

Washington State Auditor's Office
Accountability Audit Report

**Seattle Chinatown International District
Preservation and Development Authority
King County**

Report Date
December 5, 2013

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December 30, 2013



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

December 30, 2013

Council
Seattle Chinatown International District Preservation and Development Authority
Seattle, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your Authority 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 the Seattle Chinatown International District Preservation and Development Authority'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

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Authority
King County
December 5, 2013

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Audit Summary

**Seattle Chinatown International District Preservation and Development
Authority
King County
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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, 2012 through December 31, 2012.

We evaluated internal controls and performed audit procedures on the activities of the Authority. We also determined whether the Authority 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:

- Service agreements controls and compliance
- Open public meeting minutes
- General disbursements
- Procurement of public works and purchases

RESULTS

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

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

Related Reports

**Seattle Chinatown International District Preservation and Development
Authority
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FINANCIAL AND GRANT COMPLIANCE

A financial statement and federal grant compliance audit was performed by a firm of certified public accountants. That firm's report is available from the Authority. The firm reported a material weakness in internal controls over its federal award Section 8 New Construction/Substantial Rehabilitation regarding funds that were improperly distributed and advanced to a related party by two of the Authority's component units. Related to that issue, the firm reported questioned costs in the amount of \$32,957. The firm's report also notes that these two issues were corrected prior to the issue date of the firm's report.

Description of the Authority

Seattle Chinatown International District Preservation and Development Authority King County December 5, 2013

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 434 low-income residential units and 200,000 square feet of commercial and retail space. The residential properties provide low-income housing. The most significant properties are:

- Bush Annex, which houses the Theater Off Jackson.
- Legacy House, which provides multi-cultural senior housing and services.
- International District Village Square, which provides centralized resources for comprehensive health care, pre-school and childcare, supportive care and housing for seniors, as well as the local branch of the Seattle Public Library, City of Seattle Parks Department's International District/Chinatown Community Center and housing for low income families.
- IDEA Space, which serves as a catalyst for responsible neighborhood investment and a vehicle for strengthening community involvement in revitalization efforts.

The Authority is governed by a Council of up to 17 members. The Mayor of the city of Seattle appoints four members, the constituency of the Authority elects four members, the Authority's Council elects four members and an additional one to five members as selected by the Council. All members of the Authority's Council are confirmed by the Seattle City Council. 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 2012 operating revenue was approximately \$6 million. It has approximately 102 employees.

ELECTED OFFICIALS

These officials served during the audit period:

Council:

Mike Omura, Chair
David Chang, MD, Treasurer
Rita Brogan, Secretary
Jennifer Phang
Josephine Tamayo Murray
Jiawen Shi
Karen Yoshitomi
Scott Yasui
Michael Itti
Casey Huang
Phillip Sit
Kip Tokuda

APPOINTED OFFICIALS

Executive Director

Maiko Winkler-Chin

AUTHORITY CONTACT INFORMATION

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Authority
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Seattle, WA 98114

Phone: (206) 624-8929

Website: www.scidpda.org

AUDIT HISTORY

We audit the Authority annually. In 2011, we communicated to management that the Authority was not in compliance with the open public meetings act when they voted to approve a grant application via email. By conducting business via email, the Council denied the public the opportunity to hear the Council deliberate and take action in an open public meeting. The Authority resolved this issue. In 2010 we reported a finding that the Authority exceeded its statutory authority by investing in an unallowable interest rate swap. The Authority disagreed with this finding, but agreed to consult a financial advisor to ensure compliance with state laws when entering into financial transactions.



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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