



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

City of Lakewood

Pierce County

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

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Washington State Auditor Troy Kelley

October 27, 2014

Mayor and City Council
City of Lakewood
Lakewood, 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

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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 Lakewood 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:

- Cash receipting – on the third floor, senior center, Community Development Block Grant, boat launch
- General disbursements
- Third party vendors
- Courts – non cash adjustments, receipting
- Revenue systems – Permits Plus and ACTIVE Net
- Citizen concern – conflict of interest
- Self-insurance
- Transportation Benefit District

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 programs, which are listed in the Federal Summary section of the financial statement and single audit report. That report includes a federal finding regarding federal Davis-Bacon Act compliance requirements.

INFORMATION ABOUT THE CITY

The City of Lakewood is an optional-code city and was incorporated in 1996. The City is the second largest city in Pierce County and is a suburb of the city of Tacoma and adjacent to Joint Base Lewis McChord. The City has a population of 58,310 and covers an area of 17.17 square miles. The City is known for its lakes, natural beauty, and economic potential. Interstate 5 and State Route 512 pass through the City.

The City Manager is appointed by the City Council and is responsible for administration of municipal affairs. The City Manager, serving as the chief executive officer, is responsible for implementing the policies and goals of the City Council and provides leadership, coordination, and development of City departments. All municipal departments operate under the supervision of the City Manager. Through the City Manager, City staff uses the resources appropriated by the Council in the budget to achieve desired service results in the community and carries out the policies of the Council.

In fiscal year 2013, the City operated on budgeted revenue of \$57.3 million. The City's 250 employees provide the following services to residents and businesses: parks and recreation, police, streets and roads, stormwater collection and treatment, economic development, public improvements, building, planning and zoning, social and senior services, Municipal Court, and general administrative services. Residents are provided water by the Lakewood Water District and sewer services through Pierce County. Fire services are provided by West Pierce Fire and Rescue. Garbage and limited recycling is provided under contract.

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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 Lakewood 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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