



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

**Accountability Audit Report**  
**Island County**

**For the period January 1, 2013 through December 31, 2013**

**Published September 29, 2014**

**Report No. 1012717**





# Washington State Auditor

## Troy Kelley

September 29, 2014

Board of Commissioners  
Island County  
Coupeville, 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 report on the County's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY  
STATE AUDITOR

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## AUDIT SUMMARY

### Results in brief

In the areas we audited, County operations complied with applicable requirements and provided adequate safeguarding of public resources. The County also complied with state laws and regulations and its own policies and procedures in the areas we examined.

### About the audit

This report contains the results of our independent accountability audit of Island County from January 1, 2013 through December 31, 2013.

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.

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, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Treasurer's Office review, including:
  - Investing activities
  - Property tax adjustments
- Disbursements
- Procurement
- Third party receipting
- Failing system assistance program
- Use of restricted funds
- Open Public Meetings Act

## STATUS OF PRIOR AUDIT FINDINGS

The status of findings contained in the prior years' audit reports of Island County is provided below:

**1. Island County lacked adequate internal controls to ensure timely processing of property tax adjustments.**

Report No. 1010600, dated September 17, 2013

*Background*

Property tax supplements are changes made to certified assessed property values. As of August 2013, there were 2,411 unprocessed property supplements.

*Status*

The condition reported during the 2012 audit has been resolved. As of August 15, 2014, the County processed all prior years' property tax supplements and has 118 supplements outstanding for 2014.

## 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 includes a finding for a significant deficiency in internal controls over financial reporting regarding not adequately researching or seeking technical guidance on how to appropriately record a non-routine transaction on the financial statements.

### **Federal grant programs**

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the County's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report.

## INFORMATION ABOUT THE COUNTY

Island County consists of all of the islands known as Whidbey, Camano, Smith, Deception, Strawberry, Baby, Minor, Kalamut, and Ben Ure (Per RCW 36.04.150). The County has a total area of 517 square miles including the uninhabited islands. The County seat is located on Whidbey Island in the town of Coupeville. Per the 2013 U.S. Census Bureau, the estimated population is 78,801.

Island County was incorporated on January 6, 1853, and operates under the laws of the state of Washington applicable to Category 1 Counties with a commissioner-form of government. The three elected Commissioners each serve a four-year term. Additional elected positions include Assessor, Auditor, Clerk, Coroner, Prosecutor, Sheriff, Treasurer, District Court Judge and two Superior Court Judges; all elected positions serve four-year terms.

Island County is a general-purpose government and the approximately 414 full- and part-time employees provide services including public safety, road construction and maintenance, judicial administration, parks and recreation, health and social services, solid waste management, community planning, zoning and general administrative services. For fiscal year 2013, the County operated on a general fund budget of approximately \$21.8 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 Island 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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