



Washington State Auditor's Office

Government that works for citizens

2014 Accountability and 2015 Financial and Federal Single Audits Exit Conference

City of Tacoma
Government Performance and Finance Committee
October 19, 2016

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Today's presentation

Results from the following audits:

- 2014 accountability audit
- 2015 financial statements audit
- 2015 federal single audit

The Washington State Auditor's Office's vision is government that works for citizens. Our goal is government that works better, costs less and earns greater public trust.

Accountability audit report (2014)

- Report contains results of our accountability audit for January 1, 2014, through December 31, 2014
- Report was issued November 10, 2016
- We evaluated internal controls and performed audit procedures on City activities
- We assessed whether the City complied with state laws and regulations, and with its own policies and procedures

Accountability audit areas (2014)

- Accounting/financial reporting
- Billings/receivables
- Cash receipting
- Safeguarding of small and attractive assets
- Contracts/agreement
- Insurance/risk management
- Fire Department
- Police Department
- Public Assembly Facilities
- Conflict of interest
- Municipal Court financial operations
- Interfund transactions
- Use of restricted funds – Chemical Dependency Tax
- Procurement cards
- Open public meeting minutes
- Budget compliance
- Tax and License Department

Department areas audited (2014)

- Cash receipting
 - ❑ **Permit Services:** Cash receipting controls were adequate. Permit revenue was being properly receipted, deposited and recorded.
 - ❑ **Municipal Court, Fire, and Tax and Licensing:** Cash receipting controls were adequate. Funds were being properly receipted, deposited and recorded.
 - ❑ **Public Assembly Facilities:** We tested Tacoma Dome parking, concessions and events as well as events at the Greater Tacoma Convention and Trade Center. We determined the cash receipting controls were adequate, and funds were being properly receipted, deposited and recorded.

Department areas audited (2014)

- Procurement card
 - ❑ **Police, Fire and Public Utilities:** Procurement card controls were adequate, and the tested departments used the cards appropriately
- Receivables and adjustments
 - ❑ **Municipal Court:** Non-cash adjustments to receivables were valid
 - ❑ **Fire:** Additions and deletions from accounts receivable were adequately supported
 - ❑ **Tax and Licensing:** Accounts receivable write-offs were properly approved and adequately supported

Department areas audited (2014)

- Expenditures
 - **Mental Health:** The Mental Health Department's expenditures were approved and allowable, and supported the special revenue fund's purpose
- Safeguarding small and attractive assets
 - **Public Assembly Facilities:** We tested small and attractive assets for both the Tacoma Dome and the Greater Tacoma Convention and Trade Center. The small and attractive assets for the Tacoma Dome were properly tracked and safeguarded.

Legal compliance areas audited (2014)

- **Conflict of interest:** We noted no conflict of interest or ethics law violations
- **Insurance and bonding:** The City's insurance coverage was adequate to safeguard public resources
- **Interfund transactions:** Interfund loans accurately represented allowable benefits from one fund to another, and the controls over internal service funds were adequate to prevent unallowable charges to restricted funds
- **Interlocal agreements:** Interlocal agreements complied with applicable state laws and requirements

Accountability audit results (2014)

In the areas we examined, we found:

- The City's internal controls were adequate to safeguard public assets
- The City complied with state laws and regulations and its own policies and procedures

Related reports (2014)

- **Financial**

- We evaluated the City's financial statements and compliance with federal grant program requirements in a separate report

- **Federal grant programs**

- We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the City's major federal programs

- **Energy Independence Act Evaluation**

- Tacoma Power complied, in all material respects, with the Act's renewable energy requirements

2015 audit scope

Audit Period: January 1, 2015 – December 31, 2015

- Financial statements audit
 - Comprehensive Annual Financial Report (CAFR) letter
- Federal audit
- Accountability audit (will be completed early 2017)

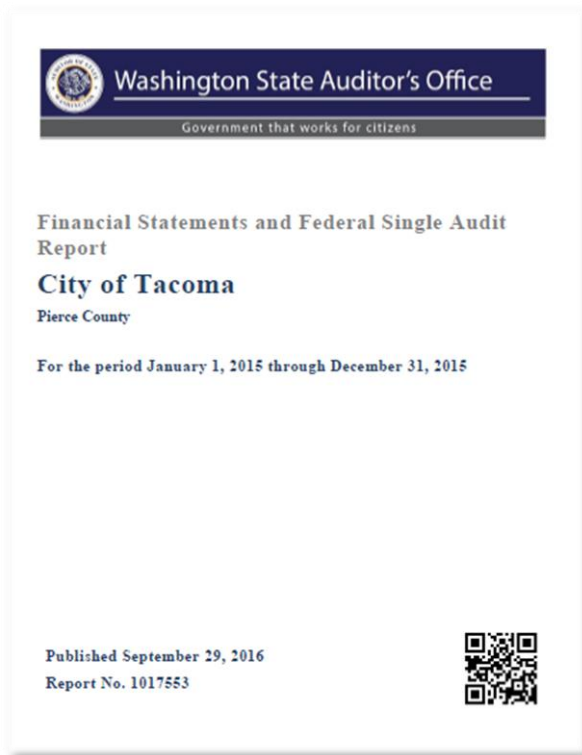


Audit highlights

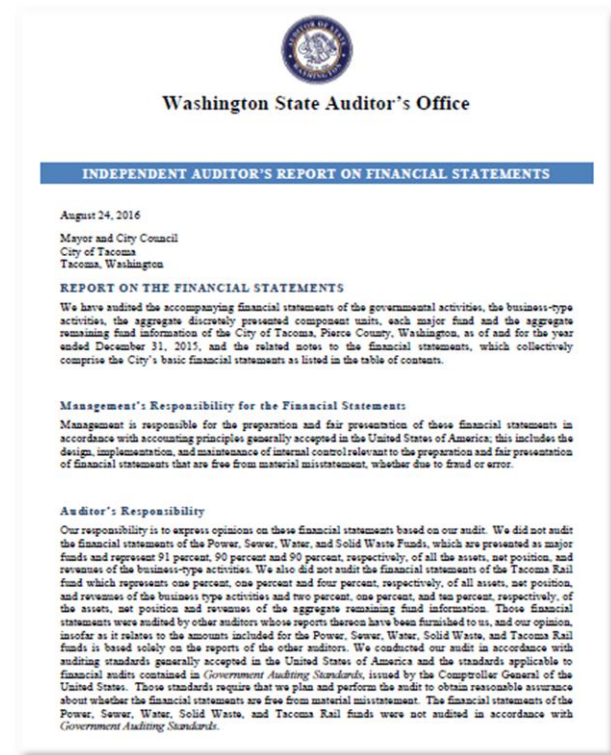
- The City implemented and documented the new pension standard (GASB 68) very well
- The City filed statements to our Office on time
- We appreciate City staff's responsiveness and professionalism
- Thank you to the City's finance staff for working with us and sharing their knowledge about the City:
 - ▣ Andy Cherullo, Susan Calderon, Linda Parks, Su Yi, Gwen Young, Min Soo Chun and Tina Hemphill

Financial and federal reports (2015)

Financial and federal



CAFR letter



Required communications

- Uncorrected misstatements in the audited financial statements are summarized and provided to management
 - We agree with management's representation that these misstatements are immaterial to the fair presentation of the financial statements
- No material misstatements in the financial statements were corrected by management during the audit



Financial and federal audit reports (2015)

- Schedule of Findings and Questioned Costs (formally the Federal Summary Report)
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Report on Compliance For Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance
- Report on Financial Statements

Programs audited (2015)

Major federal programs audited include:

- Community Development Block Grants/Entitlement Grants (CFDA 14.218)
- Home Investment Partnerships Program (CFDA 14.239)
- Highway Planning and Construction (CFDA 20.205)
- Staffing for Adequate Fire and Emergency Response (SAFER) (CFDA 97.083)

Public Works



Community and Economic Development



Federal audit results (2015)

- Financial Statements and Federal Single Audit Report was published September 29, 2016
- Federal awards – internal control over major programs
 - ❑ No significant deficiencies or material weaknesses in design or operation of internal control
 - ❑ Unmodified opinion on compliance with major program requirements
 - ❑ No findings required to be disclosed per Uniform Guidance

Financial audit results (2015)

- Internal Control over Financial Reporting and on Compliance and Other Matters Based an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
 - ▣ We did not identify any deficiencies in internal controls that we consider to be material weaknesses
 - ▣ We reported matters to City management in a separate letter on September 19, 2016

Concluding comments

- **Your next scheduled audit: Fall 2016**
 - ▢ Accountability for Public Resources (currently under way)

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