



Auditor's Office update

PSFOA – December 10, 2021

Director of Local Audit Kelly Collins, CPA



Remember!

**People are the heart
of #GoodGovernment.
People like you.**



State Auditor 2021 Stewardship Awards



- Pullman SD
- Ridgefield SD
- Port of Anacortes
- Whitworth Water District
- South Central Workforce Development Council



Auditor McCarthy presents
South Central Workforce
Development Council with
their SASA

Audits and findings, by the numbers

Every year, we issue thousands of reports, reflecting the results of many different kinds of audits. Just a small percentage of the audits find a significant problem – in other words, a “finding.” Here’s what we did on the public’s behalf in fiscal year 2021:

“It’s always very helpful to have an outside set of eyes look at what we’re doing, not only to review correctness but also to offer suggestions for improvement.”
– Valley School District No. 70

2,364 audits

July 1, 2020 -
June 30, 2021

Accountability audits

1,090
audits
91 findings

Accountability audits determine whether public funds are accounted for and controls are in place to protect public resources from loss, misappropriation and abuse.

Financial audits

697
audits
61 findings

Financial audits determine whether the financial statements present an accurate picture of a government’s finances.

Federal audits

355
audits
118 findings

Federal audits determine whether federal money is being used properly according to federal regulations.

Whistleblower investigations

7

Whistleblower investigations are the result of state employees sounding the alarm on possible waste, fraud or abuse. The Office issued 7 reports, and 5 of them revealed improper action by state workers.

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Audits and findings, by the numbers *(continued)*

“ The communication from the SAO was truly outstanding. My questions were addressed the same day and typically right away. I was impressed with the strong desire to ensure I understood the process.

– Mason County PUD No. 3 ”

Fraud investigations

20*

A fraud investigation results in a written report if we find significant misuse or theft of public money. In FY2021, 17 of our 33 investigations met this standard, identifying \$428,635 in misappropriated public funds and \$121,545 in questionable transactions.

* Statistics in this category exclude the millions lost in an unusual, widespread unemployment fraud scheme. We address this scheme and our related audits on Page X.

Unauditable Governments

6

State law requires local governments to be audited and for them to submit annual financial reports, yet every year some governments do not meet these obligations.

Other engagements

171

This covers a variety of topics, including compliance with the Energy Act, assurance for National Transit Database reporting, reviewing and publishing the reports of private CPA firms , or verifying passenger facility charges at public airports.

Performance audits

7

Performance audits evaluate the efficiency and effectiveness of government programs with the goal of making them work better. These audits improve public services and provide valuable information to the public, program leadership and elected officials.

Cybersecurity audits

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Cybersecurity audits are a type of performance audit that examine the security posture of specific state agencies and local governments. These audits look for weaknesses and propose solutions to help strengthen those systems. Cybersecurity audits are provided at no cost to the client.

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Surging federal funds require increased audit support

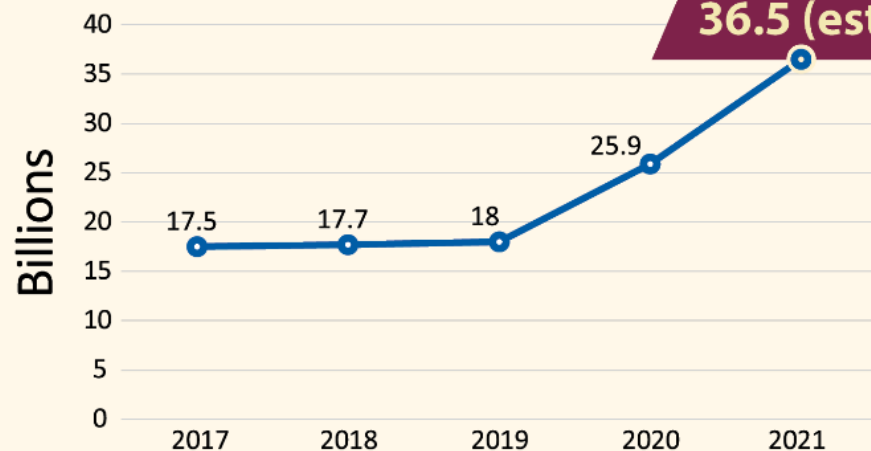
Before the pandemic, Washington spent approximately \$18 billion a year in federal funding. We now estimate that will almost double from 2019, to about \$36.5 billion in 2021, because of new funding associated with COVID-19 response and relief.

More federal funding means we must do more federal funding audits. The federal government has established new and complex requirements for the pandemic related programs that recipients must follow. Additionally, funding from the federal Infrastructure and Jobs Act will also soon be coming to the state, and those have audit requirements as well.

Our request:
12,000
additional audit hours
estimated over next
two years

We estimate we'll need 12,000 additional audit hours over the next two years to determine whether Washington used these funds properly and complied with applicable federal requirements. We've asked the Legislature for \$1.4 million to fund this work – just 0.01 percent of the share of total federal dollars audited.

Total federal assistance



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Coming in 2022

Clean Energy Transformation Act

- New requirements to transition to renewable energy sources for residential customers
- SAO will review consumer-owned utilities' compliance

Use of force reviews

- Process compliance audits of law enforcement use of deadly force
- First in nation
- Legislature authorized as part of ESHB1089

About the Center

- Customized Lean facilitations
- Team-building and leadership workshops
- Financial Intelligence Tool (FIT)
- Best practices resources & checklists
- Cybersecurity resources
- Technical advice and training videos



Cybersecurity



Resources

Procurement



Blog Articles



Double count your way to better cash receipting controls

SEPTEMBER 15, 2021

Looking for a way to improve your game when it comes to cash receipting internal controls? Add the double count to your arsenal. The double count is as easy as the name suggests: money should never transfer from one employee to another without being counted and documented first. ... [CONTINUE READING →](#)



Is your contractor banned from receiving federal funds? Don't wait to find out.

AUGUST 24, 2021

Some contractors are banned from doing business with the federal government, and it's your job to know who they are. If you use federal grant money to pay a banned contractor, you risk auditors questioning your spending. Even worse, you might have to repay that money to your federal grantors. ... [CONTINUE READING →](#)



What to do after hitting submit: Steps for increasing data-quality confidence

AUGUST 10, 2021

After hours of time and energy, you've submitted your annual report for fiscal year 2020. Congratulations! Now you may be asking, "Is there anything more I can do?" Our answer is, "Yes!" ... [CONTINUE READING →](#)

Technical Advice



Happy Holidays, PSFOA!



Questions



Information

Contact: Kelly Collins,

collinsk@sao.wa.gov

(564) 999-0807

Website: www.sao.wa.gov

Twitter: www.twitter.com/WaStateAuditor

Facebook: www.facebook.com/WaStateAuditorsOffice

