



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

City of Vader

Lewis County

For the period January 1, 2012 through December 31, 2013

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Washington State Auditor Troy Kelley

December 18, 2014

Mayor and City Council
City of Vader
Vader, 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 Vader from January 1, 2012 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:

- General revenue and expenditures
- Key system controls
 - Cash receipting
 - General disbursements
 - Payroll
- Financial condition
- Procurement – public works projects
- Utility billing
- Petty cash
- Open public meeting minutes

STATUS OF PRIOR AUDIT FINDINGS

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

1. The City's declining financial condition has led to a reduction in services and puts it at risk of not being able to meet financial obligations.

Report No. 1007530, dated April 23, 2012

Background

The City operated on annual budgets of \$564,107 and \$329,355 for 2010 and 2011, respectively. During prior audits, we noted concerns regarding the City's financial condition. These concerns continue. The City's ending general fund cash balance is as follows:

Fiscal Year	General Fund Cash Balance
2007	\$26,424
2008	\$6,389
2009	\$52,603
2010	\$9
2011	\$5,227

At the end of 2009, the City had approximately \$120,000 in past due bills. City management has worked diligently to pay these off and is current on all payments. However, its general fund ending balance continues to be low.

Status

The City has taken steps to improve its financial condition. It appears the City has resolved this issue.

2. The City of Vader did not perform responsible bidder checks for public works contracts, allowing contracts to be awarded to an unlicensed and unregistered contractor.

Report No. 1007530, dated April 23, 2012

Background

Description of Condition

The City uses a small works roster for some public works projects. The roster lists contractors who have requested placement on it and who are licensed and registered to work

in the state. The City may ask for price quotes for public works projects from three or more contractors on the roster, rather than going through the formal sealed bid process.

The City is required to perform responsible bidder checks prior to allowing contractors to be placed on the small works roster. These checks make sure that all contractors are properly licensed and registered with the state, have workers compensation coverage, and are not debarred from working on state or federal contracts.

The City used its small works roster for a sewer repair project that was funded by a federal grant. It also used the roster to select the same contractor for a monthly repair and maintenance contract for the system. The City obtained three quotes from the contractors on the list and selected the lowest, but did not perform the responsible bidder checks. In addition, the City did not ensure that prevailing wages were paid.

Status

We tested public works projects performed in the audit period and noted the City performed the responsible bidder checks and ensured prevailing wages were paid. It appears the City has resolved this issue.

INFORMATION ABOUT THE CITY

The City of Vader serves approximately 625 citizens in Lewis County. It is administered by an elected, five-member Council and an independently elected Mayor. For fiscal year 2012 and 2013, the City's budget was approximately \$441,028 and 401,074, respectively.

The City's two employees provide services including street maintenance and sewer services.

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 Vader 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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