



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

April 1, 2024

Mayor and Town Council  
Town of Lind  
Lind, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the Town of Lind from January 1, 2020 through December 31, 2022. We believe our recommendations will assist you in improving the Town's internal controls in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Town officials and personnel. If you have any further questions, please contact me at (509) 734-7104.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

Sincerely,

Ginny Waltman, Audit Manager

Attachment

## Management Letter

Town of Lind

January 1, 2020 through December 31, 2022

### **Payroll Disbursements**

The Town disbursed \$1.4 million, \$1.6 million and \$1.4 million for fiscal years 2020, 2021 and 2022, respectively. The Town is responsible for ensuring all disbursements, including payroll, are processed in accordance with state law and its own policies and procedures. During our audit, we noted the following:

- The Town Clerk miscalculated her own pay. We found errors in overtime, holiday pay, and regular pay calculations resulting in overpayments of \$1,685. When we inquired about the overpayments the Clerk stated she was not aware of the errors in regular pay or overtime, but acknowledged she was aware she had overpaid herself for holiday pay in error. The Clerk repaid \$360 in holiday pay overpayments after we inquired about it during the audit.
- The Town additionally overpaid two other employees \$12 in total related to overtime calculation errors.
- The Clerk altered her own timecard five times without a documented explanation.
- 13 instances where the employee did not properly clock out. Instead, hours worked were handwritten on the employee's timecard.
- The employee handbook has conflicting information on sick hours. In rule 5.4, it states all employees accrue paid sick leave at a rate of one hour for every 40 hours worked. On the other hand, in rule 6.6, it states full-time employees accrue at the rate of eight hours per month.

We recommend the Town review and update its own policy and ensure compliance with its own policies and procedures when processing payroll disbursements. We also recommend the Town implement internal controls to ensure all payroll disbursements are supported and allowed in accordance with its own policies and procedures. We further recommend the Town consult with legal counsel to determine if any further actions, such as repayment of the additional overtime pay, are necessary or required by state law.

### **Utility Billing and Adjustments**

The Town provides water, sewer and garbage services for its residents, generating \$570,000, \$590,000 and \$570,000 in revenues annually for fiscal years 2020, 2021 and 2022, respectively. The Town is responsible for ensuring utilities are properly billed to residents based on their usage and in accordance with its approved utility rates, policies and procedures. During the audit, we found the Town:

- Did not consistently read all water meters on a monthly basis.

- Did not read 10 meters during the winter months. Instead, the Town billed these customers using their average usage amount.
- Used the incorrect number of digits in the meter reading, resulting in a potential underbilling of \$10 for one customer.

In addition to the work completed for our audit period, we received concerns from two residents related to their 2023 billings. Our audit found the Town did not accurately read the meters, which resulted in underbilling customers. Specifically:

- The Town did not read meters timely and did not collect the total amount owed, resulting in \$580 that was not billed or collected.
- The Town was unable to provide support for a waiver of \$576 owed by one resident for water use overages.
- Five adjustments did not have a signed “Billing Adjustment Record of Reason” as required, to support the billing adjustment.

We recommend the Town implement policies on meter reading to ensure meters are read timely, utility billings are accurate and supported, and that all amounts due to the Town are billed and collected.