



# Washington State Auditor's Office

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## Accountability Audit Report

# Association of Washington Cities Risk Management Service Agency

Thurston County

For the period January 1, 2014 through December 31, 2014

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## Washington State Auditor

May 26, 2015

Board of Directors  
Association of Washington Cities Risk Management Service Agency  
Olympia, 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 Association 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 Association'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,

JAN M. JUTTE, CPA, CGFM  
ACTING STATE AUDITOR  
OLYMPIA, WA

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## AUDIT SUMMARY

### Results in brief

In the areas we audited, Association operations complied with applicable requirements and provided adequate safeguarding of public resources. The Association 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 Association of Washington Cities Risk Management Service Agency from January 1, 2014 through December 31, 2014.

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 Association'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:

- Open Public Meetings Act
- General revenues and expenditures
- Internal controls – claims monitoring
- Compliance with WAC 200-100
- Solvency

## RELATED REPORTS

### **Financial**

Our opinion on the Association's financial statements is provided in a separate report issued in May 2015, which includes the Association's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE ASSOCIATION

The Association of Washington Cities Risk Management Service Agency is a municipal self-insurance pool that was formed on January 1, 1989, and is located in Thurston County. The Association provides property and casualty insurance coverage to 94 participating member cities of the Association of Washington Cities (AWC). In lieu of having employees, the administrative functions of the Association are performed under contract with AWC and the individuals who perform services for the Association are all employees of AWC.

The Association is governed by a seven-member Board of Directors comprised of elected city officials within the state. The primary source of revenue for the Association comes from member assessment fees and its major expenses include payments of claims and payments for insurance coverage. For fiscal year 2014, the Association had operating revenues of \$6,269,655.

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*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Association of Washington Cities Risk Management Service Agency 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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