

Washington State Auditor's Office

Accountability Audit Report

City of Everett Snohomish County

Report Date
June 25, 2014

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Issue Date
July 21, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



Washington State Auditor Troy Kelley

July 21, 2014

Mayor and City Council
City of Everett
Everett, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your City to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on the City of Everett's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

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Snohomish County
June 25, 2014**

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Audit Summary

City of Everett Snohomish County June 25, 2014

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Everett from January 1, 2013 through December 31, 2013.

We evaluated internal controls and performed audit procedures on the activities of the City. We also determined whether the City complied with state laws and regulations and its own policies and procedures.

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 noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Cash receipting system review
- Third-party cash receipting
- Cost allocation
- Self-insurance
- Inter-fund loans/financial condition
- Utility billing system review
- Contracts – golf course
- Capital and small and attractive assets
- Prior audit recommendation follow up:
 - Senior Center cash receipting
 - Emergency medical services billings
 - Municipal Court
- Donations
- Procurement/bid laws system review

RESULTS

In most areas, the City complied with state laws and regulations and its own policies and procedures.

However, we noted certain matters that we communicated to City management. We appreciate the City's commitment to resolving those matters.

Related Reports

**City of Everett
Snohomish County
June 25 2014**

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 programs, which are listed in the Federal Summary section of the financial statement and single audit report.

PERFORMANCE AUDITS

Initiative 900, approved by voters in 2005, gives the State Auditor's Office the authority to conduct independent performance audits of state and local government entities. Performance audits may include objective analysis on ways to improve program performance and operations, reduce costs and identify best practices.

We issued the Annual Performance Audit Progress Report performance audit report in November 2013 that is available on our website www.sao.wa.gov.

Description of the City

City of Everett Snohomish County June 25, 2014

ABOUT THE CITY

The City of Everett, incorporated in 1893, serves approximately 103,100 Snohomish County citizens. The City provides services including police, fire, emergency medical services, water distribution, sewage collection and treatment, street maintenance, planning and zoning, libraries, parks and recreation, transit, and general government services.

An elected, seven-member Council and an independently elected Mayor govern the City. The Mayor appoints management to oversee the City's daily operations as well as its approximately 1,200 employees. For fiscal year 2013, the City operated on an annual expenditure budget of \$518,587,208.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor
City Council:

Ray Stephanson
Paul Roberts
Jeff Moore
Scott Murphy
Ron Gipson
Brenda Stonecipher
Scott Bader
Shannon Affholter (resigned October 2013)
Richard Anderson (appointed November 2013)

APPOINTED OFFICIALS

Chief Administrative Officer/CFO	Debra Bryant
Governmental Affairs Director	Pat McClain
Executive Administrator	Deborah Wright
Economic Development Director	Lanie McMullin
City Attorney	James D. Iles
Labor Relations – Service Director	Sharon DeHaan
Chief of Police	Kathy Atwood
Fire Chief	Murray Gordon
Parks and Recreation Director	Paul Kaftanski
Library Director	Eileen Simmons
Facilities/Property Management Director	Carlton Gipson
Public Works Director	Dave Davis
Transportation – Transit Services Director	Tom Hingson
Planning and Community Development Director	Allan Giffen
Neighborhoods Director	Wendy McClure
Public Information Director	Kate Reardon (through June 2013)
	Meghan Pembroke (beginning June 2013)
City Clerk	Sharon Fuller
Finance Manager – Treasurer	Susy Haugen

CITY CONTACT INFORMATION

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AUDIT HISTORY

We audit the City on an annual basis. In the past five audits, we reported a total of seven findings related to the City's federal compliance audit. Public Safety Partnership and Community Policing Program findings issued in 2011 and 2012 have been resolved by the City. The City has not received an accountability finding since 2009. In the current audit the City is receiving a financial statement finding.



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 as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

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

State Auditor
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Director of Performance and State Audit
Director of Local Audit
Deputy Director of State Audit
Deputy Director of Local Audit
Deputy Director of Local Audit
Deputy Director of Performance Audit
Deputy Director of Quality Assurance
Deputy Director of Communications
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