Washington State Auditor's Office

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Accountability Audit Report

Public Utility District No. 1 of Grays Harbor County

For the period January 1, 2015 through December 31, 2015

Published September 26, 2016

Report No. 1017506

Washington State Auditor's Office

September 26, 2016

Board of Commissioners
Public Utility District No. 1 of Grays Harbor County
Aberdeen, 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 District 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 District'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 X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

TABLE OF CONTENTS

Audit Summary 4

Related Reports 5

Information About The District 6

About The State Auditor's Office 7

AUDIT SUMMARY

Results in brief

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

However, we noted certain matters that we communicated to the District management in a letter dated September 15, 2016 related to procurement of public works projects. We appreciate the District's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of Public Utility District No. 1 of Grays Harbor County from January 1, 2015 through December 31, 2015.

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 District'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
- General revenues and expenses
- Financial condition
- Significant internal control systems – Billing, payroll, cash receipting, disbursements, credit cards
- Self-insurance
- Procurement – Public works and purchases
- Bond compliance
- Software convserion

RELATED REPORTS

Financial

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

Other reports

During the current audit period, the State Auditor's Office issued an examination report on the District's compliance with the state of Washington's Energy Independence Act. That report is available on our website, http://portal.sao.wa.gov/ReportSearch.

INFORMATION ABOUT THE DISTRICT

Public Utility District No. 1 of Grays Harbor County is a publicly owned electric utility with approximately 41,500 customers. It provides electric energy services to homes, businesses and industries throughout Grays Harbor County. The District offers programs to help customers use energy efficiently and supports policies that promote natural resource conservation.

An elected, three-member Board of Commissioners governs the District. Board Members serve staggered, six-year terms. The Board appoints a General Manager to administer the District's day-to-day operations and its 162 employees. The District operates on a $120 million annual budget, of which approximately $75 million is used to purchase electric power for its customers.

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 Public Utility District No. 1 of Grays Harbor County 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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