

Risk Assessment Inquiry with Management

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)	City Clerk/Treasurer Steve Austin	Date:	9/8/21
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?	Yes. Financial reports are reviewed by the Finance Committee and the City Council on a regular basis. There is constant communication among departments and the council.	
2	What processes (nature, extent and frequency) are in place to monitor whether internal controls are effective?	All transactions that take place are completed by an employee in the finance department then a secondary check occurs by another employee to ensure proper segregation of duties and items are complete, accurate, and supported.	
3	Does anyone report periodically to the governing body (or audit committee, if applicable) about internal controls?	Yes, every month meet with finance committee meet with expenditures and revenues. Review documentation to validate the procedure.	
4	Are you aware of any instances where normal controls or processes have been bypassed or over-ridden?	No.	
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?	No.	
6	Have there been changes to key accounting software?	No.	
7	Have there been changes to key accounting or other personnel?	No key changes to accounting, no key changes in finance. In 2020 employee take extended sick leave, hired temp secretary to fill in during the time. Limited duties to phone and answer questions/direct.	
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?	No.	
12	Are any financial performance measures or targets used by management or the governing body (ex: budget variances, etc)?	Yes, budgets on the city wide level. Don't expend more than what's in budget, if it does occur, taken to council and budget modification occurs. Each of the funds are used to ensure no carry over or surplus.	
Compliance			

Inquiry with: (name & position)		City Clerk/Treasurer Steve Austin	Date:	9/8/21
Question			Summary of Response	
13	Have there been any changes in programs or services offered, or new sources of revenues?		Nothing in specific. Federal Grant awarded to the City which included CRF funds and the assistance to firefighters. Revenues remain standard outside of those two grants from previous years.	
14	Have there been any new laws, regulations, contracts or grants since the last audit?		Per Client: Nothing outside of the ATF and CRF grants. Per Auditor: The majority of the federal funds the city received included the Corona virus relief fund, Assistance to Firefighters grant, and Highway planning and transportation. We will review this grant here:  Schedule of Expenditures of Federal Awards	
15	What laws, regulations or contracts do you think are most at risk of noncompliance? What has been done to mitigate these risks?		No.	
16	Are you aware of any potential noncompliance with laws, regulations, grants or contracts since the last audit?		No.	
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?		No.	
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?		Employees are required to review and sign employee manual. Department heads meet quite frequently with their staff to ensure rules are followed. No violations of policies. Yes, employees have access to an inter-portal whistle blower program and the state whistleblower program.	
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?		No.	
20	Are you aware of any actual, alleged or suspected instances of fraud or loss since the last audit?		No.	
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?		No.	

Risk Assessment Inquiry with Governing Body / Audit Committee

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Inquiry with: (name & position)		Mayor, Monika Lawrence	Date:	9/13/21
Question			Summary of Response	
Financial Reporting (not required if not performing a financial statement audit)				

Inquiry with: (name & position)	Mayor, Monika Lawrence	Date:	9/13/21
Question		Summary of Response	
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>	No.	
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>	No.	
3	<p>Is there anything reported in the financial statements that seems unusual or unreasonable, based on your understanding?</p>	No.	
Compliance			
4	<p>Are you aware of any potential or actual noncompliance with laws, regulations, grants or contracts since the last audit?</p>	No.	
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>Mayor is always on site, the City council, Mayor, the department heads and Finance Clerk. Treasurer meet quite frequently to ensure controls are in place and adequate. Also review all bills with Finance Committee (Every Single Transactions) prior to the city council meeting every month. The Mayor and council evaluate all funds incoming and outgoing to ensure it's captured in the budget.</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>No identified issues, the Clerk/Treasurer meets with the finance committee biweekly discuss and have the committee review over all expenditures. If there were any issues identified by city employees it would be discussed in the city council meetings.</p>	
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>	<p>No areas of high risk, not aware of any actual suspected or alleged fraud. All expenditures are under constant scrutiny by the finance committee, city council and mayor.</p>	

Inquiry with: (name & position)	Mayor, Monika Lawrence	Date:	9/13/21
Question		Summary of Response	
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, no areas of concern.	
9	Is there anything else we should be aware of?	No.	

Risk Assessment Inquiry with Governing Body / Audit Committee

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)	City Council/ Mayor Pro Tem	Date:	10/19/2021
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>	No.	
2	Have you identified any business risks that might significantly affect operations or financial condition? If so, what has been done to mitigate these risks?	No.	
3	Is there anything reported in the financial statements that seems unusual or unreasonable, based on your understanding?	No.	
Compliance			
4	Are you aware of any potential or actual noncompliance with laws, regulations, grants or contracts since the last audit?	No.	
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>	All funds go through appropriate committees, notes are passed on to entire council, every Monday before council meeting. Very heavy board involvement including the review of internal controls when deemed necessary to change/alter.	

Inquiry with: (name & position)	City Council/ Mayor Pro Tem	Date:	10/19/2021
Question		Summary of Response	
6	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?	Any issues would come up in the city council meetings, no issues identified.	
7	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. <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>	No.	
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?	None. No concerns.	