Washington State Auditor’s Office
Accountability Audit Report

Washington Cities Insurance Authority
King County

Report Date
November 22, 2012

Report No. 1011038

Issue Date
December 30, 2013
December 30, 2013

Board of Directors
Washington Cities Insurance Authority
Tukwila, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your Authority to promote accountability, integrity and openness in government. The State Auditor’s Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on the Washington Cities Insurance Authority’s accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

[Signature]

TROY KELLEY
STATE AUDITOR
# Table of Contents

**Washington Cities Insurance Authority**  
**King County**  
**November 22, 2013**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Summary</td>
<td>1</td>
</tr>
<tr>
<td>Related Reports</td>
<td>2</td>
</tr>
<tr>
<td>Description of the Association</td>
<td>3</td>
</tr>
</tbody>
</table>
ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Washington Cities Insurance Authority from January 1, 2012 through December 31, 2012.

We evaluated internal controls and performed audit procedures on the activities of the Authority. We also determined whether the Authority complied with state laws and regulations and its own policies and procedures.

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 noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Compliance with applicable laws and regulations
- Payments/expenditures
- Solvency

RESULTS

In the areas we examined, the Authority internal controls were adequate to safeguard public assets. The Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.
Related Reports

Washington Cities Insurance Authority
King County
November 22, 2013

FINANCIAL

Our opinion on the Authority’s financial statements is provided in a separate report, which includes the Authority’s financial statements.
Description of the Authority

Washington Cities Insurance Authority
King County
November 22, 2013

ABOUT THE AUTHORITY

Washington Cities Insurance Authority was formed to provide member cities, towns and inter-local entities with comprehensive and economical liability coverage. The Authority helps members to reduce the amount and frequency of losses and to decrease the cost incurred in the handling and litigation of claims. Subsequently, the Authority has expanded into a group property insurance program and a group purchase fidelity insurance program. The Authority administers a joint protection program through which the members jointly pool and self-insure losses and claims, and jointly purchase excess insurance.

A Board of Directors governs the Authority’s operations. The Board is composed of one representative from each member city, town and interlocal entities. The Board appoints management to oversee the Authority’s daily operations as well as its 19 employees. For 2012, the Authority had annual operating expenses of approximately $35 million.

APPOINTED OFFICIALS

These officials served during the audit period:

Board of Directors: Brenda Heineman, President
Jared Burbidge, Vice President
Allen Johnson
Arlene Fisher
John Caulfield
David Timmons
Stan Strebel
Paul Loveless
Joan Durgin

Executive Director Lewis Leigh
Deputy Director Jill Marcell
Director of Insurance Programs Eric Larson
Director of Claims/Litigation Ann Bennett
AUTHORITY CONTACT INFORMATION

Address: Washington Cities Insurance Authority
         P.O. Box 88030
         Tukwila, WA 98138-2030

Phone: (206) 575-6046

Website: www.wciapool.org

AUDIT HISTORY

We audit the Authority annually. The Authority has been free of findings for the past 10 years.
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 as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

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

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

State Auditor
Chief of Staff
Director of Performance and State Audit
Director of Local Audit
Deputy Director of State Audit
Deputy Director of Local Audit
Deputy Director of Local Audit
Deputy Director of Quality Assurance
Deputy Director of Communications
Local Government Liaison
Public Records Officer
Main number
Toll-free Citizen Hotline

Troy Kelley
Doug Cochran
Chuck Pfeil, CPA
Kelly Collins, CPA
Jan M. Jutte, CPA, CGFM
Sadie Armijo
Mark Rapozo, CPA
Barb Hinton
Thomas Shapley
Mike Murphy
Mary Leider
(360) 902-0370
(866) 902-3900

Website
Subscription Service

www.sao.wa.gov
www.sao.wa.gov/EN/News/Subscriptions