



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

February 20, 2018

Jamie Schmunk, Mayor
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, 2014 through December 31, 2016. We believe our recommendations will assist you in improving the Town's compliance 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. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

A handwritten signature in cursive script that reads "Ginny Waltman".

Ginny Waltman, Audit Manager

Attachment

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Town of Lind
January 1, 2014 through December 31, 2016

Procurement

State law requires agencies to publish requirements for professional services in advance, evaluate firms based on agency-established criteria and negotiate a contract with the most qualified firm. State law also requires agencies to advertise formal competitive bids for public works projects in the official newspaper or newspaper of general circulation most likely to bring responsive bids. The Town should then award projects to the lowest responsible bidder.

Engineering Services

The Town paid an engineering firm \$271,396 on eight projects between 2014 and 2016. The last time the Town published a request for engineering services was in 2009. The Town selected the current engineering firm at that time and has been contracting with the same firm for projects since then. The Town could not provide documentation for the procurement process for these projects.

Further, the Town paid a different engineering firm a total of \$49,244 between 2014 and 2016 for an airport project. The Town could not provide documentation for that procurement process.

We were unable to determine if the Town complied with procurement requirements and selected the most qualified firm.

Public Works

The Town awarded a public works contract for an airport project totaling \$259,434 and did not have the lowest bid. The Town could not provide documentation to support why the lowest bidder was not considered the “lowest responsible bidder.”

We recommend the Town:

- Implement policies and procedures to ensure compliance with procurement requirements for engineering services
- Retain adequate documentation for the engineering services procurements to demonstrate compliance with requirements
- Comply with public works procurement requirements and retain documentation for all bidders, including documentation for disqualifying bidders or the reason for not selecting lowest bidder

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Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards (SEFA) summarizes federal grant expenditures as a basis for planning and conducting federal compliance audits, also known as single audits. All federal expenditures, whether received directly from a federal agency or indirectly from a state or local government, must be reported on this schedule. Any government, which spends \$750,000 or more in federal grant awards in a year, must receive an audit of its federal grants in accordance with federal requirements.

The Town reported the following federal expenditures on its SEFA:

Year	Federal expenditures
2014	\$231,214
2015	\$1,200
2016	Did not file a SEFA

The Town did not have documentation for the reported amounts listed in the chart above. We obtained grant and loan documentation from the granting agencies. Based on our review of the documentation, the Town's federal expenditures for each year in the audit period should have been:

Year	Federal expenditures
2014	\$438,461
2015	\$441,913
2016	\$16,390

We recommend the Town:

- Retain adequate documentation to support the amount reported on the schedules
- Implement a process to track grants and loans received and funds spent to ensure all federal grants and loans are accurately reported on the SEFA