



Washington State Auditor's Office

Port of Illahee

August 20, 2015

Board of Directors
P.O. Box 2357
Bremerton, WA 98310

Dear Board of Directors:

We are pleased to present the results of our accountability audit. The attached report is a public record and will be posted to our website, www.sao.wa.gov.

Recommendations are presented on a separate page for your consideration. Although our recommendations are not posted to our website, they are considered a public record and are subject to public disclosure.

We want to emphasize that if conditions change, an onsite audit may be required in future years. For example, if the Port spends \$500,000 or more in federal funds in any fiscal year beginning prior to January 1, 2015, or \$750,000 or more in any fiscal year beginning thereafter, federal rules require the Port to receive a financial statement and single audit for that year. Also, if annual revenue is expected to consistently exceed \$300,000, an onsite audit could be performed based on a pre-determined schedule. If you have exceeded or anticipate exceeding these thresholds, we ask that you contact our Office so we can help you meet your audit requirements.

If you have any questions or concerns, please do not hesitate to contact Philip Mendoza, Assistant Audit Manager, at (360) 725-5557 or mendozap@sao.wa.gov.

Sincerely,

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

AUDIT RECOMMENDATIONS FOR THE PORT OF ILLAHEE

This attachment summarizes specific matters identified by the audit that we would like to bring to the attention of management and the governing body. We believe the following recommendations represent opportunities for the Port's internal controls or compliance to be improved.

While we do not consider these matters significant enough at this time to be considered findings in our published audit report dated August 14, 2015, this attachment is considered a public record and is subject to public disclosure. We plan to review the status of these matters during our next audit.

- The Port did not provide required supplemental financial information, such as the Schedule 09 for 2012, 2013 and 2014, as required in the annual report filing instructions. We also noted the Port did not include all Port expenditures on the Schedule 01 for 2013 and 2014.

We recommend the Port take steps to ensure annual report schedules are completed accurately and all requested supplemental financial information is included, as required by state law (RCW 43.09.230).

- The Board minutes do not consistently include sufficient detail of business conducted at Board meetings including commissioner roll call, details of business discussions by Board Members and guests and identification of the payroll amount as a separate amount when approving monthly vouchers, as required by state law (RCW 42.24.180).

We recommend the Port ensure Board minutes document all significant actions taken at meetings. We further recommend the Port ensure the minutes include the Board-approved voucher numbers and total amount paid, as required by state law (RCW 42.24.180) and the *Budgeting, Accounting and Reporting System* (BARS) manual.



Washington State Auditor's Office

Independence • Respect • Integrity

Accountability Audit Report

Port of Illahee

Kitsap County

For the period January 1, 2012 through December 31, 2014

Published August 20, 2015

Report No. 1014898





Washington State Auditor's Office

August 20, 2015

Board of Directors
Port of Illahee
Bremerton, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office 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 Port operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Port's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

A handwritten signature in blue ink that reads "Jan M. Jutte".

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

AUDIT SUMMARY

Results in brief

In the areas we audited, Port operations complied with applicable requirements and provided adequate safeguarding of public resources. The Port also complied with state laws and regulations and its own policies in the areas we examined.

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

About the audit

This report contains the results of our independent accountability audit of the Port of Illahee from January 1, 2012 through December 31, 2014.

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.

Our audit involved performing procedures to obtain evidence about the Port's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

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 fraud, loss, abuse, or noncompliance.

INFORMATION ABOUT THE PORT

The Port of Illahee provides economic development of the Port as well as maintenance of the pier and floats commonly called, "Illahee Dock," at the foot of Ocean View in Kitsap County.

An elected, three-member Board of Commissioners governs the Port. For fiscal years 2012, 2013 and 2014, the Port received annual revenue of \$98,616, \$107,180 and \$110,850, respectively.

Contact information related to this report	
Address:	Port of Illahee P.O. Box 2357 Bremerton, WA 98310
Contact:	George Schaefer, Commissioner
Telephone:	(360) 373-2649
Website:	www.illaheecommunity.com/groups/port

Information current as of report publish date.

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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

Our 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. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov