

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**Benton County**

Report Date  
**November 28, 2005**

**Report No. 69917**

Issue Date  
**December 30, 2005**



Washington \_\_\_\_\_  
***State Auditor***  
\_\_\_\_\_  
Brian Sonntag



**Washington State Auditor  
Brian Sonntag**

December 30, 2005

Board of Commissioners  
Benton County  
Prosser, Washington

***Report on Accountability for Public Resources***

Please find attached our report on Benton County's 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 County'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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# Audit Summary

**Benton County  
November 28, 2005**

## ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of Benton County.

We performed audit procedures to determine whether the County complied with state laws and regulations and its own policies and procedures. We also examined County 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, 2004.

## ***RESULTS***

The County complied with state laws and regulations and its own policies and procedures in most areas we examined. We noted one condition regarding internal controls over cash receipting. We also noted certain issues that we communicated to County's management. In addition, we identified one issue significant enough to report as a finding.

## ***RELATED REPORTS***

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

## ***CLOSING REMARKS***

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

# Description of the County

## Benton County January 1, 2004 through December 31, 2004

### **ABOUT THE COUNTY**

Benton County was incorporated in 1905 and serves approximately 155,100 citizens. A commissioner form of government administers the County, with three elected Commissioners and seven independently elected administrative offices of Assessor, Auditor, Clerk, Treasurer, Prosecuting Attorney, Sheriff and Coroner. The County has an annual budget of approximately \$111.1 million and approximately 700 employees who provide an array of services including road maintenance and improvement, public safety, judicial administration, health and social services, and general administrative services.

### **AUDIT HISTORY**

We audit the County annually. The past six audits of the County have contained five findings. During that period, the number of findings has ranged from three in 2000 to one in 1998 and 2003. No findings were reported in the 1999, 2001 or 2002 audits. We are reporting one finding in the 2004 audit. County officials have taken steps to make improvements to correct conditions noted in prior findings. We believe this reflects the County's desire and commitment to maintain a strong financial system. We appreciate the County's prompt attention to resolve audit issues and its commitment to establish public accountability.

### **ELECTED OFFICIALS**

These officials served during the audit period:

Board of Commissioners:

Assessor

Auditor

Clerk

Prosecuting Attorney

Treasurer

Sheriff

Coroner

District Court Judges:

Superior Court Judges:

Leo Bowman

Max Benitz Jr.

Claude Oliver

Barbara Wagner

Bobbie Gagner

E. Kay Bacca-Staples

Andrew Miller

Duane Davidson

Larry Taylor

Floyd Johnson

Eugene Pratt

Robert Ingvalson

Holly Hollenbeck

Carolyn Brown

Craig Matheson

Robert Swisher

Vic Vanderschoor

Dennis Yule

**APPOINTED OFFICIALS**

County Administrator  
County Engineer  
Human Services Director  
Planning and Building Director  
Central Services Manager  
Facilities and Parks and  
Sustainable Development Manager

David Sparks  
Ross Dunfee  
Dave Hopper  
Terry Marden  
Randy Reid  
  
Gary Ballew

**ADDRESS**

County

620 Market  
P.O. Box 190  
Prosser, WA 99350  
(509) 786-5600

# Audit Areas Examined

## Benton County January 1, 2004 through December 31, 2005

In keeping with general auditing practices, we do not examine every portion of Benton County's 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 County were examined during this audit period:

### ***ACCOUNTABILITY FOR PUBLIC RESOURCES***

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

- Cash receipting and revenues
- County Sheriff's Department
- Building permits
- Land sales
- Schedule of State and Local Assistance
- Petty cash, travel and revolving accounts
- Electronic fund transfers
- Cash disbursements
- Expenditures, vouchers and credit cards
- Financial statement preparation and journal entries
- Payroll

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

- Deposit and investment of public funds
- Timely deposit of public funds
- Use of restricted funds
- Required financial schedules
- Insurance and bonding
- Budgeting requirements
- Ethics/conflict of interest laws
- Open Public Meetings Act
- Public records retention
- Public records request
- Long-term debt covenant compliance
- Arbitrage
- Impact fees
- Interfund transactions
- Competitive bid law compliance
- Public works contracts
- Contracts and agreements
- Citation accountability
- County Assessor's Office property tax exemptions
- County Auditor's Office
- County Treasurer's Office
- Allowable expenditures
- Travel expenses
- Advance travel payments and reimbursements
- One fund benefiting at the expense of another

### ***FEDERAL PROGRAMS***

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

## ***FINANCIAL AREAS***

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

- Cash and investments
- Revenues
- Expenditures
- Capital assets
- Infrastructure
- Journal entries
- Long-term debt
- Subsequent events
- Going concern
- Related party transactions
- Overall presentation of the financial statements

# Schedule of Audit Findings

## Benton County January 1, 2004 through December 31, 2004

### 1. **Benton County did not ensure that proper internal controls and monitoring were in place over cash receipting and adjustments for building permits.**

#### **Description of Condition**

We performed follow-up work on an issue identified during the prior audit relating to internal controls and monitoring of cash receipting and adjustments for County building permits. Building permit revenues for 2004 were \$700,375, a decrease of \$3,268 from 2003.

During the current audit, the County stated the Building Department was developing a permit tracking system that would incorporate our recommendations for improvements. County officials also stated the Department had been making deposits daily or every other day. However, the County did not indicate any other changes to its cash receipting and adjustments procedures had been made. The conditions we noted increase the risk of a misappropriation or loss of public funds.

We noted the following:

- Seven staff members have access to one cash box.
- Duties are not segregated because the office manager makes the deposits and reconciles deposits to receipts.
- Funds were not deposited daily. At times funds receipted were not deposited for up to nine business days.
- The County has no method to track, monitor or distinguish adjustments from other receipts.

#### **Cause of Condition**

The County did not ensure that adequate internal controls and monitoring procedures were established and followed to safeguard cash receipting and adjustments activities.

#### **Effect of Condition**

The internal control weaknesses described above create an environment in which public funds could be misappropriated or lost. Until the Department establishes the necessary controls, public funds are at risk.

#### **Recommendation**

To ensure safeguarding of public resources, we recommend:

- The Building Department assigns accountability over cash drawers and computers.
- Deposits be made daily.
- Someone independent of the cash receipting system monitor the cash receipts for cash/check composition and reconcile the cash receipts to the number of permits issued.
- The County develop a tracking system for monitoring adjustments and establish and follow policies and procedures over handling, monitoring, and tracking adjustments.

## County's Response

*The County concurs with the finding and recommendations related to building permits. Specifically we have implemented and plan to address the recommendation as follows:*

- *As of November 16, 2005, only two employees within the Building Department are designated to receive monies. These employees are the Permit Technician and the Office Assistant. Access to the cash drawer is documented. Upon approval of a resolution for an additional cash drawer for the Building Department (expected on November 28, 2005) the Permit Technician and the Office Assistant will each have access to their own individual cash drawer.*
- *As of November 16, 2005, all funds received in the Building Department are deposited within 24 hours of receipt.*
- *As of November 16, 2005, the Office Manager is responsible for independently reconciling the cash receipts to the number of permits issued.*
- *The current County system will not accommodate changes for monitoring adjustments. A new system, which will be operational in the first quarter of 2006, will allow the County to monitor and track adjustments. Policies and procedures for handling, monitoring and tracking adjustments will be implemented as a part of the new system.*

## Auditor's Remarks

We appreciate the County's commitment to resolve this finding and thank the County for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

## Applicable Laws and Regulations

RCW 43.09.200 Local government accounting – Uniform system of accounting states in part:

. . . The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, or other persons. The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to be made, for the internal administration of the office to which they pertain; and all reports published or required to be published, for the information of the people regarding any and all details of the financial administration of public affairs.

RCW 43.09.240 Local government accounting--Public officers and employees--Duty to account and report--Removal from office--Deposit of collections.

Every public officer and employee of a local government shall keep all accounts of his or her office in the form prescribed and make all reports required by the state auditor. . . . Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the local government once every twenty-four consecutive hours.

Volume 1, Part 3, Chapter 1, Page 12 of the 2004 *Budgeting, Accounting and Reporting System (BARS) Manual*, issued by the State Auditor's Office pursuant to RCW 43.09.230, states in part:

Each entity is responsible for establishing and maintaining an effective system of internal controls throughout their government . . .

An internal control system should provide *reasonable assurance* that an entity will accomplish its objectives.

# Status of Prior Audit Findings

## Benton County November 28, 2005

This status of findings contained in the prior years' audit reports of Benton County is provided below:

- 1. The County did not comply with the Open Public Meetings Act, public records retention requirements and public records request requirements.**

**Report No. 67674, dated December 17, 2004**

### **Background**

During our review of compliance with the Open Public Meetings Act, records retention requirements and public records request requirements, we were unable to obtain from the County all e-mail downloads from county employees, appointed officials and elected officials for the fiscal year 2003.

We were informed by the County that the County does not have the capability to retrieve all e-mails in detailed content and does not have a place where e-mails could be stored for retrieval. We also were unable to identify any central monitoring of e-mail communications to ensure that the County was in compliance with its own policies, the public records retention requirements, and the public records request requirements.

### **Status**

The County has partially corrected the issues noted in this finding. The Central Services department has purchased software that will enable it to organize, store and management its e-mail, but the system is not in place yet. We will review the County's progress during our next audit.