

Washington State Auditor's Office
Accountability Audit Report

**Island County Fire Protection District
No. 5
(Central Whidbey Island Fire and
Rescue)**

Report Date
December 26, 2006

Report No. 72116

Issue Date
February 9, 2007



Washington _____
State Auditor
_____ Brian Sonntag



**Washington State Auditor
Brian Sonntag**

February 9, 2007

Board of Commissioners
Central Whidbey Island Fire and Rescue
Coupeville, Washington

Report on Accountability for Public Resources

Please find attached our report on the Central Whidbey Island Fire and Rescue's accountability for public resources and compliance with state laws and regulations and its own policies and procedures.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag".

**BRIAN SONNTAG, CGFM
STATE AUDITOR**

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Island County
December 26, 2006**

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Audit Summary

Central Whidbey Island Fire and Rescue Island County December 26, 2006

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Central Whidbey Island Fire and Rescue.

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, 2003, through December 31, 2005.

RESULTS

The District complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

CLOSING REMARKS

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

Description of the District

Central Whidbey Island Fire and Rescue Island County December 26, 2006

ABOUT THE DISTRICT

Island County Fire Protection District No. 5, doing business as the Central Whidbey Island Fire and Rescue, serves approximately 52 square miles on Whidbey Island, or about one-quarter of the Island's geographical area.

A three-member, elected Board of Commissioners, each serving six-year terms, governs the District. The District is administered by one full-time Fire Chief, appointed by the Commissioners, two Captains and an Office Manager. Currently, the District employs four full-time firefighters, while the remaining employees are either part-time or volunteer firefighters. There are approximately 30 to 40 volunteer firefighters in a given year. The firefighters provide fire prevention and suppression services, and emergency medical services.

AUDIT HISTORY

This District is audited every three years. During the last seven years, the District has not had any audit findings. The District has applied our recommendations in the past to improve controls and monitoring.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Cheryl Engle
Paul Messner
Tom Smith

APPOINTED OFFICIALS

District Chief

Joseph Biller

ADDRESS

District

1164 Race Road
Coupeville, WA 98239

Audit Areas Examined

Central Whidbey Island Fire and Rescue Island County December 26, 2006

In keeping with general auditing practices, we do not examine every portion of the Central Whidbey Island Fire and Rescue'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 FOR PUBLIC RESOURCES

We evaluated the District's accountability in the following areas:

- Credit card policy
- Cash receipting and revenues
- Payroll
- Cash disbursements
- Expenditures, vouchers and credit cards

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Competitive bid laws
- Contracts and agreements
- Open Public Meetings Act
- Insurance and risk management

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.

State Auditor
Chief of Staff
Chief Policy Advisor
Director of Administration
Director of Audit
Director of Performance Audit
Director of Operations
Local Government Liaison
Communications Program Manager
Public Records Officer
Main number

Web Site

Brian Sonntag, CGFM
Ted Rutt
Jerry Pugnetti
Doug Cochran
Chuck Pfeil, CPA
Linda Long, CPA, CGFM
Jim Brittain, CPA
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Mindy Chambers
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Washington State Auditor's Office

Entrance Conference

Island County Fire Protection District No. 5

January 1, 2003 – December 31, 2005

December 13, 2006

Island County Fire Protection District No. 5 Entrance Conference

Audit Scope

This audit will cover the period beginning January 1, 2003 and ending December 31, 2005.

Audit Approach

In planning our audit, we identify areas that pose the highest risk for misappropriation, misuse or loss of public funds or for noncompliance with state and federal laws and regulations. In keeping with general auditing practices, we do not examine every portion of the Fire District's financial activities during the audit.

Our audit was planned using a risk-based audit approach in these general areas:

- Accountability for public resources
- Compliance with state laws and regulations and agency policies

Audit risk areas are determined based on auditor judgment after consideration of the following:

- Users of the audit results (i.e. citizens, management, etc.)
- Items of audit significance reported in the press and by citizens
- Results of preliminary procedures and discussions with entity personnel
- Reviewing the minutes of the *commissioner's* meetings
- Issues of concern related to *Fire Districts* noted statewide
- Analytical review
- Prior audit results

Accountability for Public Resources/Legal Compliance

We will evaluate the Fire District's accountability and compliance with certain state laws and regulations and its own policies in the following areas:

- Open Public Meetings Act
- Bid Law Compliance
- Payroll
- Conflict of Interest
- Cash Receipting
- Contracts and Agreements
- Disbursements

Reporting levels

Findings: A finding is an issue that is formally addressed in an audit report. The Fire District is given the opportunity to respond to a finding, and this response is published with the audit report.

Management Letters: A management letter addresses issues, which are not formalized as findings, but where the Fire District can improve internal controls or compliance with federal or state requirements. These issues are not included in an audit report, but they are communicated to Management and the Board of Commissioners.

Exit Items: These are less serious issues informally conveyed to the Fire District.

Audit Reports

At the completion of the audit cycle, the State Auditor's Office will issue the following reports:

Accountability Reports

We will issue an individual report for the Fire District showing the results of our accountability audit.

Audit Budget

The audit budget will be approximately \$8,635 plus travel costs.

Other

- Who will be the audit liaison with whom we should communicate throughout the audit?
- Are there any areas that the Fire District would like us to cover that we are not already reviewing?
- Near the end of the audit we will request a management representation letter and an attorney letter from the Fire District's attorney.
- Has the Fire District issued any new debt?
- Was there any fraud or theft that we should be aware of?
- Are there any new activities, revenue or expenditure streams we should be aware of?
- Were there any related party transactions? Or any conflicts of interest involving board members or members of management?

Audit Staffing

Audit Manager	Sadie Armijo	425-257-2137
Assistant Audit Manager	Courtney Amonsens	425-257-2137
Auditor in Charge	Garrett Ensign	425-257-2137

Other auditors may assist on the audit as needed.

State Auditor's Officials

State Auditor	Brian Sonntag, CGFM
Chief of Staff/State Government Liaison	Ted Rutt
Chief Policy Advisor/Legislative Liaison	Jerry Pugnetti
Director of Local Government Audits	Chuck Pfeil, CPA
Director of State Government Audits	Jim Brittain, CPA
Director of Performance Audits	Linda Long, CPA,CGFM
Director of Administration	Doug Cochran
Director of Quality Assurance	Ivan Dansereau, CPA
Local Government Liaison	Mike Murphy
Communications Manager	Mindy Chambers
Deputy for Legal Affairs	Stacia Hollar

Washington State Auditor's Office

Exit Conference

The seal of the Washington State Auditor is a large, circular emblem. It features an eagle with wings spread, perched on a shield. The eagle is surrounded by a circular border containing the text "AUDITOR OF STATE" at the top and "WASHINGTON" at the bottom. The date "NOV 11, 1889" is inscribed at the bottom of the inner circle. A banner across the eagle's chest reads "PLURIBUS UNUM".

Central Whidbey Island Fire and Rescue

January 1, 2003 – December 31, 2005

January 18, 2007

Central Whidbey Island Fire and Rescue Exit Conference

Audit Scope

This audit covered the period beginning January 1, 2003 and ending December 31, 2005.

Attendees

Fire District: Kim Harpe, Office Manager
Joe Biller, Fire Chief
Cheryl Engle, Commissioner

SAO: Garrett Ensign, Assistant State Auditor
Sadie Armijo, Audit Manger
Courtney Amonsens, Assistant Audit Manager

Audit Coverage

Our audit was planned and conducted using a risk-based approach in these general areas:

- Accountability for public resources
- Compliance with state laws and regulations and entity policies

The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse of public resources.

Accountability for Public Resources/Legal Compliance

We evaluated the entity's accountability and compliance with certain state laws and regulations and its own policies in the following areas:

- Open Public Meetings Act
- Bid Law Compliance
- Payroll
- Insurance and Risk Management
- Cash Receipting
- Contracts and Agreements
- General Disbursements
- Credit Card Policy

Audit Reports

Accountability Reports

We will issue the Fire District's report showing the results of our accountability audit. This report summarizes the results of the accountability audit for January 1, 2003 through Dec. 31, 2005.

Audit Recommendations

We are pleased to report no findings or management letter items. We did note the following exceptions and will review their status in our next audit.

Open Public Meetings Act

The Fire district did not comply with the open public meetings act. Per RCW 42.30.110(a), use of the description "personnel matters" is not sufficient to convey the purpose of the executive session. Additionally, there was one instance where no reason was noted for an executive session. We recommend that the fire district provides a appropriate description of the reason for an executive session pursuant to the open public meetings act.

Preparation for Future Audits

We would appreciate having available for us the following items at the start of fieldwork:

- Three year revenue/expense trend analysis with explanations for more significant changes—or the lack of change if circumstances would otherwise result in an expectation of change. Also we prefer this compare the current year actuals to the original adopted budget. And the analysis should be at the detailed chart of accounts level.
- If it is likely that the cumulative expenditures of Federal grant assistance from all federal programs will total \$500,000 or more, the audit needs to be issued 9 months after your entity's year end. Please call us as soon as possible if this occurs at our office at (425) 257-2137.
- If you incur a known or suspected loss of public funds or assets or other illegal activity, Chapter 43.09.185 RCW requires that you immediately report it to the State Auditor's Office. Our phone is 425-257-2137.
- Financial Statement Users—If you have requests for copies of your financial statements or other financial information—please maintain a file for our review. If we have a better understanding of who uses the financial statements and why, we will be able to add focus to better ensure users have reliable information.
- Current organization chart
- Current phone list
- Index of current organization policies and procedures
- Board minutes dated from the beginning of the audit period through the current date
- Insurance coverage summary & surety bond coverage summary
- List of all cash receipting locations
- Listing of petty cash and change funds, including location, authorized amounts and names of custodians.
- Reconciled bank statements at audit year end
- State Investment Pool year-end statement
- Budgets and amendments for year(s) audited
- Copy of general ledgers for audit year(s)
- Financial statements and notes
- Schedule 9 (Long Term Debt)
- Schedule 10 (Limitation of Indebtedness)
- Schedule of Expenditures of Federal Awards
- Schedule of State and Local Financial Assistance
- New debt agreements, if any, and related amortization schedules
- Listing of public work projects bid during the year
- List of all attorneys representing the entity and their addresses
- List of Board members who served during year(s) audited