



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Washington Materials Management and Financing Authority

For the period January 1, 2017 through December 31, 2018

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

May 20, 2019

John Friedrich, Executive Director
Board of Directors
Washington Materials Management and Financing Authority
Cle Elum, 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 Authority 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 Authority'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

TABLE OF CONTENTS

Audit Results.....	4
Information about the Authority	5
About the State Auditor's Office.....	6

AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Authority 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 Washington Materials Management and Financing Authority from January 1, 2017 through December 31, 2018.

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 43.09.310, which requires the Office of the State Auditor to examine the financial affairs of all state agencies. Our audit involved performing procedures to obtain evidence about the Authority's use 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 years ended December 31, 2018 and 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:

- General disbursements and reimbursements
- Billings and accounts receivable
- Cash receipting – timeliness and completeness of deposits
- Contracts and agreements
- Selected IT security policies, procedures, practices and controls protecting financial systems, IT systems and data

INFORMATION ABOUT THE AUTHORITY

The mission of the WMMFA is to provide responsible end of life recycling for the citizens of Washington State in compliance with state law and Department of Ecology direction, and in the most cost-effective manner for our members. The WMMFA is committed to being the lowest cost plan provider for mandated electronics recycling in Washington State, to provide fair and equitable expense allocation to members, and to treat all stakeholders and service providers fairly and reasonably. The Authority is the manufacturer board-directed authority created by state law to handle the recycling of certain electronics in the state of Washington. Its job is to follow state law and guidelines as set forth by the department of Ecology to create a standard plan that manufacturers will participate in and finance. The Authority coordinates collectors, transporters and processors to recycle covered electronics, then bill participating member manufacturers for the costs.

Authority operations began on January 1, 2009. Electronics currently covered for free recycling include: TVs, Computer Monitors, Laptops and Computer tower, E-readers and portable DVD players. The plan does not cover printers, scanners, keyboards, mice or other accessories.

There are 26 Materials Management and Financing Authority's in the United States, and the Authority is the only one of its kind in Washington State. The Authority employs one full-time employee and two part-time employees, and collects annual revenues of approximately \$8 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 Washington Materials Management and Financing Authority 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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