

Washington State Auditor's Office
Accountability Audit Report

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

Report Date
October 29, 2009

Report No. 1002867

Issue Date
January 25, 2010



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

January 25, 2010

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

Report on Accountability

We appreciate the opportunity to work in cooperation with your District to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on Central Whidbey Island Fire and Rescue's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

A handwritten signature in black ink that reads "Brian Sonntag".

**BRIAN SONNTAG, CGFM
STATE AUDITOR**

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Island County
October 29, 2009**

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Audit Summary

Central Whidbey Island Fire and Rescue Island County October 29, 2009

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Central Whidbey Island Fire and Rescue for January 1, 2006, through December 31, 2008.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit:

- Safeguarding of public assets
- Procurement – change orders
- Sale of property
- Disbursements
- Payroll – overtime
- Open public meetings

RESULTS

In most areas, the District complied with state laws and regulations and its own policies and procedures.

However, we noted certain matters that we communicated to District management. We appreciate the District's commitment to resolving those matters.

Description of the District

**Central Whidbey Island Fire and Rescue
Island County
October 29, 2009**

ABOUT THE DISTRICT

Central Whidbey Island Fire and Rescue serves a 50 square-mile area of Whidbey Island from Penn Cove to the north end of Freeland, with a population of 10,000 citizens. The District provides emergency services in the form of fire suppression, emergency medical service at the basic life support level, marine rescue and high angle rescue.

An elected, three-member Board of Commissioners governs the District. The Board appoints a Fire Chief to oversee the District's daily operations as well as its eight full-time employees and 30 volunteer firefighters and emergency medical technicians. For fiscal years 2006, 2007 and 2008, the District received annual revenue of approximately \$1.5 million, \$1.6 million and \$2 million, respectively.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:
Chair

Tom Smith
Cheryl Engle
Paul Messner

APPOINTED OFFICIALS

Fire Chief

Joseph Biller

DISTRICT CONTACT INFORMATION

Address: Central Whidbey Island Fire and Rescue
1164 Race Road
Coupeville, WA 98239-4013

Phone: (360) 678-3602

Web site: www.cwfire.org

AUDIT HISTORY

We audit the District every three years. This audit marked the third consecutive audit no findings were reported for the District.

Washington State Auditor's Office

Entrance Conference

Island County Fire District No. 5 DBA Central Whidbey Island Fire and Rescue

January 1, 2006 through December 31, 2008

October 26, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR

State Auditor's Office

Mission

The State Auditor's Office independently serves the citizens of Washington by promoting accountability, fiscal integrity and openness in state and local government. Working with these governments and with citizens, we strive to ensure the efficient and effective use of public resources.

Audit Authority

State Law requires the Auditor's Office to examine the financial affairs of all local governments. For each such examination, "inquiry shall be made as to the financial condition and resources of the local government; whether the Constitution and laws of the state, the ordinances and orders of the local government, and the requirements of the State Auditor have been properly complied with; and into the methods and accuracy of the accounts and reports" (RCW 43.09.260). This statute further requires the Office to prepare and distribute a report or reports of the results of such audits.

Audit Information

Audit Scope

Our audit will cover the following general areas for the period beginning January 1, 2006 and ending December 31, 2008:

- Accountability for public resources and compliance with laws and regulations

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, our audits focus on identifying and examining those transactions, activities or areas that pose the highest risk.

Accountability for Public Resources and Legal Compliance

We will evaluate accountability and compliance with certain state laws and regulations in the following areas:

- Safeguarding of assets
- Procurement – change orders
- Sale of property
- Open Public Meetings Act
- Payroll
- Disbursements

Audit Reports

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

Accountability Report

The results of our accountability audit are included in this report.

Exceptions

Reporting Levels

Findings

Findings formally address issues in an audit report. The District is given the opportunity to respond to a finding, and this response, or synopsis of it, is published in the audit report.

Management Letters

Management letters communicate less significant instances of noncompliance, and make recommendations for strengthening internal controls. Management letters are referenced but not included in the audit report.

Exit Items

Exit items are less serious audit issues than a finding or management letter and may be informally communicated to the entity.

Known or Suspected Loss Notification

State law (RCW 43.09.185) requires all state agencies and local governments to immediately notify the State Auditor's Office in the event of a known or suspected loss of public resources or other illegal activity. This includes situations where disciplinary action against an employee is being considered due to known or suspected losses of public funds, fraud, illegal acts, or noncompliance with policies related to preventing losses or other illegal acts. Governments should not begin investigations or take steps to resolve suspected losses or illegal activity without first informing our Office.

Additional information on reporting known or suspected losses and the Office's Fraud Program is available at www.sao.wa.gov – Investigations – Fraud Program. Notifications can be made online at www.sao.wa.gov – Investigations – Fraud Program – Report a Fraud. Questions can be directed to the Audit Manager in your area or Jennifer Forsberg, CFE, Fraud Manager for the Division of Special Investigations, who can be reached at forsberj@sao.wa.gov or by phone at (360) 480-1103.

Contacts and Other Information

The State Auditor's Office is committed to maintaining positive relationships and open communication with all entities we audit.

<i>District Contacts</i>	
Kim Harpe District Audit Liaison	(360) 678-3602 cwfire@cwfire.org
<i>State Auditor's Office Contacts</i>	
Casey Dwyer Audit Manager	(425) 257-2137 dwyerc@sao.wa.gov
Courtney Amonsens Assistant Audit Manager	(425) 257-2137 amonsenc@sao.wa.gov
Rae Woodside Auditor in Charge	(425) 257-2137 woodsider@sao.wa.gov

- The cost of the audit is estimated to be approximately \$4,716 plus travel expenses.
- Our Office is committed to protecting your confidential or sensitive information. You are responsible for notifying us when any documents, records, files, or data containing information that is covered by confidentiality or privacy laws, such as HIPAA, are provided to us.

Washington State Auditor's Office

Exit Conference

Island County Fire District No. 5
DBA Central Whidbey Island Fire and Rescue
January 1, 2006 through December 31, 2008

January 6, 2010



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR

Audit Information

Audit Scope

Our audit was planned and conducted using a risk-based approach covering the following general areas for the period beginning January 1, 2006 and ending December 31, 2008:

- Accountability for public resources and compliance with laws and regulations

In keeping with general auditing practices, we did not examine every transaction, activity or area. Instead, our procedures focused on identifying and examining those transactions, activities or areas that posed the highest risk.

Accountability for Public Resources and Legal Compliance

We evaluated accountability for public resources and compliance with certain laws and regulations in the following areas:

- Safeguarding of assets
- Procurement – change orders
- Open public meetings act
- Payroll - overtime
- Disbursements
- Sale of property

Audit Reports

Accountability Report

This report summarizes the results of the accountability audit. The report will not include any findings.

These reports are expected to be issued in the next two weeks. We now offer a free subscription service that allows you to be notified by email when audit reports are released or posted to our Web site. You can sign up for this convenient new service on our website at:

www.sao.wa.gov/EN/News/Subscriptions

Audit Results

Audit Recommendations

We are pleased to report no findings. We will review the status of the attached management letter and the following list of exit items in our next audit.

Safeguarding of assets

The District has no written policies or procedures to govern how they monitor inventory, nor do they have documentation showing when the last inventory was performed. Based on a review of the District's current fixed asset listing, the District has \$2,012,600 in assets.

The District is currently performing a full inventory; however, we recommend the District develop policies and procedures to track and monitor fixed and small and attractive assets.

Restitution approval

The District did not contact the State Auditor's Office before finalizing a fraud restitution agreement per state law (RCW 43.09.260).

We recommend the District contact the State Auditor's Office and the Attorney General before finalizing a restitution agreement relating to fraud repayment to obtain approval for the agreement.



**Washington State Auditor
Brian Sonntag**

January 6, 2010

Board of Commissioners
Island County Fire Protection District No. 5
Coupeville, WA

Management Letter

In planning and performing our accountability audit of the Island County Fire Protection District No. 5 for January 1, 2006 through December 31, 2008, we noted some areas in which the District could improve its compliance with procurement requirements. While these items are not significant enough at this time to include in our report, we believe our recommendations will assist you in improving the District's monitoring controls over procurement.

We will review the status of these comments during our next audit. We have already discussed these comments and made suggestions for improvements to District officials and personnel. If you have any further questions, please contact Casey Dwyer at (425) 257-2137.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

A handwritten signature in cursive script that reads "Casey Dwyer".

Casey Dwyer, Audit Manager

Attachment

Management Letter
Central Whidbey Island Fire and Rescue
January 1, 2006 through December 31, 2008

Procurement

In 2008, the District paid \$27,941 to purchase and install a generator at its Greenbank Fire Station. State law (RCW 52.14.110) requires the District to competitively procure fire station improvements that will cost more than \$20,000. We found the District:

- Did not have documentation to show it used a competitive process to purchase and install the generator. The District did not obtain quotes from more than one vendor.
- The District did not have a copy of the contract with the vendor. State law (RCW 43.09.200) requires the District to keep contracts on file. Because the District could not show us a contract, we could not verify change orders totaling \$903 were for valid purposes (RCW 43.09.200).

We recommend the District comply with state bid law by competitively procuring projects in excess of the \$20,000 bid threshold. In addition, we recommend the District keep documentation to prove the validity of all transactions.

Status of Prior Audit Recommendations

<i>Prior Audit Exit Items</i>	<i>Resolved</i>	<i>Unresolved</i>
Open Public Meetings Act	X	

Concluding Remarks

We would like to thank officials and employees for their helpfulness and timely response to our audit requests. We will be sending an e-mail to Kim Harper regarding an on-line customer service survey. This email will be from "State Auditor's Office <WA-StateAuditor@sao.wa.gov>". Please take a few minutes to complete this survey. Your feedback is important to our on-going commitment to continually develop and improve our audit process.

Your next audit is scheduled to be conducted in 2012 and will cover the following general areas:

- Accountability for Public Resources

If federal grant expenditures are \$500,000 or more in any fiscal year, please notify our Office so we can schedule your audit to meet federal single audit requirements.