

Washington State Auditor's Office

Accountability Audit Report

Bellingham-Whatcom Public Facilities District Whatcom County

Report Date
November 26, 2007

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December 24, 2007



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

December 24, 2007

Board of Directors
Bellingham-Whatcom Public Facilities District
Bellingham, Washington

Report on Accountability

Please find attached our report on the Bellingham-Whatcom Public Facilities District's accountability and compliance with state laws and regulations and its own policies and procedures.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Whatcom County
November 26, 2007**

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Audit Summary

Bellingham-Whatcom Public Facilities District Whatcom County November 26, 2007

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Bellingham-Whatcom Public Facilities District.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also examined District management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from January 1, 2005, through December 31, 2006.

RESULTS

The District complied with state laws and regulations and its own policies and procedures in most areas we examined. Internal controls were adequate to safeguard public resources. We noted certain issues that we communicated to District management. We appreciate the District's commitment to resolving the issues.

CLOSING REMARKS

We thank District officials and personnel for their assistance and cooperation during the audit.

Description of the District

Bellingham-Whatcom Public Facilities District Whatcom County November 26, 2007

ABOUT THE DISTRICT

The Bellingham-Whatcom Public Facilities District was formed in July 2002 as a joint effort between the City of Bellingham and Whatcom County and pursuant to state legislation on the creation of regional centers. The District's mission is to fund a regional center and cultural district located in downtown Bellingham that will increase economic prosperity and lay a foundation for further public and private investment in the community.

The District is governed by a seven-member Board of Directors and an inter-local agreement between the District and the City of Bellingham. It is managed by two part-time staff members with operational support from the City and private service contracts. Expenditures in 2005 and 2006 were \$818,876 and \$1,342,443, respectively.

AUDIT HISTORY

We audit the District every two years. The District received one prior audit for the 2002-04 fiscal years. That audit resulted in one finding regarding a lack of supporting documentation for disbursements. The District has taken steps to resolve this issue.

APPOINTED OFFICIALS

Board of Directors:

Yvonne Bianchi
Dean Brett
Jerry Chambers
Dunham Gooding
Robin Halliday
Charles Self
Brent Walker
David Warren

Manager

Patricia Decker

Note: Jerry Chambers was replaced by Brent Walker in 2006.

ADDRESS

District

Suite 308
104 W. Magnolia Street
Bellingham, WA 98225
(360) 738-7451
www.bwpfd.org

Audit Areas Examined

Bellingham-Whatcom Public Facilities District Whatcom County November 26, 2007

In keeping with general auditing practices, we do not examine every portion of the Bellingham-Whatcom Public Facilities District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

ACCOUNTABILITY

We evaluated the District's accountability and compliance with laws, regulations, contracts and grant agreements in the following areas:

- Contracts/agreements
- Parking services
- Open public meetings/records laws
- Disbursements/expenditures
- Conflict of interest/ethics laws

Status of Prior Audit Findings

Bellingham-Whatcom Public Facilities District Whatcom County November 26, 2007

The status of findings contained in the prior years' audit reports of the Bellingham-Whatcom Public Facilities District is provided below:

1. The Bellingham-Whatcom Public Facilities District did not comply with state law when it awarded payments to three design competition finalists.

Report No. 70948, dated 4/14/2006

Background

The District sponsored a competition to select a design and architectural team for a new children's museum and art museum. Three finalists were selected and each received a payment of \$10,000. At the time the payment was made, it was unclear what services had been received by the District. State law requires goods or services to be provided prior to payment. The District did not clearly document in advance of the payments what services were being provided.

Status

We reviewed the District's procurement process and disbursements. Based on the District's steps to ensure compliance with bid laws and provide supporting documentation for all disbursements, we consider the finding resolved.



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.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular 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. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

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