



**Office of the Washington State Auditor  
Pat McCarthy**

November 2, 2018

Board of Directors and Executive Director  
Vashon Maury Park and Recreation District  
P.O. Box 1608  
Vashon, WA 98070

We are pleased to confirm the audit to be performed by the Office of the Washington State Auditor for the Vashon Maury Park and Recreation District. This letter confirms the nature and limitations of the audit, as well as responsibilities of the parties and other engagement terms.

**Office of the Washington State Auditor Responsibilities**

**Accountability Audit**

In accordance with RCW 43.09.260, we will perform an accountability audit for the fiscal years ended December 31, 2016 and 2017, of the District's compliance with applicable state laws, regulations, policies and procedures, and safeguarding of public resources in areas representing the highest risk of fraud, loss, abuse, or noncompliance.

Areas will be selected for audit using a risk-based approach and will be identified in the audit entrance conference.

Upon completion of our audit we will issue a written report describing the overall results and conclusions for the areas we examined.

**Reporting Levels for Audit Issues**

Issues identified through the auditing process will be communicated as follows. Failure to appropriately address audit issues may result in escalated reporting levels.

- **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, contracts or grant agreements. You will be given the opportunity to respond to a finding, and this response, or a synopsis of it, will be published in the audit report.
- **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** address control deficiencies or non-compliance with laws or regulations that have an insignificant or immaterial effect on the audit objectives, or errors with an immaterial effect on the financial statements. These issues are informally communicated to management, but do not warrant the attention of those charged with governance and are not referenced in the audit report.

### **Client's Responsibilities**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis *Budgeting, Accounting and Reporting System Manual* (BARS); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Our audit does not relieve management or the governing body of their responsibilities.

Management is also responsible for:

- Selecting and applying appropriate administrative and accounting policies.
- Establishing and maintaining effective internal controls over financial reporting, compliance, and safeguarding of public resources.
- Designing and following effective controls to prevent and detect fraud, theft, and loss.
- Ensuring compliance with laws, regulations and provisions of contracts and grant agreements.
- Making all financial records and related information available to us.
- Correcting the financial statements based on the results of our audit.
- Identifying and providing copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented.
- Promptly reporting to us knowledge of any fraud, allegations of fraud or suspected fraud involving management, employees or others, in accordance with RCW 43.09.185.
- Providing us with a management representation letter, on the District's own letterhead, that confirms certain representations, both express and implied, which we will request at the conclusion of our audit. This letter includes representations regarding legal matters. A separate letter may be needed from the District's legal counsel.
- Following up and taking corrective action on all audit findings, including, when applicable, preparing a summary schedule of prior audit findings and a corrective action plan on the District's own letterhead.
- Preparing the following supplementary information and providing us with certain written representation concerning the supplementary information:
  - Schedule of Liabilities in accordance the BARS Manual
- Including the auditor's report on the supplementary information in any document that both contains the supplementary information and indicates that the auditor reported on the supplementary information.
- Either presenting the supplementary information with the audited financial statements or, if the supplementary information will not be presented, making the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information and auditor's report thereon are issued.

Management will provide the Office of the Washington State Auditor with the information required for performing the audit and is responsible for the accuracy and completeness of that information. Management will notify the Office of the Washington State Auditor when any documents, records, files, or data contain information that is covered by confidentiality or privacy laws, such as HIPAA.

All misstatements identified by the audit will be discussed with management. Material misstatements corrected by management and all uncorrected misstatements will be communicated at the exit conference, as required by professional auditing standards.

### **Management's Written Representations**

At the conclusion of our audit, we will also request certain written representations from you about the audit, including items discussed above.

**Estimated Audit Costs and Timeline**

We estimate the cost of the audit work to be \$10,000, plus estimated charges for travel time of \$1,000, travel costs, and other expenses, if any, with work expected to commence by October 22, 2018. Invoices for these services will be prepared and presented each month as our audit work progresses.

We anticipate our reports, which will be addressed to the District's governing body and published on our website [www.sao.wa.gov](http://www.sao.wa.gov) to be available to you and the public as outlined below. These estimates are based on timely access to financial information and no significant audit reporting issues. The estimated cost and completion date may change if unforeseen issues arise or if significant audit issues are identified necessitating additional audit work. We will promptly notify you if this is the case.

<b>Report</b>	<b>Date*</b>
Independent Auditor's Report on Accountability	December 2018

*\*Report Issuance Dates Are Estimates Only*

The audit documentation for this engagement, which may contain confidential or sensitive information, is the property of SAO and constitutes a public record under Chapter 42.56 RCW. Subject to applicable laws and regulations, appropriate individuals, as well as audit documentation, will be made available upon request and in a timely manner to appropriate auditors and reviewers, District's management and governing body, and federal agencies, for purposes of a public records request, a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities.

The audit documentation for this engagement will be retained for a minimum of five years after the report release (publish) date in accordance with the public records retention schedule established by the Washington Secretary of State.

**Expected Communications**

During the course of the audit, we will communicate with the District's selected audit liaison, Elaine Ott-Rocheford, Executive Director, on the audit status, any significant changes in our planned audit scope or schedule and preliminary results or recommendations as they are developed. The audit liaison is responsible for regularly updating the District's management and the governing body on these matters. We may also provide direct communication of these matters to management and the governing body as needed or at the District's request.

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

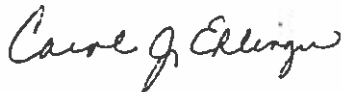
**Audit Dispute Process**

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.

By signing and returning this letter you acknowledge that the foregoing is in accordance with your understanding. Please contact us with any questions.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

Sincerely,

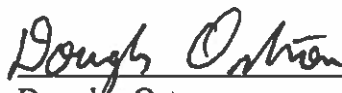


11/1/2018

Carol Ehlinger, Audit Manager *Date*  
Office of the Washington State Auditor

**District Response:**

**This letter correctly sets forth our understanding.**



11/2/2018

Douglas Ostrom *Date*  
Board of Commissioners, Chair



11/2/2018

Elaine Ott-Rocheford *Date*  
Executive Director



# Office of the Washington State Auditor

Pat McCarthy

## **Entrance Conference: Vashon Maury Park and Recreation District**

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

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

### **Audit Scope**

Based on our planning, we will perform the following audit:

#### **Accountability audit for January 1, 2016 through December 31, 2017**

We will examine the management, use and safeguarding of public resources to ensure there is protection from misuse and misappropriation. In addition, we will evaluate whether there is reasonable assurance for adherence to applicable state laws, regulations and policies and procedures.

We plan to evaluate the following areas:

- General disbursements
- Payroll
- Cash receipting – pool location
- Procurement – emergency procurements

### **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.

Accountability audits differ in scope from financial statement and single audits. Financial statement audits determine if amounts reported in the financial statements are fairly stated and materially accurate, while single audits determine compliance with specific federal grant requirements. In contrast, accountability audits determine compliance with laws, regulations and the entity's own policies and procedures in areas selected for testing, as well as determine if public assets are safeguarded against misuse or abuse.

### **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 effect on the audit objectives. These issues are informally communicated to management.

## **Important 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**

The cost of the audit is estimated to be approximately \$11,000, plus travel expenses.

### **Expected Communications**

During the course of the audit, we will communicate with Elaine Ott-Rocheford, Executive Director, 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 Elaine Ott-Rocheford 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.

### **Loss Reporting**

State agencies and 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.

## **Working Together to Improve Government**

### **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.

### **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.

### **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.

## **Audit Team Qualifications**

**Douglas Peters, Assistant State Auditor** – Douglas has worked for the State Auditor's office since 2016. During his time with the State Auditor's Office he has assisted on audits including cities, counties, fire protection districts, and school districts. Prior to coming to work with the Auditor's Office he audited churches and worked as a bookkeeper. Phone: (360) 895-6133 or [petersd@sao.wa.gov](mailto:petersd@sao.wa.gov)

**Zac Wilson, CFE, Assistant Audit Manager** – Zac has worked for the State Auditor's office since 2007 and has been an Assistant Manager since 2012. During his time at the office he also served as an Assistant Fraud Manager leading fraud investigations. While on Team Port Orchard he has led, supervised, or assisted on most entities we audit in our region. Phone: (360) 895-6133 or [wilsonz@sao.wa.gov](mailto:wilsonz@sao.wa.gov)

**Carol Ehlinger, Program Manager** – Carol has worked for the State Auditor's Office since 2002. She worked on Team Wenatchee as an Assistant Audit Manager and on teams TriCities, Central King County and presently Port Orchard as the Audit Manager. Carol has been an Audit Manager since 2004. Carol is the Program Manager for Transits, Transportation Benefit Districts, Public Development Authorities and Public Facilities Districts. Phone: (360) 895-6133 or [ehlingerc@sao.wa.gov](mailto:ehlingerc@sao.wa.gov)

**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. Phone: (360) 260-6408 Ext. 106 or [Tina.Watkins@sao.wa.gov](mailto:Tina.Watkins@sao.wa.gov)

**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. Phone: (360) 902-0091 or [Kelly.Collins@sao.wa.gov](mailto:Kelly.Collins@sao.wa.gov)