



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
City of Sunnyside

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

Published October 18, 2018

Report No. 1022359





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

October 18, 2018

Mayor and City Council
City of Sunnyside
Sunnyside, 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 those selected areas, City 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 City of Sunnyside 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 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, 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:

- Payroll disbursements including employee benefit payments, leave buyout and leave accruals
- Utility billing and cash receipting at City Hall
- General and credit card disbursements
- Airport improvement grant compliance



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

City of Sunnyside January 1, 2017 through December 31, 2017

This schedule presents the status of findings reported in prior audit periods.

Audit Period: January 1, 2016 through December 31, 2016	Report Ref. No.: 1021358	Finding Ref. No.: 2016-001
Finding Caption: The City did not have adequate oversight of payroll operations to safeguard public resources		
Background: The City paid about \$10.7 million in payroll during 2016. During three prior audits dating back to 2011, we have recommended the City Council and management strengthen internal controls over payroll. The current audit identified continuing control weaknesses in this area.		
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>The City of Sunnyside City Council and management has made strengthening internal controls over payroll a priority. The city has been working on transitioning to a single financial software system for five years. During the audit period, the City was using one (BIAS) financial software for all financial transactions and another system (Eden) for payroll. On 01/01/2018, the City completed the payroll conversion and has eliminated the dual system issues. Management reorganized staffing on 01/01/2018, placing direct supervision of human resources under the Finance and Administrative Services Director. All payroll benefit payments are now run through accounts payable and have a two tier approval process. The payroll related items are reconciled to the general ledger in a timely manner. While this audit period showed continuing control weaknesses for 2017, these weaknesses have been addressed and are being resolved.</i>		

RELATED REPORTS

Financial

Our opinion on the City's financial statements 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>.

INFORMATION ABOUT THE CITY

The City of Sunnyside serves approximately 16,280 citizens in Yakima County. The City provides a full range of municipal services including police, fire, Municipal Court, public improvements, sanitation, water utility, community development and parks and recreation.

An elected, seven-member Council governs the City. The Council elects one of its members to serve as Mayor for a two-year period. The Council also appoints management to oversee the City's daily operations as well as its approximately 105 full-time employees. For 2017, the City operated on a \$31.4 million budget.

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 City of Sunnyside 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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