



## Greetings WASBO

2022

## Charting Success

May 4 - 6  
Spokane, WA

Welcome to WASBO 2022 – in person! The Office of the Washington State Auditor is thrilled to connect with you and share all the ways we can work together on #GoodGovernment.

### Check out our sessions

- SAO Audit Update
- Procurement Fraud
- New Lease Accounting Requirements
- Lean Thinking
- Cybersecurity in the Education Environment

### Stop by our exhibitor booth

- Come see your district's FIT profile
- Learn what trainings we offer
- Meet SAO staff taking on new roles



## Have a peek inside

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## McCarthy's Corner

When you are a grade-school student, one year feels like a lifetime. But as adults, we know how quickly a year goes by, and how much can change in that time.

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**McCarthy's Corner –**  
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For example, the State Auditor's Office took a big leap forward this year by adding school district data to our online Financial Intelligence Tool, or FIT. FIT presents financial data in a visual and compelling way; adding schools to the tool is a first step toward allowing users to compare and filter school information statewide.

We hope school officials will familiarize themselves with the tool over the coming months, before we make district data available to the public. Turn to page 4 to learn how to access your data.

That is just one of many important topics in our special edition newsletter for the 2022 Annual Conference of the Washington Association of School Business Officials. Articles address accounting guidance for subscription-based information technology, legislative changes to extracurricular activities for low-income students, and more.

Conference sessions will bring you up to date on the latest issues. You'll hear about resources and guidance, and learn about some of the great work going on at districts across the state.

I want to offer my personal congratulations to our two winners of the State Auditor Stewardship Awards – Montesano and Stanwood-Camano school districts. We've already presented these awards to the two districts; you can read about their outstanding efforts below.

Throughout a tumultuous two years, I was impressed by so many schools' steady commitment to transparency and accountability. Our circumstances have been unpredictable, to say the least, yet we've found ways to meet the public's expectation of good government.

Today we seem to be easing out of the pandemic-related restrictions that so dramatically altered the way we conducted our operations. That does not mean we are returning to a pre-pandemic world, however.

The State Auditor's Office, just like schools, agencies and local governments across the state, has adapted to a hybrid work environment. We work with some audit clients remotely, others in person, many in a mix of in-person and virtual collaboration. Our priority will continue to be the safety of our staff and our colleagues in public service.

As always, I'm grateful for your partnership in our shared work to increase public trust in government. I know we will navigate new circumstances in months to come, and before we know it, we'll be looking back on another successful year of learning together.



Pat McCarthy

[Pat.McCarthy@sao.wa.gov](mailto:Pat.McCarthy@sao.wa.gov), (564) 999-0801

## State Auditor Stewardship Awards

**Montesano School District:** In late April, we recognized the District with a State Auditor Stewardship Award. The District has demonstrated a culture of accountability and transparency throughout our interactions. Business Manager Sheila Baker, especially, promotes a collaborative relationship with SAO. Baker responds to audit inquiries and requests promptly. Additionally, the District navigated the COVID-19 pandemic very well, maintaining strong internal controls and compliance in its work.

**Stanwood-Camano School District:** In early May, we recognized the District with a State Auditor Stewardship Award. Executive Director of Business Services Steve Lidgard and Fiscal Supervisor Lisa Becht, especially, have prioritized a strong control environment. Although not required to do so, the District requests an annual audit to ensure it is accountable to the public. When the pandemic began, the District was in the midst of an onsite audit. Staff quickly and efficiently transitioned to a successful remote format.

# What you need to know about audits and HB 1660, which affects how districts use ASB funds

Since the state Legislature approved [House Bill 1660](#) in June 2020, school districts across Washington have been examining the law to understand what is required of them and how to manage their Associated Student Body (ASB) funds. Here's a quick refresher about the law, who's responsible for setting the criteria, and how SAO plans to audit this area.

## What does HB 1660 do, again?

The law's intent is to create equitable access to extracurricular activities for qualifying low income students by eliminating fees for those activities. The law also calls for collecting and analyzing data to determine what additional barriers to participation might exist, and for districts to address them. The law creates a fee waiver for low income K-12 students, and reduces fees for their family members and low income community members over the age of 65.

- *Fee waiver:* Specifically, districts must waive fees for ASB cards, and for optional, noncredit, extracurricular activities and events. Districts should implement policies that specify which activities and events are considered optional, noncredit and extracurricular.
- *Low-income status:* To determine low income status, districts have options. Districts can: send out a family income survey; use information from Free and Reduced Price Lunch (FRPL) applications; use eligibility for the College Bound Scholarship; or use a "Direct Certification." If a district determines eligibility using FRPL applications, Direct Certifications or College Bound Scholarship eligibility documents, it must obtain parental consent to share that information with the ASB program.
- *Collect and analyze data:* Schools with students in grades 9-12 must publish data related to the percentage of low and non-low income students who possess an ASB card, as well as the percentage of low and non-low income students who participate in an athletic program. The bill calls the differences between the low and non-low income students in both

of these categories an opportunity gap. In the 2021-22 school year, if the difference between low and non-low income students is 16 percent or higher (for either ASB cards or athletic program participation), the school must develop a plan that will reduce barriers for low income students.

## How do districts get more information about the new requirements?

The Office of Superintendent of Public Instruction (OSPI) provides the guidance needed to comply with the law. OSPI has a [detailed FAQ on its website](#) addressing a variety of issues including areas the law affects (for example, the cost of athletic uniforms) and does not affect (for example, purchasing a yearbook). It also offers guidance on how to gather, analyze and report statistics related to the law.

## How will SAO audit these areas?

This law is a big change for districts and requires a lot of thoughtful policymaking and analysis. Our initial audit focus will be on whether districts have adopted policies to meet the intent and goals of the law, but we will also consider how the districts comply with other aspects of the law.

## WASBO Session Alert

To learn more about HB 1660 and our audit plans, attend SAO's Audit Update:

Thursday, May 5, 9 a.m. or at 2:40 p.m.,  
Room 206D

*Remember to check the conference app for the latest schedule.*

# School district data coming soon to FIT

We are excited to announce the addition of school district financial data to our Financial Intelligence Tool (FIT) this summer. FIT is a unique and powerful way to visualize and analyze the financial data of Washington's local governments.

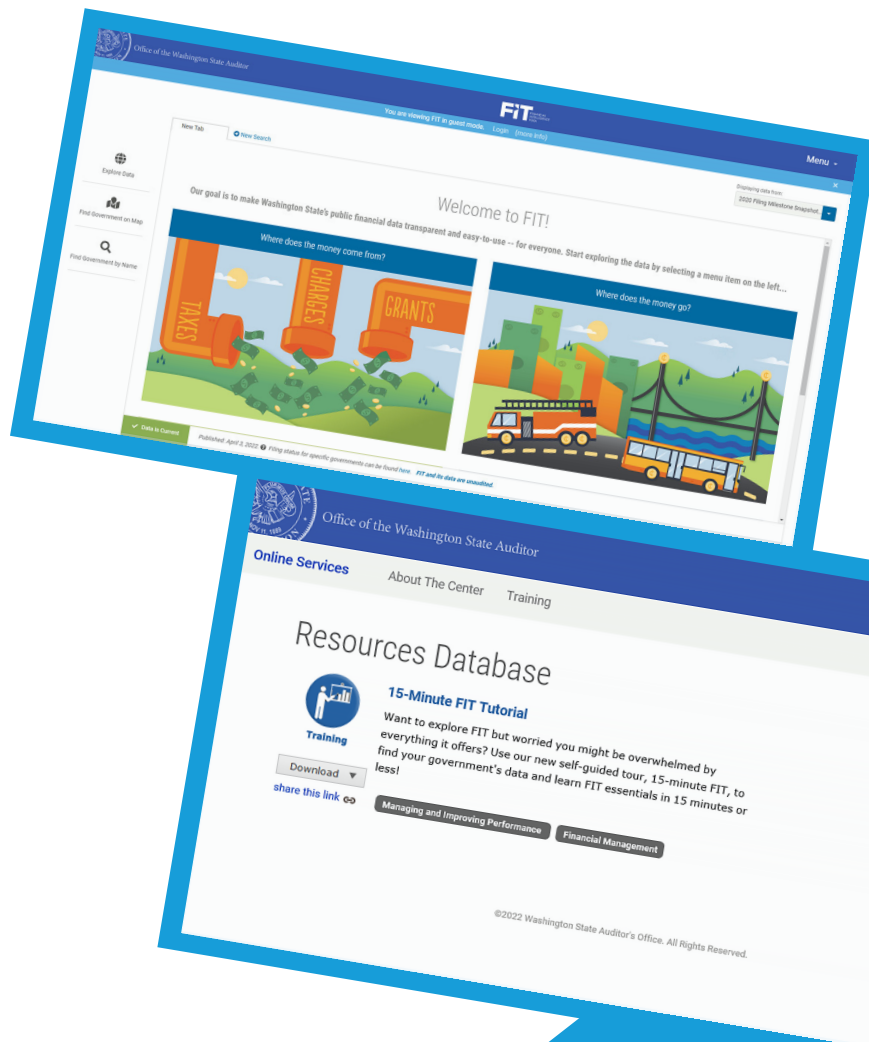
Our Office will use FIT to publish the same data school districts are required submit to both SAO and the Office of Superintendent of Public Instruction. Before school district data will be available to the public in FIT, we wanted to provide schools with the opportunity to become familiar with the tool. While functionality will be limited at first, we encourage you to look at your district's financial data, trend information, and data visualization of revenues and expenditures.

This is the first step to fully integrating school district data into FIT, which enables users to search, filter, and compare financial data from across the state. FIT users including journalists, bond rating groups and lenders, legislators, the public and others can explore and compare how local governments receive and spend public dollars.

## How to access your data

To access your data in FIT, follow these simple steps:

1. Access FIT at [portal.sao.wa.gov](https://portal.sao.wa.gov);
2. Read and accept the information window, which says that the application contains data submitted by local governments;
3. Click the login button near the top of the page. You should enter the credentials you use to submit your district's data to SAO; and
4. Use the "Find Government by Name" menu on the left-hand side of FIT to find your school district and access its profile.



## WASBO Booth Alert

### Learn more about FIT

Stop by the SAO booth and let us show you how our Financial Intelligence Tool (FIT) will display your district's data. And if you're short on time, we made an **online self-guided tour of FIT** so you can feel like an expert in 15 minutes or less.

SAO also offers personal training sessions to answer your questions and walk you through FIT. To learn more, email [Center@sao.wa.gov](mailto:Center@sao.wa.gov)



# SAO's latest and greatest resources for schools

We're excited to see you in person at this year's annual WASBO conference. Since we last saw you—virtually in 2021—we've updated some of your favorite resources, like the school's financial statement review and preparation checklist, and made some changes to our piggybacking best practices guide. We've also launched new guides and checklists for payroll and accounts payable that you won't want to miss. And with the influx of federal money to school districts, we've created a new tool to help with your federal grant programs. Stop by our booth to learn more about these resources!

## Procurement resources

You'll want to download our updated [piggybacking guide](#). To align better with current state law, our guidance now restricts piggybacking to awarding entities that are only public agencies (or a group of public agencies). And by using our checklist, you can document the steps you take when procuring through piggybacking.

Another resource you might have missed is our [responsible bidder checklist and FAQ](#). You can use our checklist to help guide you through all nine of the required steps before you award a public works project.

## Federal programs resources

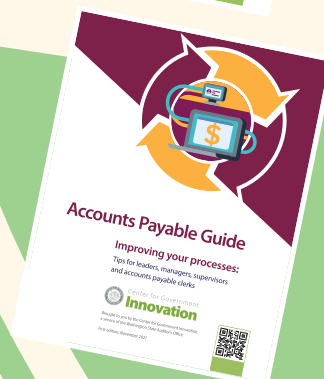
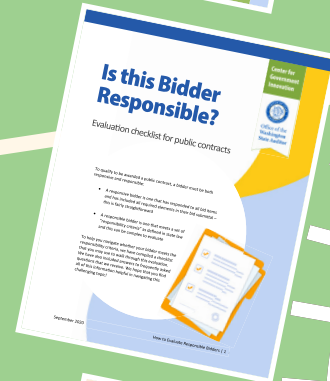
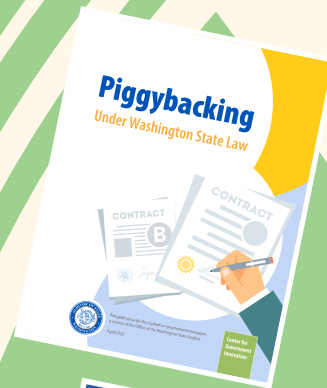
This [checklist](#) can help you conduct a risk assessment across your mix of federal programs. That way, you can identify risks or challenges early and proactively address them. You can download the spreadsheet and even customize it for your district.

## Internal control-related resources

When was the last time you evaluated your financial process internal controls? If it's been a while, consider our self-assessment internal control checklists for [cash receipting](#), [accounts payable](#), and [payroll systems](#) to get you started. You can download each checklist and complete it electronically.

Additionally, take your district's control systems to the next level by using our [cash receipting](#), [accounts payable](#), and [payroll guides](#). This suite of resources can help you develop policies and identify best practices and other ways to improve. Leadership, managers, supervisors, and accounting clerks can all find information tailored to their needs within these guides.

## New resources Guides to payroll, accounts payable, cash receipting



## Technology-related resources

If you are planning to contract with a third party for receipting software or to process electronic payments like credit cards, then our newly refreshed [resource](#) will help you understand best practices. Even if you already have contracts in place, this resource can help you learn more about monitoring for compliance and maintaining oversight of the money.

## Financial-related resources

Finance officials, remember to use our [checklist](#) when it comes time to prepare and review your financial statements. It will also help you with the Schedule of Liabilities and Schedule of Expenditures of Federal Awards. We'll be releasing the next update in September 2022, just in time to help with your next annual financial report!

You can find all of SAO's resources in our [resource database](#). To make sure you get timely notice of every new resource, make sure to sign up for SAO's weekly e-newsletter.

## For additional help

If you are looking for assistance in a certain area and can't find it here or in our resource database, feel free to contact us and we'll do our best to help you find what you need.

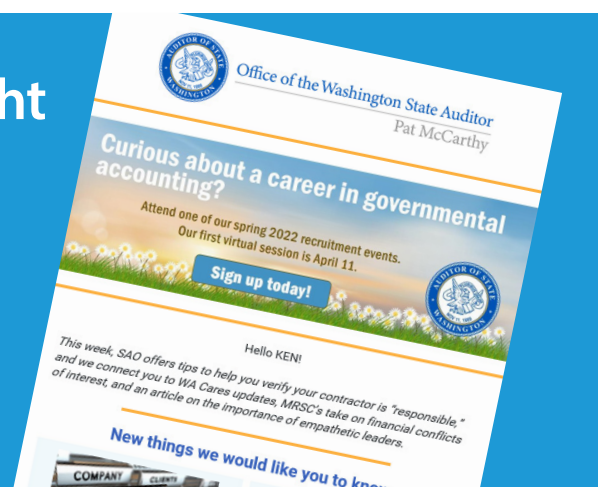
If you have specific technical accounting questions, submit them using our [HelpDesk in the client portal](#).

We also have financial management specialists at SAO's Center for Government Innovation available to talk with you about best practices, resources, or internal controls. For assistance, reach out to us at [Center@sao.wa.gov](mailto:Center@sao.wa.gov).



## Essential SAO resources, straight to your inbox

Want to receive the latest news, articles and resources from SAO and other trusted partners? Make sure you subscribe to receive our weekly newsletter "This week's best from SAO." Go to [sao.wa.gov](http://sao.wa.gov) and click on "The Audit Connection Blog," then fill in your information in the ribbon on the left.



# New rules for accounting and reporting on leases and SBITAs

Accounting and reporting guidance for leases and subscription-based information technology arrangements (SBITAs) are changing for school districts and charter schools. This is the case regardless of whether your method of accounting is cash or modified accrual.

Before this change, districts and charters used a somewhat subjective test to determine if a lease should be classified as “operating” or “capital.” Under the new guidance, all leases (with a few stated exceptions) are just leases, eliminating “operating” leases. The primary goal of the new accounting method is to increase comparability across governments; it also gives financial statement users better, more complete information by establishing a single model for lease accounting.

The new leases requirements were effective beginning September 1, 2021, so financial statements for the current school year should reflect them.

New SBITA requirements will be effective beginning September 1, 2022 and should show up on next year’s financial statements.

## How to apply accounting requirements for leases – don’t wait

Although you likely won’t be preparing financial statements until later this fall, the new lease requirements are in effect for the current school year and affect the accounting for lease payments being made right now. The new requirements also apply retroactively, which means districts and charters will need to evaluate not just current leases but also those in place before the school year began and any new ones to come.

More details on the new lease guidance can be found in the [Chapter 3](#) of the 2021-2022 Accounting Manual for Public School Districts.

We strongly recommend you don’t wait until the end of the year to make these changes. The new requirements require a review of key contract provisions that affect the measurement of the lease. One key reminder: Just because the term “lease” is in an agreement, that doesn’t necessarily mean it’s a lease for accounting purposes (and be cautious before assuming that anything that doesn’t mention a lease is exempt). There are also a number

of exceptions and exclusions to the new accounting requirements, including agreements that meet the short-term lease criteria. Chapter 3 of the schools accounting manual lists these exceptions and exclusions in detail.

Here are four things to do to ensure you’re ready for year-end reporting this fall and the subsequent audits:

- Gain an understanding of the new requirements by reviewing [Chapter 3](#) of the accounting manual and the [leases resources](#) available on the SAO website, and viewing the trainings WASBO offers its members.
- Identify the leases subject to the new requirements and those contracts that can be excluded. This might require working with other departments that initiate contracts, such as the purchasing or facilities departments.
- Document key provisions for each agreement: lease term, payment provisions, extensions and interest rate. If the interest rate is not explicit or implied, retain support for how you determined an allowable interest rate.
- Districts that use modified accrual accounting must calculate the interest and principle portions of each lease for lease liabilities and receivables. Retain documentation for how you calculated these items.

## WASBO Session Alert

To learn more about new accounting and reporting rules for leases, plan to attend New Lease Accountant Requirements:

Thursday, May 5, 11:30 a.m. in Theater 110

Friday, May 6, 8:40 a.m. in Room 205

*Remember to check the conference app for the latest schedule.*

# How charter and tribal schools fare under public audit

Just like established public schools, charter and tribal schools are subject to public audit. In the 2020-21 school year, Washington’s charter and tribal schools served more than 5,600 students. SAO audits the public funding that each type of school receives.

Recent audits of tribal schools have found that they keep records to support revenue and expenditures, and that they have quickly implemented audit recommendations.

Charter schools in Washington began serving students in the 2014-15 school year. Recent audits of charter schools have found that school personnel are still learning about Washington’s legal requirements. Seven new charter schools have opened for the 2021-22 school year. Based on SAO audits, some key areas of continued focus for the charter schools include:

- Documenting and reporting requirements for student enrollment

- Keeping straightforward records to show schools are separating public and private transactions and maintaining supporting documentation
- Identifying public assets and tracking them
- Following meeting requirements under the Open Public Meetings Act, including maintaining meeting minutes, and approving expenditures in a timely manner
- Employing Washington certificated instructors and ensuring they are keeping their certifications current

SAO continues to encourage charter schools to work closely with their authorizer to ensure they comply with their charter contracts and receive relevant guidance to comply with Washington laws.

## CHARTER SCHOOLS, AT A GLANCE: 2020-21 school year: 12 charter schools served 3,640 students

School locations	Location	Grades	Students
Green Dot Rainier Valley Leadership Academy	Seattle	6th - 11th	164
PRIDE Prep	Spokane	6th - 12th	704
Rainier Prep	Seattle	5th - 8th	344
Spokane International Academy	Spokane	K - 8th	599
Summit Schools Olympus	Tacoma	9th - 12th	196
Summit Schools Sierra	Seattle	9th - 12th	375
Summit Schools Atlas	Seattle	6th - 12th	465
Innovation (Willow) Public Schools	Walla Walla	6th - 8th	56
Impact Public Schools-Puget Sound Elementary	Tukwila	K - 3rd	409
Impact Public Schools-Salish Sea Elementary	Seattle	K - 1st	125
Lumen High School	Spokane	9th - 12th	37
Catalyst Public Schools	Bremerton	K - 1st, 5th - 6th	166

## TRIBAL SCHOOLS, AT A GLANCE: 2020-21 school year: 7 tribal schools served 1,997 students

School locations	Location	Grades	Students
Chief Kitsap Academy	Suquamish Tribe, Suquamish	6th - 12th	89
Chief Leschi Schools	Puyallup Tribe, Puyallup	K - 12th	556
Lummi Nation Schools	Lummi Nation, Bellingham	K - 12th	398
Muckleshoot Tribal School	Muckleshoot Tribe, Auburn	K - 12th	556
Quileute Tribal School	Quileute Tribe, La Push	K - 12th	130
Wa He Lut Indian School	Olympia	K - 8th	140
Yakama Nation Tribal School	Yakama Nation, Toppenish	8th - 12th	128





# Concerned about possible errors on your SEFA? SAO is here to help

Washington's governments encountered special audit circumstances this year when it came to preparing the Schedule of Expenditures of Federal Awards (SEFA). School districts were no different—and many of you found yourselves facing a federal audit for the first time because the funding you received related to the COVID-19 pandemic met or exceeded the federal government's threshold to require an audit.

The combination of that new funding and special instructions on how to identify those funds on the SEFA resulted in errors for almost everyone. For those of you whose audits are complete, SAO appreciates your openness and flexibility in working with your auditors to ensure accurate SEFAs and, therefore, accurate audit reports. If your audit is in progress, rest assured your audit team will coordinate with you to update your SEFA before the audit is complete.

While the pandemic created challenging circumstances, it is also a good reminder to read carefully the instructions in OSPI's Administrative Budgeting and Financial Reporting (ABFR) handbook every year before filing your SEFA (read the ABFR handbook at <https://bit.ly/3uXv7Cf>). Additionally, Part 8, Appendix IV of the Compliance Supplement contains a full list of programs included in Part 4 that have requirements defined in

Appendix IV, "Other Information" (read the Compliance Supplement at <https://bit.ly/3xDRWwd>). You can find any special SEFA reporting requirements in that section. In general, you can avoid the vast majority of SEFA errors by following the instructions in the ABFR handbook and Compliance Supplement. Finally, SAO is always ready to help with any questions you submit through our HelpDesk in the client portal at <https://bit.ly/3JYLHWi>.

Any time you need to make corrections to your SEFA, here's how:

- Log into your SAO report at <https://bit.ly/3JYLHWi>.
- Click the blue "unlock" button. This will prompt you to provide a brief explanation of the purpose of the "unlock," and then it will open your report. The status will now be pending.
- Click "edit report" to open the report for edits. After you make the corrections, click the submit button on the last step again, and that will complete your updated report.

If you are unable to click the blue "unlock" button, that might mean the audit for that year has been completed. Email [LGCSfeedback@sao.wa.gov](mailto:LGCSfeedback@sao.wa.gov) for questions and next steps.



# SAO announces key leadership changes

The State Auditor's Office is excited to announce several key leadership changes. Please join us in congratulating all of our talented staff members on their new roles with SAO.

## **Mark Rapozo, Assistant Director of Local Audit, retires from SAO**

After more than 38 years at SAO, Mark Rapozo, CPA, retired in April 2022. Rapozo built extensive professional and personal relationships during his long career in public service. As an assistant director, Rapozo played a significant role in supporting the School Programs Team in planning and coordinating school audits statewide while working with key education stakeholders. In retirement, Rapozo plans to stay engaged in local community service and spend more time in his home state of Hawaii. SAO will miss him, but his colleagues wish him "aloha" and all the best.



## **Tina Watkins, Assistant Director of Local Audit, to oversee School Programs Team**

During her 28 years at SAO, Tina Watkins, CPA, has held several leadership roles working with various local government types. With Rapozo's retirement, Watkins has taken on supporting the School Programs Team. In this role, Watkins will communicate with key education stakeholders and support the team to plan and coordinate school audits statewide. Watkins will attend the WASBO conference this year, so please take the opportunity to meet her.



## **Wendy Choy promoted to Assistant Director of Local Audit**

Wendy Choy was promoted to an Assistant Director of Local Audit in March 2022. Previously, Choy was the Audit Manager for our North King County Team, and she is the current Program Manager for hospital audits. In her new role, Choy will be responsible for the audit teams located in Bellingham, Everett, King County and Tacoma. She has more than 19 years of service with SAO and brings extensive audit experience, particularly with auditing large cities and counties.



### **Lisa Carrell promoted to Olympia Audit Manager**

Lisa Carrell, CPA, became the new Audit Manager for our Olympia Team in January 2022. In her seven years with SAO, Carrell has primarily worked on audits in Thurston, Lewis and Grays Harbor counties. She has also served in dual roles as a subject matter expert on both counties and pensions/other postemployment benefits. Carrell is passionate about the work we do, and she consistently combines her strong technical background with a collaborative management approach to lead and support her colleagues.



### **Haji Adams promoted to North King County Audit Manager**

Haji Adams became the Audit Manager for our North King County Team in April 2022. Adams started his career with SAO as an intern. In his close to 13-year career, Adams has gained extensive experience supervising and conducting audits on several local governments in the King County metropolitan area. In his new role, Adams said that he would continue to support a positive work culture that allows the team to increase its audit effectiveness for clients and citizens.



### **Kim Nguyen promoted to South King County Audit Manager**

Kim Nguyen, CPA, CFE, became the Audit Manager for our South King County Team in April 2022. In her eight-year career with SAO, Nguyen has gained extensive audit experience through her work on each of the three King County audit teams. She has served as both an SAO recruiter and a subject matter expert on fire districts. In her new role, Nguyen said that she would promote a culture of learning, inclusivity, accountability, and most importantly, one of empathy.



# Beware of employee fraud in the digital payment age

Local governments, including school districts, are moving away from traditional paper checks to more efficient and lower-cost digital payments, such as direct deposit, automated clearing house (ACH) payments, electronic funds transfers (EFT) and wire payments. And the benefits are clear: You can pay a variety of vendors seamlessly, process employee payroll faster, and easily transfer funds between multiple bank accounts.

But alongside the benefits, beware. Digital payments also create new opportunities for employees to conceal and personally benefit from these payments.

This could be accomplished by simply changing the vendor's banking information in your payment system to divert disbursements to the employee's personal bank account.

Whether your school district is small or large, the State Auditor's Office offers tips to help you improve monitoring of potential employee fraud.

## Review your electronic payments regularly

Review the electronic payment remittance records that the bank provides as a receipt or confirmation of where the payment disbursed. Focus on the bank account routing and account number details, and compare this to your vendor's bank account information in your vendor master file. This information should match. If it doesn't, it could be an indication of potential employee fraud.

The accounting system may list a vendor payee, but you can only tell if that vendor truly received the electronic payment by validating who owns the ACH-recipient bank account.

## Start reviewing vendor bank account records

Make sure to review vendor bank account changes, including ensuring you have documentation that shows the vendor asked for this change.

Perform an analytical review of vendor bank account information in your accounting system. Watch for multiple vendors that have the same bank account number information, because that is unusual.

Compare vendor bank account information to employee payroll bank account information. Be on the lookout for any employees who have the same bank account as a vendor, as this could be another indicator of fraud.

## Review bank statements monthly

Scan monthly bank statements or online banking activity for electronic payments, evaluate the overall level of activity, and consider the type of activity (wires, ACH, EFT, etc.), frequency and reasonableness.

Be aware that ACH payments tend to be aggregated on the bank statement. For example, all payments made on the first day of the month might aggregate into one line item and corresponding lump-sum amount on your bank statement. That's why it's important to retain underlying supporting records, so that you can determine what makes up the lump sum and where the payments were disbursed.

As your school district starts to use more electronic payment methods, it's important to be aware of the potential for employee fraud and to implement monitoring procedures. You can find more information about establishing best practices to prevent fraud on SAO's website:

- [Bank statements deserve your attention](#), published Nov. 18, 2020
- [How to prevent ACH and bank fraud](#), published Sept. 18, 2020 and found on page 13 of this issue
- [Start the year off right: New best practices and tools for bank reconciliations](#), published Feb. 7, 2020

## WASBO Session Alert

To learn more about one type of payment, plan to attend Credit Cards and the Audit:

Thursday, May 5, 11:30 a.m. in Room 102 C/D

*Remember to check the conference app for the latest schedule.*



# How to prevent ACH and bank fraud

Automated clearing house (ACH) frauds have been on the rise for a while, and we want to share some simple verification steps your school or school district should take before making any ACH and payroll bank account changes.

At the State Auditor's Office, one of the biggest concerns we have been seeing is hackers contacting governments pretending to be an employee or vendor. Next, they ask to change the bank account number for their direct deposit or vendor ACH payments—thereby diverting the payment to the hacker.

These cyber frauds have affected both local and state clients, from small governments to large agencies. We have also seen the bad actors quickly adapt and reinvent the scheme. They started primarily with payroll, but quickly realized vendor ACH payments could have a bigger payoff. Frequently, they simply tricked the user into thinking their email was coming from a valid source.

They've also become quite successful by hacking either government or vendor email accounts and just watching the email traffic, waiting for the right time to step in. For example, they might watch the email exchange between a grantor and a subrecipient as they discussed a grant reimbursement, and then quickly swoop in to say, "Oh, by the way, can you send that reimbursement via ACH?"

In a recent situation at a larger, more complex government agency, the hackers got into the vendor's email account and simply asked to update the vendor contact information on record. Because they just asked for a contact information update (not bank account information), the agency emailed the known email address on hand to verify the change. But that email account had been hacked, so the fraudster was happy to confirm the contact information change. Once the hacker's contact information was in the system, they sent the request to change the bank account information to the agency. The agency followed its protocol to call the phone number in the vendor system to confirm, but of course, this was the hacker's number.

## What can governments do?

We have been recommending to governments that they call the vendor or employee on a previously known number to verify account changes. However, you can thwart this particular scheme by:

1. Requiring a second-factor approval for all contact changes requested by email
2. Keeping a record of vendor/employee requests to change contact information. When the government receives a request to change bank account numbers, consult this log. If the employee/vendor recently asked for a contact change, use multiple other methods to confirm (look up their phone number on their website, contact a different person in the agency, etc.).

In the digital age, it takes extra vigilance to ensure that public funds don't fall into the wrong hands. Even if it takes a bit more time to verify account changes, it will definitely be a wise investment in the long run for your school or district.

## WASBO Session Alert

To learn more about fraud prevention in the virtual world, plan to attend these two SAO sessions:

IT Risks Auditors Look For: Thursday, May 5, 9:00 a.m. to 11:20 a.m. in Room 101

Cybersecurity in the Education Environment: Friday, May 6, 10:40 a.m. to 11:30 a.m. in Room 207

*Remember to check the conference app for the latest schedule.*



## How to print this report:

- Move your mouse cursor to the bottom of your browser window. A bar will appear with several icons. Click the "download PDF" button.
- Open the downloaded PDF, and choose the "print" option from your PDF reader.
- Consider "printing on both sides, flip on short edge" to save paper.
- Finally, decide whether you want full color or grayscale – we know folks rooted in #GoodGovernment are judicious with printer ink.