



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

**Accountability Audit Report**  
**Whitman County Fire Protection**  
**District No. 4**

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

**Published May 11, 2020**

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

May 11, 2020

Board of Commissioners  
Whitman County Fire Protection District No. 4  
Palouse, Washington

**Report on Accountability**

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.

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.

Attached is 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

## TABLE OF CONTENTS

Audit Results.....	4
Schedule of Audit Findings and Responses.....	5
Information about the District.....	7
About the State Auditor's Office.....	8

## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we identified areas in which the District could make improvements. These recommendations are included with our report as a finding.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of Whitman County Fire Protection District No. 4 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 obtaining 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. The procedures we performed were based on our assessment of risks in the areas we examined.

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. We examined the following areas during this audit period:

- Annual report filing – timeliness and completeness
- Procurement – sole source purchases
- Compliance with contract terms for equipment purchases and emergency management services with other agencies

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

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

#### ***Background***

The Board of Commissioners, 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 disclaimer letter for the prior audit because it did not file its annual reports for fiscal years 2013, 2014 and 2015.

#### ***Description of Condition***

The District did not submit the required annual reports for 2016 and 2017. The District submitted its annual report for fiscal year 2018 two days after the filing deadline.

#### ***Cause of Condition***

The District started the annual report filing process for fiscal years 2016 and 2017 and thought it filed these reports. The District did not know it did not submit the annual reports until our Office contacted it about the audit.

#### ***Effect of Condition***

The District did not file its annual report for fiscal years 2016 and 2017 and filed its 2018 annual report late. 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 the necessary internal controls to ensure it files timely annual reports in accordance with state law.

## ***District's Response***

*Whitman County Rural Fire Protection District No. 4 is committed to proper management of the public trust and obligated to provide accurate and complete reporting of all records, reports and schedules as required by State Auditor's Office.*

*Whitman County Rural Fire District No. 4 respects the rights of the public to have full and complete access to all financial information of the District at any time. The District strives to meet the requirements as set forth by the State, the State Auditor and the public by completing timely and accurate annual financial reports, ensuring meetings are open, as well as encouraging participation by the public and the community it serves.*

*The District, in order to provide Checks and Balances and to ensure proper and timely filing of the annual report to the state auditor's office, will have District staff regularly review the State Auditor's office website for the official communications to the District from the State Auditors as directed during the April 3, 2020 phone conference.*

*Commissioners have communicated with staff the importance of correct reporting of financial transactions and are working towards procedures to ensure that adequate digital and paper records are available. Upon learning that the District's annual reports for 2016-2017 were not "officially submitted" have now taken the necessary steps to rectify that situation.*

*Whitman County Rural Fire Protection District No. 4 provides transparency of operations, management, and function to the public and governing entities by emphasizing accurate and on time submission to the Washington State Auditor's Office of the annual audit report in compliance with RCW 43.09.230.*

## ***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 requires every local government to submit financial reports within one hundred fifty days after the close of each year.

The *Budgeting, Accounting, and Reporting System (BARS)* manual, 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objective.

## INFORMATION ABOUT THE DISTRICT

Whitman County Fire Protection District No. 4 provides fire protection and suppression services for the city of Palouse and surrounding area. The District's service area covers approximately 150 square miles.

A three-member Board of Commissioners governs the District. The District had expenditures of approximately \$28,000, \$86,000 and \$61,000 in fiscal years 2016, 2017 and 2018, respectively.

### Contact information related to this report

Address:	Whitman County Fire Protection District No. 4 P.O. Box 430 Palouse, WA 99161
Contact:	Susan Lopez, District Secretary
Telephone:	509-336-9916

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Whitman County Fire Protection District No. 4 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.

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(564) 999-0950
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>