

Washington State Auditor's Office
Accountability Audit Report

City of Soap Lake
Grant County

Report Date
August 7, 2013

Report No. 1010712

Issue Date
November 12, 2013



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

November 12, 2013

Mayor and City Council
City of Soap Lake
Soap Lake, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your City 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 the City of Soap Lake'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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Grant County
August 7, 2013

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Audit Summary

**City of Soap Lake
Grant County
August 7, 2013**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Soap Lake from January 1, 2010 through December 31, 2011.

We evaluated internal controls and performed audit procedures on the activities of the City. We also determined whether the City 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:

- Utility billings and adjustments
- Financial condition
- Cost allocation
- Payroll

RESULTS

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

Related Reports

**City of Soap Lake
Grant County
August 7, 2013**

FINANCIAL

Our opinion on the City's financial statements is provided in a separate report, which includes the City's financial statements.

Description of the City

City of Soap Lake Grant County August 7, 2013

ABOUT THE CITY

The City of Soap Lake, incorporated in 1919, serves a population of 1,550 Grant County citizens. The City provides an array of services including water, sewer, garbage, police and fire protection. It also provides parks and recreation and operates a campground.

An elected, seven-member Council and a separately elected Mayor govern the City. The Council appoints management to oversee the City's daily operations as well as its 12 full-time employees. For 2010 and 2011, the City operated on annual budgets of approximately \$2.5 million and \$2.1 million, respectively.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor	Wayne Hovde
City Council:	Barney Berg
	Gina Barnett (through September 2011)
	De Vaun Black (effective October 2011)
	John Cline
	John Hillman
	Kandis Lair
	Crystal Lindgren
	Joann Rushton

Note: Raymond Gravelle became Mayor in 2012. Also in 2012, John Glassco replaced Barney Berg, Keith Hagglund replaced John Cline and Kat Sanderson replaced De Vaun Black.

APPOINTED OFFICIALS

Finance Director	Debbie Amundson
Deputy Clerk	Karen Dillon
Police Chief	Jim Dorris

Note: Karen Dillon became the City's Finance Director in January 2012, after which time Anita Richardson became the City's Deputy Clerk. Jim Dorris resigned as Police Chief in June 2012 and was replaced by Glenn Quantz in July 2012.

CITY CONTACT INFORMATION

Address: City of Soap Lake
239 Second Avenue S.E.
P.O. Box 1270
Soap Lake, WA 98851

Phone: (509) 246-1211

Website: www.soaplakecity.org

AUDIT HISTORY

We audit the City once every two years. The City received a finding in the prior accountability audit relating to controls over utility billings. This issue has been resolved.

Status of Prior Audit Findings

City of Soap Lake Grant County August 7, 2013

The status of findings contained in the prior years' audit reports of the City of Soap Lake is provided below:

1. **The City of Soap Lake lacks adequate controls over utility billing and receipting and classification of utility customer accounts, resulting in a possible loss of utility revenue.**

Report No. 1005144, dated February 28, 2011

Background

The City operates four utilities: water, sewer, garbage and Soap Lake water. The City billed approximately \$714,000 in 2008 and \$734,000 in 2009 for utility services to an average of 750 water/sewer customers.

During our review of the billing system, we noted several internal control weaknesses:

- The billing system allows City staff to make adjustments on the customer's current bill before the bill is finalized, including deleting the current bill. The City does not have a process to track and review all such changes, which increases the risk of manipulation of customer utility bills.
- We reviewed 26 adjustments maintained in the billing system from 2008 and 2009. None had supporting documentation other than brief comments and nine adjustments did not appear reasonable based on our review of the account history.
- Employees can both receipt payments and make account adjustments. Cash receipting adjustment reports, such as voided payments, are not reviewed in conjunction with the billing adjustments, which increases the risk that inappropriate adjustments will not be identified.

Status

City management and staff have improved controls over utility account adjustments through expanded documentation and creation of an account adjustments log. City management also reviews a series of reports to help identify any problems with utility accounts, including adjustments to account information. While we have made one recommendation to further strengthen controls over account adjustments, we nevertheless consider this issue to be resolved.



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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