



**Washington State Auditor
Brian Sonntag**

June 22, 2009

Honorable Mayor and City Council
City of Seattle
Seattle, Washington

Management Letter

In planning and performing our *accountability* audit of the City of Seattle for the period July 1, 2007 through June 30, 2008 we noted some areas in which the City's internal controls over utility customer accounts and cash receipting could be improved. While *these items* are not significant enough at this time to include in our report, we believe our recommendations will assist you in improving the City's accountability for public resources.

We will review the status of these comments during our next audit. We have already discussed these comments and made suggestions for improvements to City officials and management. If you have any further questions, please contact me at 206-615-0555.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Carol Ehlinger, Audit Manager

Attachment

Management Letter
City of Seattle
July 1, 2007 through June 30, 2008

Seattle Public Utilities and Seattle City Light internal controls over customer accounts

We identified weaknesses in key controls over account adjustments. We found no supervisory review of account adjustments is in place, which increases the risk of a loss of public assets. We also learned the customer billing system can generate a report on adjustments, but that function has not been activated.

We recommend the Utilities establish internal controls to ensure only authorized adjustments are made to customer accounts. We also recommend Department of Executive Administration establish citywide policies for monitoring of customer account adjustments.

Animal Shelter internal controls

We reviewed the Shelter's internal controls over cash receipting and its response to recommendations in a City Auditor's report in March 2009.

We concluded the Shelter's internal controls over cash receipts are not effective. Although the Shelter began using deposit logs to address weaknesses in internal controls, these logs' design does not provide meaningful information and would not prevent or detect losses.

We recommend the Shelter establish adequate internal controls to address the risk of misuse of shelter receipts.