



Exit Recommendations  
Chelan County  
Audit Period Ending: December 31, 2023

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We are providing the following exit recommendations for management's consideration. They are not referenced in the audit report. We may review the status of the following exit items in our next audit.

**Accountability Audit:**

**Building Permit Refunds**

The County has a policy in place for building permit refunds. We tested total refunds for 2022 and 2023 totaling \$37,946 and found 4 instances of state building code surcharges being refunded. We found 1 out of the 4 instances incorrectly refunded the state building code surcharge of \$6.50.

We recommend the County follow its policy for building permit refunds and ensure it is only refunding appropriate charges when applicable.

**Sheriff Department - Monthly Balance and Quarterly Reconciliations**

The Sheriff Department has a process in place to reconcile its confidential funds when applicable. However, the Department did not prepare the required quarterly reports documenting the status of the funds, a current reconciliation, or an itemized transaction list. The BARS Manual (Section 3.8.9.10) requires each agent or officer in charge to prepare a quarterly report showing status and reconciliation of the imprest fund and itemizing each payment, name used by informer payee, information received and use to which information was put. This report must be made part of the files and reviewed quarterly by the head of the municipality's law enforcement agency.

We recommend the Sheriff Department reconcile its confidential funds on a monthly basis and provide quarterly reports in accordance with the BARS Manual.

**Property room testing**

The Sheriff Department is responsible for safeguarding evidence and other property in its possession, which includes ensuring evidence is sealed and chain of custody is maintained. We performed a review of evidence in the property room and noted one of 20 items we reviewed were missing from evidence.

We recommend the Sheriff Department ensure evidence can be properly accounted for, and the property listing is updated to reflect the most up to date location of evidence.

**Public works - materials**

The County's controls over public work materials were not sufficient to determine if unused materials were returned to the County gravel yard at the completion of a project. A Public Works



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employee took \$184 worth of gravel material for personal use and tried to replace it with different material to avoid notice.

We recommend the County implement policies and procedures over the reconciliation and verification of unused materials returned to the County gravel yard to ensure all material are accounted for properly.

**Payroll – paid leave**

In August 2025, the County notified our Office regarding a potential loss of public funds as required by state law. The County reported concerns that the Community Development Director allowed multiple employees to take time off and not report leave used. The County provided payroll and timesheet records to our office for review. Our review found:

- The Community Development Director allowed employees to pick days of their choice to take time off from work and not report vacation or sick leave. The Director presented these as awards to employees, which was unallowable by County policy.
- Between January 2024 through August 2025, we found 4 days where employees reported working regular work hours on their timesheets, even though they did not work them. This resulted in \$1,064 paid by the County for time not worked. We also identified 3 days where hours reported as worked were questionable, resulting in \$823 in questionable compensation being paid.

While the County had payroll policies in place, the Community Development Director circumvented them, which allowed employees to be paid for time not worked and them to have inaccurate leave balances.

We recommend the County strengthen internal controls over timekeeping in the Community Development department to ensure adequate oversight and monitoring is in place to safeguard public resources.

**Payroll – gross wages**

The County did not have adequate controls in place to ensure Sheriff Department employees were paid in accordance with approved timesheet hours and wage rates. We identified the following:

Fiscal year 2022:

- Five instances of timesheet hours and payroll coding did not tie to supporting documents totaling about \$116.

Fiscal year 2023:

- Two instances where actual pay did not tie to approved wages
- 11 instances of timesheet hours did not tie to payroll supporting documents



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- Variances totaled about \$2,407 possibly overpaid and about \$943 possibly underpaid.

We also identified that decentralized departments submit payroll information to the County Auditor's office for processing but supporting documentation is not kept in one location to identify approved wage rates.

We recommend the County improve its payroll review process to ensure amounts paid agree with time worked per timesheet documentation. In addition, we recommend the County ensure there is adequate supporting documentation for all payroll expenses.

**Piggyback contracts**

State law (RCW 39.34.030) allows local governments to purchase from contracts awarded by another entity via an interlocal agreement or contract. The County did have a contract in place with the host agency for the forklift purchase in the amount of \$34,065. However, the County was unable to provide support for the purchase of the forklift to determine if it was in line with the host specifications, for the same specified price, within quality limits, or from a vendor authorized in the contract.

In addition, the County also obtained an invoice for the purchase of the forklift before the County obtained approval from the Board of County Commissioners (BOCC). This does not agree with the County's purchasing policy which requires BOCC approval prior to the purchase.

We recommend the County ensure an interlocal agreement is in place before purchasing from contracts awarded by other entities. In addition, we recommend the County review and follow its purchase policy.

**Cash Receipting - District Court**

State law (RCW 43.09.240) requires money received by local governments to be deposited within 24 hours of receipt. The County District Court did not deposit 3 of 19 receipts tested within 24 hours. The deposits were made 2 days after receipt.

We recommend the County District Court comply with state law by depositing funds within 24 hours of receipt. The County District Court can obtain approval from its treasurer to deposit less frequently; however, deposits must be made at least weekly.