



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Whatcom County

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

Published October 11, 2018

Report No. 1022356





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

October 11, 2018

Council
Whatcom County
Bellingham, 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 County 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 County'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, County 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 Whatcom County 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 County'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:

- Use of restricted funds (County road funds, lodging tax revenues, building permit fees)
- Payroll leave payouts
- Public Works Maintenance & Operations – fuel cards and inventory
- Parks Department cash receipting
- Follow up of prior audit recommendations (Internal controls over credit cards in the Prosecuting Attorney's Office, Sheriff's Office evidence room inventory)
- Lake Whatcom Stormwater Utility District
- Agreements for Emergency Medical Services (EMS)
- Enterprise fund transfers
- Economic Development Incentives (EDI) program
- Solid Waste Excise Taxes
- Procurement of purchases and small public works projects

RELATED REPORTS

Financial

Our opinion on the County's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the County's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

That report includes a finding for a significant deficiency in internal controls over financial reporting regarding fiduciary fund reporting and accrual of tax revenue.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the County's major federal program, which are listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE COUNTY

Whatcom County serves approximately 220,000 residents under its Home Rule Charter adopted in 1978. The County has three branches of government, a legislative branch, composed of a seven-member County Council, an executive branch, composed of an elected County Executive, Assessor, Auditor, Treasurer, Prosecuting Attorney and Sheriff and a Judicial branch composed of four elected superior court judges and two elected district court judges.

The County provides an array of services including superior, district and juvenile courts, adult and juvenile probation, law enforcement, criminal prosecution and public defense, adult and juvenile detention, community health programs and human services, parks and recreation opportunities, community planning and development related services, elections, maintenance of public documents, property assessment, tax collection, public transportation infrastructure and related maintenance in the unincorporated areas, flood control, emergency medical system administration and emergency management. For fiscal year 2017, the County operated on a general fund budget of \$88.3 million and had approximately 852 employees.

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 Whatcom County 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.

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