



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
San Juan County Fire Protection
District No. 3

For the period January 1, 2016 through December 31, 2018

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

June 6, 2019

Board of Commissioners
San Juan County Fire Protection District No. 3
Friday Harbor, 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 San Juan County Fire Protection District No. 3 from January 1, 2016 through December 31, 2018.

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, 2018, 2017 and 2016, 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 – public works, purchases, cooperative purchases, and purchasing exemptions
- Tracking and monitoring of fuel use



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**San Juan County Fire Protection District No. 3
January 1, 2016 through December 31, 2018**

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

Audit Period: January 1, 2013 through December 31, 2015	Report Ref. No.: 1016859	Finding Ref. No.: 2015-001
Finding Caption: The District does not have adequate internal controls to ensure bid law and statutory requirements are followed.		
Background: The District did not comply with State law when it bypassed the County Treasurer during its acquisition of a \$2.7 million loan to purchase fire engines and finance public works projects. In addition, the District could not demonstrate compliance with state bid law and its own policies for various purchases. The District also could not demonstrate in several instances that it adequately safeguarded public resources by ensuring it received the best price or contracted with the lowest responsible or most highly qualified bidder.		
Status of Corrective Action: (check one) <input 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>San Juan County FPD#3 has taken several steps since the finding in the last audit. As mentioned in the previous response following the finding, the following adjustments were made and followed currently:</i> <ol style="list-style-type: none"> 1. Policies specifying purchasing requirements were updated to follow applicable RCWs and best practices. 2. Policies were updated for purchases regardless of amount to provide a consistent approach to assuring appropriate purchasing practices. 3. Safeguards were placed into policy and practice to assure the Board of Commissioners and District Staff adhered to applicable purchasing standards. 4. An update was added to the District's purchasing flow, provided by legal counsel that showed requirements for various purchasing level requirements. This flowchart is referred to during purchasing decisions and Board presentations. 		

5. The working relationship with the County Treasurer was increased to come in line with RCW requirements for the Treasurer to be the financial agent for revenue collection and disbursement. This was in addition to District Staff reviewing all revenues and expenditures.

We wish to thank the work and diligence of the State Auditor's Office to assure that all governmental agencies meet the needs of the people and the law. Be assured that the changes enacted by the Fire District meet and/or exceed the legal requirements and practices found lacking in the previous review.

INFORMATION ABOUT THE DISTRICT

San Juan County Fire Protection District No. 3, also called San Juan Island Fire & Rescue, provides fire prevention, suppression and emergency rescue services to approximately 9,400 residents on San Juan, Brown and Pearl Islands.

An elected, three-member Board of Commissioners governs the District. The Board appoints management to oversee its seven full-time employees and over 50 volunteer firefighters. The District operates on an annual budget of approximately \$2.2 million.

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 San Juan County Fire Protection District No. 3 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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