



# Washington State Auditor's Office

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## Accountability Audit Report

# Washington Rural Counties Insurance Pool

Grant County

For the period September 1, 2013 through November 30, 2015

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## Washington State Auditor's Office

July 28, 2016

Board of Directors  
Washington Rural Counties Insurance Pool  
Ephrata, 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 Pool 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 report on the Pool's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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## AUDIT SUMMARY

### Results in brief

In the areas we audited, Pool operations complied with applicable requirements and provided adequate safeguarding of public resources. The Pool also complied with state laws and regulations and its own policies and procedures in the areas we examined.

### About the audit

This report contains the results of our independent accountability audit of the Washington Rural Counties Insurance Pool from September 1, 2013 through November 30, 2015.

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.

Our audit involved performing procedures to obtain evidence about the Pool'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, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Contracts/agreements
- Disbursements
- Billings/receivables
- Procurement

## RELATED REPORTS

### **Financial**

Our opinion on the Pool's financial statements is provided in a separate report, which includes the Pool's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE POOL

The Washington Rural Counties Insurance Program was formed through an interlocal agreement between several rural counties in 1998. The agreement allowed the joint purchase of insurance, joint self-insuring, joint hiring or contracting for risk management services and claims administration. The Pool contracts with a private firm for claims administration, insurance broker and risk management services and hence has no employees of its own.

An eight-member Board of Directors governs the Pool. Each county has one representative on the Board of Directors. The Pool operates under state law (Chapter 48.62 RCW) and must seek approval from the state Office of Risk Management within the Department of Enterprise Services for changes in its operation. For fiscal years 2014 and 2015, the Pool operated on a budget of approximately \$5 million and \$4.1 million, respectively.

<b>Contact information related to this report</b>	
Address:	Washington Rural Counties Insurance Pool 451 Diamond Drive Ephrata, WA 98823
Contact:	Ellen Kosa, Director of Information Technology/Pool Accounting
Telephone:	(509) 754-2027
Website:	<a href="http://www.wrcip.us">www.wrcip.us</a>

*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for the Washington Rural Counties Insurance Pool at <http://portal.sao.wa.gov/ReportSearch>.

## 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.

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>