



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

# **Accountability Audit Report**

## **City of Bonney Lake**

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

**Published January 17, 2019**

**Report No. 1023109**





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

January 17, 2019

Mayor and City Council  
City of Bonney Lake  
Bonney Lake, 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 Bonney Lake 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:

- Utilities – accuracy of billing calculations
- Cash receipting – Municipal Court
- Cost allocation plan – equitable distribution of indirect costs
- Disbursements – purchase cards



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### City of Bonney Lake January 1, 2017 through December 31, 2017

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

|   |                                    |   |                                  |
|---|------------------------------------|---|----------------------------------|
| <b>Audit Period:</b><br>01/01/2016-12/31/2016   | <b>Report Ref. No.:</b><br>1019998 | <b>Finding Ref. No.:</b><br>2016-001  | <b>CFDA Number(s):</b><br>20.205 |
| <b>Federal Program Name and Granting Agency:</b><br>Highway Planning and Construction Cluster   |                                    | <b>Pass-Through Agency Name:</b><br>Washington State Department of Transportation |                                  |
| <b>Finding Caption:</b><br>The City did not have adequate internal controls to ensure compliance with federal procurement requirements.   |                                    |   |                                  |
| <b>Background:</b><br>The City of Bonney Lake spent \$544,412 in Highway Planning and Construction funds in 2016 for the Myers South Overlay and Fennel Creek Trail projects. Federal grant regulations require grant recipients to follow the more restrictive of state or federal bid laws. Federal requirements are more restrictive for procuring architectural and engineering services and require a competitive proposal process to select the most qualified competitor, not the lowest bidder. Proposals must be publicized and identify all evaluation factors, and grant recipients must develop a written method for conducting technical evaluations of the proposals received. Once a firm is selected, a contract must be negotiated considering fair and reasonable compensation. |                                    |   |                                  |
| <b>Status of Corrective Action: (check one)</b><br><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   |                                    |   |                                  |
| <b>Corrective Action Taken:</b><br><i>Staff has been to training. They are still using the LAG manual and have read the updates and understand the updates.</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>.

That report includes a finding for a material weakness in internal controls over financial reporting regarding fund balance classification.

## INFORMATION ABOUT THE CITY

The City of Bonney Lake, incorporated in 1949, serves approximately 20,500 citizens in Pierce County. The City provides a range of services, including police protection, public works, utilities, street maintenance, planning and permits, senior services, parks and recreation services as well as a Municipal Court. The City contracts with other public and private entities for garbage, wastewater treatment, jail, emergency dispatch and animal control services.

An elected Mayor and seven-member City Council governs the City. The Council appoints management to oversee the City's daily operations as well as its 150 employees. For the 2017-2018 biennium, the City operated on a budget of approximately \$121 million.

| Contact information related to this report |  |
|--|--|
| Address:                                   | City of Bonney Lake<br>P.O. Box 7380<br>Bonney Lake, WA 98391          |
| Contact:                                   | Cherie Gibson, Chief Financial Officer                                 |
| Telephone:                                 | 253-447-4314   |
| Website:                                   | <a href="http://www.ci.bonney-lake.wa.us">www.ci.bonney-lake.wa.us</a> |

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the City of Bonney Lake 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                            | <a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a> |
| Main telephone                                     | (360) 902-0370   |
| Toll-free Citizen Hotline                          | (866) 902-3900   |
| Website  | <a href="http://www.sao.wa.gov">www.sao.wa.gov</a>                     |