



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
City of Puyallup

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

Published December 3, 2018

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

December 3, 2018

Mayor and City Council
City of Puyallup
Puyallup, 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, City operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we noted certain matters that we communicated to City management and Mayor and City Council in a letter dated November 20, 2018, related to cash receipting in the Parks & Recreation Department. We appreciate the City's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of the City of Puyallup 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: The City provides a variety of municipal services including water, sewer, police, Municipal Court, parks and recreation, planning and economic development.

- Cash receipting – police, cemetery, Municipal Court, utilities, permits, City Clerk, library, and parks and recreation departments
- Utility billing rates & adjustments
- Procurement – purchases and interlocal agreements
- Financial condition
- Interlocal agreements – jail services



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

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

Audit Period: 1/1/2016-12/31/2016	Report Ref. No.: 1020684	Finding Ref. No.: 2016-001
Finding Caption: The City did not have adequate oversight over cash receipting and small and attractive assets to safeguard public resources		
Background: The City provides a variety of municipal services and collects revenues over the counter in various departments. During the audit period, Parks and Recreation collected \$1 million, the City Library collected \$57,440 and the City Clerk's Office collected \$47,048. City management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance that public resources are safeguarded. The City does not have policies regarding cash receipting or small and attractive assets, which have been recommended in prior audits.		
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>Cash Receipting policy 4.3.10 and Safeguarding Small and Attractive Items policy 4.3.11 have been implemented</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 Puyallup is a non-charter code city serving approximately 40,000 Pierce County citizens. The City provides a variety of municipal services including water, sewer, police, Municipal Court, parks and recreation, planning and economic development. It also operates its own library, cemetery and senior center.

An elected, seven-member Council governs the City. Council Members serve staggered, four-year terms. The Council elects a Mayor from its membership to serve a two-year term. The Council appoints a City Manager to oversee the City's daily operations as well as its approximately 306 employees. For 2017, the City operated on a budget of \$147 million.

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 Puyallup 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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