



Office of the Washington State Auditor

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, 2020 through December 31, 2020

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:

- General disbursement system – review processes for general invoices, employee reimbursement, credit cards transactions
- Payroll – review of overtime, merit, sick leave and physical bonuses
- Use of restricted funds – review use of lodging taxes and building and land use permits
- State grants – review of state grant expenditures
- Procurement – review for compliance with competitive bidding requirements for public works projects

Financial statement audit for January 1, 2020 through December 31, 2020

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.

Comprehensive Annual Financial Report letter for the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. We perform additional review procedures and provide our financial statement opinion in letter form for inclusion in your submission for this award program.

Federal grant compliance audit for January 1, 2020 through December 31, 2020

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.

We plan to test the following federal program:

- Coronavirus Relief Fund – CFDA No. 21.019

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

The cost of the audit is estimated to be approximately \$118,500, and other expenses, if any.

Expected Communications

During the course of the audit, we will communicate with Ms. Julie Elsom, 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 Ms. Elsom 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:

- June 2021 GASB Update Handout – see attached
- 2020 Annual Report – see attached
- April 2021 Audit Connection – see attached

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.

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. If you are interested in learning how the Center can help you maximize your effect in government, call them at (564) 999-0818 or email them 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 that 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: (564) 999-0807 or Kelly.Collins@sao.wa.gov

Mark Rapozo, CPA, Assistant Director of Local Audit – Mark has been with the Washington State Auditor’s Office since 1983. In his role as Assistant Director, he assists with the statewide oversight and management of all the audits for local government. He also served as the chairman of the Local Records Committee of the Washington State Archives for 10 years. Phone: (564) 999-0794 or Mark.Rapozo@sao.wa.gov

Wendy Choy, Program Manager – Wendy has been with the Washington State Auditor’s Office since 2002 and is also the Program Manager for public hospital districts. In her role, she oversees Team North King County which performs the audits for over 85 state and local governments. She has also worked on four teams covering different audits throughout the King County and south Snohomish County regions. Wendy received her Bachelor of Arts degree in Business Administration with a concentration in Accounting at the University of Washington. Phone: (425) 502-7067 or Wendy.Choy@sao.wa.gov

Haji Adams, Assistant 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) 502-7067 ext. 105 or Haji.Adams@sao.wa.gov

Stacey Chen, Audit Lead – Stacey has been with the State Auditor’s Office since April of 2016. During her time with the Office, Stacey has worked on two different teams covering state and local governments throughout the King County region. Stacey has a wide range of experience auditing cities, school districts, hospital districts, housing authorities, higher education institutions, risk pools, public development authorities, and water and sewer districts. She has performed accountability, single audit, and financial statement audits in accordance with the audit plan to ensure Office quality expectations and standards are met. She also serves as a fraud specialist on the local team. Stacey received her Bachelor of Science degree in Accounting and Bachelor of Science degree in Business Administration with a concentration in Accounting at University of Washington. Phone: (425) 502-7067 or Stacey.Chen@sao.wa.gov

Sheri Campbell, Assistant State Auditor – Sheri has been with the State Auditor’s Office since 2013. In her role as an Assistant State Auditor, she has worked on financial statement, energy, federal grant and accountability audits on the Central King County and North King County teams. Prior to joining the State Auditor’s Office, Sheri was an International Fuel Tax Auditor with the State of Washington. Sheri received her Masters in Business Administration from Seattle Pacific University. Phone: (425) 502-7067 or Sheri.Campbell@sao.wa.gov

Becky Shaddox, Assistant State Auditor- Becky has been with the State Auditor’s Office since 2018. She earned a Bachelor of Science degree in Accounting, from Central Washington University in June 2018. In her role as audit staff, Becky performs audit work in accordance with the audit plan to ensure Office quality expectations and standards are met. Phone: (425) 502-7067 or Becky.Shaddox@sao.wa.gov

Melissa McCallum, Assistant State Auditor – Melissa began working with the Washington State Auditor’s Office in 2021. She received her Bachelor of Arts degrees in Business Administration with a concentration in Accounting at Washington State University in December 2020. Prior to joining the State Auditor’s Office, Melissa was an accountant at a local CPA firm. She is currently studying for the CPA examination. Phone: (425) 502-7067 or Melissa.McCallum@sao.wa.gov

Wyatt DeGagne, Assistant State Auditor – Wyatt started with the State Auditor’s Office in May of 2021. He attended Western Washington University and graduated in August 2020 earning a bachelors in accounting as well as management information systems (MIS). In his role as audit staff, Wyatt performs audit work in accordance with the audit plan to ensure Office quality expectations and standards are met. Phone (425) 502-7067 or Wyatt.Degagne@sao.wa.gov