

Washington State Auditor's Office
Accountability Report

Washington Counties Risk Pool
Thurston County

Audit Period
October 1, 2000 through September 30, 2001

Report No. 63015

Issue Date
February 14, 2002



Washington _____
State Auditor
_____ Brian Sonntag

Audit Summary

Washington Counties Risk Pool Thurston County October 1, 2000 through September 30, 2001

ABOUT THE AUDIT

This report contains the results of our independent audit of the Washington Counties Risk Pool for the period October 1, 2000, through September 30, 2001.

We performed audit procedures to determine whether the Risk Pool complied with state laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated internal controls established by Risk Pool management. Our work focused on areas that have a potential risk for abuse or misuse of public resources.

RESULTS

The Risk Pool complied with state laws and regulations and its own policies and procedures.

RELATED REPORTS

Our opinion on the Risk Pool's financial statements is provided in a separate report, which includes the Risk Pool's financial statements.

CLOSING REMARKS

We appreciate the Risk Pool's prompt attention to resolve prior audit issues and its commitment to ensure compliance with suggestions made during this audit. We thank Risk Pool officials and personnel for their assistance and cooperation during the audit.

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Description of the Risk Pool

Washington Counties Risk Pool Thurston County October 1, 2000 through September 30, 2001

ABOUT THE RISK POOL

The Washington Counties Risk Pool provides comprehensive and economical insurance coverage and risk management assistance to 25 member counties. An Executive Director, who reports to a nine-member Executive Committee, administers day-to-day operations. Executive Committee Members are elected to staggered three-year terms. The Risk Pool operates on a \$997,000 annual budget and has 10 employees.

AUDIT HISTORY

We audit the Risk Pool annually. Management has been responsive to prior audit recommendations. Audit concerns are often discussed, addressed and resolved before completion of our audit. Because of its assertive style of problem solving, the Risk Pool has had no findings since its inception in 1988.

OFFICERS AND EXECUTIVE COMMITTEE

These officials served during the audit period:

Executive Committee:

President

Secretary-Treasurer:

Si A. Stephens

Mary Jo Cady (through August 2001)

David Goldsmith (appointed September 2001)

Marilyn Breckel

Steve M. Lowe

Melina Wenner

Mike Shelton

Vyrle L. Hill

Ronald S. Zirkle

Rose Elway (appointed August 2001)

APPOINTED OFFICIALS

Executive Director

John Crawford

ADDRESS

Risk Pool

205 Clark Place Southeast
Tumwater, WA 98501
(360) 586-7447

Audit Areas Examined

Washington Counties Risk Pool Thurston County October 1, 2000 through September 30, 2001

In keeping with general auditing practices, we do not examine every portion of the Washington Counties Risk Pool's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the Risk Pool were examined during this audit period:

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Insurance and bonding requirements
- Conflict of interest
- Open Public Meetings Act
- Budgeting requirements
- Deposit and investment of public funds

INTERNAL CONTROL

We evaluated the following areas of the Risk Pool's internal control structure:

- Cash handling procedures
- Claim and administrative expenditures
- Payroll
- Assessment billing and receipting
- Cash disbursements

FINANCIAL AREAS

Our opinion on the Risk Pool's financial statements is provided in a separate report, which includes the Risk Pool's financial statements and other required financial information. The financial activity and balances were examined, which included a review of:

- Overall presentation of the financial statements
- Reserve for insurance claims
- Reinsurance premiums
- Expenditures including payroll and travel
- Member assessment receivables
- Member assessment revenues
- Cash and investments
- Retroactive assessment premium receivable