



**Office of the Washington State Auditor**  
**Pat McCarthy**

**Accountability Audit Report**  
**Fort Worden Public Development**  
**Authority**

**For the period January 1, 2016 through December 31, 2017**

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**Office of the Washington State Auditor  
Pat McCarthy**

February 24, 2020

Board of Directors  
Fort Worden Public Development Authority  
Port Townsend, 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 Authority 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 Authority'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 we value your cooperation during the audit.

Sincerely,

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, Authority 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 Fort Worden Public Development Authority from January 1, 2016 through December 31, 2017.

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 State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Authority's uses 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, 2017 and 2016, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Cash receipting – timeliness and completeness of deposits at the Café and Taps.
- Accounts payable – credit card disbursements
- Payroll – gross wages and overtime
- Procurement – professional services

## RELATED REPORTS

### **Financial**

Our opinion on the Authority's financial statements is provided in a separate report, which includes the Authority's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

That report includes a finding for a material weakness in internal controls over financial reporting regarding the Authority's lack of internal controls to ensure accurate, complete and timely reporting.

## INFORMATION ABOUT THE AUTHORITY

The Washington State Parks & Recreation Commission (Washington State Parks), recognizing Fort Worden's unique setting and historic attributes, adopted the 2008 Fort Worden Facility Use and Development Plan to transform the fort into a financially self-sustaining Lifelong Learning Center.

The Fort Worden Lifelong Learning Center Public Development Authority (PDA) was created by the City of Port Townsend on September 19, 2011 to provide an independent legal entity to work in a partnership with State Parks to manage, promote, develop, secure funding, and enhance Fort Worden State Park. In November 2013, the PDA entered into a Master Lease with Washington State Parks to operate and manage the properties located within the 90-acre main campus of Fort Worden State Park. The PDA develops the necessary agreements and partnerships for the use, operation, management, and renovation of state-owned facilities and properties within Fort Worden, as well as manages and operates visitor and hospitality services within the campus area.

The PDA is governed by an 11-member Board of Directors who are appointed by the City of Port Townsend. The Board appoints an Executive Director to oversee the PDA's daily operations as well as its approximately 100 full-time employees. During 2017 and 2016, the PDA had an operating budget of \$6.1 million and \$6.5 million, respectively.

### Contact information related to this report

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*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Fort Worden Public Development Authority at <http://portal.sao.wa.gov/ReportSearch>.

## 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.

<b>Contact information for the State Auditor's Office</b>	
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