summary	1
Description of the District	2
Status of Prior Audit Findings.....	3

Audit Summary

Franklin County Irrigation District No. 1 December 6, 2013

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Franklin County Irrigation District No. 1 from January 1, 2011 through December 31, 2012.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District complied with state laws and regulations and its own policies and procedures.

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 noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Cash receipting
- Disbursements and the revolving fund
- Payroll and leave accrual
- Purchasing/procurement
- New and missing parcels

RESULTS

In most areas, the District complied with state laws and regulations and its own policies and procedures.

However, we noted certain matters that we communicated to District management. We appreciate the District's commitment to resolving those matters.

Description of the District

Franklin County Irrigation District No. 1 December 6, 2013

ABOUT THE DISTRICT

Franklin County Irrigation District No. 1 was formed in 1919 to supply irrigation water to homes and farms in a rural section of Franklin County, west of the city of Pasco.

An elected, five-member Board of Directors administers the District. Each Board Member serves a three-year term. The Board appoints an Operations Manager to oversee District operations and its five employees. The District's revenues were \$1.06 million for 2011 and \$1.33 million for 2012.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Directors:

David Bechtold (Chair 2012, 2013)
Teresa Pegram
Gary Olson
David Harris
Jay Frichette (Chair 2011)

APPOINTED OFFICIALS

Operations Manager
Secretary/Office Manager
Attorney

John Burns
Robin Brown
Bill Davis

DISTRICT CONTACT INFORMATION

Address: Franklin County Irrigation District No. 1
P.O. Box 3907
Pasco, WA 99302

Phone: (509) 547-4912

AUDIT HISTORY

We audit the District every two to three years. Future audits will be two-year audits.

The District received a finding for the 2006-2007 audit. The finding was repeated in the 2008-2010 audit. The finding identified inadequate records retention and lack of internal controls over financial operations. The issues were resolved in our current audit.

Status of Prior Audit Findings

Franklin County Irrigation District No. 1 December 6, 2013

The status of findings contained in the prior years' audit reports of the Franklin County Irrigation District No. 1 is provided below:

1. The District's lack of records retention and inadequate internal controls over financial operations place public funds at risk of loss.

Accountability, Report No. 1005867, dated May 5, 2011

Background

During the audit, District staff could not locate some documents we requested in a timely manner, including invoices and receipts. Staff could not locate some documentation at all, including credit card statements and documentation to support whether expenditures were for District-related purposes.

Additionally there were several issues that were not resolved from prior audits which included: lack of oversight of disbursements by the Board combined with lack of segregation of duties for the Office Manager; deposits were not made timely; the District incurred finance charges and late fees on their credit card accounts; and personal reimbursements from petty cash for District related expenses.

Status

The condition reported from the prior audit has been resolved and is not repeated in the current audit. The District hired a new Office Manager in 2011 who implemented improved document retention and record keeping practices, as well as improved handling of credit cards, petty cash and deposits. The District obtained a deposit waiver in 2011 from Franklin County to extend the period of required deposit. The District changed controls over disbursement approval so that a board member must sign the payments mid-month and at the monthly board meetings to improve Board oversight.



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 as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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