

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF MANCHESTER WATER DISTRICT

ADMINISTRATIVE OFFICE - 8185 E. DANIELS LOOP, SUITE 111, PORT ORCHARD

January 26, 2022

SPECIAL MEETING

- 1.0 **Call to Order** – Board Chair Steve Pedersen called the special meeting of the Manchester Water District Board of Commissioners (Board) to order at 1:36 p.m. Commissioner Jim Strode was also present. Commissioner Ballard was present via ZOOM meeting call-in. District staff present were Dennis O’Connell, General Manager, and Erin Civilla, Accounting Specialist. April Taylor and Amy Strzalkaa from the Washington State Auditor’s Office (SAO) were also present via the ZOOM Meetings virtual meeting platform.

- 2.0 **Washington State Auditor’s Office Post Audit Exit Interview** – Board Chair Pedersen opened the meeting with a brief explanation of the purpose of the meeting and advised all present that no formal Board action was anticipated. Amy Strzalkaa and April Taylor from the SAO then presented the results of the Manchester Water District 2019-2020 Accountability Audit Report (attached as EXHIBIT A), via PowerPoint slides. The SAO lists exit items and categorizes areas of concern into three basic categories. The classification and severity of each exit item is as follows:
 - **FINDING** – A finding indicates a serious error or breach of generally accepted accounting principles and may require immediate corrective action.
 - **MANAGEMENT LETTER** – A management letter is issued when an area of concern is serious enough to warrant notification of potential wrong-doing or errors in policy or practice.
 - **RECOMMENDATION** – An SAO recommendation is offered when a minor adjustment in process or an update to policy may be in order.

For this audit cycle, the SAO issued no Findings or Management Letters; and only one recommendation. The SAO suggested the District clarify policy regarding sending flowers in the event of serious illness or the passing of a community member.

In summary, the SAO praised the District, and Erin Civilla in particular, for the improvements made since the last audit cycle. On behalf of all the commissioners and community, Board Chair Pedersen thanked the SAO and District staff for their efforts.

- 3.0 **Public Comment** – No public comments were offered.



Office of the Washington State Auditor
Pat McCarthy

Issue Date – (Inserted by OS)

Commissioner
Manchester Water District
Manchester, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the District's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Signature Here (Please do not remove this line)

Pat McCarthy, State Auditor

Olympia, WA

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the Manchester Water District from January 1, 2019 through December 31, 2020.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the District's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2020 and 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts receivable – adjustments and connection fees
- Payroll – medical benefits
- Accounts payable – general disbursements and debit cards

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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