



Office of the Washington State Auditor  
Pat McCarthy

## Accountability Audit Report

# Stevens County

For the period January 1, 2018 through December 31, 2019

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

May 10, 2021

Board of Commissioners  
Stevens County  
Colville, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor 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.

Attached is 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 value your cooperation during the audit.

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, County operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

However, we noted certain matters related to Hotel/Motel Tax and information technology (IT) security that we will communicate to County management and the Board of Commissioners in a letter and a separate confidential communication dated April 21, 2021. Because public distribution of certain tests performed and the related results could increase risk to the County's IT security, distribution of that information has been limited to management of the County and is kept confidential under RCW 42.56.420. We appreciate the County's commitment to resolving those matters.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of Stevens County from January 1, 2018 through December 31, 2019.

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 Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the County's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2019 and 2018, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- IT security policies, procedures, practices and controls protecting financial systems
- Use of restricted funds – hotel/motel taxes, homelessness funds
- Self-insurance for unemployment
- Accounts payable – electronic funds transfers, credit cards, travel expenditures, donation expenditures and vendor master file
- Financial condition
- Tracking and monitoring of theft sensitive assets
- Compliance with state grants – Disaster Response Communication Project



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Stevens County January 1, 2018 through December 31, 2019

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

<b>Audit Period:</b> January 1, 2016 through December 31, 2017	<b>Report Ref. No.:</b> 1023305	<b>Finding Ref. No.:</b> 2017-001				
<b>Finding Caption:</b> The County did not have an adequate application and approval process over the homeless housing and assistance program to ensure compliance with the County's homeless plan and state law.						
<b>Background:</b> As required by state law, the County collects funds for local homeless housing and assistance from surcharges on documents recorded with the County Auditor, which are deposited into the Homelessness Fund. In 2017, the County deposited \$217,000 into the fund. The County has adopted a homeless housing plan defining eligible activities and goals for its homeless housing program that is consistent with statewide guidelines. The County spent about \$196,000 from the Homelessness Fund in 2017. Local non-profit service providers apply annually for funding-level approval from the Board of Commissioners, provide services to the homeless and submit invoices during the year for reimbursement. Services include providing homeless housing, housing assistance and a warming shelter. In addition, the County occasionally provides assistance directly to the homeless based on either referrals from the non-profit providers or citizen requests at Commissioner meetings.						
<b>Status of Corrective Action: (check one)</b> <table><tr><td><input checked="" type="checkbox"/> Fully Corrected</td><td><input type="checkbox"/> Partially Corrected</td><td><input type="checkbox"/> Not Corrected</td><td><input type="checkbox"/> Finding is considered no longer valid</td></tr></table>			<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
<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			

**Corrective Action Taken:**

*The State Auditor's Office has performed testing over our Homelessness Fund expenditures for fiscal year 2019 and determined that the County has an adequate application and approval process over the homeless housing and assistance program to ensure compliance with the County's homeless plan and state law and the Homelessness funds were used to pay for allowable expenses per RCW 36.22.179. The State Auditor's Office has deemed this finding resolved.*

## 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>.

### **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 is 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

Stevens County was incorporated in 1863 and currently serves approximately 45,723 citizens. An elected, three-member Board of Commissioners governs the County. Additional elected officials help administer County operations including the offices of: Assessor, Auditor, Clerk, Coroner, Prosecuting Attorney, Sheriff and Treasurer.

For fiscal years 2019 and 2018, the County operated on an annual budgets of approximately \$75 million and \$71 million, respectively. The County's 475 employees provide an array of services including general administration, judicial administration, public safety, street improvement, economic development, solid waste, health and counseling.

### Contact information related to this report

Address:	Stevens County 215 S. Oak Street Colville, WA 99114
Contact:	Lori Larsen, Auditor
Telephone:	509-684-7511
Website:	<a href="http://stevenscountywa.gov">stevenscountywa.gov</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Stevens County at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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