



Assessment Audit Report

Artesia Irrigation District No. 8

For the period January 1, 2017 through December 31, 2020

Published November 18, 2021

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

November 18, 2021

Board of Directors
Artesia Irrigation District No. 8
Walla Walla, 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,

Olympia, WA

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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, we identified areas where the District could make improvements. These recommendations are included with our report as a finding.

About the assessment audit

This report contains the results of our independent audit of Artesia Irrigation District No. 8 from January 1, 2017 through December 31, 2020.

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 Directors 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

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Artesia Irrigation District No. 8 January 1, 2017 through December 31, 2020

2020-001 The District lacked adequate internal controls over financial reporting for ensuring compliance with timely annual report submissions.

Background

Federal and state agencies, the Board of Directors 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 that financial reporting is reliable.

State law (RCW 43.09.230) requires the District to submit an annual financial report to the State Auditor's Office within 150 days after the end of its fiscal year. The annual financial report includes summaries of financial information and supporting schedules.

Description of Condition

The District did not submit the required annual reports to our Office within 150 days of its fiscal year-end for 2018, 2019 and 2020.

Cause of Condition

The District did not dedicate the necessary resources for ensuring it submitted annual financial reports on time; the District did not respond to our Office's outreach efforts in years prior.

Effect of Condition

The District filed its 2018, 2019 and 2020 annual reports 841 days late, 443 days late and 110 days late, respectively.

The District's failure to respond prevented our Office from performing a timely audit of the government, as state law requires. Furthermore, our Office completed additional research and outreach efforts at the District's expense in order to evaluate the District as a possible unauditable government.

Filing annual reports late prevents District officials, the public, and other interested parties from obtaining timely financial information about the District. These delays also hinder public transparency and our Office's efforts to compile statistical and financial information that the Legislature and others use.

Recommendation

We recommend the District establish internal controls to ensure timely financial reporting in accordance with state law.

District's Response

The District completed reports as soon as it was discovered that they needed to be submitted, with as much speed as possible.

The District has been compiling a list of all duties, reports and items needed for the District, including: drafting a job description for the Secretary position as well as a total list of all items necessary to be completed every year for the District. This will not only help ensure all duties are completed every year, but it will also help anyone else in case they have to step in and take over for any reason.

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.

RCW 43.09.240, Local government accounting – Public officers and employees – Duty to account and report – Removal from office – Deposit of collections.

RCW 43.09.260, Local government accounting – Examination of local governments – Reports – Action by attorney general.

Budgeting, Accounting, and Reporting System (BARS) manual 3.1.3.20, Internal Controls

Budgeting, Accounting, and Reporting System (BARS) manual 4.1.6.50, Reporting Requirements and Filing Instructions for Special Purpose Districts

INFORMATION ABOUT THE DISTRICT

Artesia Irrigation District No. 8, located in Walla Walla County, promotes water conservation and provides water for household use and irrigation services. An elected, three-member Board of Directors governs the District. The District received annual revenues of approximately \$86,000, \$95,000, \$97,000 and \$93,000 in fiscal years 2017, 2018, 2019 and 2020, respectively. The District's primary source of revenue is special assessments.

Contact information related to this report

Address:	Artesia Irrigation District No. 8 81 Electric Avenue Walla Walla, WA 99362
Contact:	Christine Adams, Secretary
Telephone:	(509) 540-5727

Information current as of report publish date.

Audit history

You can find current and past audit reports for Artesia Irrigation District No. 8 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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