



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

August 23, 2017

City Council
City of Redmond
15670 NE 85th Street
P.O. Box 97010
Redmond, WA 98073

Dear Councilmember:

We are pleased to notify you regarding the conclusion of our audit of the City of Redmond for fiscal year 2016.

An exit conference was held on August 22, 2017 to discuss the results of our audit. The attached items were discussed in detail with those in attendance, which included the Finance Director, Accounting Manager, Deputy City Clerk, Mayor, and four members of City Council. We also took the opportunity to extend our appreciation to your staff for their cooperation and assistance during the course of the audit.

We are always available to discuss the results of our audit in further detail at your convenience. If you have any questions, feel free to contact me at (425) 502-7067 x104 or by email at lorraine.nitta@sao.wa.gov.

Sincerely,

Lorraine Nitta

Lorraine Nitta, Assistant Audit Manager
Enclosure



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

City of Redmond

King County

For the period January 1, 2016 through December 31, 2016

Published August 28, 2017

Report No. 1019679





Office of the Washington State Auditor
Pat McCarthy

August 28, 2017

Mayor and City Council
City of Redmond
Redmond, 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 City 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 City'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,

Pat McCarthy
State Auditor
Olympia, WA

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AUDIT SUMMARY

Results in brief

In the areas we audited, City operations complied with applicable requirements and provided adequate safeguarding of public resources. The City 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 City of Redmond from January 1, 2016 through December 31, 2016.

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 City'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:

- Controls over permit software system
- Procurement
 - Public works projects
 - Waiving competitive bid requirements
- Cash receipting – licenses and permits
- Payroll

RELATED REPORTS

Financial

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

INFORMATION ABOUT THE CITY

Redmond is the seventh most populous city in King County and the sixteenth most populous city in the State of Washington, with a residential population of approximately 60,560 in 2016. It encompasses an area of over 17.14 square miles and is located less than 20 miles east of downtown Seattle at the north end of Lake Sammamish. The City provides services including fire, police, water/sewer/storm utilities, public works, community development and parks and recreation.

Redmond has a non-partisan mayor-council form of government, with the mayor and seven council members elected at large for staggered, four-year terms. The City Council adopts the City budget, establishes law and policy, approves appropriations and contracts, levies taxes and grants franchises. The Council appoints management to oversee the City's daily operations as well as its approximately 655 full-and part-time employees. For the 2015-2016 biennium, the City operated on a budget of approximately \$618 million.

Contact information related to this report	
Address:	City of Redmond Accounts Payable MS: 3SFN P.O. Box 97010 Redmond, WA 98073-9710
Contact:	Gini Schacker, Accounting Manager
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Website:	www.redmond.gov

Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Redmond 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.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
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