



Office of the Washington State Auditor

Pat McCarthy

Entrance Conference: Port of Peninsula June 14, 2021

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 audit:

Accountability audit for January 1, 2017 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:

- Payroll – bonus and incentive payments
- Procurement – public works and purchases
- Open public meetings – documentation of minutes, executive sessions and special meetings

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 \$11,300, plus travel expenses.

Expected Communications

During the course of the audit, we will communicate with Jay Personius, Port 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 Jay 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:

- Audit Connection (April 2021)

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 for Government Innovation of the Office of the Washington State Auditor is designed to offer services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean, peer-to-peer networking and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us 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: (564) 999-0807 or Kelly.Collins@sao.wa.gov

Tina Watkins, CPA, Assistant Director of Local Audit – Tina has been with the Washington State Auditor’s Office since 1994. In her role as Assistant Director, she assists with statewide oversight and management of all the audits for local government. She served as an Audit Manager for six years prior to becoming an Assistant Director of Local Audit. Phone: (360) 260-6411 or Tina.Watkins@sao.wa.gov

Bryson Bristol, Audit Manager – Bryson has been with the Washington State Auditor's Office since 2008. Notable work experiences include serving as the Team Olympia Audit Manager since 2016. Team Olympia is responsible for auditing local governments and community colleges in Thurston, Lewis, Grays Harbor and Pacific counties. Bryson has conducted and supervised a broad spectrum of office engagements including whistleblower investigations, local and state government audits, performance audits and census data examinations. Bryson has also served as a financial reporting specialist for the Office’s Local Government Support team. Phone: (564) 999-0880 or Bryson.Bristol@sao.wa.gov

Lisa Carrell, Assistant Audit Manager – Lisa Carrell, CPA, Assistant Audit Manager – Lisa has been with the Washington State Auditor's Office since 2014. Notable work experiences include serving as a Supervisor since 2016. Lisa has prior audit experience with counties, cities, towns, public utility districts, hospitals, housing authorities, schools, educational service districts, fire districts and authorities, risk pools, and other governmental entities and associations. Lisa also serves as a statewide Pension and OPEB Specialist and a statewide County Specialist. Lisa graduated from Washington State University. Phone: (564) 999-0882 or Lisa.Carrell@sao.wa.gov

Beau Villarreal, Assistant State Auditor – Beau has been with the Washington State Auditor's Office since 2015. Notable work experiences include leading and assisting on a variety of audits including cities, counties, charter schools, colleges, school districts, risk pools, associations, transits, educational service districts, ports, and regional planning districts. In addition, Beau spent 6 months as an interim fraud investigator with our office, where he led several large fraud investigations. Phone: (564) 999-0879 or Beau.Villarreal@sao.wa.gov