



Office of the Washington State Auditor  
Pat McCarthy

## **Accountability Audit Report**

# **Cowlitz County Consolidated Diking Improvement District No. 1**

**For the period January 1, 2019 through December 31, 2021**

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

February 6, 2023

Board of Supervisors  
Cowlitz County Consolidated Diking Improvement District No. 1  
Longview, 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 value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

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## AUDIT RESULTS

### Results in brief

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

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 Cowlitz County Consolidated Diking Improvement District No. 1 from January 1, 2019 through December 31, 2021.

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 Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the District's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2021, 2020 and 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Payroll – gross wages, overtime, leave balances and accruals, and leave cash outs
- Accounts payable – general disbursements and credit cards
- Self-insurance for unemployment
- Financial condition – reviewing for indications of financial distress
- Surplus of assets – disposition and receipt of sales proceeds
- Open public meetings – compliance with minutes, meetings and executive session requirements

## RELATED REPORTS

### Financial

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

That report includes a finding for a material weakness in internal controls over financial reporting regarding the District's financial statement preparation process.

## INFORMATION ABOUT THE DISTRICT

Cowlitz County Consolidated Diking Improvement District No. 1 was formed in 1923 through the merger of six diking districts in the Longview area. The District provides storm water management and flood protection to the 11,000-acre watershed of Longview and West Kelso. The District operates and maintains its 17-mile levee system, 35 miles of storm water collection ditches and 17 pumps.

An elected, three-member Board of Supervisors governs the District. The Board appoints a Manager to oversee the District's daily operations as well as its eight full-time employees. The District is funded by special assessment tax revenue tied to property values. For fiscal years 2019, 2020 and 2021, the District operated on annual budgets of \$1,751,505, \$3,338,879 and \$3,250,629, respectively.

| 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 Cowlitz County Consolidated Diking Improvement District No. 1 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](http://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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