

# Exit Conference

City of Mercer Island

Haji Adams  
*Audit Manager*

Lorraine Nitta  
*Audit Supervisor*

May 21, 2024



Office of the  
Washington  
State Auditor  
Pat McCarthy

*Disclaimer: This presentation is intended to be viewed in conjunction with the complete packet of exit materials provided. A copy of those materials may be requested by contacting the presenters listed or by emailing [PublicRecords@sao.wa.gov](mailto:PublicRecords@sao.wa.gov).*

# Results that Matter



**Increased trust in government**



**Independent, transparent examinations**



**Improved efficiency and effectiveness of government**



Pat McCarthy  
State Auditor



# Thank You!



- We would like to thank LaJuan Tuttle, Deputy Finance Director, as well as other City staff for their cooperation and timely responses to our requests throughout the audit, especially since the audit was performed in a remote environment.
- We thank the City for its commitment to strengthen the relationship with the Office of the Washington State Auditor.

# Accountability Audit Results

January 1, 2022 through December 31, 2022



## Results in Brief

This report describes the overall results and conclusions for the areas we examined.

In those selected areas, City 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.

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.

# Accountability Audit Results



Using a risk-based audit approach, for the City, we examined the following areas during the period:

- Accounts receivable – utility billing
- Utilities Department – cash receipting
- Accounts payable – credit cards
- Self insurance with unemployment compensation and paid family and medical leave
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

# Financial Audit Results

January 1, 2022 through December 31, 2022



## Unmodified Opinion Issued

- Opinion issued in accordance with U.S. GAAP
- Audit conducted in accordance with *Government Auditing Standards*

## Internal Control and Compliance over Financial Reporting

- We reported no significant deficiencies in internal control.
- We identified deficiencies that we consider to be material weaknesses.
- We noted no instances of noncompliance that were material to the financial statements of the City.

# Financial Audit Results



## Required Communications

- Uncorrected misstatements have been provided for review.

# Financial Audit Results

The audit addressed the following risks, which required special consideration:

Management override of controls



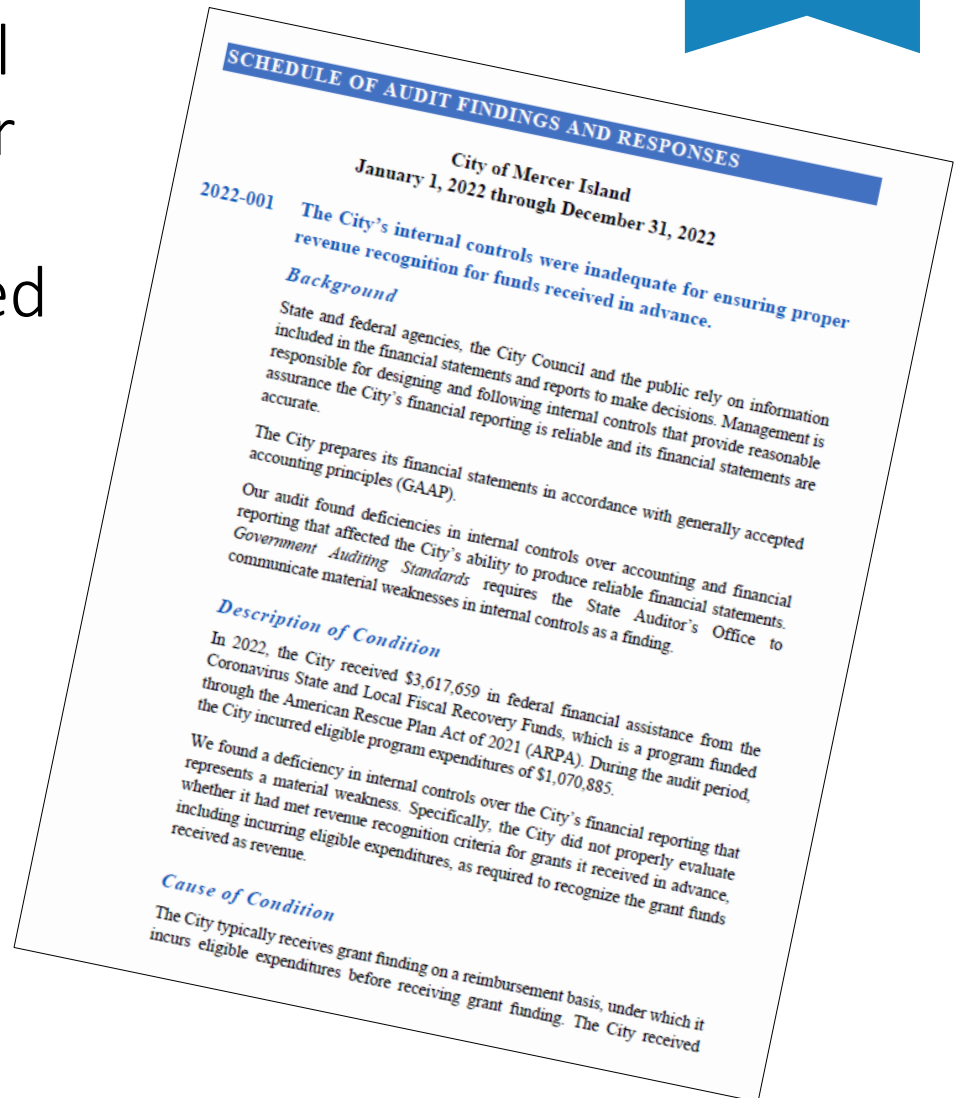


# Financial Audit - Finding



2022-001: The City's internal controls were inadequate for ensuring proper revenue recognition for funds received in advance.

Please see pages 14-17 of your exit packet to view the details of this recommendation



# SLFRF Compliance Examination Results

January 1, 2022 through December 31, 2022



## Unmodified Opinion Issued

- In our opinion, the City complied, in all material respects, with the compliance requirements during the audit period.
- Examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*.

## Internal Control and Compliance over SLFRF Program

- We identified no significant deficiencies or material weakness in internal control.
- We noted no instances of noncompliance that are required to be reported.

# Major Programs Selected for Audit



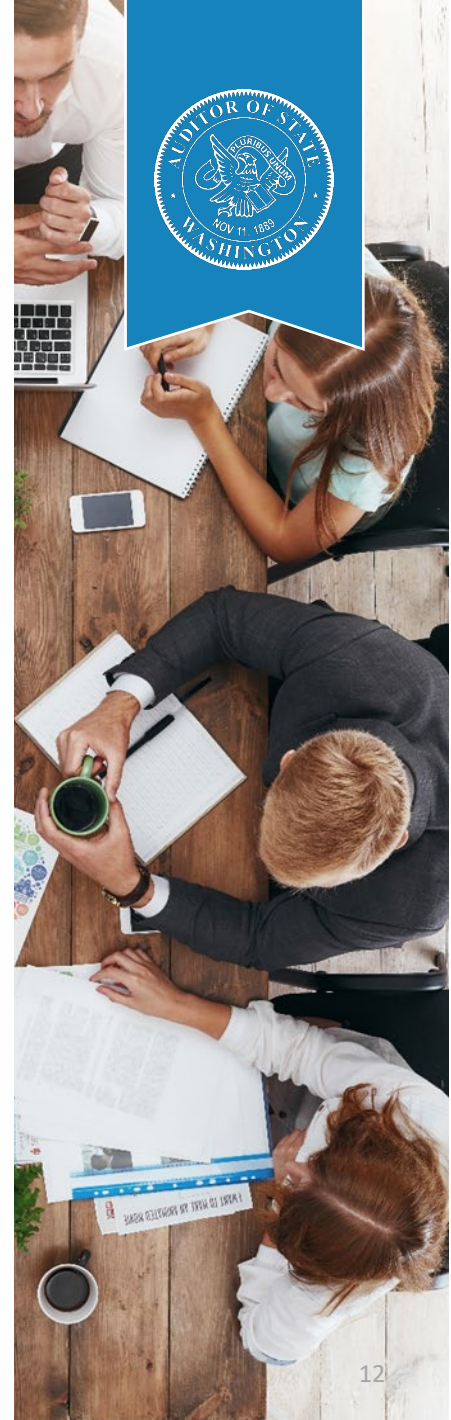
ALN	Program or Cluster Title	Total Amount Expended
21.027	COVID 19 – Coronavirus State and Local Fiscal Recovery Funds	\$1,070,885

These costs amount to approximately 86 percent of the total federal expenditures for 2022.

# Closing Remarks

- Audit costs are in alignment with our original estimate.  
Next audit: July 2024
  - Accountability for public resources
  - Financial statement
  - Attestation engagement

An estimated cost for the next audit has been provided in our exit packet







# Report Publication

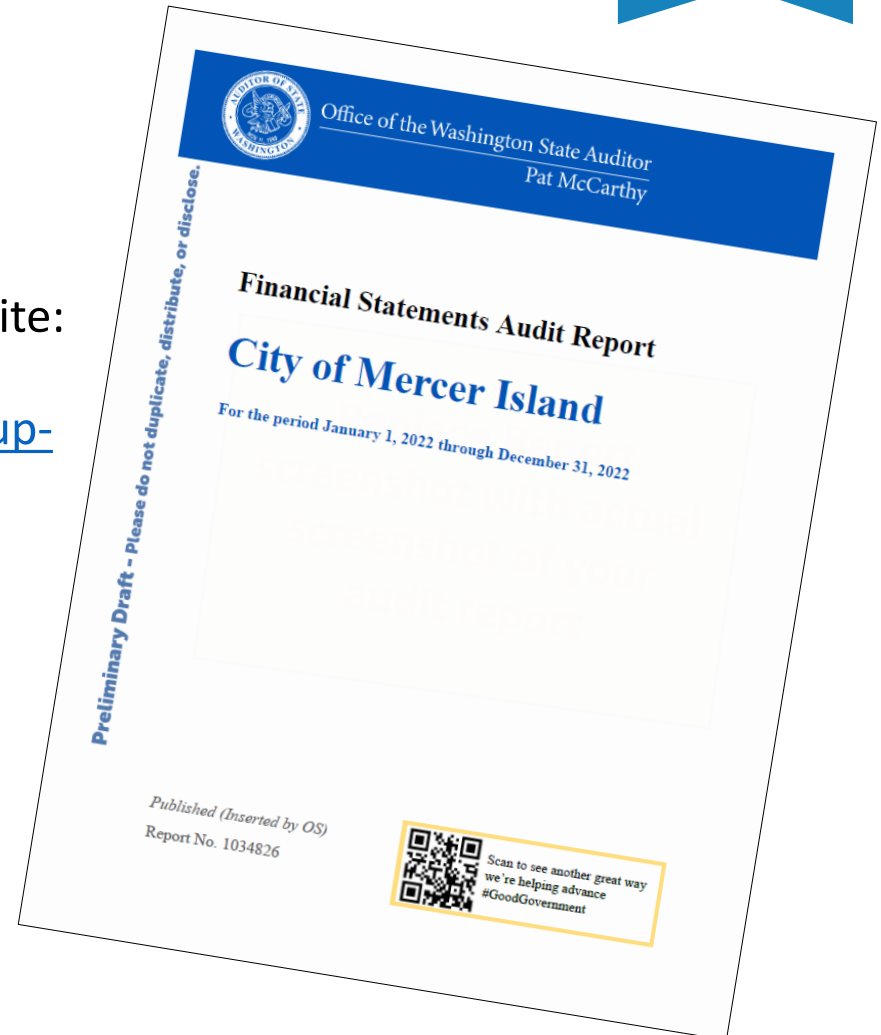
- ✓ Audit reports are published on our website.
- ✓ Sign up to be notified by email when audit reports are posted to our website:

<https://sao.wa.gov/about-sao/sign-up-for-news-alerts/>

## 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 feedback.



# Questions?



Contact Haji Adams, Audit Manager,

[Haji.Adams@sao.wa.gov](mailto:Haji.Adams@sao.wa.gov)

(425) 900-5277