



Office of the Washington State Auditor
Pat McCarthy

Assessment Audit Report

Scatchet Head Water District

For the period January 1, 2018 through December 31, 2019

Published July 15, 2021

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

July 15, 2021

Board of Commissioners
Scatchet Head Water District
Oak Harbor, 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 value your cooperation during the assessment audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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AUDIT SUMMARY

Results in brief

Based on the procedures performed, 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.

About the assessment audit

This report contains the results of our independent audit of the Scatchet Head Water District from January 1, 2018 through December 31, 2019.

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. State law (RCW 43.09.230) also requires local governments 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 Office of the Washington State Auditor 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. Based on that review, we compared selected expenditures with supporting invoices and voucher approvals to verify their validity and completeness. We further verified that selected expenditures complied with applicable procurement requirements.
- Evaluating the District's financial information for indications of financial difficulties

Scatchet Head Water District
PO Box 2243
Oak Harbor, Washington 98277
360-678-5336

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Scatchet Head Water District
January 1, 2018 through December 31, 2019

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

Audit Period: 01/01/2016 - 12/31/2017	Report Ref. No.: 1023582	Finding Ref. No.: 2017-001
Finding Caption: The District did not have adequate internal controls to ensure compliance with state prevailing wage requirements.		
Background: The District did not include any prevailing wage specifications in the contract for their tank repair/refurbishment. Additionally, the District did not obtain or file an <i>Intent to Pay Prevailing Wages</i> or an <i>Affidavit of Wages Paid</i> with the state Department of Labor and Industries		
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between; align-items: flex-start;"><div style="text-align: center;"><input checked="" type="checkbox"/> Fully Corrected</div><div style="text-align: center;"><input type="checkbox"/> Partially Corrected</div><div style="text-align: center;"><input type="checkbox"/> Not Corrected</div><div style="text-align: center;"><input type="checkbox"/> Finding is considered no longer valid</div></div>		
Corrective Action Taken: <i>District's Response: A professional engineer was hired to oversee the entire tank refurbishing project, and was expected to ensure that all aspects of the project were in compliance with all codes, policies, laws, etc. The engineer was aware that the water system was a Water District. In the future, the District will establish and follow effective internal controls to ensure all public works projects comply with state prevailing wage requirements, and ensure that all public works contracts and public building service maintenance contracts include specifications requiring the payment of prevailing wages to all workers employed in any part of the contract, and that the contractor and subcontractors are required to file the "Intent to Pay Prevailing Wages" or an "Affidavit of Wages Paid" document. The specifications will list all of the applicable prevailing wage rates.</i>		

INFORMATION ABOUT THE DISTRICT

The Scatchet Head Water District was organized in 1982 to serve the Scatchet Head residential community, located on Whidbey Island. The District provides water to approximately 400 customers.

An elected, three-member Board of Commissioners governs the District. For fiscal years 2018 and 2019, the District had revenues in the amount of approximately \$142,000 and \$172,000 respectively. The District's main source of revenue is water sales and services.

Contact information related to this report

Address:	Scatchet Head Water District P.O. Box 2243 Oak Harbor, WA 98277
Contact:	Brenda Bosman, Bookkeeper
Telephone:	(360) 678-5336

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Scatchet Head Water District at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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