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SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Washington State Major League Baseball Stadium Public Facility District January 1, 2021 through December 31, 2021

2021-001 Internal controls over credit cards were inadequate to ensure charges were for allowable business purposes and adequately supported.

Background

Washington State Major League Baseball Stadium Public Facility District is governed by a seven-member Board of Directors. The mission of the District is to maintain and enhance the baseball park in order to promote the success of Major League Baseball in the State of Washington, enhance fan enjoyment and contribute to an economically successful, safe, desirable, innovative, and walkable stadium neighborhood.

The District management is responsible for establishing and following effective internal control to ensure public resources are adequately safeguard.

Description of Condition

The District did not have adequate internal controls over credit card activity to safeguard the use of public funds. The District did not have a process in place to ensure all transactions have been reviewed and reconciled by an independent person before issuing payment.

This issue was not reported as a finding in the prior audit.

Cause of Condition

District management did not devote sufficient attention to the credit card review process.

Effect of Condition

Inadequate internal controls over credit card transactions increase the risk that a loss or misappropriation of public funds could occur and not be detected by management quickly, if at all.

During 2021, the District maintained two credit cards and made 132 purchases totaling \$12,137. We reviewed ten credit card transactions, totaled \$1,186. We noted eight out of the ten transactions, totaled \$874 did not have adequate supporting documentation, such as an itemized receipt. Without proper support, the District cannot demonstrate that the payments are allowable.

Additionally, the District did not perform an independent review for all ten transactions, totaled \$1,186.

On December 5, 2022, the District notified our Office loss of public funds as required by state law. The District performed an investigation and determined the previous Office Manager charged the District credit card for personal purchases between April 2021 to July 2022, totaling \$3,565.84. We reviewed the District's investigation and determined a credit card misappropriation of \$1,405.17. We also found questionable credit card transactions totaling \$2,347.71.

Recommendation

We recommend the District strengthen its internal controls by having an independent review of credit card charges, as required by its policy.

We also recommend the District obtain and retain receipts and invoices to support each credit card expense.

District's Response

Auditor's Remarks

Applicable Laws and Regulations

RCW 42.24.080 – Municipal corporations and political subdivisions – Claims against for contractual purposes – Auditing and payment – Forms – Authentication and certification.

RCW 43.09.200 – Local government accounting—Uniform system of accounting.

RCW 43.09.2855 – Local governments – Use of credit cards.

Budgeting Accounting and Reporting System (BARS) manual – Accounting, Expenditures, Purchase Cards, Sections 3.8.4