

Washington State Auditor's Office
Accountability Audit Report

Whatcom Council of Governments
Whatcom County

Report Date
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WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

September 15, 2008

Council
Whatcom Council of Governments
Bellingham, Washington

Report on Accountability

Please find attached our report on the Whatcom Council of Governments' accountability 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
August 27, 2008**

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Audit Summary

Whatcom Council of Governments Whatcom County August 27, 2008

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, 2006, through December 31, 2007.

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 August 27, 2008

ABOUT THE COUNCIL

The Whatcom Council of Governments is an inter-governmental 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, which serve an estimated population of over 185,000 citizens. In fiscal year 2007, The Council employed a 12-member staff and had operating expenditures of over \$1.4 million. The majority of the funding for the Council comes from local dues along with state, federal and local grants.

The governing officials of the Council consist of an Executive Board and Full Council. The Executive Board meets on a monthly basis to carry out the responsibilities of day-to-day Council activities. Mayors, Executives, Commissioners and Council Members of local governments serve as Board Members. The Full Council is a 20-member board comprised of elected representatives of local general purpose and special district governments throughout Whatcom County. As of December 31, 2007, the Full 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. The Full Council's primary purpose is inter-governmental coordination in the development of policies and programs of mutual benefit to member jurisdictions. The Full Council meets on a quarterly basis to adopt budgets and policies.

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 (2007):

Jack Louws
Sam Crawford
Scott Walker
Pete Kremen
Bob Ryan
Mike Myers
Tim Douglas
Dan Pike
Bob Bromley
Dennis Holmstrom

Full Council (2007): Includes the Executive Board plus the following:

Jennifer Lautenbach
Mike Reilly
Tom Jones
Terry Bornemann
Seth Fleetwood
Tom Hadd
Pat Alesse
Jerry Landcastle
Tom Hadd
Pat Alesse
Roger Bull
Dave Finet
Bob Aitken
Richard Walsh
Bob Frazier

Executive Board (2006)

Jack Louws
Bob Ryan
Doug Smith
Pete Kremen
Mark Asmundson
Sam Crawford
Mike Myers
Dennis Holmstrom
Tim Douglas

Full Council (2006): Includes the Executive Board plus the following:

Jennifer Lautenbach
Mike Reilly
Tom Jones
Terry Bornemann
Seth Fleetwood
Tom Hadd
Pat Alesse
Tom Hadd
Roger Bull
Bob Aitken
Robert Frazier
Kay Sardo
Richard Walsh

APPOINTED OFFICIALS

Executive Director
Finance Manager
Office Manager

James Miller
Ron Cubellis
Leslye O'Shaughnessy

ADDRESS

Council

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Audit Areas Examined

Whatcom Council of Governments Whatcom County August 27, 2008

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

We evaluated the Council's accountability and compliance with laws, regulations, contracts and grant agreements in the following areas:

- Imprest accounts
- International Mobility and Trade Corridor event revenues
- Disbursements
- Travel expenditures
- Purchase cards
- Bid law compliance
- Prize and reward inventory
- Safeguarding of assets
- Conflicts of interest
- Open Public Meetings Act

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
- Revenues
- Expenditures/expenses
- Financial condition
- Overall presentation of the financial statements
- Financial statement preparation



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.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular 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. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

State Auditor
Chief of Staff
Chief Policy Advisor
Director of Administration
Director of State and Local Audits
Director of Performance Audit
Director of Special Investigations
Director for Legal Affairs
Local Government Liaison
Communications Director
Public Records Officer
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