



Exit Recommendations  
Pend Oreille County  
Audit Period Ending: 12/31/2023

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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:**

#### **Conflict of Interest - Remote Interests**

During our audit, we determined that three of the three County commissioners had a remote interest in the two organizations that submitted bids for the County's appointment of a new Associate Development Organization (ADO). The two organizations, the Port of Pend Oreille and Tri-County Economic Development District (TEDD), submitted bids for consideration when the County opened bids for a new ADO. At the time of the vote, Commissioner Gentle's wife was a member of the board for the Port of Pend Oreille, Commissioner Rosencrantz was a board member for TEDD, and Commissioner Smiley was an alternate board member for TEDD.

We determined that all three commissioners had a remote interest in the potential contracts for a new ADO. Per RCW 42.23.040, conditions for exemption when municipal officers have a remote interest in a contract include requirements that the officer must fully disclose the nature and extent of the interest, and it must be noted in the official minutes or similar records before the contract is made. Also, the contract must be authorized, approved, or ratified after that disclosure and recording. Based on our review, we determined that all three commissioners had a remote interest in the potential contracts for a new ADO and only one of the remote interests was clearly documented in official minutes before awarding the contract.

We recommend that the County ensure that future possible remote interests of officials are clearly documented in official minutes prior to voting or ratifying of any contracts to ensure that no perceived conflict of interest occurs.

#### **Small and Attractive Assets**

During our follow up of a prior recommendation, we determined that the County is working on updating the written policies (Inventory Policy) and procedures (How-to Manual) related to the controls for tracking small and attractive assets. We also determined that the County's Asset Listing contains outdated information for some assets, specifically older assets with responsible parties listed on the Asset Listing that are no longer with the County.

We recommend the County continue to evaluate and strengthen controls related to the tracking of small and attractive assets, including periodically reviewing and updating the asset listing, to ensure the asset listing includes all necessary identification and tracking elements including the



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individual to whom the asset is assigned.