



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

**Accountability Audit Report**  
**Spokane Airport Board**  
**Spokane County**

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

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

July 19, 2018

Board of Directors  
Spokane Airport Board  
Spokane, 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 Airport 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 independent audit report on the Airport'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

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

### About the audit

This report contains the results of our independent accountability audit of the Spokane Airport Board from January 1, 2017 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 performing procedures to obtain evidence about the Airport'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, based on our risk assessment for the year ended December 31, 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Procurement – purchases and alternative procurement methods
- Safeguarding of theft sensitive assets – asset inventory and tracking
- Cash receipting in the Parking department
- Payroll – bonus and incentive pay

## RELATED REPORTS

### **Financial**

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

### **Federal grant programs**

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Airport's major federal program, which is listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report, which includes an opinion on the Schedule of Expenditures of Federal Awards, is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE AIRPORT

The Spokane Airport Board was formed in 1962 and has operated Spokane Airports (the “Airport”) since that time. The Airport includes Spokane International Airport, Business Park and Felts Field and is jointly owned by Spokane County and the City of Spokane. The city and county operate the Airport under provisions of RCW 14.08, which establishes the operation of airports by more than one municipality under joint agreement.

The operating authority of the Airport is the Spokane Airport Board, consisting of seven members appointed by the two governmental bodies. The Board’s Chief Executive Officer is responsible for all day-to-day operations and has a staff of approximately 110 full-time and 38 part-time employees. In fiscal year 2017, the Board oversaw \$36.2 million in operating revenues and \$20.4 million of non-operating and capital contribution revenues. Operating revenues are derived from user fees, parking, building lease revenue, concession revenue, and state and federal non-capital grants. Non-operating capital revenues are derived from passenger facility charges, customer facility charges and state and federal grants.

<b>Contact information related to this report</b>	
Address:	Spokane Airport Board 9000 W. Airport Dr., Suite 204 Spokane, WA 99224-8700
Contact:	Dave Armstrong, Director of Finance
Telephone:	(509) 455-6448
Website:	<a href="http://www.spokaneairports.net">www.spokaneairports.net</a>

*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for the Spokane Airport Board 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>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>