



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

**Accountability Audit Report**

**Department of Enterprise Services  
Small Agency Financial Services Division**

**For the period July 1, 2012 through June 30, 2013**

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# Washington State Auditor Troy Kelley

August 14, 2014

Mr. Chris Liu, Director  
Department of Enterprise Services

## Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Division operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Division's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY  
STATE AUDITOR

## TABLE OF CONTENTS

Audit Summary.....	1
Related Reports.....	2
Information About The Division .....	3
About The State Auditor's Office.....	4

# AUDIT SUMMARY

## Results in brief

In the areas we audited, Division operations complied with applicable requirements and provided adequate safeguarding of public resources. The Division also complied with state laws and regulations and its own policies and procedures in the areas we examined.

## About the audit

This report contains the results of our independent accountability audit of the Department of Enterprise Services, Small Agency Financial Services Division from July 1, 2012 through June 30, 2013.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Division's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Cash receipting and revenue
- Expenditures, vouchers and credit cards
- Client travel expenditure payment processing
- Accounts payable services
- Billings and account receivable
- Inter-agency agreements between the Division and client agencies

## RELATED REPORTS

### **Financial**

We perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Comprehensive Annual Financial Report (CAFR) prepared by and available from the Office of Financial Management.

The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's reporting entity. That report is issued by the Office of Financial Management in December of each year and can be found at [www.ofm.wa.gov](http://www.ofm.wa.gov).

A summary of the audit for the period ending June 30, 2013 can be found at: [www.sao.wa.gov/generalinfo/Documents/2013\\_CAFR\\_Report\\_Final.pdf#search=CAFR](http://www.sao.wa.gov/generalinfo/Documents/2013_CAFR_Report_Final.pdf#search=CAFR)

Our opinion on the Department of Enterprise Services basic financial statements is included in the Department's separate Comprehensive Annual Financial Report.

### **Federal programs**

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management in March of each year.

## INFORMATION ABOUT THE DIVISION

The Department of Enterprise Services (DES) provides a variety of support services to state government and Washington residents. It is also charged with creating greater overall operating efficiencies. DES combines services from the former departments of General Administration and Printing and sections of the former departments of Personnel and Information Services. Several divisions from the Office of Financial Management are also part of the new department.

Small Agency Financial Services (previously Small Agency Client Services) is a division of DES that provides efficient, centrally located accounting, budgeting, and payroll services for 45 small agencies. As a result, small agencies are better able to focus their limited resources on their mission, strategic plans, and most importantly, their customers.

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*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for the Department of Enterprise Services at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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