

# State Auditor's Office

## Current Compliance Issues

Snohomish County Clerks and Finance Officers Association

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# Compliance Issues in Current Audits

- Reporting Known or Suspected Losses
- Bid law
- Contracts (especially construction)
- Cost Allocation/One Fund Benefiting Another
- Hotel/Motel Tax
- Open Public Meetings
- Conflict of Interest



# Reporting Known or Suspected Losses

- RCW 43.09.185
- State agencies and local governments shall immediately report to the state auditor's office known or suspected loss of public funds or assets or other illegal activity.



# Bid Law

- Know your solicitation and bidding requirements
- Can be found in:
  - Entity-type statutes (city, county, district)
  - MRSC website is a great source [www.mrsc.org](http://www.mrsc.org)
- Be careful with change orders!



# Contracts (especially construction)

- Be sure you have a contract when you need one
- Be sure you monitor your contract and hold contractor accountable
- Be careful with change orders



# Cost Allocation/One Fund Benefiting Another

- RCW 43.09.210
- Can't transfer dedicated funds without a benefit or service to that fund. The questionable transfer can take the form of:
  - A transfer
  - A long-term loan
  - An allocation of costs
- Cost allocation plan should be:
  - For a service or a benefit
  - Documented
  - A reasonable basis
  - Reviewed and updated regularly



# Cost Allocation/One Fund Benefiting Another

- If charges/allocations are equitable, they likely comply with RCW 43.09.210
- In order to be equitable, the charges must be:
  - Only for the cost of the services actually provided.
  - Only for each fund/department's proportionate share.
  - Calculated using measurable, logical and documented allocation factors that are current and accurate.
  - Cost allocation plans are the tool that is typically used to achieve the three points above.
- Questionable allocations include those that benefit the public or have only an abstract benefit.



# Hotel/ Motel Tax

- Can only be used for:
  - Tourism promotion
  - Operating expenses of special events and festivals
  - Acquisition of tourism-related facilities
  - Operation of tourism-related facilities (includes non-profit facilities)
- Examples of questions we get:
  - Flower baskets
  - Restrooms in city parks
  - Electric car-charging stations



# Hotel/ Motel Tax

- Contracts for Hotel/Motel Tax
  - Be sure you have one
  - Be specific about what you expect to get for your money
  - Remember what you can spend the money on – is that what you are getting?
  - Be specific about the reporting to show you got what you expected



# Open Public Meetings (RCW 42.30)

- General meetings
  - Rarely issues with notification of these meetings
  - Must keep minutes (RCW 42.32)
- Special meetings
  - Must notify board members in writing 24 hours in advance
  - Must notify media who have requested notification in writing
  - Can only cover business on published agenda
  - Must keep minutes
  - We suggest you post the meeting to the public (your office, website or other method)



# Open Public Meetings

- Executive Sessions
  - Must have a general or special meeting
  - Must announce the purpose and duration
  - For discussion, not for decision-making or voting
  - Allowable purposes
  - Should document purpose and duration in minutes of general or special meeting



# Conflicts of Interest

- RCW 42.23.030 and 42.23.070
- Examples:
  - Water districts
  - Lodging tax advisory committee



# QUESTIONS???

- **I have answers!!!**



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