



Office of the Washington State Auditor

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Exit Letter: Spokane Aquifer Joint Board

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About our Office

The Washington State Auditor's Office's vision is government that works for citizens. Our goal is for government that works better, costs less and earns greater public trust.

The purpose of this letter is to share our audit results with management and the board. We value and appreciate your participation. This letter is not your official audit report, which publishes on our website. You will receive a separate email with a link to that report.

Audit Highlights

- The Board's meeting minutes provided great detail of business and were highly clear and organized!
- The Board fully resolved the prior recommendation to obtain compensation waivers.
- We appreciated the Audit Contact's extremely speedy and detailed responses and cooperation throughout the audit process!

About The Audit

We performed a Local Government Assessment Audit for the years 2017 and 2018 for Spokane Aquifer Joint Board. This type of audit, an Assessment Audit, is a risk-based audit wherein we review the Joint Control Board's materials that were submitted via the annual report filing process. We typically perform these audits for governments that receive less than \$300,000 in revenue, annually. However, an on-site audit may be performed if your government receives and spends more than \$750,000 during the audit period from federal funds. Further, if the government continues to exceed the thresholds stated or is noncompliant with filing requirements then the audit could be performed on-site in the future.

Audit Results

In relation to our report that will be issued on our website, we would like to bring to your attention the results of our audit:

- Based on the procedures performed, except as described below, nothing came to our attention in the areas we reviewed that caused us to believe the joint control board was not in substantial compliance with applicable state laws, regulations, and its own policies, or had significant weaknesses in controls over the safeguarding of public resources. Had we performed additional procedures, other matters might have come to our attention that would have been reported.
- We have provided exit recommendations for management’s consideration below. Exit items address control deficiencies or non-compliance with laws or regulation that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. These exit recommendations are not published with the audit report that is visible to the public on our website but are items documented and reviewed by our Office for joint control board management to consider and address. The exit recommendations are as follows:
 - *We noted that the Board utilized alternative and proxy voting in meetings; however, the Board does not have a written policy or rule governing this activity-- and Washington State law is silent on this matter. We further noted that the Board documented votes being conducted by text, which does not meet requirements of the Open Public Meetings Act (OPMA). We also noted that meeting minutes did not include adequate documentation with regard to expenditure payments (specifically, payment identifiers, such as check/warrant numbers), as required by BARS Manual 3.8.5. Lastly, not all meeting minutes documentation was available on the Board's website; we acknowledge that these were promptly provided upon request. We recommend the Board establishment of a written policy or rule (e.g. resolution) allowing for alternative and proxy voting. We further recommend the Board not allow voting by text; attendance/voting through telephone or video are considered allowable remote attendance under OPMA (Chapter 42.30 RCW). We also recommend the Board take steps to update meeting minutes documentation with regard to expenditures, to ensure all necessary elements are recorded. Lastly, we recommend the Board take steps to ensure all meeting minutes are available on the Board's website, as was indicated in the annual reports.*

Reference: <http://mrsc.org/Home/Explore-Topics/Governance/Legislative-Organization-Meetings-and-Process/Council-Voting.aspx>

Reference: https://www.sao.wa.gov/bars_cash/accounting/expenditures/voucher-certification-and-approval/

Status of Prior Audit Recommendations

Prior Audit Recommendations	Resolved	Unresolved
Exit Item – Waivers for Commissioner Compensation	X	

Additional Reminders

Below is a list of areas that small local governments may need additional guidance.

Board Compensation

The Office of Financial Management raised the allowable Elected Official Pay for most special purpose districts to \$128 per day/meeting attended, which was effective July 1, 2018. Please note that you cannot legally increase Board compensation or other staff member pay retroactively for any services already rendered.

Any Board Member that receives less than the full allowable compensation must sign a waiver of compensation and file it with the government's secretary. Please let us know if you would like an example of this waiver.

Procurement and Public Works Projects

State law (RCW 39.04) requires competitive procurement for public works projects and purchases of supplies and equipment for most local government types. Laws that require specific methods of procurement differ per government type. Furthermore, all public works contracted for by the government must meet state prevailing wage requirement by obtaining an "Affidavit of Prevailing Wages Paid" from the contractor unless the work is performed exclusively by the business owner.

For additional guidance on public works projects and procurement for your specific government type, please visit Municipal Research and Service Center of Washington's website: [Procurement and Public Works Requirements](#)

Credit Cards

The state Department of Enterprise Services has a Purchase Card Contract with US Bank that local governments are eligible to use. The card has no annual fee and offers annual rebates on purchases made using the card. For more information go to [Purchase Card Guidance](#).

It is also important to note that having policies and procedures for credit/debit cards and charge account use is important for safeguarding the local government's funds. Local governments are allowed by state law (RCW 3.09.2855) to utilize credit cards. This statute provides some guidelines for their use, which include adopting a system for distribution, control, authorization, etc. of credit cards.

Concluding Comments

Report Publication

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this convenient service at: <https://portal.sao.wa.gov/saoportal/Login.aspx>

Audit Cost

In the entrance email, we estimated the cost of the audit to be \$1,356 and actual audit costs will approximate that amount.

Audit Survey

When your report is released you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Annual Reports

The annual report for fiscal year 2019 will be due **May 29, 2020**. The deadline is 150 days after fiscal yearend.

Thank you for all your assistance throughout the audit. I hope you find the information above informative and helpful to the government's operation. If you have any questions or concerns, please call or email at your convenience and we can discuss your audit.

Sincerely,

Andrew M. Wolf