



Office of the Washington State Auditor

Pat McCarthy

Exit Conference: University District Public Development Authority

The Office of the Washington State Auditor’s vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Accountability audit for January 1, 2022 through December 31, 2024 – see draft report.

Audit Highlights

We would like to thank Alden Jones for both her professionalism during the audit and timeliness in responding to our requests.

Recommendations not included in the Audit Reports

Management Letters

Management letters communicate control deficiencies, noncompliance, or abuse with a less-than-material effect on the financial statements or other items significant to our audit objectives. Management letters are referenced, but not included, in the audit report. We noted certain matters that we are communicating in a letter to management related to electronic payments.

Exit Items

We have provided exit recommendations for management’s consideration. Exit items address control deficiencies or noncompliance with laws or regulations that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via email in a .pdf file. We also offer a subscription service that notifies you by email when audit reports are released or posted to our website. You can sign up for this convenient service at <https://portal.sao.wa.gov/SAOPortal>.

Management Representation Letter

We have included a copy of representations received from management.

Audit Cost

At the entrance conference, we estimated the cost of the audit to be \$9,600 and actual audit costs will approximate that amount.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in fiscal year 2028 and will cover the following general areas:

- Accountability for public resources for 2025, 2026 and 2027

The estimated cost for the next audit based on current rates is \$9,600 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

If expenditures of federal awards are \$1,000,000 or more in any fiscal year, notify our Office so we can schedule your audit to meet federal Single Audit requirements. Federal awards can include grants, loans, and non-cash assistance like equipment and supplies.

[Working Together to Improve Government](#)

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally, this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation at the Office of the Washington State Auditor offers services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean process improvement, peer-to-peer networking, and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

[Questions?](#)

Please contact us with any questions about information in this document or related audit reports.

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AUDIT RESULTS

Results in brief

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

However, we noted certain matters related to electronic payments that we communicated to Authority management and the Board of Directors in a letter dated February 19, 2026. We appreciate the Authority's commitment to resolving those matters.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the University District Public Development Authority from January 1, 2022 through December 31, 2024.

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 Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Authority's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2024, 2023 and 2022, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – electronic funds transfers and general disbursements
- Accounts receivable – sales and use taxes
- Treasury activities – bank reconciliations and monitoring of banking activity
- Financial condition – reviewing for indications of financial distress
- Open public meetings – compliance with minutes, meetings and executive session requirements

INFORMATION ABOUT THE AUTHORITY

The University District Public Development Authority (UDPDA) was established in late 2012 for the planning, coordination, operation, and implementation of public improvements associated with specific development projects within the University District Revitalization Area (UDRA). In November 2019, City of Spokane Ordinance C35828 approved an interlocal agreement between the UDPDA, City of Spokane, and Spokane County regarding the reformation of the UDPDA board and amended the charter and bylaws of the organization.

The governing body is made up of seven directors. The UDPDA does not have any employees and is operated under a service agreement with a non-profit corporation that serves in an administrative and operational support capacity for the UDPDA. During 2022, 2023, and 2024, the Authority received revenues of \$3,199,468, \$1,491,758 and \$995,685, respectively, primarily from intergovernmental revenues.

Contact information related to this report	
Contact:	Alden Jones, Administrator
Telephone:	509-255-8038
Website:	https://www.spokaneudistrict.org/

Information current as of report publish date.

Audit history

You can find current and past audit reports for the University District Public Development Authority at <https://portal.sao.wa.gov//ReportSearch>.



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

February 19, 2026

Board of Directors
University District Public Development Authority
Spokane, Washington

Management Letter

This letter includes a summary of specific matters that we identified during our Accountability audit for January 1, 2022 through December 31, 2024.

These matters are not included as findings in our public report, but we view them as important enough to warrant the attention of management and the governing body. This letter will be referenced in our report.

This letter is intended for the information and use of management and the governing body as recommendations to help strengthen the Authority's internal controls. This letter is not suitable for any other purpose since it was not prepared for general distribution. However, this letter is a matter of public record and its distribution is not limited.

Thank you for being a partner in government accountability. We look forward to reviewing the status of these matters during your next audit.

Sincerely,

Alisha Shaw

Alisha Shaw, Program Manager

Attachment

Management Letter
University District Public Development Authority
January 1, 2022 through December 31, 2024

Electronic Payments

Since 2016, Washington's governments have reported more than \$37 million of lost public funds as a result of cyberfraud, sometimes referred to as phishing, spearfishing or business email compromise schemes. In these schemes, an external threat actor contacts the government, appearing to be a known source such as an employee, upper-level manager, vendor or other business associate. Government staff are convinced to redirect valid payments to the external threat actor, or to purchase gift cards and provide them with the card numbers.

It is imperative that governments implement robust internal controls over all disbursements. This includes establishing a verification process for all requests to change an employee's or vendor's contact and payment information, as well as any requests to purchase gift cards, especially when they come through email, phone, fax or another electronic method.

The Authority spent \$686,187 in operating expenditures in fiscal year 2024. The Authority is responsible for establishing effective controls over electronic payments, including the payment information on file for vendors and employees, to protect electronic payments from internal and external threats.

Our audit found the Authority did not have adequate internal controls over electronic payments to protect public funds. Specifically, in 2025 the Authority reported a phishing incident related to misappropriation of public funds. The Authority made three vendor payments totaling \$5,785 to a fraudulent bank account.

We examined the Authority's controls over electronic payments and found that the Authority did not have a policy or practice requiring sufficient verification for all bank change requests to ensure the actual vendor made them, or that contained the required elements prescribed in the *Budgeting, Accounting and Reporting System* (BARS) Manual (3.8.11.30).

We recommend the Authority:

- Develop written policies and procedures over electronic payments to require adequate verification of bank account changes with the vendor, and to include the required elements prescribed in the BARS Manual (3.8.11.30). The Authority's policy should avoid procedures that rely on information coming through email, which is a communication medium traditionally vulnerable to unauthorized access.
- Provide adequate communication and training to staff on the verification requirements to ensure they consistently follow them.



February 12, 2026

Office of the Washington State Auditor
3200 Capitol Blvd
P.O. Box 40031
Olympia, WA 98504-0031

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audit of University District Public Development Authority for the period from January 1, 2022, through December 31, 2024. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations were made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

General Representations:

1. We have provided you with unrestricted access to people you wished to speak with and made available all relevant and requested information of which we are aware, including:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Other internal or external audits, examinations, investigations, or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
 - d. Communications from regulatory agencies, government representatives, or others concerning possible noncompliance, deficiencies in internal control, or other matters that might concern the objectives of the audit.
 - e. Related party relationships and transactions.
 - f. Results of our internal assessment of business risks and risks related to financial reporting, compliance, and fraud.

2. We acknowledge our responsibility for compliance with requirements related to the confidentiality of certain information and have notified you whenever records or data



containing information subject to any confidentiality requirements were made available.

3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts, and grant agreements.
4. We have identified and disclosed all laws, regulations, contracts, and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
5. We have complied with all material aspects of laws, regulations, contracts, and grant agreements.
6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations, safeguarding of public resources, and financial reporting, including controls to prevent and detect fraud.
7. Except as reported by the audit, we have established adequate procedures and controls to provide reasonable assurance of compliance with applicable laws and regulations, safeguarding of public resources, and accurate financial reporting.
8. Except as reported to you in accordance with RCW 43.09.185, we have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.
9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.

Sincerely,

A handwritten signature in black ink, appearing to read 'Juliet Sinisterra'.

Juliet Sinisterra, CEO 2/12/26

A handwritten signature in black ink, appearing to read 'Alden Jones'.

Alden Jones, Administrator, 2/12/26