



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

City of Walla Walla

Walla Walla County

For the period January 1, 2013 through December 31, 2013

Published February 19, 2015

Report No. 1013643





Washington State Auditor

Troy Kelley

February 19, 2015

Mayor and City Council
City of Walla Walla
Walla Walla, Washington

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 City 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 City'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
OLYMPIA, WA

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AUDIT SUMMARY

Results in brief

In the areas we audited, City operations complied with applicable requirements and provided adequate safeguarding of public resources. The City 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 City of Walla Walla from January 1, 2013 through December 31, 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 City'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:

- Police department citations
- Contract compliance
- Public works procurement
- Architectural and engineering procurement
- General disbursements
- Credit card transactions
- Payroll
- State grants
- Ambulance collections and write offs

STATUS OF PRIOR AUDIT FINDINGS

The status of findings contained in the prior years' audit reports of the City of Walla Walla is provided below:

1. The City of Walla Walla is not monitoring its contracts with Tourism Walla Walla and does not have internal controls to ensure restricted funds are used properly.

Report No. 1011158, dated January 27, 2014

Background

The City of Walla Walla entered into a service agreement with Tourism Walla Walla, a nonprofit organization, to promote tourism. State law (RCW 67.28.1815) requires that lodging tax revenue be used solely for the purpose of paying costs for tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities. In 2012 the City paid \$558,275 of Hotel/Motel Tax and \$198,634 of Tourism Promotion Area room surcharge revenue to Tourism Walla Walla.

Status

The City has implemented additional procedures. The City's Finance Department now reviews invoices from Tourism Walla Walla for expenses paid using lodging tax funding before the City provides reimbursement. All invoices must contain adequate information and documentation before the City will issue payment to Tourism Walla Walla. The City's Finance Department then notifies the Deputy City Manager that the financial information provided is adequate. In addition, the Deputy City Manager participates in Board meetings and reviews the financial reports that are submitted by Tourism Walla Walla. The City also modified the contract with Tourism Walla Walla to clarify some of the terms. We will follow up on this issue in our next audit.

RELATED REPORTS

Financial

Our opinion on the City's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the City's financial statements.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the City's major federal program, which is listed in the Federal Summary section of the financial statement and single audit report.

INFORMATION ABOUT THE CITY

The City of Walla Walla serves approximately 32,000 citizens in Walla Walla County. The City provides an array of services including water, sewer, landfill, police, fire, emergency medical care, parks and recreation, development and library.

An elected, seven-member Council governs the City. The Council appoints a Manager to oversee the City's daily operations as well as its approximately 290 employees. For fiscal year 2013, the City operated on a budget of approximately \$73 million.

Contact information related to this report	
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Walla Walla 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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