



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Association of Washington Cities Risk Management Service Agency

Thurston County

For the period January 1, 2017 through December 31, 2017

Published May 24, 2018

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Office of the Washington State Auditor
Pat McCarthy

May 24, 2018

Board of Directors
Association of Washington Cities Risk Management Service Agency
Olympia, 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 independent audit report on the Pool'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,

A handwritten signature in cursive script that reads "Pat McCarthy".

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 those selected areas, Pool operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

About the audit

This report contains the results of our independent accountability audit of the Association of Washington Cities Risk Management Service Agency from January 1, 2017 through December 31, 2017.

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 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, based on our risk assessment for the year ended December 31, 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Compliance with risk pool solvency requirements
- Eligibility of investments
- Credit card disbursements
- Evaluated design of internal controls over cash receipting
- Open public meeting minutes

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 Association of Washington Cities Risk Management Service Agency is a municipal self-insurance pool that was formed on January 1, 1989 and is located in Thurston County. The Pool provides property and liability coverage to 99 participating members made up of cities, towns and other local governmental entities throughout the State of Washington. In lieu of having employees, the administrative functions of the Pool are performed under contract with the Association of Washington Cities (AWC) and the individuals who perform services for the Pool are all employees of AWC.

The Pool is governed by a seven-member Board of Directors comprised of elected city officials within the state. The primary source of revenue for the Pool is member assessment fees and its major expenses include payments of claims and payments for insurance coverage. For fiscal year 2017, the Pool had operating revenues of \$7,874,748.

Contact information related to this report	
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Association of Washington Cities Risk Management Service Agency 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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