

Washington State Auditor's Office
Accountability Audit Report

Intercity Transit
Thurston County

Report Date
September 12, 2013

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WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

September 30, 2013

Board of Directors
Intercity Transit
Olympia, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your Transit to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on Intercity Transit's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

TROY KELLEY
STATE AUDITOR

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Thurston County
September 12, 2013

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Audit Summary

**Intercity Transit
Thurston County
September 12, 2013**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Intercity Transit from January 1, 2012 through December 31, 2012.

We evaluated internal controls and performed audit procedures on the activities of the Transit. We also determined whether the Transit complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Open Public Meetings Act
- Financial health
- Vanpool revenue
- Credit cards
- Imprest funds
- Cash receipting
- Procurement – public works projects
- Payroll internal controls

RESULTS

In the areas we examined, the Transit's internal controls were adequate to safeguard public assets. The Transit also complied with state laws and regulations and its own policies and procedures in the areas we examined.

Prior to the audit a certain matter came to our attention that is currently under investigation.

Related Reports

**Intercity Transit
Thurston County
September 12, 2013**

FINANCIAL

Our opinion on the Transit's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the Transit's financial statements.

FEDERAL GRANT PROGRAMS

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Transit's major federal program, which is listed in the Federal Summary section of the financial statement and single audit report. That report includes a federal finding regarding a lack of internal controls to ensure compliance with federal grant requirements.

Description of the Transit

Intercity Transit Thurston County September 12, 2013

ABOUT THE TRANSIT

Thurston County Public Transportation Benefit Area, doing business as Intercity Transit, provides public transportation to the cities and urban areas of Olympia, Lacey, Tumwater and Yelm. The Transit operates fixed-route bus and van service. Additional services include specialized transportation (Dial-a-lift) for people with disabilities, commuter services (vanpools and ride matching) and a program for people in WorkFirst.

The Transit is governed by a nine-member Board of Directors. The Board consists of one elected official from each of the following: Thurston County Board of Commissioners and the Olympia, Lacey, Tumwater and Yelm city councils. The Transit appoints three citizen representatives to the Board and one member is a labor representative. The Transit has approximately 295 employees and operates on a \$39 million annual budget that focuses on maintaining services to its passengers and other customers.

APPOINTED OFFICIALS

These officials served during the audit period:

Board of Directors:

Citizen Representative	Martin Thies, Chair
City of Tumwater Councilmember	Ed Hildreth, Vice Chair
Citizen Representative	Karen Messmer
Citizen Representative	Ryan Warner
City of Lacey Mayor	Virgil Clarkson
City of Olympia Councilmember	Nathaniel Jones
City of Yelm Councilmember	Joe Baker
Labor Representative	Karen Stites
Thurston County Commissioner	Karen Valenzuela
General Manager	Michael Harbor (through October 26, 2012)
Interim General Manager	Ann Freeman-Manzanares (effective October 29, 2012)

TRANSIT CONTACT INFORMATION

Address: Intercity Transit
P.O. Box 659
Olympia, WA 98507

Phone: (360) 705-5813

Website: www.intercitytransit.com

AUDIT HISTORY

We audit the Transit annually. The last 17 accountability audits have been free of findings. Management has been responsive to prior audit recommendations and has taken steps to improve its operations and establish necessary internal controls. This reflects the Transit's commitment to open government and accountability for public resources.



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.

Our mission is to work with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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Jan M. Jutte, CPA, CGFM
Sadie Armijo
Barb Hinton
Thomas Shapley
Mike Murphy
Mary Leider
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