



Office of the Washington State Auditor
Pat McCarthy

Assessment Audit Report

Skagit County Cemetery District No. 3 (Edens Cemetery)

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

Published April 23, 2020

Report No. 1026134





Office of the Washington State Auditor
Pat McCarthy

April 23, 2020

Board of Commissioners
Edens Cemetery
Anacortes, Washington

Report on Assessment Audit

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor 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.

The attached report describes the procedures performed and conclusions for the areas we reviewed. We appreciate the opportunity to work with your staff and we value your cooperation during the assessment audit.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style.

Pat McCarthy
State Auditor
Olympia, WA

AUDIT SUMMARY

Results in brief

Based on the procedures performed, except as described below, nothing came to our attention in the areas we reviewed that caused us to believe the District was not in substantial compliance with applicable state laws, regulations, and its own policies, or had significant weaknesses in controls over the safeguarding of public resources. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

As referenced above and described in the attached finding, the District should ensure that annual reports are completed and submitted with 150 days after its fiscal year end in accordance with state law.

This recommendation is included with our report as a finding.

About the assessment audit

This report contains the results of our independent audit of Edens Cemetery 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. Local governments are also required by state law (RCW 43.09.230) to prepare and submit certified annual reports to our Office summarizing such things as revenues received, collections made, amounts receivable or payable, expenditures made, and debt owed.

This assessment audit was conducted under the authority of RCW 43.09.260, which requires the State Auditor's Office to examine the financial affairs of all local governments at least once every three years. Assessment audits are risk-based, limited-scope reviews of small local governments, generally defined as local governments with less than \$300,000 in annual revenues. To help minimize audit costs, our work for this engagement was conducted off-site primarily using financial and other information provided by the District.

This assessment audit was limited to the following:

- Reviewing meeting minutes for compliance with the Open Public Meetings Act.
- Inquiring as to internal controls over assets, revenues, and disbursements.
- Verifying that annual reports submitted to our Office were complete and filed timely in compliance with state law.

- Reviewing the District's annual revenues and expenditures for unusual transactions or trends.
- Corroborating financial information reported by the District by comparing its annual revenues, expenditures, and cash and investment balances to third-party sources.
- Reviewing expenditures for indications of unusual activities, excessive Board of Commissioners compensation, conflicts of interest, or procurement requirements.
- Evaluating the District's financial information for indications of financial difficulties.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Edens Cemetery

January 1, 2016 through December 31, 2018

2018-001 The District's internal controls over financial reporting were inadequate to ensure timely reporting.

Background

The Board of Commissioners, management, state and federal agencies, and the public rely on the information included in financial statements and reports to make decisions. The District is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance regarding the reliability of financial reporting.

State law (RCW 43.09.230) requires the District to submit an annual financial report to our Office within 150 days after the end of the District's fiscal year. The annual financial report includes summaries of financial information, supporting schedules, and responses to statutorily required compliance requirements.

The District received a recommendation in the prior audit related to late annual report filing.

Description of Condition

The District did not take appropriate action to prepare or submit the required annual reports within 150 days after its fiscal year end for fiscal years 2016, 2017 and 2018.

Cause of Condition

The District did not dedicate the resources needed to ensure it submitted the 2016, 2017 and 2018 financial reports on time.

Effect of Condition

The District filed its annual report 1,006, 641 and 276 days late for fiscal years 2016, 2017 and 2018, respectively. Delays in the availability of complete financial reports prevent District officials, the public and other interested parties from obtaining timely information. Such delays also hinder transparency to citizens and the efforts of the State Auditor's Office to compile statistical and financial information for use by the state Legislature and others.

Recommendation

We recommend the District establish internal controls to ensure timely financial reporting, as required by state law.

District's Response

The commissioners of Skagit County cemetery district 3 have assigned the task of completing yearly reports on time to the secretary of cemetery district 3. The reports shall be filed no later than 150 days after the end of the fiscal year as required by law. The secretary shall submit reports by the May due date and share results with the commissioners at the June meeting each year.

Auditor's Remarks

We appreciate the District's commitment to resolve this finding and thank the District for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

RCW 43.09.230 Local government accounting – Annual reports – Comparative statistics

The *Budgeting, Accounting and Reporting System (BARS)* manual, 3.1.3, Internal Control

INFORMATION ABOUT THE DISTRICT

Skagit County Cemetery District No. 3 provides maintenance and operation services for its cemetery located on Guemes Island.

An elected, three-member Board of Directors governs the District. Property taxes pay for District operations. The District received approximately \$7,800, \$6,500 and \$8,000 in revenues in fiscal years 2016, 2017 and 2018, respectively.

Contact information related to this report

Address:	Edens Cemetery 6312 Guemes Island Road Anacortes, WA 98221
Contact:	Angie Veal, Secretary
Telephone:	(360) 941-9578

Information current as of report publish date.

Audit history

You can find current and past audit reports for Edens Cemetery 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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