



Exit Recommendations
City of Snohomish
Audit Period Ending: December 31, 2016

Accountability Audit:

Credit Cards

In 2016, the City procured \$73,611 in goods using credit cards and \$24,072 in goods using a building supply store account. Additionally, the City uses fuel cards to provide fuel to its vehicles. We tested 29 purchasing card transactions and identified no issues. However, we did note the following issues over the City's policies and procedures:

- The Service Manager has the authority to use, review, and authorize the use of fuel cards. The Service Manager also has access to employee's personal pin numbers for fuel use. This is a lack of segregation of duties.
- The City's policy requires the Finance Director to authorize the use of all credit cards; however, we found the Service Manager authorized the use of fuel cards.
- The City's policy requires card holders to sign an affidavit to document an employee's understanding of expectations of use; however, the City does not require all card users to sign one.

We recommend the City:

- Segregate duties between the usage and monitoring of fuel cards.
- Ensure the proper personnel are authorizing the use of credit cards in accordance with City policy.
- Ensure all card holders, including those borrowing City cards, sign the required affidavit to document their understanding and expectations of use.

Cost Allocation

We followed up on a prior year management letter over the City's cost allocation plan. We found the City has made significant strides in correcting its plan; however, we noted the following:

- The City did not properly allocate City Clerk costs amongst the benefiting funds, and therefore overcharged the utility funds by \$117,387.
- Cost factors to allocate the costs of the City Council and City Manager were pulling from the wrong spreadsheet causing minor errors in the cost allocation plan.
- Engineers do not sign for time percentages they input into the engineering spreadsheet, which would help the City substantiate their claims of time worked on each project.

We recommend the City:

- Perform a secondary review over the cost allocation spreadsheet to ensure formulas in the spreadsheet are using the appropriate data.
- Ensure Engineers certify time worked on each project to substantiate time allocation on the engineering spreadsheet.



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Reader Board Usage

The City allowed a non-profit organization to install a reader board on its property many years ago, but does not have documentation of ownership of the reader board. For several years, the City used the reader board jointly with the organization. However, in 2017 the City made a verbal agreement with the organization that it would have sole access to the reader board. Without documentation of ownership and of usage agreements, the City is unable to demonstrate who maintains the ownership and rights to use the board.

We recommend the City obtain documentation of ownership of the reader board as well as the agreement for the City's sole use of the readerboard.