



Office of the Washington State Auditor

Pat McCarthy

Entrance Conference: City of Clarkston

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 our planned audit scope so that we are focused on the areas of highest risk. We value and appreciate your input.

Audit Scope

Based on our planning, we will perform the following audits:

Accountability audit for January 1, 2019 through December 31, 2020

We will examine the management, use and safeguarding of public resources to ensure there is protection from misuse and misappropriation. In addition, we will evaluate whether there is reasonable assurance for adherence to applicable state laws, regulations and policies and procedures.

We plan to evaluate the following areas:

- Payroll – gross wages, overtime, leave balances and accruals, paid-time-off conversion, and electronic funds transfers
- Self-insurance for unemployment compensation
- Selected IT security policies, procedures, practices, and controls protecting financial systems, IT systems and data – user access

Financial statement audit for January 1, 2019 through December 31, 2020

We will provide an opinion on whether your financial statements are presented fairly, in all material respects, in accordance with the applicable reporting framework. The audit does not attempt to confirm the accuracy of every amount, but does search for errors large enough to affect the conclusions and decisions of a financial statement user.

Federal grant compliance audit for January 1, 2020 through December 31, 2020

This audit is required by federal law when a local government spends \$750,000 or more annually in federal financial assistance. We will provide an opinion on compliance with federal requirements that could have a direct and material effect on your major federal programs.

We plan to test the following federal program:

- Assistance to Firefighters Grant, CFDA no. 97.044

This report must be submitted, along with the Data Collection Form, to the federal clearinghouse within 30 days after receipt of the report or nine months after the end of the audit period, whichever is earlier.

Engagement Letter

We have provided an engagement letter that confirms both management and auditor responsibilities, and other engagement terms and limitations. Additionally the letter identifies the cost of the audit, estimated timeline for completion and expected communications.

Levels of Reporting

Findings

Findings formally address issues in an audit report. Findings report significant results of the audit, such as significant deficiencies and material weaknesses in internal controls; misappropriation; and material abuse or non-compliance with laws, regulations or policies. You will be given the opportunity to respond to a finding and this response will be published in the audit report.

Management Letters

Management letters communicate control deficiencies, non-compliance, misappropriation, or abuse that are less significant than a finding, but still important enough to be formally communicated to the governing body. Management letters are referenced, but not included, in the audit report.

Exit Items

Exit items address control deficiencies, non-compliance with laws or regulations, or errors that have an insignificant effect on the audit objectives. These issues are informally communicated to management.

Important Information

Confidential Information

Our Office is committed to protecting your confidential or sensitive information. Please notify us when you give us any documents, records, files, or data containing information that is covered by confidentiality or privacy laws.

Audit Costs

The cost of the audit is estimated to be approximately \$34,800, plus travel costs, and other expenses, if any.

Expected Communications

During the course of the audit, we will communicate with Steve Austin, Clerk/Treasurer on the audit status, any significant changes in our planned audit scope or schedule and preliminary results or recommendations as they are developed.

Please let us know if, during the audit, any events or concerns come to your attention of which we should be aware. We will expect Steve to keep us informed of any such matters.

Audit Dispute Process

Please contact the Audit Manager or Assistant Director to discuss any unresolved disagreements or concerns you have during the performance of our audit. At the conclusion of the audit, we will summarize the results at the exit conference. We will also discuss any significant difficulties or disagreements encountered during the audit and their resolution.

Loss Reporting

State agencies and local governments are required to immediately notify our Office in the event of a known or suspected loss of public resources or other illegal activity. These notifications can be made on our website at www.sao.wa.gov/report-a-concern/how-to-report-a-concern/fraud-program/.

Peer Reviews of the Washington State Auditor's Office

To ensure that our audits satisfy *Government Auditing Standards*, our Office receives external peer reviews every three years by the National State Auditors Association (NSAA). The most recent peer review results are available online at www.sao.wa.gov/about-sao/who-audits-the-auditor/. Our Office received a “pass” rating, which is the highest level of assurance that an external review team can give on a system of audit quality control.

Emerging Issues

Some of the emerging issues affecting local governments are the following:

- The Office of the Washington State Auditor has created a tool for following the status of audit findings and corrective actions. This tool is called Tracker. Local governments will follow the same basic process for responding to audit findings, but Tracker will make information about findings and corrective actions status easily accessible in a single location. The goals for this tool are to improve the usability of information regarding the status of audit issues and to give governments a way to quickly share their plans for resolving those issues.
- Audit Connection – April 2021. See attachment.
- GASB Updates – June 2021. See attachment

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 us feedback.

Local Government Support Team

This team provides support services to local governments through the Budget, Accounting, and Reporting System (BARS) and annual online filing technical assistance, provides accounting, reporting and BARS training. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions, updated BARS manuals, access to resources and recorded trainings, and additional accounting and reporting resources. Additionally this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation of the Office of the Washington State Auditor offers services designed to help you, help the residents you serve at no additional cost to your government. What does this mean? They provide expert advice in areas like building a Lean culture to help local governments find ways to be more efficient, effective and transparent. The Center also provides financial management technical advice and best practices and resources. These can be accessed from the “Improving Government” tab of our SAO website and help you act on accounting standard changes, comply with regulations, protect public resources, minimize your cybersecurity risk and respond to recommendations in your audit. The Center also offers the Financial Intelligence

Tool, better known as FIT, to help you assess and monitor your finances and compare your financial operations to other local governments like you. You can email the Center for a personal training session to learn all the benefits using the FIT tool can provide. The Center understands that time is your most precious commodity as a public servant, and wants to help you do more with the limited hours you have. If you are interested in learning how the Center can help you maximize your effect in government, call them at (564) 999-0818 or email them at Center@sao.wa.gov.

Audit Team Qualifications

Kelly Collins, CPA, Director of Local Audit – Kelly has been with the Washington State Auditor’s Office since 1992. In her role, she oversees the audit teams that perform the audits for over 2,200 local governments. She serves on the Washington Finance Officers Association Board and is a member of the Washington Society of Certified Public Accountants’ Government Auditing and Accounting Committee. Phone: (564) 999-0807 or Kelly.Collins@sao.wa.gov

Brandi Pritchard, CFE, Assistant Director of Local Audit – Brandi has been with the Washington State Auditor’s Office since 2003. In her role as Assistant Director, she assists with statewide oversight and management of all the audits for local government, including fraud investigations. She served as an Audit Manager for four years prior to becoming an Assistant Director of Local Audit. Phone: (360) 489-4591 or Brandi.Pritchard@sao.wa.gov

Alisha Shaw, Program Manager – Alisha began her service with SAO in September 2000 as a College Career Graduate on Team Wenatchee after earning a Bachelor’s Degree in Business Management with an emphasis in accounting from Whitworth College. She joined Team Pullman in 2001, became an Assistant Audit Manager in June 2005 and became the Audit Manager of Team Pullman in February 2018. During her time with SAO, she has been the auditor-in-charge or supervisor of numerous local and state audits. Phone: (509) 329-3702 or Alisha.Shaw@sao.wa.gov

Heide Brillantes, Audit Supervisor – Heide has been with the State Auditor’s Office since 2015. Heide performs audit work in accordance with the audit plan to ensure Office quality expectations and standards are met. She has led and assisted with the performance of financial, accountability, and federal compliance audits at a variety of government types. Heide has obtained her Bachelors of Science in Finance from California State University – Northridge and also has a certificate in Government Contract Management from UCLA. Phone: (425) 948-7401 or Heide.Brillantes@sao.wa.gov

Travis Jones, Audit Lead - Travis has been with the Washington State Auditor’s Office since 2018. Prior to working at SAO, Travis’ work experience includes managing logistical operations and utilizing strong operational analytical skills. Travis has Bachelor degrees in both Business Administration (with concentrations in Accounting and Management) and Economics from Eastern Oregon University. He has performed accountability, financial and federal compliance audits at counties, cities, universities, school districts, and other local entities. Phone: (509) 329-3702 or Travis.Jones@sao.wa.gov