



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Town of Albion

Whitman County

For the period January 1, 2015 through December 31, 2016

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December 11, 2017

Mayor and Town Council
Town of Albion
Albion, 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 Town 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 Town'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, Town operations complied with applicable requirements and provided adequate safeguarding of public resources. The Town 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 Town of Albion from January 1, 2015 through December 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 Town'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:

- Utility billings/receivables
- Self-insurance requirements
- Open public meeting minutes
- Payroll/personnel
- Financial condition

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Town of Albion
Whitman County
January 1, 2012 through December 31, 2014**

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

Audit Period: January 1, 2012 through December 31, 2014	Report Ref. No.: 1016475	Finding Ref. No.: 2014-001
Finding Caption: The Town does not have adequate internal controls over key operations.		
Background: General financial operations The Town does not maintain records in an organized manner. During our audit the Clerk-Treasurer was unable to find supporting documentation for selected transactions. We were unable to determine if the records were still in the possession of the Town or had been discarded in violation of records retention laws. Payroll The Town has two full-time and two part-time employees, and hires other employees on a seasonal or temporary basis. Its annual payroll is approximately \$96,000. During our review of payroll we noted: <ul style="list-style-type: none">• The Town Council does not approve payroll expenditures as an official action of the Board.• In May 2014 the Superintendent of Public Work was not paid according to the salary rate approved by resolution.• Overtime is being accrued each day for any hours over an 8 hour shift versus after 40 hours per Resolution No. 86-4 section 5.6; however in all weeks audited over 40 hours was achieved.• We tested 100 percent of the 2014 leave balances and identified a number of errors.• Six instances where beginning leave balances did not agree to the prior month's ending leave balance without support for the adjustment.• Six instances where the amounts of leave earned did not agree to those approved in resolution 86-4.		

- Two instances where the leave recorded as used did not agree to the supporting timesheets.

The accumulation of these issues created leave balance errors ranging from an understatement of 2.5 hours to an overstatement of 14 hours.

Open Public Meetings Act and meeting minutes

We tested Special and Regular Council Meetings from March 2013 through December 2014. Although we noted improvement, we identified the following concerns:

- Town Council minutes did not document the purpose of executive sessions so the reason for conducting business in a closed session was not transparent and readily available for public inspection as prescribed by state law.
- Council approval of the Town's expenditures is not documented in the meeting minutes as prescribed by the *Budget Accounting and Reporting System Manual*. Since the minutes do not document the consistent sequence of voucher and payroll check numbers, the Town cannot ensure that all claims paid on behalf of the Town have been accepted and approved by the governing body as required by state law.

Status of Corrective Action: (check one)

☒ Fully Corrected

 ☐ Partially Corrected

 ☐ Not Corrected

 ☐ Finding is considered no longer valid

Corrective Action Taken:

General Financial Operations:

- *As noted in the Town's Response published with the last audit (1/1/12-12/31/14), the Town disputes the assertion that records were unable to be found. All records were found and disbursed to the requesting auditor (1 of 3). The Town did not violate record retention laws and produced all requested records.*

Payroll:

- *Town Council approves payroll expenditures as an official action of the Board.*
- *All leave issues noted above have been addressed and corrected. New office systems have been put in place that include checks and balances regarding leave totals. All items are reviewed by the Clerk/Treasurer and the Mayor.*
- *As noted in the Town's Response published with the last audit (1/1/12-12/31/14), the Town disputes the assertion that overtime was accrued for any hours over 8 in one day. As per Resolution No. 96-4 section 5.6, overtime was and continues to be accrued only after 40 hours was/is earned. The Town updated the time cards to reflect that overtime is not earned until 40 hrs per week is met.*
- *All remaining payroll issues have been addressed and corrected.*

Open Public Meeting Act and Meeting Minutes:

- *Minutes: Executive Session; The minutes now include the specific reasons for conducting business in a closed session, are fully transparent, and are readily available for public inspection as prescribed by State law. The OPMA-Executive Session checklist obtained through the Municipal Research and Services Center is used as a guide to ensure proper documentation.*
- *Minutes: Expenditure documentation; Town expenditures are no longer just attached but are actually documented within the minutes. Information contained as instructed: check numbers and total amount expended including check numbers assigned to payroll and total amount of payroll. Council members also keep track of check numbers using Excel spread sheet.*

INFORMATION ABOUT THE TOWN

The Town of Albion serves over 600 citizens in Whitman County. Its two full-time and four part-time employees provide street improvement, parks, code enforcement and general administrative services. The Town also owns and operates a water/sewer distribution and collection system.

The Town is administered by five elected Council Members and an independently elected Mayor. The Town operated on annual expenditures of \$525,792 and 583,734 for 2015 and 2016, respectively.

Contact information related to this report

Address:	Town of Albion 310 F Street Community Bldg. P.O. Box 38 Albion, WA 99102-0038
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Town of Albion 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	
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