



# Washington State Auditor's Office

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## Accountability Audit Report **Kittitas County**

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

**Published November 28, 2016**

**Report No. 1018001**





## Washington State Auditor's Office

November 28, 2016

Board of Commissioners  
Kittitas County  
Ellensburg, 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 County 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 County'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 most areas we audited, County operations complied with applicable requirements and provided adequate safeguarding of public resources. The County 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 County management in a letter dated November 22, 2016, related to the Treasurer's Office. We appreciate the County's commitment to resolving those matters.

### About the audit

This report contains the results of our independent accountability audit of Kittitas 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 County'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:

- Treasurer's Office billings and delinquent accounts
- Assessor's Office adjustments
- Sheriff's Office patrol service agreement
- Cash receipting at the County Fair Event Center
- Bid law and procurement
- Restricted funds
- General disbursements
- Safeguarding of assets
- Lower District Court cash receipting and adjustments

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Kittitas County January 1, 2015 through December 31, 2015

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of Kittitas County. The State Auditor's Office has reviewed the status as presented by the County.

<b>Audit Period:</b> January 1, 2014 to December 31, 2014	<b>Report Ref. No.:</b> 1016109	<b>Finding Ref. No.:</b> 2014-001				
<b>Finding Caption:</b> Kittitas County Treasurer's Office does not have adequate internal controls over accounts receivable for personal property taxes and has not made collection of delinquent accounts a priority, resulting in potential lost revenue.						
<b>Background:</b> The Treasurer's Office does not have adequate controls to ensure personal property taxes are collected timely and in accordance with state law. Specifically: <ul style="list-style-type: none"><li>• The Treasurer's Office does not have written policies establishing procedures to follow when collecting on delinquent accounts, or preparing adjustments and write-offs.</li><li>• No one monitors departmental activity to ensure the Office performs necessary collection procedures and follows state law to collect on all property taxes owed.</li><li>• No one performs an independent review of claims that are filed for taxpayer bankruptcies.</li><li>• No one ensures delinquent account write-offs approved by the County Commissioners are sent to the County Assessor's Office for adjustment.</li></ul> In addition, it appears the former County Treasurer may have used her position to influence others to provide special privileges for family members, which may result in a violation of the code of ethics for municipal officers.						
<b>Status of Corrective Action:</b> <table><tr><td><input type="checkbox"/> Fully Corrected</td><td><input checked="" type="checkbox"/> Partially Corrected</td><td><input type="checkbox"/> Not Corrected</td><td><input type="checkbox"/> Finding is considered no longer valid</td></tr></table>			<input type="checkbox"/> Fully Corrected	<input checked="" type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid
<input type="checkbox"/> Fully Corrected	<input checked="" type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid			

**Corrective Action Taken:**

*Once a personal property tax account becomes delinquent, there are three people involved in the office to ensure nothing is missed or overlooked. Those include: the Fiscal Technician II, Administrative Assistant and the Treasurer. The first step taken is the general investigation into the taxpayer. Determining if they are a going concern, meaning is the business around and our office has determined jeopardy distraint does not need to be done. This sets up the following steps that need to be taken. Also done through the general investigation is seeing if there has been any recent ownership changes, hours of operation of the business, is there actually sufficient quantity and value to justify distraint, does the business/taxpayer have enough means and intention on making timely payments.*

*Next, letters are sent out once per month to the business/taxpayer by regular mail and certified mail. We are also looking to see if there is real property to tie the delinquent account to in order to stop any real estate transactions from taking place. This is done in the Auditor's Office. We also work closely with the Assessor's Office to review depreciation schedules on file to help us understand what is available for distraint purposes. A bankruptcy review is done as well.*

*Once the collection efforts are exhausted and the account remains unpaid, a lien is filed in the County Auditor's Office. This begins the legal process for sale of the assets. Notice is posted at the business/mobile home stating the date of the sale, and where it will take place. At that time, a detailed inventory will be made and tagging everything that will be sold. If items need to be removed and stored securely by Kittitas County that is done as well.*

*Distrain may be released when it is determined another lien has priority, i.e. another revenue agency filed before, or the tax is paid.*

*Sale, assuming the distraint is not released. There will be an opening statement by the person conducting the sale, following the same guidelines as the foreclosure sale. Minimum bids are set, based on all taxes, penalties, and fees. This is advertised in the local newspaper and posted in at least three places throughout the county.*

*This is an ongoing task in our office, meaning it takes a year-round effort to do this correctly and legally. It should also be noted that our office, just in the same case as the foreclosure process, does not want to send anything to auction. We conduct as much front end research as possible to contact taxpayers.*

## RELATED REPORTS

### **Financial**

Our opinion on the County's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the County's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

### **Federal grant programs**

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the County's major federal program, which is listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE COUNTY

Kittitas County serves approximately 40,915 citizens in central Washington.

The County is administered by a three-member Board of Commissioners and operates on an \$85 million annual budget. Its 301 employees provide an array of services including judicial and public safety, operation and maintenance of the county jail, building inspection, planning and zoning, property valuation, tax collection and distribution, vehicle licensing, road maintenance, social services, landfill and transfer station, and general administrative services.

### Contact information related to this report

Address:	Kittitas County 205 W. 5th Ellensburg, WA 98926
Contact:	Judy Pless, Budget and Finance Manager
Telephone:	(509) 962-7502
Website:	<a href="http://www.co.kittitas.wa.us">www.co.kittitas.wa.us</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Kittitas 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.

Contact information for the State Auditor's Office	
Public Records requests	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>