

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**City of Bremerton**  
**Kitsap County**

Report Date  
**November 18, 2011**

**Report No. 1006961**

Issue Date  
**December 27, 2011**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

December 27, 2011

Council  
City of Bremerton  
Bremerton, Washington

***Report on Accountability***

We appreciate the opportunity to work in cooperation with your City 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 City of Bremerton'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,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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Kitsap County  
November 18, 2011**

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# Audit Summary

City of Bremerton  
Kitsap County  
November 18, 2011

## ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of the City of Bremerton from January 1, 2010 through December 31, 2010.

We evaluated internal controls and performed audit procedures on the activities of the City. We also determined whether the City 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:

- Cash receipting
- Contracts/agreements
- Insurance/risk management
- Procurement
- Disbursements/expenditures
- Conflict of interest/ethics laws
- Courts – adjustments
- Fuel usage

## ***RESULTS***

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

## **Related Reports**

**City of Bremerton  
Kitsap County  
November 18, 2011**

### ***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.

### ***FEDERAL GRANT PROGRAMS***

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the City's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report. That report includes a federal finding regarding program income for the Community Development Block Grant.

# Description of the City

City of Bremerton  
Kitsap County  
November 18, 2011

## ***ABOUT THE CITY***

The City of Bremerton serves more than 35,900 citizens in Kitsap County. The City provides an array of services including water, sewer, police, Municipal Court, fire, emergency medical, street maintenance, parks and recreation, community service programs, planning and economic development. It also operates its own golf course and cemetery.

An elected, nine-member Council and an independently elected Mayor govern the City. The Council appoints management to oversee the City's daily operations as well as its 332 employees. For 2010, the City operated on a budget of approximately \$124 million.

## ***ELECTED OFFICIALS***

These officials served during the audit period:

Mayor:	Patty Lent
Council:	Cecil McConnell
	Will Maupin
	Nick Wofford
	Diane Robinson
	Adam Brockus
	Carol Arends
	Roy Runyon
	Jim McDonald
	Greg Wheeler

## ***APPOINTED OFFICIALS***

City Attorney	Roger Lubovich
Director of Public Works	Phil Williams (through March 2010)
	Vincent Akhimie (August-December 2010)
Fire Chief	Al Duke
Police Chief	Craig Rodgers
Director of Financial Services	Barbara Stevenson (through June 2010)
	Becky Hasart (effective December 2010)
Director of Community Development	Andrea Spencer
Director of Park and Recreation	Wyn Birkenthal
Human Resource Manager	Carol Conley (through June 2010)
City Engineer	Mike Mecham (through November 2010)
City Auditor	Gary Nystul

## ***CITY CONTACT INFORMATION***

Address: City of Bremerton  
345 6th Street, Suite 600  
Bremerton, WA 98337-1873

Phone: (360) 473-5210

Website: [www.ci.bremerton.wa.us](http://www.ci.bremerton.wa.us)

## ***AUDIT HISTORY***

We audit the City every year. No findings were reported for the 2004, 2005, 2006 and 2007 audits. However, in 2008 we reported a finding regarding cash receipting controls at the municipal golf course. In 2009 we repeated the prior audit finding regarding cash receipting controls at the municipal golf. We also issued a finding for performing change orders outside the scope of the original project.

# Status of Prior Audit Findings

City of Bremerton  
Kitsap County  
November 18, 2011

The status of findings contained in the prior years' audit reports of the City of Bremerton is provided below:

1. **The City of Bremerton's Gold Mountain Golf Club controls over cash-receipting are inadequate.**

Report No. 1004902, dated 10/29/2010

### **Background**

In the prior audit we found multiple cashiers using a single cash register and cashiers not balancing cash in the drawer to system reports at the end of the shift. In the prior audit we found overages and shortages on 15 of the 31 days reviewed. Daily overages were as much as \$2,388.27 and shortages as much as \$441.48. The net overage for the month was \$3,648.08.

### **Status**

The golf course cashiers now reconcile their cash with system generated reports at the end of their shift. This has also significantly reduced the amount of overs/shorts to a reasonable level.

2. **The City did not comply with competitive bid laws when it performed change orders outside the scope of the original project.**

Report No. 1004902, dated 10/29/2010

### **Background**

The City awarded a \$2,350,000 public works contract for a construction project at Memorial Plaza. We identified 19 change orders totaling \$584,970 that were not submitted to City Council for approval in accordance with City code. The majority of these costs related to the addition of a restroom at Memorial Plaza. We found this addition was outside the original scope of the project and should have been bid separately.

We also identified a \$135,000 purchase of a barrier wall that was declared a sole-source purchase by the City's Project Manager. However, the Council must approve contracts that exceed \$25,000. We did not find evidence of Council approval for this purchase.

### **Status**

We reviewed projects and change orders during the audit period and noted no material issues.



## **ABOUT THE STATE AUDITOR'S OFFICE**

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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.

Our mission is to 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**  
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**Deputy Chief of Staff**  
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**Director of Audit**  
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**Director of Special Investigations**  
**Director for Legal Affairs**  
**Director of Quality Assurance**  
**Local Government Liaison**  
**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Brian Sonntag, CGFM**  
**Ted Rutt**  
**Doug Cochran**  
**Jerry Pugnetti**  
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**Larisa Benson**  
**Jim Brittain, CPA**  
**Jan Jutte, CPA, CGFM**  
**Ivan Dansereau**  
**Mike Murphy**  
**Mindy Chambers**  
**Mary Leider**  
**(360) 902-0370**  
**(866) 902-3900**

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