

Risk Assessment Inquiry **with Management**

Below are minimum extent of inquiry, although not every question will be applicable to every person we interview. Financial Reporting questions are not required to be included if not performing a financial statement audit. Auditors are not limited to these questions nor to only asking the questions based on the audit type being performed.

Inquiry with: (name & position)		Sharon Richter, Auditor	Date:	7/3/2018
Question			Summary of Response	
Controls				
1	Does anyone perform a risk assessment at the government-wide level of fraud, loss, noncompliance or misstated financial reports? If yes, is there written documentation available on the risk assessment?		No.	
2	What processes (nature, extent and frequency) are in place to monitor whether internal controls are effective?		Separation of duties as much as possible in a small County. The Fair had controls problems, so stepped that up. Try to practice internal controls by checking people's records. Assessed every year by the State Auditor.	
3	Does anyone report periodically to the governing body (or audit committee, if applicable) about internal controls?		Not in an official capacity. As needed.	
4	Are you aware of any instances where normal controls or processes have been bypassed or over-ridden?		No.	
Financial Reporting (not required if not performing a financial statement audit)				
5	Were any new accounting standards or policies implemented? If so, do you have any concerns with these?		Not in 2017.	
6	Have there been changes to key accounting software?		Not in 2017.	
7	Have there been changes to key accounting or other personnel?		Not in 2017.	
8	Are you aware of any potential pressures, motivations or requests to record inaccurate information, not record information or make unsupported changes to financial records or reports?		No.	
9	Are you aware of any recorded transactions that are unusual or that may lack support?		No.	
10	Are you aware of any disagreements about the correct accounting or reporting for any events or transactions?		No.	
11	What financial statement balances or disclosures do you think are most at risk of being misstated? What has been done to mitigate these concerns when preparing statements this year?		None come to mind. Pretty tight around processes and keeping records accurate.	
12	Are any financial performance measures or targets used by management or the governing body (ex: budget variances, etc)?		No.	
Compliance				
13	Have there been any changes in programs or services offered, or new sources of revenues?		No.	
14	Have there been any new laws, regulations, contracts or grants since the last audit?		Nothing comes to mind.	

Inquiry with: (name & position)		Sharon Richter, Auditor	Date:	7/3/2018
Question			Summary of Response	
15	What laws, regulations or contracts do you think are most at risk of noncompliance? What has been done to mitigate these risks?		E911 had internal audit in 2016. Grant with planners (tri-county, Columbia sends funds to the other Counties) – Voluntary Stewardship Program from WA State Conservation Commission.	
16	Are you aware of any potential noncompliance with laws, regulations, grants or contracts since the last audit?		No.	
Safeguarding of Public Resources				
17	Have you identified any business risks that might significantly affect operations or financial condition? What has been done to mitigate these risks?		No.	
18	How does management communicate policies on acceptable business practices and ethical behavior to employees (e.g. training or awareness programs)? Are you aware of any violations of these policies? Are employees provided an anonymous way to report suspected violations?		Department heads and personnel policy. Training from Risk Pool for Department Heads, Elected Officials, Employees, etc. No violations. Reporting of violations can be told to any department head or official, or the risk pool. Unsure about anonymity.	
19	What specific areas or locations do you think are most at risk of fraud or loss? What has been done to mitigate these concerns?		Golf course – third party taking fees. Fairgrounds – issues in the past, but have worked hard to be better.	
20	Are you aware of any actual, alleged or suspected instances of fraud or loss since the last audit?		No.	
21	Considering other audits that you have already had and the results of those audits, is there any area of concern you would like us to follow up on or incorporate in our audit?		No.	
22	Is there anything else we should be aware of?		Nothing comes to mind.	

Risk Assessment Inquiry with Governing Body / Audit Committee

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Inquiry with: (name & position)	Merle Johnson, County Commissioner	Date:	7/3/2018
Question		Summary of Response	
Financial Reporting (not required if not performing a financial statement audit)			
1	<p><i>Entity management is responsible for preparing financial statements. The governing body (or audit committee) is responsible for oversight of financial reporting.</i></p> <p>Are you aware of any potential pressures, motivations or requests for management to record inaccurate information, not record information or make unsupported changes to financial records or reports?</p>	No.	
2	<p>Have you identified any business risks that might significantly affect operations or financial condition? If so, what has been done to mitigate these risks?</p>	No.	
3	<p>Is there anything reported in the financial statements that seems unusual or unreasonable, based on your understanding?</p>	No.	
Compliance			
4	<p>Are you aware of any potential or actual noncompliance with laws, regulations, grants or contracts since the last audit?</p>	No.	
Safeguarding of Public Resources / Monitoring Activities related to Fraud - For purposes of the following questions, the term "fraud" involves actions that result in a misstatement in financial statements due to fraudulent financial reporting or misappropriation of assets.			
5	<p><i>Entity management is responsible for identifying, responding to and monitoring the risks of fraud in the entity, including any specific risks that have been previously identified or brought to its attention. The governing body (or audit committee) is responsible for oversight of controls and processes established by management in these areas.</i></p> <p>How does your group oversee the management's risk assessment and monitoring of internal controls related to fraud and safeguarding of public resources (e.g. reviewing reports from management or risk managers, conversations with management or department heads, holding work sessions related to risk assessment or control monitoring results)?</p>	<p>Hold a dept head meeting every month. Quarterly review of finances. BoCC meet 4 times a month. Monthly report of all income and expenditures that are reviewed and signed off each month. Elected officials come in if there is something that seem awry, if they have questions, or if they want to keep the Commissioners apprised of anything.</p>	
6	<p>Does anyone report periodically to the governing body (or audit committee) about risk assessments related to fraud or safeguarding of public resources and any identified issues?</p>	<p>One of the Commissioners is on the risk pool (WA Association of Counties risk pool). Risk pool manager that recently left for another job. Michael Talbott will take over for the time being. Looking to hire an HR manager. Any questions from staff are reported to BoCC. Employees are very open with communication.</p>	

Inquiry with: (name & position)		Merle Johnson, County Commissioner	Date:	7/3/2018
Question			Summary of Response	
7	<p>Auditing standards require us to ask your views on what areas might be at highest risk for potential fraud and if you are aware of any actual, suspected or alleged fraud.</p> <p><i>We have asked this same question of management and your answer also allows us to corroborate the information they have given us. RCW 43.09.185 also requires reporting of known or suspected loss of public funds or assets or other illegal activity to our Office on an ongoing basis.</i></p>		<p>Not aware of any place where there is/was any fraud. Very small organization compared to other counties. Everyone is housed here or close by. Small town and small community, so everyone knows what everyone else is doing. Pretty cognizant of everything that is going on.</p>	
8	<p>Considering other audits that you have already had and the results of those audits, is there any area of concern you would like us to follow up on or incorporate in our audit?</p>		<p>Not in particular.</p>	
9	<p>Is there anything else we should be aware of?</p>		<p>No. Smooth running organization. New software in the Treasurer's and Auditor's office.</p>	