



Washington State Auditor's Office

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Accountability Audit Report

Three Rivers Regional Wastewater Authority

Cowlitz County

For the period January 1, 2014 through December 31, 2015

Published September 26, 2016

Report No. 1017549





Washington State Auditor's Office

September 26, 2016

Board of Appointed Representatives
Three Rivers Regional Wastewater Authority
Longview, 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 Authority 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 Authority'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,

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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AUDIT SUMMARY

Results in brief

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

However, we noted certain matters that we communicated to Authority management in a letter dated September 19, 2016, related to procurement. We appreciate the Authority's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of the Three Rivers Regional Wastewater Authority from January 1, 2014 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 Authority'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:

- Procurement
- General disbursements
- Petty cash fund
- Payroll disbursements
- New entity formation

INFORMATION ABOUT THE AUTHORITY

Three Rivers Regional Wastewater Authority was organized in 1972 as a cooperative arrangement to maintain a regional wastewater treatment plant and provide wastewater treatment services to the City of Longview, City of Kelso, Cowlitz County and Beacon Hill Water and Sewer District. The Authority also serves some private customers for hauled waste to be treated at its facility. The Authority also accepts bio-solids from other treatment plants for treatment.

The Three Rivers Regional Wastewater Authority was re-formed as a Joint Municipal Services Agency (JMUSA) in 2016. This change included adopting the existing bylaws and elements of the intergovernmental agreement which had been in place. As part of the implementation of the JMUSA, Three Rivers Regional Wastewater Authority assumed responsibility for all accounting services and payroll as of July 1, 2016.

It is governed by a four member operating board comprised of appointed members from each of the benefitting governments. The Operating Board meets on a monthly basis. The Operating Board reports to a four member Board of Directors which is comprised of elected officials from each of the benefitting governments. The Board of Directors meets at least twice annually, with other meetings that can be set as conditions dictate. Day to day management is delegated to a superintendent who is in charge of the staff of approximately 24 employees. The Authority generated revenues of \$8.75 million and \$9.09 million in 2014 and 2015, respectively.

Contact information related to this report

Address:	Three Rivers Regional Wastewater Authority 467 Fibre Way Longview, WA 98632
Contact:	Debbie Stanley, Administrative Assistant
Telephone:	(360) 577-2040

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Three Rivers Regional Wastewater Authority 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.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov