



Talking with Jan Jutte Acting State Auditor

Welcome to the fall edition of the Audit Connection. A lot has happened since my last column, shortly after I took on my new role as Acting State Auditor, and there will be a lot more going on.

I have been visiting with various local government associations and organizations in the last month or so, bringing them up to date on what's new with us – and for them.



At the top of the agenda for these meetings has been the local government rate increase we announced at the end of July. As of January 1, 2016, we will adjust our local government hourly billing rate from the current \$88.50 to \$93.00. This rate change comes in response to two major factors: the cost-of-living increase for state employees and the feedback you provided in our State Auditor's Office Perception Survey, which expressed concerns about the readiness and experience of new audit staff and consistency in audit results.

The cost-of-living increase accounts for just over \$2.00 of the \$4.50 adjustment. The rest will fund additional staff training and development and enhanced audit support, helping us recruit, train and retain the people to conduct your audits.



I also shared with these groups the fact that we have taken steps to make our long-standing policy for audit dispute resolution more clear and visible, both on our website and in audit entrance documents. As you know, the audit process is just that, a process with multiple steps and opportunities for engagement – from the entrance conference to the exit conference – including challenging our audit opinions. And even when we disagree over issues in an audit, I hope we can always keep in mind that the goal is better government.

Continued on page 2

Public Records Requests Study

Local and state governments are expected to comply with laws that guarantee people have full access to public records, and prompt cooperation with requests helps maintain public confidence in government. At the same time, governments have reported a significant growth in the volume and complexity of public records requests. Fulfilling these requests can absorb considerable staff time, but the Public Records Act of 1973 does not allow public agencies to charge requestors for electronic records or the time and costs incurred in preparing records for release.

To account for changes in the volume and nature of the public records requests, the Legislature is considering revising the Public Records Act. This year, the Legislature asked the State Auditor's Office to conduct a study "to establish an accurate cost estimate for providing paper and electronic copies of records." This study will be done at no cost to local governments and state agencies.

In order to collect information about the nature, volume and associated costs of public records requests, the Performance Audit team at our Office is preparing a survey of every state agency and local government in Washington.

This fall you will receive notification that the survey is ready to begin and who should respond to our request. By responding to the survey, state agencies and local governments will help our Office provide relevant information to the Legislature about the impact of public records requests on public agencies.

Please note that participating in the survey does not affect your current audit schedule or audit results. The information you provide will only be used for the Performance Audit team's study of public records requests.

In This Edition

State Auditor's Stewardship Award	2
State Agency Audit Recap	2
New Financial Intelligence Tool Released	3
New Local Government Resource	3
QCR Hall of Fame	3
Brandt Orme Retires	4
Patrick Mason Honored	4
Staff Changes in our Office	4

The First State Auditor's Stewardship Award: The City of Sammamish

On Monday, August 10, our Office recognized the City of Sammamish for its dedication to making government work better. During our audit work with the City, we watched how people there fostered a culture of accountability in order to be directly responsible to their residents. The finance staff was committed to meeting deadlines, paying attention to detail in their financial statement preparation, and was accessible and responsive to the audit.



Pictured here from left to right are Councilmember Bob Keller, Councilmember Nancy Whitten, City Manager Ben Yazici, State Auditor's Office Deputy Director of Local Audit Sadie Armijo, and Deputy Mayor Kathleen Huckabay. The State Auditor's Office thanks you for striving to be good stewards of public funds!

Talking with Jan Jutte – Continued from page 1

There are two features in this edition of *Audit Connection* I'd like to bring to your attention. First, a heads-up about an upcoming, Legislature-requested study that should be interesting for all of us – particularly local government, who face growing resource management issues as they respond to public records requests. The Performance Audit team will look at the costs of compliance with the state's Public Records Act in an era of technology not imagined by the drafters of the original act. You will not be billed for the cost of this study, but I am asking you to play an important role by responding quickly and thoroughly to a survey we will be conducting on the topic.

Second, our newly created State Auditor's Stewardship Award, presented to governments who we see going above and beyond in their transparency with the public and their stewardship of public funds.

As I think I have made crystal clear, these next 18 months or so before the newly elected State Auditor takes office will be my last with the agency. But I am not content to be simply a caretaker in that role. Whoever the next Auditor is, he or she deserves to inherit an agency that is not only operating smoothly on the day that person takes office but one that is on track to carry through the first crucial year or two.

That is why I and my leadership team and leaders at all levels of our organization are engaged in a comprehensive operational planning process to ensure that our strategic planning is brought to life in everything we do. This is my heartfelt gift to the person who next has the honor to lead this agency that I have come to love over my 30 years here.

Jan M. Jutte
Acting State Auditor

State Agency Audit Recap

Budget cuts during the Great Recession eliminated our state agency accountability audits, but these important audits are finally back as a regular part of our schedule. They examine internal controls and compliance to help agency management see that staff are following established controls; they provide recommendations for improvements if needed. Our goal is to work collaboratively with agencies to protect public resources.

We have made many recommendations in support of this goal. Some recent examples include:

- Improving monitoring, inventory and tracking over gift cards

- Establishing stronger controls over local funds (funds held by an agency outside of the state treasury)
- Improving controls over cash receipting
- Following proper procedures for petty cash funds
- Taking steps to comply with state travel policies
- Following rules for credit card and fuel card use
- Restricting access to sensitive data
- Enforcing computer system controls to prevent manual over-rides of payment information

The state audit teams are excited to continue this work and look forward to working with agency management and staff to safeguard public resources.

New Financial Intelligence Tool Released



Our Office released a new web version of the **Financial Intelligence Tool, or FIT**. This tool is available to most local governments that report their financial information using the BARS cash basis of accounting. We are working on the updates needed to serve those local governments that use generally accepted accounting principles (GAAP), and will let you know as soon as they are ready.

FIT takes the financial data that your government electronically reports to us and presents it in easy to understand charts using widely accepted guidelines and financial indicators. The tool is designed to provide understandable information to financial decision makers of all experience levels.

To access FIT, sign into the **Client Portal** through the State Auditor's website. Your email address should already be connected to an account associated with your government. However, if you have not previously signed in to this account, click on the "Forgot your password?" link and the system will prompt you to set up a new password. Once inside the portal, you will see a tab labeled "FIT." Click on the tab and follow the three easy steps to enter the application. Once you are logged in, videos and tutorials will show you how to get started with FIT.

We hope you find FIT easy to use but should you need help getting started, please contact Sherrie Ard at (360) 260-6408, ext. 120, or Sherrie.Ard@sao.wa.gov.

New Local Government Resources

In partnership with our Local Government Performance Center, the Municipal Research and Services Center has developed several new resources for local governments:

- A local government contracting portal, ***Finding your contracting requirements***. The core of the interactive portal is a set of progressive screens (filters) that will allow any given local agency to readily ascertain the procurement procedures applicable to their agency type and size for any type and amount of purchase or contract.
- Several resources for local government utility fund and billing issues:
 - **Internal controls for utility billing and finance**
 - **Utility liens and shut-offs**
 - **Property transfers**
- Several resources regarding cybersecurity including:
 - Information security assessment **tool** and **user guide**
 - **Action steps** for local government leaders
 - **Library** of cybersecurity resources for local governments

Also, to add to the **current resources for compliance with the Public Records Act and Open Public Meetings Act**, new resources will be available for Public Records Act compliance specific to police records (coming this fall).

You can find all these resources online at www.mrsc.org.

QCR Hall of Fame

Barb Hinton, our Office's Deputy Director for Quality Assurance, is committed to ensuring our audits meet auditing standards, including our own Quality Control Review (QCR). She recently presented members of the Office's Team Everett and Team Central King County the first-ever QCR Hall of Fame Certificates for doing extraordinary high-quality work in planning for the 2014 City of Everett and King County financial audits.



*Barb Hinton with Kristina Baylor
(Team Everett)*



*Barb Hinton with Tammy Bigelow
(Team Central King County)*

Brandt Orme Retires

After more than thirty years, **Brandt Orme**, Special Purpose District Coordinator, retired from the State Auditor's Office. Brandt contributed to several teams during his career with the Office.



In his last position on the Local Government Support Team, he was instrumental in helping small local governments in filing their annual reports for the first time and auditing the special purpose districts through the assessment audit process. He developed relationships with these clients and they will miss the one-on-one assistance he gave them. The Office wishes him well, and appreciates his valuable contributions over the past thirty-plus years.

Local governments need not worry who will help step in and help them with their annual reports and assessment audits. **Kayley Anderson** and **Niles Kostick** have worked with Brandt in auditing special purpose districts and training audit clients in annual report filing. In addition to auditing and training, they will be providing helpdesk assistance and one-on-one assistance. If you need any of these services, please contact the SAO helpdesk.

Patrick Mason Honored

On July 29, Jan Jutte (right) presented **Pat Mason**, a long-time Municipal Resource and Services Center (MRSC) staffer, with a State Auditor's Office coin.



He was recognized for 39 years of invaluable service to the local government community. Pat has been a treasured partner of the State Auditor's Office on many issues, such as public records and open public meetings. His professional friendship with the Office helped resolve and prevent many disputes.

Best of luck to you in your retirement, Pat!

Staff changes at our Office

Effective date, July 2015:

Tammy Bigelow has accepted the appointment to the **Central King County Audit Manager** position. Tammy has been with SAO for almost 20 years and has worked on both state and local audit teams. She has been the Audit Manager on Team Tacoma for almost two years and is also our Program Manager for cities. We are excited for Tammy to be bringing her vast experience and knowledge working with large governments to Team Central King County, where we audit the largest county, city and school district in Washington.

Jim Griggs has accepted a newly created position as **Higher Education Coordinator**. With the on-boarding of 34 community college financial statement audits, as well as accountability audits, in the last year, it became clear that we needed a dedicated higher education coordinator. During his career at SAO, Jim was the Audit Manager for a Higher Education Audit Team. Hence,

Jim's past experience and knowledge working with the higher education audits will be very valuable as we move forward performing these audits.

Joanne Klein has accepted the appointment to be the **Acting Audit Manager of Team Tacoma**. Joanne has been with SAO for 15 years and has worked on multiple audit teams, however the majority of her career has been working on Team Tacoma, where she has been an Assistant Audit Manager for the last 10 years. Additionally, Joanne has played a key role as a School District Specialist and providing ASB Workshop training around the state.

Sheri Sawyer, Deputy Director of Local Government Services, adds responsibility for our Office's coordination with the Legislature and state and local governments to her portfolio: Sheri also leads the Local Government Performance Center and the Local Government Support team.