



**Washington State Auditor
Brian Sonntag**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

To the Director and Management of the Department of Ecology:

We have performed the procedures described below, which were agreed to by the management of the Department of Ecology, solely to assist you in evaluating the Department's Air Operating Permit (AOP) program for the fiscal years ended June 30, 2008 and 2009. The Department's management is responsible for the financial information of the AOP program. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

Agreed Upon Procedures

In relation to the Department's Air Operating Permit (AOP) program:

Procedure 1: Determine how much AOP fee revenue was collected each fiscal year.

Results: Based on the Department's financial records, the following amount of AOP fee revenue was collected in each fiscal year:

2008: \$1,292,744.52
2009: \$1,542,578.80

Procedure 2: Determine whether AOP fees were computed correctly.

Results: Based on review of workload analysis, program criteria, and supporting documentation, we took a judgmental selection of fees issued and reperformed the Department's calculation. We determined that all selected permit fees were computed correctly for both fiscal years.

Procedure 3: Determine whether invoices were sent out in a timely manner.

Results: We reviewed all invoices issued for fiscal years 2008 and 2009. We determined that none were sent out later than October 31st (initial billing) and January 31st (final billing) of the next calendar year.

Procedure 4: Determine whether billed fees were actually collected.

Results: Based on our review of the Departments billings and deposits for both years, we determined that billing fees were either paid in full by the end of the respective fiscal year or written-off as uncollectable (ex: bankruptcy).

Procedure 5: Determine how the Department accounted for AOP and Development and Oversight fee revenues.

Results: The Department accounts for its AOP and D&O fee revenues in the Air Operating Permit Account, Fund 219.

Procedure 6: Determine how the Department accounted for AOP expenditures.

Results: The Department accounts for its AOP expenditures in the Air Operating Permit Account, Fund 219. Most of the expenditures related to the program are for salaries, benefits, and travel. There are also budgeted amounts charged per an allocation method.

Procedure 7: Determine whether AOP fee revenues were used only for authorized activities.

Results: Based on our review of a judgmental selection of expenditures for fiscal years 2008 and 2009, we determined that AOP fee revenue was used only for authorized activities.

We were not engaged to and did not perform an examination, the objective of which would be to express an opinion on the Air Operating Permit Program of the Department. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Director and management of the Department of Ecology and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public record and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lynda L. Karseboom', with a long horizontal flourish extending to the right.

Lynda L. Karseboom, CGAP
Audit Manager

May 13, 2010