



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

**Accountability Audit Report**  
**Washington State Transit Insurance**  
**Pool**

**For the period January 1, 2017 through December 31, 2018**

**Published August 29, 2019**

**Report No. 1024437**





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

August 29, 2019

Board of Directors  
Washington State Transit Insurance Pool  
Olympia, 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 independent audit report on the Pool'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

## TABLE OF CONTENTS

Audit Results.....	4
Related Reports.....	5
Information about the Pool .....	6
About the State Auditor's Office.....	7

## AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Pool 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 Washington State Transit Insurance Pool from January 1, 2017 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 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, based on our risk assessment for the years ended December 31, 2018 and 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Compliance with solvency requirements
- Payroll – gross wages, overtime and leave cash outs
- Accounts payable – travel expenditures
- Open public meetings – documentation of minutes, executive sessions and special meetings

## 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 State Transit Insurance Pool was formed by an inter-local agreement in 1989 to provide self-insurance and risk management for its transit members. The Pool coordinates the purchase of joint insurance and the hiring of personnel to provide risk management, claims-handling and administrative services. The Pool is committed to reducing members' cost of risk through the delivery of comprehensive and innovative risk management services.

There is a 25-member Board of Directors composed of representatives from each member transit agency that meets on a quarterly basis. An elected eight-member Executive Committee governs the Pool. The Executive Committee appoints management to oversee the Pool's daily operations as well as its 12 employees. For 2017 and 2018, the Pool operated on an annual budget of approximately \$15 million.

<b>Contact information related to this report</b>	
Address:	Washington State Transit Insurance Pool 2629 12th Court S.W. Olympia, WA 98502
Contact:	Andrea Powell (WSTIP), Administrative Services Manager
Telephone:	360-786-5003
Website:	<a href="http://www.wstip.org">www.wstip.org</a>

*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for the Washington State Transit 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>