



**Office of the Washington State Auditor**  
**Pat McCarthy**

**Accountability Audit Report**  
**Water Sewer Insurance Pool**  
**(Water and Sewer Risk Management Pool)**

**King County**

**For the period November 1, 2015 through October 31, 2016**

**Published June 26, 2017**

**Report No. 1019379**





**Office of the Washington State Auditor**  
**Pat McCarthy**

June 26, 2017

Board of Directors  
Water and Sewer Risk Management Pool  
Bellevue, 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 Pool 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 Pool'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,

Pat McCarthy  
State Auditor  
Olympia, WA

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## AUDIT SUMMARY

### Results in brief

In the areas we audited, Pool operations complied with applicable requirements and provided adequate safeguarding of public resources. The Pool 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 Water and Sewer Risk Management Pool from November 1, 2015 through October 31, 2016.

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 Pool'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:

- Insurance/risk management – claims testing
- Solvency

## RELATED REPORTS

### **Financial**

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

## INFORMATION ABOUT THE POOL

The Water Sewer Insurance Pool, doing business as Water and Sewer Risk Management Pool, was established in November 1987 to provide a modified self-insurance Pool to member water and sewer districts. The Pool provides insurance protection and seeks to prevent or reduce property and casualty losses and injuries to people and property, which might result in claims against the members of the Pool. Approximately 62 member districts participate in the Pool.

The Pool had three full-time employees in 2016 and annual operating expenses of approximately \$2.8 million. The Board of Directors, composed of one designated representative from each participating member, governs the Pool. The Executive Committee consists of seven members elected by the membership, in alternating election cycles, at the March semi-annual meeting. The Executive Committee is responsible for conducting the business affairs of the Pool.

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*Information current as of report publish date.*

## Audit history

You can find current and past audit reports for the Water and Sewer Risk Management Pool 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 Pool.

Contact information for the State Auditor's Office	
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