



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Town of Winthrop

For the period January 1, 2016 through December 31, 2017

Published November 13, 2018

Report No. 1022535





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

November 13, 2018

Mayor and Town Council
Town of Winthrop
Winthrop, 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 independent audit report on the Town'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, Town 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 Town of Winthrop from January 1, 2016 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 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, based on our risk assessment for the years ended December 31, 2017 and 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:

- Municipal Court operations – violation tracking, citation reconciliation and collection
- General disbursements – vendor payments, credit card payments, travel expenses and employee reimbursements
- Utility billing – cash receipting and billing adjustments
- Procurement – engineer selection and public works project bidding and contracting
- Interfund loan repayments



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Town of Winthrop January 1, 2016 through December 31, 2017

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

Audit Period: January 1, 2011 through December 31, 2013	Report Ref. No.: 1011663	Finding Ref. No.: 1
Finding Caption: Insufficient internal controls over Municipal Court created a high risk of loss or misappropriation.		
Background: The Town had significant control weaknesses over Municipal Court including monitoring and processing citations into JIS and recording the account receivable, collection procedures including issuing an FTA with the Department of Licensing. The Town did not create a receivable for 416 cases totaling \$118,000 and did not issue FTA on 44 past due accounts.		
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>Since the Town of Winthrop was issued a Finding for the Winthrop Municipal Court for the 2011-2013 audit period the following corrective action has been taken:</i> <ul style="list-style-type: none"> • JIS receivable records are created for all citations issued. • All citations or fees are processed through the JIS system. • All FTA's are issued to the Department of Licensing. • Court has contracted with a collection company to collect on court receivables. 		

- *Performed extensive research to accurately create JIS receivable for past citations and provide a ten year write off report to Town Council.*
- *Council approved ten year accounts have been wrote off in JIS system.*
- *Monthly reports are reviewed and approved by Judge.*
- *Checkbook balanced monthly by Deputy Clerk.*

The Town has developed an effective internal control system for court activities to prevent and detect errors and/or losses.

INFORMATION ABOUT THE TOWN

The Town was incorporated March 12, 1924 and operates under a mayor-council form of government with an elected, five-member Council.

With a staff of 10 full-time employees, the Town provides water, sewer, police, Municipal Court and fire protection to its citizens. For 2016 and 2017, the Town operated on annual budgets of approximately \$1.9 and \$2.5 million, respectively.

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 Town of Winthrop 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	
Public Records requests	PublicRecords@sao.wa.gov
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