

Risk Assessment Inquiry with Clerk/Treasurer

Below are minimum extent of inquiry, although not every question will be applicable to every person we interview. Financial Reporting questions are not required to be included if not performing a financial statement audit. Auditors are not limited to these questions nor to only asking the questions based on the audit type being performed.

Inquiry with: (name & position)	Fred Munoz, Clerk-Treasurer	Date:	10/29/2019
Question		Summary of Response	
Controls			
1	Does anyone perform a risk assessment at the government-wide level of fraud, loss, noncompliance or misstated financial reports? If yes, is there written documentation available on the risk assessment?	A formal risk assessment is not performed, however, during the daily activities the Clerk/Treasurer is monitoring day to day operations and reviewing bank reconciliation, vendors, and payroll.	
2	What processes (nature, extent and frequency) are in place to monitor whether internal controls are effective?	Checks and balances between the clerk/treasurer, the mayor, and the Council.	
3	Does anyone report periodically to the governing body (or audit committee, if applicable) about internal controls?	The Clerk/Treasurer and department heads report to the Council on a monthly basis.	
4	Are you aware of any instances where normal controls or processes have been bypassed or over-ridden?	Not aware of any.	
Financial Reporting <i>(not required if not performing a financial statement audit)</i>			
5	Were any new accounting standards or policies implemented? If so, do you have any concerns with these?	Not aware of any.	
6	Have there been changes to key accounting software?	No.	
7	Have there been changes to key accounting or other personnel?	No.	
8	Are you aware of any potential pressures, motivations or requests to record inaccurate information, not record information or make unsupported changes to financial records or reports?	No.	
9	Are you aware of any recorded transactions that are unusual or that may lack support?	No.	
10	Are you aware of any disagreements about the correct accounting or reporting for any events or transactions?	No.	
11	What financial statement balances or disclosures do you think are most at risk of being misstated? What has been done to mitigate these concerns when preparing statements this year?	Not aware of any.	
12	Are any financial performance measures or targets used by management or the governing body (ex: budget variances, etc)?	Monthly budget to actual expenditures are reported to Council for review of City financial condition.	
Compliance			
13	Have there been any changes in programs or services offered, or new sources of revenues?	SEID Loan and TIB Grant which were noted in the Meeting Minutes.	
14	Have there been any new laws, regulations, contracts or grants since the last audit?	No.	
15	What laws, regulations or contracts do you think are most at risk of noncompliance? What has been done to mitigate these risks?	Not aware of any.	

Inquiry with: (name & position)		Fred Munoz, Clerk-Treasurer	Date:	10/29/2019
Question			Summary of Response	
16	Are you aware of any potential noncompliance with laws, regulations, grants or contracts since the last audit?		Not aware of any.	
Safeguarding of Public Resources				
17	Have you identified any business risks that might significantly affect operations or financial condition? What has been done to mitigate these risks?		Not aware of any.	
18	How does management communicate policies on acceptable business practices and ethical behavior to employees (e.g. training or awareness programs)? Are you aware of any violations of these policies? Are employees provided an anonymous way to report suspected violations?		Policies are provided and presented to employees. Employees are then required to sign policies as indication they understand.	
19	What specific areas or locations do you think are most at risk of fraud or loss? What has been done to mitigate these concerns?		Not aware of any.	
20	Are you aware of any actual, alleged or suspected instances of fraud or loss since the last audit?		Not aware of any.	
21	Considering other audits that you have already had and the results of those audits, is there any area of concern you would like us to follow up on or incorporate in our audit?		No.	
22	Is there anything else we should be aware of?		Concerned over the Street Fund as the balance has been constantly declining due to the increased in projects. Clerk/Treasurer feels the Council is spending the money without worrying about replenishing the funds. In addition, concern over the \$250,000 transfer from the general fund made to street fund would be unnecessary if money wasn't being overly spent.	

Risk Assessment Inquiry with Mayor

Below are minimum extent of inquiry, although not every question will be applicable to every person we interview. Financial Reporting questions are not required to be included if not performing a financial statement audit. Auditors are not limited to these questions nor to only asking the questions based on the audit type being performed.

Inquiry with: (name & position)	DeWane Ashbrooks, Mayor	Date:	10/29/2019
Question		Summary of Response	
Financial Reporting (not required if not performing a financial statement audit)			
1	<p><i>Entity management is responsible for preparing financial statements. The governing body (or audit committee) is responsible for oversight of financial reporting.</i></p> <p>Are you aware of any potential pressures, motivations or requests for management to record inaccurate information, not record information or make unsupported changes to financial records or reports?</p>	Not aware of any.	
2	<p>Have you identified any business risks that might significantly affect operations or financial condition? If so, what has been done to mitigate these risks?</p>	Not aware of any.	
3	<p>Is there anything reported in the financial statements that seems unusual or unreasonable, based on your understanding?</p>	Not aware of any.	
Compliance			
4	<p>Are you aware of any potential or actual noncompliance with laws, regulations, grants or contracts since the last audit?</p>	Not aware of any.	
Safeguarding of Public Resources / Monitoring Activities related to Fraud - For purposes of the following questions, the term "fraud" involves actions that result in a misstatement in financial statements due to fraudulent financial reporting or misappropriation of assets.			
5	<p><i>Entity management is responsible for identifying, responding to and monitoring the risks of fraud in the entity, including any specific risks that have been previously identified or brought to its attention. The governing body (or audit committee) is responsible for oversight of controls and processes established by management in these areas.</i></p> <p>How does your group oversee the management's risk assessment and monitoring of internal controls related to fraud and safeguarding of public resources (e.g. reviewing reports from management or risk managers, conversations with management or department heads, holding work sessions related to risk assessment or control monitoring results)?</p>	<p>Council and Mayor receive monthly financial reports which compare budgeted to actual expenditures used to monitor City condition. In addition, Council approve all vouchers and payments made from the City and receive updates from department heads on current activities.</p>	
6	<p>Does anyone report periodically to the governing body (or audit committee) about risk assessments related to fraud or safeguarding of public resources and any identified issues?</p>	<p>Department heads and Clerk/Treasurer report to Council during Council meetings.</p>	

Inquiry with: (name & position)	DeWane Ashbrooks, Mayor	Date:	10/29/2019
Question		Summary of Response	
7	<p>Auditing standards require us to ask your views on what areas might be at highest risk for potential fraud and if you are aware of any actual, suspected or alleged fraud.</p> <p><i>We have asked this same question of management and your answer also allows us to corroborate the information they have given us. RCW 43.09.185 also requires reporting of known or suspected loss of public funds or assets or other illegal activity to our Office on an ongoing basis.</i></p>	No aware of any.	
8	Considering other audits that you have already had and the results of those audits, is there any area of concern you would like us to follow up on or incorporate in our audit?	No	
9	Is there anything else we should be aware of?	No	