Accountability Audit Report

Island County Public Transportation Benefit Area
(Island Transit)

For the period January 1, 2018 through December 31, 2018

Published September 23, 2019
Report No. 1024678
Office of the Washington State Auditor
Pat McCarthy

September 23, 2019

Board of Directors
Island Transit
Coupeville, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor’s Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Transit operations. This information is valuable to management, the governing body and public stakeholders when assessing the government’s stewardship of public resources.

The attached comprises our independent audit report on the Transit’s compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA
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AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Transit operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

About the audit

This report contains the results of our independent accountability audit of the Island Transit from January 1, 2018 through December 31, 2018.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. Our audit involved performing procedures to obtain evidence about the Transit’s uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, based on our risk assessment for the year ended December 31, 2018, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Accounts payable – credit cards and travel expenditures
- Contract compliance – cash receipting and deposit timeliness
- Payroll – gross wages and leave balances accruals
- Tracking and monitoring of theft sensitive assets, such as computers, tools, and equipment
RELATED REPORTS

Financial

Our opinion on the Transit’s financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the Transit’s financial statements. That report is available on our website, http://portal.sao.wa.gov/ReportSearch.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Transit’s major federal program, which is listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report includes a federal finding regarding suspension and debarment as well as Davis-Bacon prevailing wage. That report is available on our website, http://portal.sao.wa.gov/ReportSearch.
INFORMATION ABOUT THE TRANSIT

The Island County Public Transportation Benefit Area, doing business as Island Transit, was established in September 1980 and began transit services on December 1, 1987. The Transit provides public transportation to approximately 2,460 riders daily to Whidbey and Camano Island citizens.

An elected, six-member Board of Directors governs the Transit. The Board is comprised of two representatives from Island County and one representative each from City of Oak Harbor, City of Langley, the Town of Coupeville, and the Amalgamated Transit Union. The Board appoints an Executive Director to oversee the Transit’s daily operations as well as its approximately 130 employees. The Transit collected revenue of approximately $18.0 million in fiscal year 2018.

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*Information current as of report publish date.*

**Audit history**

ABOUT THE STATE AUDITOR’S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as fraud, state whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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