



## Office of the Washington State Auditor

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### Pat McCarthy

### Entrance Conference: City of Redmond

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, 2022 through December 31, 2023**

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.

Upon completion of our planning procedures, we will select accountability areas to test and notify the City about our selection.

#### **Financial statement audit for January 1, 2023 through December 31, 2023**

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, 2023 through December 31, 2023**

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.

Upon completion of our planning procedures, we will select federal programs to test and notify the City about our selection.

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**

We are working on providing the City with an engagement letter that will confirm both management and auditor responsibilities, and other engagement terms and limitations. Additionally, the letter will identify the cost of the audit, estimated timeline for completion and expected communications.

### **Expected Communications**

During the course of the audit, we will communicate with Nida Hermoso, Accounting Manager, 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 Nida 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**

Washington state law requires all state agencies and local governments to immediately notify SAO if staff know or suspect loss of public resources, or of other illegal activity including a cyber-attack if it resulted in a loss of public resources or potentially impacted financial records or systems. State and local government employees should alert us to suspected fraud through the online Report a Suspected Fraud or Loss form below. These

notifications can be made on our website at [www.sao.wa.gov/report-a-concern/how-to-report-a-concern/fraud-program](http://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](http://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.

## **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.

Stay informed on current and upcoming accounting implementations at [https://sao.wa.gov/sites/default/files/bars-files/GASB\\_Accounting\\_Changes.pdf](https://sao.wa.gov/sites/default/files/bars-files/GASB_Accounting_Changes.pdf)

### **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. Learn more about how the Center can help you maximize your effect in government at <https://sao.wa.gov/improving-government/center-government-innovation>.

Explore the latest resources in our Resource Library at <https://sao.wa.gov/improving-government/resource-library>.

## **Audit Team Qualifications**

**Tina M. Watkins, CPA, Director of Local Audit** – Tina has been with the Washington State Auditor's Office since 1994. 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. She served as Assistant Director of Local

Audit for 8 years prior to becoming the Director of Local Audit. Phone: (360) 260-6411 or [Tina.Watkins@sao.wa.gov](mailto:Tina.Watkins@sao.wa.gov)

**Kristina Baylor, Assistant Director of Local Audit** - Kristina has been with the Washington State Auditor's Office since 2005. In her role as Assistant Director, she assists with statewide oversight and management of all the audits for local government. She is also the program manager for housing authorities and water and sewer districts. She served as an Audit Manager for 11 years prior to becoming an Assistant Director of Local Audit. Phone: (425) 951-0290 or [Kristina.Baylor@sao.wa.gov](mailto:Kristina.Baylor@sao.wa.gov)

**Haji Adams, Audit Manager** – Haji has been with the Washington State Auditor's Office since 2009. During his time with the Office, Haji has been a member of the South King County and North King County teams covering local governments throughout Western Washington. Haji has a wide range of experience auditing cities, school districts, hospital districts, housing authorities, risk pools, fire districts, sewer districts, and water districts. He has performed accountability, federal single audit, and financial statement audits in accordance with the audit plan to ensure Office quality expectations and standards are met. Haji received his Bachelor of Arts degree in Accounting with a minor in Business Administration at Western Washington University. Phone: (425) 900-5277 or [Haji.Adams@sao.wa.gov](mailto:Haji.Adams@sao.wa.gov)

**Ching Kei Priscilla Wong, CPA, Assistant Audit Manager** – Priscilla has been with the State Auditor's Office since 2016. During her time with the Office, Priscilla has worked on different teams covering state and local governments throughout the State of Washington. Priscilla has a wide range of experience auditing several different types of local government. Priscilla received her dual Bachelor of Science degrees in Accounting and Business Administration with a concentration in Supply Chain Management from Central Washington University. Phone: (564) 444-6424 or [Ching.Wong@sao.wa.gov](mailto:Ching.Wong@sao.wa.gov)

**Angela Funamori, Assistant State Auditor** – Angela graduated from Central Washington University with a bachelor's degree in accounting and has been with the State Auditor's Office since 2017. In her role as an Assistant State Auditor, she has worked on the financial statement, federal grant compliance, and accountability audits for local governments throughout King County. Angela has experience auditing air pollution districts, cities, counties, housing authorities, ports and school districts. Angela also serves as one of the team's fraud specialists. Phone: (206) 613-7633 or [Angela.Funamori@sao.wa.gov](mailto:Angela.Funamori@sao.wa.gov)