



# Office of the Washington State Auditor

Pat McCarthy

## **Entrance Conference: Central Puget Sound Transit Authority**

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share our planned audit scope so that we are focused on the areas of highest risk. We value and appreciate your input.

### **Audit Scope**

Based on our planning, we will perform the following audit:

#### **Accountability audit for January 1, 2019 through December 31, 2019**

We will examine the management, use and safeguarding of public resources to ensure there is protection from misuse and misappropriation. In addition, we will evaluate whether there is reasonable assurance for adherence to applicable state laws, regulations and policies and procedures.

We will share the specific areas we plan to evaluate after we complete our planning procedures.

### **Engagement Letter**

We have provided an engagement letter that confirms both management and auditor responsibilities, and other engagement terms and limitations. Additionally the letter identifies the cost of the audit, estimated timeline for completion and expected communications.

### **Work of Other Auditors**

A financial statement and single audit of the Authority was performed by Moss Adams.

In accordance with professional standards, we considered the audit report and audit work performed by the other auditors in the planning of our audit. This includes communicating with the other auditors, evaluating the quality and results of the other auditor's work, and identifying areas that could affect our audit, including those in which we could leverage the work already performed.

Accountability audits differ in scope from financial statement and single audits. Financial statement audits determine if amounts reported in the financial statements are fairly stated, while single audits determine compliance with specific federal grant requirements. In contrast, accountability audits determine compliance with laws, regulations and the government's policies in areas selected for testing, as well as determine if public assets are safeguarded against loss or misuse.

The accountability audit may examine some of the same areas covered in the financial statement and single audit. However, due to the objective for accountability audits, the audit will approach and test these differently and not duplicate work already performed.

## **Levels of Reporting**

### **Findings**

Findings formally address issues in an audit report. Findings report significant results of the audit, such as significant deficiencies and material weaknesses in internal controls; misappropriation; and material abuse or non-compliance with laws, regulations or policies. You will be given the opportunity to respond to a finding and this response will be published in the audit report.

### **Management Letters**

Management letters communicate control deficiencies, non-compliance, misappropriation, or abuse that are less significant than a finding, but still important enough to be formally communicated to the governing body. Management letters are referenced, but not included, in the audit report.

### **Exit Items**

Exit items address control deficiencies, non-compliance with laws or regulations, or errors that have an insignificant effect on the audit objectives. These issues are informally communicated to management.

## **Important Information**

### **Confidential Information**

Our Office is committed to protecting your confidential or sensitive information. Please notify us when you give us any documents, records, files, or data containing information that is covered by confidentiality or privacy laws.

### **Audit Costs**

The cost of the audit is estimated to be approximately \$63,000, plus other expenses, if any.

### **Expected Communications**

During the course of the audit, we will communicate with Lori Bevier, Senior Compliance Specialist, on the audit status, any significant changes in our planned audit scope or schedule and preliminary results or recommendations as they are developed.

Please let us know if, during the audit, any events or concerns come to your attention of which we should be aware. We will expect Lori Bevier to keep us informed of any such matters.

### **Audit Dispute Process**

Please contact the Audit Manager or Assistant Director to discuss any unresolved disagreements or concerns you have during the performance of our audit. At the conclusion of the audit, we will summarize the results at the exit conference. We will also discuss any significant difficulties or disagreements encountered during the audit and their resolution.

### **Loss Reporting**

State agencies and local governments are required to immediately notify our Office in the event of a known or suspected loss of public resources or other illegal activity. These notifications can be made on our website at [www.sao.wa.gov/report-a-concern/how-to-report-a-concern/fraud-program/](http://www.sao.wa.gov/report-a-concern/how-to-report-a-concern/fraud-program/).

## **Peer Reviews of the Washington State Auditor’s Office**

To ensure that our audits satisfy *Government Auditing Standards*, our Office receives external peer reviews every three years by the National State Auditors Association (NSAA). The most recent peer review results are available online at [www.sao.wa.gov/about-sao/who-audits-the-auditor/](http://www.sao.wa.gov/about-sao/who-audits-the-auditor/). Our Office received a “pass” rating, which is the highest level of assurance that an external review team can give on a system of audit quality control.

## **Working Together to Improve Government**

### **Audit Survey**

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide us feedback.

### **Local Government Support Team**

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally this team assists with the online filing of your financial statements.

### **The Center for Government Innovation**

The Center for Government Innovation of the Office of the Washington State Auditor is designed to offer services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean, peer-to-peer networking and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at [Center@sao.wa.gov](mailto:Center@sao.wa.gov).

## **Audit Team Qualifications**

**Kelly Collins, CPA, Director of Local Audit** – Kelly has been with the Washington State Auditor’s Office since 1992. In her role, she oversees the audit teams which perform the audits for over 2,200 local governments. She serves on the Washington Finance Officers Association Board and is a member of the Washington Society of Certified Public Accountants’ Government Auditing and Accounting Committee. Phone: (564) 999-0807 or [Kelly.Collins@sao.wa.gov](mailto:Kelly.Collins@sao.wa.gov)

**Mark Rapozo, CPA, Assistant Director of Local Audit** – Mark has been with the Washington State Auditor’s Office since 1983. In his role as Assistant Director, he assists with the statewide oversight and management of all the audits for local government. He also served as the chairman of the Local Records Committee of the Washington State Archives for 10 years. Phone: (564) 999-0794 or [Mark.Rapozo@sao.wa.gov](mailto:Mark.Rapozo@sao.wa.gov)

**Joe Simmons, CPA, Program Manager** – Joe has been with the State Auditor’s Office since 1987 and became Audit Manager of Team Central King County in November of 2015. In his prior role as Assistant Audit Manager on two different teams he worked on audits of state and local governments throughout Pierce, Kitsap, Mason, Clallam, and Jefferson counties. He has also provided support as one of our Office’s county and city subject matter specialists and is currently the CPA audit Program Manager. Phone: (206) 615-0557 or [Joseph.Simmons@sao.wa.gov](mailto:Joseph.Simmons@sao.wa.gov)

**Eileen Du, CPA, Assistant Audit Manager** – Eileen graduated from the University of Washington with a Master degree in Accounting and has been with the Washington State Auditor’s Office since 2014. In her role as an Assistant State Auditor, she has worked on the financial statement, federal grant compliance, and accountability audits for King County and the Seattle School District. Eileen also serves as one of the team’s fraud specialists. Email: [Eileen.Du@sao.wa.gov](mailto:Eileen.Du@sao.wa.gov)

**Daniel Thompson, Audit Lead** – Daniel has been with the State Auditor’s Office since 2017. Daniel has worked on financial statement, federal grant compliance, and accountability audits of a variety of governments in the Seattle area, including King County, the City of Seattle, the Seattle School District, Sound Transit, and other local governments. Email: [Daniel.Thompson@sao.wa.gov](mailto:Daniel.Thompson@sao.wa.gov)

**Kieu Nguyen, Assistant State Auditor** - Kieu graduated from Central Washington University with a degree in Accounting. She has been with the Washington State Auditor’s Office since 2020 and has previous experience working with Small Business Administration grants and Paycheck Protection Program loans. [Kieu.Nguyen@sao.wa.gov](mailto:Kieu.Nguyen@sao.wa.gov)