

Washington State Auditor's Office
Accountability Audit Report

Whatcom Council of Governments
Whatcom County

Audit Period
January 1, 2004 through December 31, 2005

Report No. 71357

Issue Date
September 8, 2006



Washington _____
State Auditor

Brian Sonntag



**Washington State Auditor
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September 8, 2006

Council
Whatcom Council of Governments
Bellingham, Washington

Report on Accountability for Public Resources

Please find attached our report on the Whatcom Council of Governments' accountability for public resources and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the Council's financial statements and compliance with federal laws and regulations. The results of that audit will be included in a separately issued audit report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Whatcom County
January 1, 2004 through December 31, 2005**

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Audit Summary

Whatcom Council of Governments Whatcom County January 1, 2004 through December 31, 2005

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Whatcom Council of Governments.

We performed audit procedures to determine whether the Council complied with state laws and regulations and its own policies and procedures. We also examined Council management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from January 1, 2004, through December 31, 2005.

RESULTS

The Council complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

RELATED REPORTS

Our opinion on the Council's financial statements and compliance with federal program requirements is provided in a separate report, which includes the Council's financial statements.

CLOSING REMARKS

We thank Council officials and personnel for their assistance and cooperation during the audit.

Description of the Council

Whatcom Council of Governments Whatcom County January 1, 2004 through December 31, 2005

ABOUT THE COUNCIL

The Whatcom Council of Governments is an intergovernmental organization that coordinates projects primarily relating to transportation issues that affect multiple levels of government. Established in 1966 as a multi-jurisdictional body, the Council represents local governments in Whatcom County. The Council employs 11 staff members and had operating expenditures of \$1.4 million for fiscal years 2004 and 2005. The Council receives its funding from local dues along with state, federal and local grants.

The governing officials of the Council consist of an Executive Board and a Full Council. The Full Council is a 19-member board comprised of elected representatives of local, general purpose and special district governments throughout the county. The Full Council's primary purpose is inter-governmental coordination in the development of policies and programs of mutual benefit to member jurisdictions. The Executive Board meets on a monthly basis to carry out the responsibilities of day-to-day Council activities. The Full Council meets on a quarterly basis to adopt budgets and policies. Mayors, Executives, Commissioners and Council Members of local governments serve as Board Members. As of December 31, 2005, the Council consisted of representatives from the following local governments: City of Bellingham, City of Blaine, City of Everson, City of Ferndale, City of Lynden, City of Nooksack, City of Sumas, Whatcom County, Port of Bellingham, Birch Bay Water and Sewer District and Lake Whatcom Water and Sewer District.

AUDIT HISTORY

We audit the Council annually. The past five audits have been free of findings.

ELECTED OFFICIALS

These officials served during the audit period:

Executive Board (2005):

Mayor, City of Lynden	Jack Louws, Chair
Bellingham City Council	Bob Ryan
Port of Bellingham	Jim Jorgensen
Whatcom County Executive	Pete Kremen
Mayor, City of Bellingham	Mark Asmundson
Whatcom County Council	Sam Crawford
Mayor, City of Blaine	John Liebert
Mayor, City of Ferndale	Jerry Landcastle

Full Council (2005): Includes the Executive Board plus the following:

Everson City Council	Joy Monjure
Sumas City Council	Dennis Holmstrom
Nooksack City Council	Jess Reeves Sr.
Bellingham City Council	Barbara Ryan
Whatcom County Council	Seth Fleetwood
Whatcom County Water District No. 10	Tom Hadd
Birch Bay Water and Sewer District	Pat Alese

Executive Board (2004):

Mayor, City of Blaine	Dieter Schugt, Chair
Port of Bellingham	Jim Jorgensen
Whatcom County Executive	Pete Kremen
Mayor, City of Bellingham	Mark Asmundson
Whatcom County Council	Sam Crawford
Mayor, City of Lynden	Jack Louws
Bellingham City Council	Barbara Ryan
Nooksack City Council	Jess Reeves Sr.
Mayor, City of Blaine	John Liebert

Full Council (2004): Includes the Executive Board plus the following:

Everson City Council	Joy Monjure
Sumas City Council	Dennis Holmstrom
Mayor, City of Ferndale	Jerry Landcastle
Bellingham City Council	Bob Ryan
Whatcom County Council	Seth Fleetwood
Whatcom County Water District No. 10	Tom Hadd
Birch Bay Water and Sewer District	Pat Alesse

APPOINTED OFFICIALS

Executive Director	James Miller
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ADDRESS

Council	314 E. Champion Bellingham, WA 98225
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Audit Areas Examined

Whatcom Council of Governments Whatcom County January 1, 2004 through December 31, 2005

In keeping with general auditing practices, we do not examine every portion of the Whatcom Council of Governments' financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the Council were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the Council's accountability in the following areas:

- Petty cash and revolving accounts
- Cash disbursements
- Cash receipting and revenues

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Risk management
- Competitive bid law compliance
- Legal and supported payments
- Contracts and agreements
- Travel expenses
- Open Public Meetings Act
- State grants
- Conflict of interest laws

FEDERAL PROGRAMS

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

FINANCIAL AREAS

Our opinion on the Council's financial statements is provided in a separate report. That report includes the Council's financial statements and other required financial information. We examined the financial activity and balances of the Council including:

- Cash and investments
- Overall presentation of the financial statements
- Revenues
- Expenditures