

DRAFT Minutes for November 19, 2009

Local Government Advisory Committee (LGAC)

Attendees

Members: Alexandra Johnson (SAO), Sheila Gall, (AWC), Christy Raske (SAO), Chuck Pfeil via Polycom (SAO), Dean Walz (WFOA), Jerry Pettit (WACO), Jim Hendrickson (WMTA), Teresa Camfield (WFOA), John Payne (WFOA), Jeff Monsen (CRAB), Toni Nelson (SAO)

Additional attendees: Chris Johnson (WPPA), Duane Walz (SAO), Victoria Lincoln (AWC), Rick Dyer (PUD Clark County), Sue Remer (SAO), Annette Creekpau (Mason County PUD 3)

Decisions of the State Auditor

No decisions required by the State Auditor.

Minutes

The LGAC meeting began at 9:00 am and was held in the Sunset Building, Olympia. The meeting was called to order by Christy Raske.

Approval of Minutes from April 8, 2009

Christy Raske asked if the members had reviewed the minutes and if they are ready for approval. Jeff Monsen moved and Alexandra Johnson seconded the motion to approve the minutes. The minutes were unanimously approved.

Strategic Planning

Chuck attended the meeting through Polycom in the SAO Bellingham office. SAO is currently working with Public Strategies Group to develop a strategic plan for SAO. As part of this, a design lab is used for bringing in others outside of SAO to help develop some objectives. Chuck hopes SAO

can fully implement the plan within three to five years for some of the larger issues.

Chuck updated the LGAC on performance audits. SAO has completed a number of performance audits (DFW fleet audit, Debt issues for K-12, Department of Commerce fees, King County PUD, Seattle PUD) , among others. They are in the process of completing Seattle City Light, Chelan/Grant/Douglas PUD, building fees for eight counties, and DFW crab, salmon, pheasant program. Next year will include Port of Seattle and construction costs at Seattle School District.

SAO is also engaged in a State Performance Review. This is similar to a planning stage of performance audits. This will include risk assessments of priorities of governments and could impact SAO's performance audits. Larissa Benson is heading this for SAO.

Chuck mentioned the SAO website is now in Phase 2 of changes. SAO made some major changes earlier this year and is finding there is room for improvements. Dean Walz had received unfavorable comments from his staff regarding the new internet site. Chuck asks any recommendations be sent to Doug Cochran at SAO.

Audit Issues

Jerry asked Chuck if there's any consistency with audit reports process. He is concerned that audit teams are not treating issues consistently and that SAS 112/115 is a catchall for audit findings. Sue explained the review process at SAO where all findings are reviewed for consistency. Chuck also explained that many of these are reviewed on a case by case basis and SAO uses specialists to look at these for consistency. Chuck will talk to Kelly Collins regarding his issue. According to Dean Walz, there is a perception that SAO is inconsistent and that SAS 112 is a catchall and it's beneficial for SAO to consider these comments. John Payne suggested SAO consider holding phone conference meetings with county auditors similar to OST with county treasurers.

Election Cost Allocation

Libby Niecland from Secretary of State and Amber Cervantes, Mason County presented some changes to BARS for election cost allocations.

The technological changes in the voting process made the BARS prescribed methods outdated. Also, there was a great inconsistency among counties in allocating election cost to other local governments. The subcommittee which oversees the changes included representatives from counties, Secretary of State and State Auditor's Office. The final results were presented to all counties for comments and were accepted. Also, the AWC was participating in the final review. The proposed changes in methodology will not have major impact on costs charged to entities participating in election. The committee endorsed the change.

October 2008 Lane v Seattle fire hydrant & water utility case

SAO has been meeting with the AG's office regarding the case where the City of Seattle was required to move the fire hydrants to the general fund out of the utilities funds and in turn raised utility taxes to offset the lost revenue. During the LGAC meeting, many other issues came up that will likely arise later, such as handing of utilities by PUD's, the use of the hydrants where there are fire districts, etc. According to Sue Remer, SAO will have another meeting in two weeks with the AG's office to resolve some of these ongoing issues.

BARS Restructure Committee

Christy presented the results of the BARS restructure committee and the survey. The survey was sent to about 1700 BARS users and 568 responses were submitted. The responses were from about 36% cities, third from counties and the remainder mostly fire districts. We obtained helpful information on the types of software, size of entities etc (see attached handout on summary). The most important question was whether they prefer to make changes in the existing BARS account code structure or expand the BARS account codes structure. The responses indicate that 66% prefer to make changes within the existing code structure. Based on this, the next steps will be for SAO to develop several functional subcommittees to review the existing expenditure and revenue codes and make revisions. This will start after the first of the year and they will use information provided in the survey to solicit additional people to work on these subcommittees.

BARS Update

Alexandra Johnson presented major changes in the GAAP and Cash BARS manuals. There will be many pages updated related to those changes, however they are not substantive. The new accounts were already communicated to the entities through the Subscription Services. There are some changes in schedules 16, 21 and 22, but they are rather a clarification than changes in requirements. The GAAP manual will include note disclosure regarding derivatives (not due yet). The schedule 04 and 05 were streamlined to encourage electronic filing. Also, there are changes in C-4 and C-5. The budgetary information was eliminated and moved to the notes and a total column was introduced. The revisions in the certificate/cover page were not accepted by the LGAC and the SAO will work on it next year and present them for 2011 update.

On-Line Reporting System

Duane Walz, SAO, provided a handout that illustrated the new option for submitting annual reports to the SAO. Currently he receives annual reports in multiple formats (disks, paper, emails, thumb drives). Paper copies often have to be manually ten-keyed, which Duane has been encouraging them to send electronically. SAO will provide an option on the website where entities can “send” their annual report via attaching files. They will receive back email confirmation acknowledging receipt of the annual report. Jerry offered some suggestions regarding the comment they receive so they know we actually got it.

One area that is an opportunity for improvement is receiving all annual reports in the standard record layout. Duane provided a handout that shows this format, although it is not new in BARS. The change is that SAO will move towards requiring this and will work with the counties and cities first to help them provide it in the required format. At some point, SAO will only accept annual reports in the correct format.

Meeting adjourned at 12:45 pm.