



Exit Recommendations
City of Tieton
Audit Period Ending: 12/31/2018

We are providing the following exit recommendations for management's consideration. They are not referenced in the audit report. We may review the status of the following exit items in our next audit.

Accountability:

Budget compliance

Budget requirements as identified in the Budgeting, Accounting, and Reporting Standards (BARS) manual section 2.4.3, state that budgets are legally binding and final appropriations should not be exceeded. In 2018, the City Council authorized a transfer totaling \$250,000 from the General Fund to the Street Fund without completing a budget amendment. As a result, the City overspent its final appropriations.

We recommend City establish controls to ensure expenditures within funds do not exceed final approved budget appropriations.

Open Public Meeting's Act

When entering into an executive session, state law (RCW 42.30.110) requires the presiding officer of a governing body to publicly announce the purpose of excluding the public from the meeting place and the time the executive session will be concluding. The City held two executive sessions and the City did not document reason for excluding the public for one executive session; therefore, we cannot determine whether the City is in compliance with state law.

We recommend the City properly document the purpose of the executive session.

Procurement - purchases

State law (RCW 35A.40.210) requires the City to formally bid purchases over \$7,500. State law (RCW 39.04.280) allows the City to waive competitive bidding for purchases that are clearly and legitimately limited to a single source of supply. The waiving of competitive bidding required may be by resolution or by the terms of written policies adopted by the entity. The City purchased a used piece of equipment totaling \$9,500 and did not formally bid this purchase or declare it as sole source.

We recommend the City follow procurement requirements when making purchases.

Disbursements

State Constitution Article VIII, Section 7 prohibits the gifting of public funds. In fiscal years 2017 and 2018, the City purchased flowers totaling \$388 for funerals. The City did not have clear documentation or a policy that would explain how the expenditure carried out the fundamental purpose of the government.



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In addition, the City purchased water shares totaling \$56,573 through a title company and incorrectly recorded the transaction as a payment to the bank.

We recommend that the City develop a policy that addresses how these purchases serve a fundamental business purpose of the government. We also recommend the City record purchases made through the vendor the payment went to.

Revolving account and petty cash

The City Council authorized a revolving fund totaling \$10,000 and a petty cash fund totaling \$200. The BARS Manual requires the City to reconcile the account to the authorized balance and replenish the account based on supporting detailed invoices at least monthly. The City did not reconcile these account monthly and did not replenish the account back to its authorized balance monthly. In addition, the City replenishes the petty cash fund through writing a check to 'Cash' rather than writing a check to 'City of Tieton' or some other designation to prevent misappropriation of City funds.

We recommend the City establish adequate controls over its revolving account and petty cash to ensure compliance with state law and prevent misappropriation of City funds.