



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

City of Forks

Clallam County

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

Published February 23, 2015

Report No. 1013657





Washington State Auditor Troy Kelley

February 23, 2015

Mayor and City Council
City of Forks
Forks, 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 Forks 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:

- Utility adjustments
- Cash receipting
- Payroll/personnel
- Payments/expenditures
- Interfund transactions/balances

STATUS OF PRIOR AUDIT FINDINGS

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

2013-001 The City of Forks does not have adequate support for its allocation of shared costs.

Report No. 1010528, dated October 7, 2013

Background

In the prior audit, we found the City did not provide documentation to support the allocation of central service payroll and benefit costs to restricted funds. The City did not document how these amounts are fair, equitable and representative of the central services received. The City also did not perform a comparison of actual to budgeted payroll costs to ensure actual expenditures allocated to water and sewer funds are reasonable.

Status

We reviewed the City's new cost allocation plan for 2013 and determined the City provided documentation to support the allocation of central service payroll and benefit costs to restricted funds. The City allocates central payroll costs to restricted funds when the expenditure is incurred. As a result, a comparison of actual to budgeted payroll costs allocated to restricted funds is not necessary since costs are allocated based on actual expenditures.

The condition reporting during the 2013 audit has been resolved. Management has developed a cost allocation plan for central service payroll and benefit costs to restricted funds. This plan is equitable, fair and representative of services received and the City is reviewing and refining this plan annually.

RELATED REPORTS

Financial

Our opinion on the City's financial statements is provided in a separate report, which includes the City's financial statements.

INFORMATION ABOUT THE CITY

The City of Forks serves approximately 3,100 citizens in Clallam County. The City provides an array of services including water, sewer, police, parks and recreation, planning and economic development, building inspection and street maintenance.

An elected, five-member Council and an independently elected Mayor govern the City. The Council appoints management to oversee the City's daily operations as well as its 28 employees. For 2013, the City operated on an annual budget of approximately \$3.9 million.

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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 Forks 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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