



Office of the Washington State Auditor

Pat McCarthy

Accountability Audit Report

City of Selah

Yakima County

For the period January 1, 2014 through December 31, 2015

Published February 9, 2017

Report No. 1018582





Office of the Washington State Auditor Pat McCarthy

February 9, 2017

Mayor and City Council
City of Selah
Selah, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for City operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the City's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

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AUDIT SUMMARY

Results in brief

In the areas we audited, City operations complied with applicable requirements and provided adequate safeguarding of public resources. The City also complied with state laws and regulations and its own policies and procedures in the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the City of Selah from January 1, 2014 through December 31, 2015.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the City's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Open Public Meetings Act
- General disbursements
- Cell phone use
- Safeguarding of assets – Police Department
- Conflict of interest
- Credit card use
- Cash receipting – Municipal Court
- Hearing examiner fees

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**City of Selah
Yakima County
January 1, 2014 through December 31, 2015**

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of the City of Selah. The State Auditor's Office has reviewed the status as presented by the City.

Audit Period: 1/1/2014 – 12/31/2014	Report Ref. No.: 1015292	Finding Ref. No.: 2014-001	CFDA Number: 66.468
Federal Program Name and Granting Agency: Capitalization Grants for Drinking Water State Revolving Funds, U.S. Environmental Protection		Pass-Through Agency Name: Department of Health	
Finding Caption: The City did not have adequate internal controls to ensure compliance with federal procurement requirements.			
Background: The City spent \$1,228,273 through its Drinking Water State Revolving Fund loan program in 2014 to update infrastructure related to its drinking water system. The City spent \$196,478 of the funds on an engineering contract to provide design and project management services on the project. The City advertised a request for qualifications for engineering services in compliance with procurement requirements for professional services. However, the City did not document how it evaluated the proposals based on established criteria. The services were allowable under the federal program, and as a result, we did not question these costs.			
Status of Corrective Action: <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>The City did not procure any architecture or engineering services in 2015. The City has developed a checklist with criteria for evaluating engineering firms. These checklists will be used in future selection processes and will be retained to support selections made.</i>			

RELATED REPORTS

Financial

Our opinion on the City's financial statements is provided in a separate report, which includes the City's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

That report includes a finding for a material weakness in internal controls over financial reporting. Specifically,

- The City does not use the most current version of the *Budgeting, Accounting and Reporting System* (BARS) manual to prepare the annual financial statement and related schedules, and has not implemented sufficient procedures to analyze new accounting standards.
- Once drafted, the financial statements are not reviewed by an independent person who is knowledgeable about City activity and applicable reporting requirements.

INFORMATION ABOUT THE CITY

The City of Selah serves 7,290 citizens in Yakima County. It is a noncharter code city administered by a mayor-council form of government. The citizens elect seven Council Members and a Mayor. The City operates on an annual budget of \$13 million.

The City's 50 full-time employees provide services including water, sewer, police, Municipal Court, fire, emergency medical, street maintenance and improvement, parks and recreation and general administration.

Contact information related to this report

Address:	City of Selah 115 W. Naches Selah, WA 98942
Contact:	Dale Novobielski, Clerk/Treasurer
Telephone:	(509) 698-7334
Website:	www.ci.selah.wa.us

Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Selah at <http://portal.sao.wa.gov/ReportSearch>.

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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

Our 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. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office

Public Records requests	<u>PublicRecords@sao.wa.gov</u>
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Toll-free Citizen Hotline	(866) 902-3900
Website	<u>www.sao.wa.gov</u>