



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Cascade Water Alliance

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

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

September 24, 2018

Board of Directors
Cascade Water Alliance
Bellevue, 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 Alliance 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 Alliance'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, Alliance 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 the Cascade Water Alliance 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 Alliance'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:

- Procurement – compliance with competitive bidding requirements and prevailing wage requirement for the White River/Lake Tapps Security Improvement project
- Procurement – on-call contracts for public works
- Payroll – gained an understanding of Alliance procedures for bonus pay, merit pay and paid vacation to ensure compliance with policy and pay was properly supported
- Conservation Rebate Program – gained an understanding of procedures over rebates to ensure rebates are reasonable and within the Alliance's service area
- General disbursement – gained an understanding of controls over travel and sponsor event expenditures to ensure properly supported and in compliance with Alliance policy

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE ALLIANCE

The Cascade Water Alliance is a joint municipal utility services authority located in Bellevue, Washington. Its membership consists of the cities of Bellevue, Issaquah, Kirkland, Redmond and Tukwila, along with the Sammamish Plateau Water and the Skyway Water and Sewer District.

The Alliance was organized to coordinate and plan cooperatively with other regional water providers and local nonmember water utilities, to maximize supply availability and to minimize system costs. Established in 1999, Cascade Water Alliance converted from a Washington State nonprofit corporation to a Washington State Joint Municipal Service Authority on July 12, 2012. The Alliance supplies over 350,000 King County residents and 20,000 businesses.

The Alliance is governed by a Board of Directors that consists of seven elected officials appointed from member entities. Operating expenditures for 2017 totaled \$35 million. The Alliance has eleven employees.

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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Cascade Water Alliance 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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