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Mission Statement: Meeting the challenge of protecting the environment and providing quality sewer service to the community.

**MINUTES
OF SPECIAL MEETING
BOARD OF COMMISSIONERS**


**July 27, 2017
Lake Stevens Sewer District Board Room**

Attendees: Commissioners Pam Stevens and Brent Kirk. General Manager Michael Bower and Administration Manager Tonya Christoffersen. District Staff: Mickie Cooper. Auditors Heide Brillantes, Kristina Baylor and Kirk Gadbois.

1. **Called to Order** Commissioner Stevens called the meeting to order at 8:02AM and turned the meeting over to Heide Brillantes
2. **Audit Entrance Meeting with representatives of the State Auditor's Office** – Heide discussed what to expect during the next few weeks as she is here going over both the financial and accountability audits.
3. **Conclude** – Commissioner Stevens concluded the meeting at 8:55AM with no action taken.

Signed in a regular open public meeting this 14th day of September, 2017





Pam Stevens, Secretary and Commissioner



Frank McDaniel, Commissioner



Brent Kirk, President and Commissioner



Office of the Washington State Auditor

Pat McCarthy

Pat McCarthy
State Auditor

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Entrance Conference: Lake Stevens Sewer District

About our Office

The Washington State Auditor's Office's vision is government that works for citizens. Our goal is for government that works better, costs less and earns greater public trust.

The purpose of this meeting is to share our planned audit scope so that we are focused in the most significant areas. We value and appreciate your input.

Audit Scope

Based on our preliminary planning, we will perform the following audits:

- **Financial statement audit** for the fiscal year 2016

The purpose of our financial statement audit is to provide an opinion on whether your financial statements are presented fairly, in all material respects, in accordance with the applicable reporting framework. The audit does not attempt to confirm the accuracy of every amount, but does search for errors large enough to affect the conclusions and decisions of a financial statement user.

- **Federal grant compliance audit** for the fiscal year 2016

An audit is required pursuant to the federal Single Audit Act of 1984 when a local government spends \$750,000 or more annually in federal financial assistance. Our objective is to determine whether there is compliance with federal requirements that could have a direct and material effect on a major federal program and to report on noncompliance.

We plan to test the following federal programs:

- Capitalization Grants for Clean Water State Revolving Funds, CFDA no. 66.458

Federal requirements stipulate the submission of these audit reports, along with the Data Collection Form, to the federal clearinghouse within 30 days after receipt of the report or nine months after the end of the audit period, whichever is earlier.

Engagement Letter

We have provided an engagement letter that confirms both management and auditor responsibilities, and other engagement terms and limitations. Additionally the letter identifies the cost of the audit, estimated timeline for completion and expected communications.

Levels of Reporting

Findings

Findings formally address issues in an audit report. Findings report significant deficiencies and material weaknesses in internal controls; misappropriation; and material abuse or non-compliance with laws, regulations or policies. You will be given the opportunity to respond to a finding and this response will be published in the audit report.

Management Letters

Management letters communicate control deficiencies, non-compliance or abuse with a less-than-material effect on the financial statements or other issues with significance to the audit objectives. Management letters are referenced, but not included, in the audit report.

Exit Items

Exit items address control deficiencies or non-compliance with laws or regulations that have an insignificant or immaterial effect, or errors with an immaterial effect on the financial statements. These issues are informally communicated to management.

Other Information

Confidential Information

Our Office is committed to protecting your confidential or sensitive information. Please notify us when you give us any documents, records, files, or data containing information that is covered by confidentiality or privacy laws.

Audit Costs

We will communicate audit costs with our audit liaison, Tonya Christoffersen, once we finalize our audit planning procedures.

Expected Communications

During the course of the audit, we will communicate with Tonya Christoffersen, Deputy Manager of Administration on the audit status, any significant changes in our planned audit scope or schedule and preliminary results or recommendations as they are developed.

Please let us know if, during the audit, any events or concerns come to your attention of which we should be aware. We will expect Tonya Christoffersen to keep us informed of any such matters.

Audit Dispute Process

Please contact the Audit Manager or Assistant Director to discuss any unresolved disagreements or concerns you have during the performance of our audit. At the conclusion of the audit, we will summarize the results at the exit conference. We will also discuss any significant difficulties or disagreements encountered during the audit and their resolution.

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 us feedback.

Loss Reporting

Local governments are required to immediately notify our Office in the event of a known or suspected loss of public resources or other illegal activity. These notifications can be made on our website at <http://portal.sao.wa.gov/saoportal/public.aspx/LossReport>.

Peer Reviews of the Washington State Auditor's Office

To ensure that our audits satisfy *Government Auditing Standards*, our Office receives external peer reviews every three years by the National State Auditors Association (NSAA). The most recent peer review results are available online at <http://www.sao.wa.gov/about/Pages/PeerReviews.aspx>. Our Office received a "pass" rating, which is the highest level of assurance that an external review team can give on a system of audit quality control.

Available Resources

The Washington State Auditor's Office also has many resources available throughout the year.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally this team assists with the online filing of your financial statements.

Local Government Performance Center

The Performance Center is a resource for local governments that need to solve problems, reduce costs, and improve the value of their services to citizens. The Center offers training and tools to help local governments improve performance and effectiveness. One tool provided by the Center is the Financial Intelligence Tool or FIT. It is available to the majority of governments that report their financial statements using the BARS Manual. You can download FIT through the online Client Portal where you sign in to file your annual report.

FIT is designed to provide understandable information to financial decision makers of any experience level. The financial data that you file online is clearly presented using widely accepted financial guidelines. To learn more about FIT and how to use it, please read a one-page explanation, which can be found at:

www.sao.wa.gov/local/Documents/FIT_Announcement.pdf.

Audit Team Qualifications

Kelly Collins, CPA, Director of Local Audit – Kelly has been with the Washington State Auditor’s Office since 1992. In her role she oversees the audit teams which perform the audits for over 2,200 local governments. She serves on the Washington Finance Officers Association Board and is a member of the Washington Society of Certified Public Accountants’ Government Auditing and Accounting Committee.

Tina Watkins, CPA, Assistant Director of Local Audit – Tina has been with the Washington State Auditor’s Office since 1994. In her role as Assistant Director, she assists with statewide oversight and management of all the audits for local government. She served as an Audit Manager for six years prior to becoming an Assistant Director of Local Audit. Additionally, Tina is a Program Manger facilitating county audits statewide.

Kristina Baylor, Audit Manager – Kristina has been with the State Auditor’s Office since 2005. She was promoted to Program Manager in 2015 and oversees the Agency’s audits of Fire Districts, Emergency Medical Services and Trauma Care Councils. Kristina also manages the Agency’s local audit team based in Mill Creek, which performs financial, single and accountability audit work for local and state governments in the Snohomish and northern King County areas. Prior to becoming an Agency Program Manager, she served in various roles including the Audit Manager for the Everett team and as an Assistant Audit Manager on the Bellingham and Everett teams. Kristina has a Bachelor’s in Business Administration – Finance from Western Washington University.

Kirk Gadbois, Assistant Audit Manager – Kirk has been with the State Auditor’s Office since 2009. Kirk has been with the State Auditor’s Office since 2009 and has previous experience leading audits of local governments in eight counties across the State. In his current role, he assists with the management of the Everett team and supervises the financial, single and accountability work at local governments. Kirk served as the Audit Supervisor of Lake Stevens Sewer District’s fiscal year 2014 audit.

Heide Brillantes, Audit Lead – Heide has been with the State Auditor’s Office since 2015. Heide performs audit work in accordance with the audit plan to ensure Office quality expectations and standards are met. She has led and assisted with the performance of financial, accountability, and federal compliance audits at a variety of government types. Heide has obtained her Bachelors of Science in Finance from California State University – Northridge and also has a certificate in Government Contract Management from UCLA. Heide also serves as one of the statewide SAO staff recruiters. Heide served as the Audit Lead of Lake Stevens Sewer District’s fiscal year 2015 audit.

MEETING DATE: July 27, 2017
TYPE: Special Mtg

VISITOR SIGN-IN

If you would like to address the Board of Commissioners, it will be necessary for you to sign in. Thank you.

Print Name	Signature	Address	Phone	Purpose