



**Local Government Self-Insurance Program
Examination Report**
for
Washington Rural Counties Insurance Pool

July 21, 2008

Independent Examiner's Report

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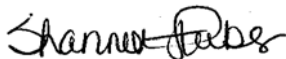
Mr. LeRoy Allison, Chair
Washington Rural Counties Insurance Pool
451 Diamond Drive
Ephrata, WA 98823

Dear Mr. Allison:

We have examined the Pool's compliance with RCW 48.62, WAC 82.60 and current guidelines established by the State Risk Manager for the years ended August 31, 2004, 2005, 2006 and 2007. The accuracy of information provided by Washington Rural Counties Insurance Pool (WRCIP) is the responsibility of the Pool's management. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to examinations contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we examine, on a test basis, evidence supporting compliance and that we perform such other procedures as we consider necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, Washington Rural Counties Insurance Pool has generally complied with laws, regulations and guidelines established by the State Risk Manager as set forth above. One recommendation was made during our review as noted below.



Shannon Stuber
Program Administrator
Local Government Self Insurance Program
Office of Financial Management

Examination Summary

Washington Rural Counties Insurance Pool Ephrata, Washington July 21, 2008

Our Examination

This report contains the results of our independent compliance examination of Washington Rural Counties Insurance Pool (WCRIP).

We performed procedures to determine whether the Pool complied with state laws and regulations, in addition to guidelines adopted by the State Risk Manager. The areas examined were selected based on an analysis of financial trends and transactions from the period September 1, 2003 through August 31, 2007.

Examination Results

The Pool generally complied with state laws and regulations and guidelines adopted by the State Risk Manager. Our report includes one recommendation to the Board of WRCIP as follow:

- The pool should obtain an independent claims audit every three years as required by WAC 82.60.50. A waiver was granted through 2006 by the previous State Risk Manager. The program has expressed its intention to obtain a claims audit during 2008, and we will follow up on these results when the audit is completed.

Examiner's Remarks

We appreciate the cooperation and assistance of the staff and management of WRCIP during our examination.

Areas Examined

**Washington Rural Counties Insurance Pool
Ephrata, Washington
June 21, 2008**

We examined the Pool's compliance with state laws and regulations, in addition to guidelines adopted by the State Risk Manager in the following areas:

- Claims Audits
- Actuarial Study
- Member Assessments
- Insurance Coverage
- Unreserved Equity
- Member Agreements & Bylaws
- Elections and Governance
- Communication with Members
- Membership Criteria & Programs
- Contracts & Competitive Process
- Compliance with Financial Guidelines
- Evaluation of Financial Trends
- Reporting of Liabilities
- Submission of Timely Quarterly and Annual Reports

We examined, on a test basis, evidence of compliance with requirements set forth above, and we performed such other procedures as we considered necessary under the circumstances. Our examination does not provide a legal determination on the Pool's compliance with specified requirements.

About the Local Government Self-Insurance Program

The Local Government Self Insurance Program provides initial approval and continuing oversight of joint property and liability self-insurance pools established by local governments per Chapter 48.62 RCW. The State Risk Manager, with assistance from the Property and Liability Advisory Board, adopts guidelines and establishes examination fees and annual assessments to cover administrative costs. Board members are appointed by the governor. The Property and Liability Advisory Board meets quarterly.

Field examiners conduct regularly scheduled examinations to determine whether self-insurance programs comply with state laws and regulations. In addition, adherence to guidelines designed to foster financially sound management practices is also evaluated. Finally, examiners also communicate with local government owner/members to ensure they are informed about the program's financial condition and participate in decisions which affect insurance services provided by their programs. Costs of these examinations are based on the actual time and expense required as provided in RCW 48.62.161.

About the Washington Rural Counties Insurance Pool

The Washington Rural Counties Insurance Pool was formed through an inter-local agreement among several rural counties in 1998. This allowed the joint purchase of insurance, joint self-insuring, joint hiring or contracting for risk management services and claims administration. The Pool contracts with a private firm for claims administration, insurance broker and risk management services. Pool membership includes eight member counties. Each county is represented on the Board of Directors. The Pool operates under state law (Chapter 48.62 RCW) and must seek approval from the state Office of Risk Management within the Office of Financial Management for changes in its operation.