

Washington State Auditor's Office
Accountability Audit Report

**Cities Insurance Association of
Washington
Grant County**

Report Date
August 2, 2013

Report No. 1010326

Issue Date
August 26, 2013



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

August 26, 2013

Board of Directors
Cities Insurance Association of Washington
Ephrata, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your Pool to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on the Cities Insurance Association of Washington's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

TROY KELLEY
STATE AUDITOR

Table of Contents

**Cities Insurance Association of Washington
Grant County
August 2, 2013**

Audit Summary	1
Related Reports	2
Description of the Pool	3
Status of Prior Audit Findings	5

Audit Summary

Cities Insurance Association of Washington Grant County August 2, 2013

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Cities Insurance Association of Washington from September 1, 2011 through August 31, 2012.

We evaluated internal controls and performed audit procedures on the activities of the Pool. We also determined whether the Pool complied with state laws and regulations and its own policies and procedures.

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 noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Member grants
- Regulatory compliance

RESULTS

In the areas we examined, the Pool's internal controls were adequate to safeguard public assets. The Pool also complied with state laws and regulations and its own policies and procedures in the areas we examined.

Related Reports

**Cities Insurance Association of Washington
Grant County
August 2, 2013**

FINANCIAL

Our opinion on the Pool's financial statements is provided in a separate report, which includes the Pool's financial statements.

Description of the Pool

Cities Insurance Association of Washington Grant County August 2, 2013

ABOUT THE POOL

The Cities Insurance Association of Washington was formed through an inter-local agreement among several cities in 1988. The inter-local agreement allows the joint purchase of insurance, joint self-insuring, joint hiring or contracting for risk management services and claims administration. As of fiscal year end 2012, the Pool had approximately 250 members. The Pool is regulated by the state Office of Risk Management with the Department of Enterprise Services.

An elected, nine-member Board governs the Pool. Directors are elected from member districts. The Pool does not have any employees of its own; it contracts with a private firm for claims administration and risk management services. For the period audited ending August 31, 2012, the Pool operated on an annual budget of approximately \$9.8 million.

APPOINTED OFFICIALS

These officials served during the audit period:

Board of Directors:

Wes Crago, City of Ephrata
Patrick Reay, City of College Place
Teresa Camfield, City of Lynden
Tim Snead, City of Quincy
Carla Shirley, Town of Wilbur
Brian Asmus, City of Liberty Lake
Laura Koenig, City of Sultan
Gina Anderson, City of Woodland
Helen Harvey, City of Yakima
Don Fortier, Grant County Fire
Protection District No. 3

POOL CONTACT INFORMATION

Address: Cities Insurance Association of Washington
451 Diamond Drive
Ephrata, WA 98823-2619

Phone: (509) 754-2027

Website: www.ciaw.us

AUDIT HISTORY

We perform an accountability audit of the Pool annually; although, prior to 2011 we performed the Pool's accountability audits on a two-year cycle. The 2011 accountability audit reported one finding relating to membership agreements. This finding has since been resolved.

Status of Prior Audit Findings

Cities Insurance Association of Washington Grant County August 2, 2013

The status of findings contained in the prior years' audit reports of the Cities Insurance Association of Washington is provided below:

- 1. The Pool placed its members at risk for bearing additional financial liability when it provided risk pooling to organizations that were not signatories to the membership agreement.**

Report No. 1008178, dated July 31, 2012

Background

The Pool is a joint self-insurance program for cities, towns and other special purpose districts in Washington State. Its membership agreement and bylaws establish the contractual relationship with its members and describe how the Pool will reassess members if its operating resources are insufficient.

Our audit found the Pool allowed organizations that had not signed membership agreements to join.

During our audit, we found the Pool did not have signed agreements for 16 local government entities and it was providing risk pooling services to eight of these organizations without a signed membership agreement at the time of our audit.

Status

We examined membership agreements for organizations that had not yet signed agreements at the time of our prior audit and also for new members having joined the Pool through August 31, 2012. We noted no discrepancies and consider this issue resolved.



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.

Our mission is to work with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

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

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