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
Table of Contents

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

Audit Summary.............................................................................................................................................. 1
Description of the Council............................................................................................................................. 2
Audit Areas Examined................................................................................................................................... 4
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.
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
- Bellingham City Council
- Port of Bellingham
- Whatcom County Executive
- Mayor, City of Bellingham
- Whatcom County Council
- Mayor, City of Blaine
- Mayor, City of Ferndale

Executives Board (2004):
- Mayor, City of Blaine
- Port of Bellingham
- Whatcom County Executive
- Mayor, City of Bellingham
- Whatcom County Council
- Mayor, City of Lynden
- Bellingham City Council
- Nooksack City Council
- Mayor, City of Blaine

Full Council (2005): Includes the Executive Board plus the following:
- Everson City Council
- Sumas City Council
- Nooksack City Council
- Bellingham City Council
- Whatcom County Council
- Whatcom County Water District No. 10
- Birch Bay Water and Sewer District

Full Council (2004): Includes the Executive Board plus the following:
- Everson City Council
- Sumas City Council
- Nooksack City Council
- Bellingham City Council
- Whatcom County Council
- Whatcom County Water District No. 10
- Birch Bay Water and Sewer District

APPOINTED OFFICIALS

Executive Director: James Miller

ADDRESS

Council
314 E. Champion
Bellingham, WA 98225
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 receipting and revenues
- Cash disbursements

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

- Risk management
- Legal and supported payments
- Travel expenses
- State grants
- Competitive bid law compliance
- Contracts and agreements
- Open Public Meetings Act
- 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
- Revenues
- Expenditures
- Overall presentation of the financial statements