



Office of the Washington State Auditor

Pat McCarthy

Entrance Conference: City of Tieton

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, 2016 through December 31, 2018

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:

- Accounts receivable – utility billing, adjustments and collections
- Procurement – public works, purchases, and professional services
- Accounts payable – general disbursements and debit cards
- Building permits – building permit calculations

Financial statement audit for January 1, 2016 through December 31, 2018

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.

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 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 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 or non-compliance with laws or regulations 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 \$24,425, plus travel expenses.

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Expected Communications

During the course of the audit, we will communicate with Fred Munoz, 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 Fred Munoz 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:

- **Tracker** – 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 action 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** – Our Office releases a quarterly newsletter to provide a roundup of information. In addition to the newsletter, we now have available a digital version of the Audit Connection. It features many of the stories and updates you see in the newsletter, but it also features dynamic data visualizations, video entries, reflections on topics related to audit areas, financial management, Lean, and more. We hope you will find this new way of connecting to the State Auditor's Office both convenient and meaningful. You can reach our digital Audit Connection at www.auditconnectionwa.org.
- **Cybersecurity Frauds** – Our local governments are entrusted with vast amounts of confidential information and critical systems, making their information technology (IT) systems a tempting target for hacking and cybercrime. Be on the lookout for cybersecurity fraud in which an employee's direct deposit payroll and EFT payments to vendors are redirected to a fraudster's bank account.

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 technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center is a resource for local governments that want to solve problems, innovate, and improve the value of their services to citizens. The Center is available by phone, online, or in person to offer assistance, programs, and tools – at no additional charge. You can contact the Center for more information 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 which 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: (360) 902-0091 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

Ann Strand, Program Manager – Ann has been with the State Auditor’s Office since 1999. In her role, she oversees and manages Team Yakima’s audits for local governments. Ann has served on several different committees and was the state Higher Education Coordinator for four years. She is also a program manager for Housing Authorities. Ann.Strand@sao.wa.gov

Mandy Wilson, CPA, Assistant Audit Manager – Mandy has been with the State Auditor’s Office since 2010. She has her Master’s in Professional Accountancy from Central Washington University. She oversees several types of government audits from small districts to large entities. Also, Mandy is the state-wide commodity commission specialist. Mandy.Wilson@sao.wa.gov

Juan C Berber, Audit Lead – Juan has been with the State Auditor’s Office since 2018. He graduated from Central Washington University with a bachelor’s degree in accounting and minor in finance. He has assisted on multiple audits including counties, cities, fire districts, sewer districts, and colleges. Phone: (509) 454-7848 or Juan.Berber@sao.wa.gov