



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

**Accountability Audit Report**

**Clallam County Public Transportation  
Benefit Area  
(Clallam Transit System)**

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

**Published September 29, 2014**

**Report No. 1012736**





## Washington State Auditor Troy Kelley

September 29, 2014

Board of Commissioners  
Clallam Transit System  
Port Angeles, 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 Authority 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 Authority'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

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## AUDIT SUMMARY

### Results in brief

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

However, we noted certain matters that we communicated to the Authority management in a letter dated September 22, 2014 related to controls over monitoring and collecting outstanding accounts receivable balances. We appreciate the Authority's commitment to resolving those matters.

### About the audit

This report contains the results of our independent accountability audit of the Clallam Transit System 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 Authority'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:

- Accounting/financial reporting
- Billings/receivables
- Cash receipting
- Payroll/personnel
- Payments/expenditures
- Bonding of officials
- Financial condition
- Bank account access

## RELATED REPORTS

### **Financial**

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

That report includes a finding for a material weakness in internal controls over financial reporting regarding the preparation and review of the financial statements.

### **Federal grant programs**

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

## INFORMATION ABOUT THE AUTHORITY

Clallam County Public Transportation Benefit Area, doing business as Clallam Transit System, provides public transportation services for approximately 71,400 citizens in Clallam County. The Transit is governed by an eight-member voting Board, composed of two County Commissioners and two elected officials from each of the three incorporated cities located within the county: Port Angeles, Sequim, and Forks, plus one nonvoting appointed union member from Amalgamated Transit Union (ATU), Local 587. The Board appoints a General Manager to oversee the Transit's daily operations as well as its 82 full-time equivalent employees.

For fiscal year 2013, the Transit had an operating and capital project budget of approximately \$12 million. The Transit provides fixed-route, complementary ADA paratransit, vanpool and dial-a-ride services.

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*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Clallam Transit System 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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