



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

City of Tacoma

Pierce County

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

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Office of the Washington State Auditor
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April 16, 2018

Mayor and City Council
City of Tacoma
Tacoma, 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 City 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 independent audit report on the City's compliance with applicable requirements and safeguarding of public resources for the 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 RESULTS

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, except as described below, City operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

However, as noted under the Related Reports – Special Investigations section of this report, certain matters were examined and reported as part of a separate engagement.

About the audit

This report contains the results of our independent accountability audit of the City of Tacoma from January 1, 2016 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.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. Our audit involved performing procedures to obtain evidence about the City'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, based on our risk assessment for the year ended December 31, 2016, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Self-insurance – property, health and welfare, workers compensation, and unemployment
- Financial condition and fiscal sustainability
- Procurement – sole source contracts, piggybacking
- Bid Law – change orders and contract extensions

City wide areas focus included:

- Cash Receipting – cash receipting and performing cash counts at various receipting locations (utilities, Courts, and permits)
- Travel purchases – gained understanding of internal controls over travel purchases and performed testing

Specific, departmental review included:

- Fire Department – Small & attractive assets, EMS billing & adjustments
- Police Department – Payroll, seized & investigative funds

RELATED REPORTS

Financial

Our opinion on the City's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the City'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 City's major federal programs, which are 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>.

Special investigations

We noted certain matters that we communicated to City management in a letter, relating to a loss of public funds related to wages paid for overlapping work hours at the City and other entities. We appreciate the City's commitment to resolving those matters.

Other reports

During the current audit period, the State Auditor's Office issued an examination report on the City'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 CITY

The City of Tacoma serves approximately 200,000 citizens in Pierce County and is the third largest city in the state.

The City operates under a council-manager form of government with nine independently elected, part-time Council Members, including the Mayor. The Mayor is the ceremonial head of the City and a member of the City Council. The Council Members choose a part-time Deputy Mayor from within the Council. The City Manager is appointed by the City Council and is responsible for daily operations of the City as well as its approximately 3,500 regular and temporary employees.

The City provides a full range of municipal services including police, Municipal Court, fire prevention and suppression, public works, planning and development, utilities, public facilities, community development, and general administrative and support services. In addition, the City owns public facilities including the Tacoma Dome, the Convention Center, Broadway Center for the Performing Arts, and Cheney Stadium. For the 2015-2016 biennium, the City budget of approximately \$3.08 billion included \$424 million for the general fund and \$1.7 billion for the Tacoma Public Utilities. The Tacoma Metropolitan Parks District provides parks and recreation service on behalf of the City.

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Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Tacoma 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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