



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

February 8, 2024

Board of Directors
Spokane Regional Clean Air Agency
Spokane, Washington

Report on Agreed-Upon Procedures

Please find attached our report on the results of performing certain agreed-upon procedures as specified in our report.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT ACCOUNTANT'S REPORT

Scott Windsor, Executive Director
Spokane Regional Clean Air Agency
1610 S. Technology Blvd.
Spokane, WA 99224

To the Board of Directors and Management of the Spokane Regional Clean Air Agency:

We have performed the procedures enumerated below related to the Agency's Air Operating Permit (AOP) program and the Agency's compliance with program's fiscal requirements established by Chapter 70A.15.2260-2270 of the Revised Code of Washington and Chapter 173-401 of the Washington Administrative Code (the specified requirements), during the period July 1, 2019 through June 30, 2021. The Agency's management is responsible for managing its AOP program, compliance with those requirements, and for the accuracy of its financial records.

The Agency's management and the Washington State Department of Ecology (Ecology) have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the Agency and Ecology in determining whether the Agency complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Procedure Results

The agreed-upon procedures and associated results are as follows:

Procedures related to collection of fees

1. Inspect the Agency's written procedure for developing, assessing and collecting fees from its sources and determine whether it is more than three years old.

Results: The Agency's written procedures for developing, assessing, and collecting fees from its sources were updated on June 21, 2021; they are not more than three years old.

2. Compare totals from the AOP permit ledgers or systems to the general ledger for each fiscal year. (Applicable only if permits were issued out of a separate system than the general ledger and may only be feasible if permit amounts are included in the permit ledger or system.)

Results: We did not perform this procedure. The Agency issues all permits from its general ledger and a separate system is not used.

3. Judgmentally select AOP permits issued during the engagement period and trace amounts to receipts and to the general ledger.

Results: We selected seven AOP permits issued during the engagement period and traced corresponding receipt amounts to the general ledger. No exceptions were found as a result of applying this procedure.

4. Inspect a judgmental selection of AOP permit accounts receivables for each fiscal year and determine whether late fees were assessed and collection measures initiated in accordance with Authority policies and procedures.

Results: There were no accounts receivable at the end of either fiscal year. Therefore, we did not apply this procedure.

Procedures related to computation of fees

5. Inspect invoices for a judgmental selection of AOP permits issued during the engagement period to ensure fees agreed with the Agency's approved fee schedule and fee calculation worksheets.

Results: We selected seven invoices for AOP permits issued during the engagement period and confirmed that fees agreed to the approved fee schedule and fee calculation worksheet.

Procedures related to revenue and expenditure accounting

6. Identify which fund or accounts are used to account for AOP revenue and expenses.

Results: The Agency accounts for AOP revenues and expenses in Fund 131.

7. Inspect all Agency general ledger accounts used to account for AOP revenue and expenses and determine whether AOP revenue and expenses are commingled with other revenue sources or expense uses.

Results: AOP revenues and expenses are not comingled with other revenue sources or expense uses.

8. Judgmentally select expenses accounted for in non-AOP accounts during the engagement period and inspect supporting documentation to determine whether they were for AOP activities.

Results: We judgmentally selected six expense transactions accounted for in non-AOP accounts during the engagement period and determined they were not related to AOP activities.

Procedures related to authorized activities

9. Judgmentally select AOP program expenses (including payroll) for the engagement period and inspect supporting documentation to determine whether they were for allowable program activities.

Results: We selected six expenses charged to the AOP program during the engagement period and determined they were for allowable program activities.

10. Inspect supporting documentation for a judgmental selection of tasks the sources were billed for during the engagement period and determine whether they were completed.

Results: We selected six permits and determined the billed tasks had been completed.

11. Inspect the Agency's indirect cost allocations and determine whether indirect costs were also charged to the program as direct costs.

Results: The Agency did not charge indirect costs to the program as direct costs, as well.

Procedures related to available funds

12. Inspect Agency interim and year-end balance sheets for each fiscal year to determine if the AOP program had a negative fund balance at any time during the engagement period.

Results: The AOP program did not have a negative fund balance at any time during the engagement period.

13. Inspect uses of AOP program revenues collected in excess of actual program costs for each fiscal year and determine whether the Agency complied with its policy for handling excess program revenue.

Results: The Agency did not have excess program revenues during the engagement period. Therefore, we did not apply this procedure.

14. To ensure all Title V facilities were billed for permit fees during the engagement period, perform a query of all Title V sources and synthetic minors on an annual basis.

Results: We obtained list of all permits issued by the Agency for Title V sources and synthetic minors for the engagement period. We compared this list to billings and collections for the same period and determined that all Title V facilities were billed for permit fees.

About the Engagement

We were engaged by the Agency's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller

General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Agency's AOP program or on compliance with the specified requirements. Additionally, the agreed-upon procedures do not constitute an audit or review of the financial statements or any part thereof, the objective of which is the expression of an opinion or conclusion, respectively, on the financial statements or a part thereof. Accordingly, we do not express such opinions or conclusions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Sincerely,

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

Pat McCarthy, State Auditor

Olympia, WA

January 19, 2024