Office of the Washington State Auditor

Pat McCarthy

Accountability Audit Report

Lewis County

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

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Office of the Washington State Auditor
Pat McCarthy

September 20, 2018

Board of Commissioners
Lewis County
Chehalis, 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 independent audit report on the County'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 those selected areas, County 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 Lewis County 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 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, 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:

- Disbursements – credit card activity
- Cash receipting – County Fair, jail and District Court
- District Court – accounts receivable, account adjustments, disbursements and selected IT security procedures protecting financial systems
- Procurement – competitive bidding for public works
- Self-insurance for unemployment, workers compensation, and property risks
- Financial condition and fiscal sustainability
- Evaluated design of controls over accounts payable and payroll Open public meeting minutes

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 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.

INFORMATION ABOUT THE COUNTY

Lewis County is located in the southwestern region of Washington. Stretching nearly 100 miles from west to east and just over 30 miles from south to north, it is home to more than 78,200 residents. The County's top industries include manufacturing, health care and social assistance, retail and agriculture. The population has increased over the past decade due to job growth, recreational and cultural opportunities, and higher education. Lewis County's unemployment rate is steadily declining with a rate of 6.3 percent in 2018, down from 7.5 percent in 2016.

Lewis County is situated centrally between Seattle, Washington and Portland, Oregon along the I-5 corridor. The County's location and four diverse regions brings thousands of visitors through the area each year. Nearly half of Lewis County's population lives in the Centralia and Chehalis region. Historic downtown areas, endless shopping options, and community events draw people to these Twin Cities. Eastern Lewis County is known for its rich forests, mountain views, and outdoor activities. To the south, quiet rivers and lakes offer great swimming and fishing opportunities. Farmland is the key feature of the western portion of the County, where much of the area's produce is grown and harvested.

An elected, three-member Board of Commissioners is the County's legislative authority. The Commissioners serve as the chief administrators for the County, which operates on a $109 million annual budget. The County's 600 full- and part-time employees provide public transportation, road construction and maintenance, water quality, flood control, parks and recreation facilities and agriculture services. The County also provides court services, law enforcement, criminal detention, and coroner services. It assesses and collects taxes, provides fire inspections, planning, zoning, animal control, public health and social services, election administration, treasury services and waste disposal services.

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Information current as of report publish date.

Audit history

You can find current and past audit reports for Lewis 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.

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