



Washington State Auditor's Office Exit Conference

Integrity • Respect • Independence

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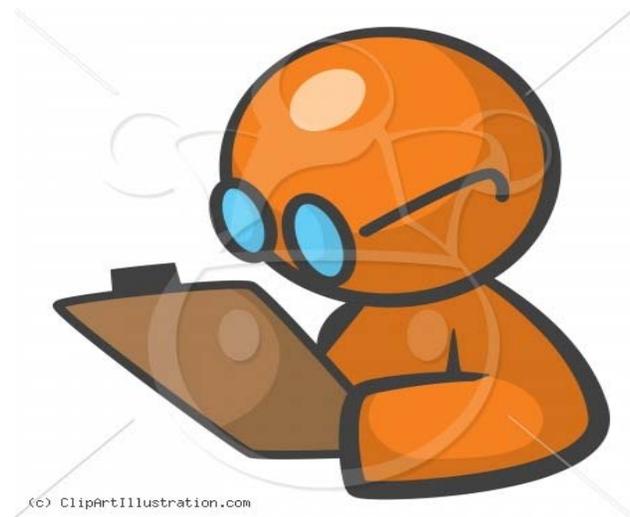
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About Our Office

- The Office of the Washington State Auditor's vision is government that works for citizens. Our goal is for government that works better, costs less and earns greater public trust.
- The purpose of this meeting is to share our audit results and draft reports. We value and appreciate your participation.

We performed the following audits for fiscal year 2017

- Financial
- Accountability



Internal Controls over Major Systems

We evaluated to design our audit procedures

Compliance affecting the financial statements

We performed tests for noncompliance such as review correspondence from oversight agencies, grant audits, bond requirements.

Financial Statement opinion

We tested amounts and disclosures reported to gain reasonable assurance of fair presentation

Financial Statement Audit

We reviewed the following to ensure your financial statements were materially correct and were presented in accordance with Generally Accepted Accounting Principles:

- Financial statements
- Notes to financial statements
- Supplemental schedule (Schedule of Long-Term Liabilities)



Risk of Management Override of Controls

- Testing of journal entries (year-end adjustments)
- Consideration of any other unusual transactions ~ none noted.
- Review of legal matters

Additional risks, we reviewed transfers between funds.

- Allowable use of funds
- Approved by Council
- Proper fund classification



Required Communications with Governing Body

- There were no material misstatements that needed to be corrected.
- There were no uncorrected misstatements.



Internal controls over financial reporting

- No significant deficiencies or material weaknesses.
- Controls were in place to ensure financial statements are materially correct.
- City has good segregation of duties and review process.



- We issued an unmodified opinion in accordance with Regulatory Basis, BARS which means the financial statements were fairly presented in all material aspects and required disclosures were included.
- We issued an adverse opinion in accordance with GAAP.



Financial Statement Recommendations

- Findings – None
- Management Letters – None
- Exit Notes – None



Accountability



During this audit, we performed audit procedures to obtain evidence about the City's:

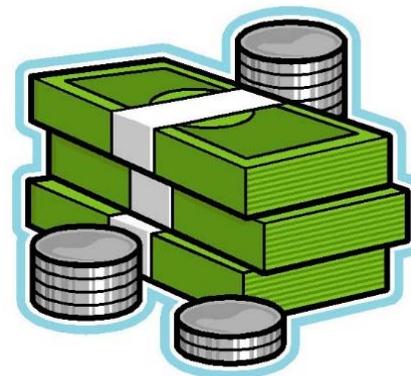
- ❑ Use of public resources
- ❑ Compliance with state laws and regulations and its own policies and procedures
- ❑ Internal controls over such matters

The areas we examined were those representing the highest risk of fraud, loss, abuse, or noncompliance based on our risk assessments and judgement.

Payroll

Reviewed payroll data and performed evaluations of the data to identify potential areas of risk. We reviewed:

- Significant increases in salary
- New Employees



Audit highlight: We review this area because payroll is a significant expense. We are pleased to report that payments were accurate and supported.

Self Insurance - Unemployment

- Gained an understanding of unemployment compensation and funding plan.
- Testing:
 - Determined the City uses Department of Employment Security.
 - Budgeted unemployment expenses exceed Actual unemployment expenses.
 - Funding is adequate.
- No issues found.



Procurement

Gained an understanding of the City's procurement process.

1. Architecture and Engineering Well #10
2. Emergency/Bid Waiver of Well #9
3. Small Works Roster Contract with Apex, for TIB Road Repairs
4. Purchase Cooperative contract – Fleet Cards
 - Small Works Exit item.



State Grant

- Reviewed Recreation and Conservation Office Grant contract, “Yakima River shore and Trail Project”
 - Ensured reimbursement requests were accurately calculated
 - Reviewed invoices to determine if they were for an allowable grant purpose.
- No issues found.



Land Sale

- We reviewed the Belmont Lot #2 land sale:
 - Sale was supported by a contract.
- We found payments were supported by the contract, and deposited into the City's bank account.
- No issues found.



3rd Party Cash Receipting

- Reviewed contracts with 3rd party vendors.
- Funds were deposited into a Public Depository.
- Funds were deposited within a 1 to 4 days.
- City is reconciling receipted funds to the Bank Account.
- Funds were received.
 - Exit item noted.



Financial Condition

This is a continued state-wide theme for our Office due to risks of rising costs and constrained revenues for many governments that may impact financial condition.

During our audit, we:

- Reviewed key financial condition ratios. These include:
 - ❑ Cash Balance Sufficiency
 - ❑ Operating Margin
 - ❑ Change in Cash Position
 - ❑ Debt Load

- Evaluated other factors that affect financial condition with minor risks noted. Debt load was 19% of governmental fund revenue. Guideline is 12% or less goes towards debt load.

- Public funds were safeguarded and used in accordance with applicable requirements.
- The City complied with state laws and its own policies and procedures.



Accountability Recommendations

- Finding – None
- Management letter – None
- Exit Recommendations – We provided these to management.



Over ten years with
no audit findings.
No findings this audit.
No ML's this audit.



We appreciate City of West Richland's efforts in consistently working to achieve a strong internal control structure and complying with laws and policies.

Future Audit Information



- Next audit is scheduled for Summer of 2019
- Scope includes: Financial, Federal, and Accountability for Fiscal Year 2018
- Estimated cost - \$24,000 plus travel expenses.
 - (Includes single audit if necessary and rate increase as of January 1, 2019)

- Reports issued in one to two weeks. You can sign up to receive reports at <https://portal.sao.wa.gov/saoportal/login.aspx>
- You will receive a customer survey.
- We would like to thank staff for patiently working with us.
- We would like to share our appreciation for the cooperation and timely responses from staff.