

Welcome to WFOA's annual conference – in the virtual world! We miss seeing you in Tacoma, but appreciate this online connection as we all navigate the COVID-19 pandemic. SAO is pleased to partner with you on a Vision For A Bright Future.

### Check out our sessions

Keeping Fraud in Focus  
Single Audit Update  
Summary of Bank Reconciliations  
BARS Update  
Lean Basics Plus

### Stop by our exhibitor booth

Pop in the chat and ask questions  
Download our flyer about fall training opportunities – all virtual, of course!

## Have a peek inside

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### McCarthy's Corner

I don't think any of us who attended last year's Washington Finance Officers Association conference in Yakima could have predicted that this year we'd be meeting in an all-virtual conference. Even so, we at the

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**McCarthy's Corner –**  
Continued from page 1

State Auditor's Office are looking forward to seeing you online. And I would like to thank all of our partners in state and local government for working with us through the many twists and turns of the past year.

Last winter, we saw action at the state and local level to increase government accountability. That includes work by local governments to help small, special-purpose districts file their annual reports with SAO, and work by the Legislature to address the very few districts that do not file as required and are declared "unauditable."

Since then, governments have been buffeted by the changes in operations required by the pandemic and social distancing, a steep drop in revenues for many, and a surge in emergency federal funding. We know you've been racing to stay on top of it all, and this edition of the Audit Connection is intended to help.

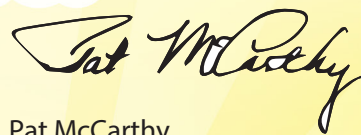
Inside this issue, you'll find tools and best practices on how to make a remote audit successful. It discusses our new COVID-19 Guidance Toolkit, a webpage designed to help you quickly find the accountability information you need. And it has details about our [billing rate](#) for 2021, which will be unchanged from 2020.

I believe communication is critical, especially in the current environment. This newsletter is part of our

ongoing efforts to stay in touch, and we hope it is a key resource for you during this year's WFOA conference. Although we can't meet in person at this year's event, we have sponsored a virtual booth and I invite you to "stop by" with your questions.

No doubt, there are more twists and turns in store for us in the months ahead. It takes a lot of effort for governments to be nimble and adapt to new circumstances, but I believe we are all up to the challenge. For example, this year 93 percent of local governments have filed their annual financial reports as required. That is a testament to how hard you've been working, despite ever-changing situations.

I hope you will stay connected with us. We're committed to being creative and finding ways to work with you to ensure audits can be completed. Especially when public resources are under pressure, the public expects government transparency and accountability. Thanks to your partnership, I am confident that we can meet those expectations, and any challenge that comes our way.



Pat McCarthy

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*Greetings*  
**WFOA**  
2020

# Receiving CARES Act funds?

## Document, document, document

What's the best advice we can give you regarding use of and documentation for CARES Act funding? Document, document, and document some more. Treat these funds just like any other federal award, which means their use should comply with the terms and conditions of the award and Uniform Guidance. The federal Office of Management and Budget (OMB) provided additional guidance and some exemptions to Uniform Guidance in its memorandums. OMB has stressed the requirement to keep appropriate records to support costs charged to federal awards.

On any activities or purchases related to the preservation of public health and promotion of public welfare:

- First, consult your policies and then seek legal advice from your attorney.
- Consider whether a policy adjustment is necessary before taking the proposed action.
- Fully document your analysis and evaluation to support the action or decision taken.
- Document the source of your criteria; take a screen shot if available.
- Account for coronavirus-related expenditures and revenues in your accounting systems, ensuring they can be separately identified.
- **Document, Document, Document!**

In general, a grantee must always maintain appropriate records, as required by 2 CFR 200.302 (financial management), 2 CFR 200.430(i) (standards for documenting personnel expenses), and 2 CFR 200.333 (retention requirements for records) to substantiate the charging of any compensation costs related to interruption of operations or services. The grantee must also have adequate supporting records to support that the cost met the terms and conditions of the award and allowable costs/cost principles under 2 CFR 200 Subpart E (necessary and reasonable, allocable, net of credits, limitations, consistency, and where required – prior written approval).

However, not all grants or awards are the same. For example, the Coronavirus Relief Fund guidance does not include some of the normal documentation requirements, including those for personnel costs

(2 CFR 200.430(i) - standards for documenting personnel expenses). Nor does it include the requirements of Subpart E mentioned above. Therefore, it is important to know which requirements apply to each federal award.

For specific questions regarding the allowability of a particular cost or documentation of a cost, we recommend clients contact the awarding agency and keep a record of the response (whom they talked to, when, and what the question and answer were). Email would be ideal for this.

Finally, the grantee must have evidence that internal controls are in place (2 CFR 200.303). Auditors will be required to test the effectiveness of the internal controls over compliance, which probably will include any amended or temporary emergency controls (policies/procedures/processes) put in place due to the circumstances or work environment changes.

In addition, on April 24, 2020, we issued a BARS Alert addressing the BARS Coding for COVID-19 and stimulus payments. You can find this guidance on our website at:

**Cash:** [sao.wa.gov/bars\\_cash/alerts-changes/header-for-overview-of-significant-changes/](https://sao.wa.gov/bars_cash/alerts-changes/header-for-overview-of-significant-changes/)

**GAAP:** [sao.wa.gov/bars\\_gaap/alerts-changes/overview-of-significant-changes/](https://sao.wa.gov/bars_gaap/alerts-changes/overview-of-significant-changes/)

### More resources

Here are some more resources you can look to regarding management of federal coronavirus relief funds.

*SAO blog posts*

- [Check out these top resources about federal assistance during COVID-19 \(April 27\)](#)
- [Keep these tips in mind if you are spending FEMA Public Assistance money \(April 29\)](#)
- [5 reasons to step up your documentation \(June 9\)](#)

*Municipal Research and Services Center (MRSC)*

- [Coronavirus \(COVID-19\) Local Government Fiscal Impacts](#). See the section dedicated to "CARES Act and Federal Stimulus."

*Washington State Department of Commerce*

- [Local Government Coronavirus Relief Funds](#)

# COVID-19 Guidance Toolkit helps you navigate changing accounting and reporting landscape

In keeping with our shared commitment to government transparency and accountability, the Office of the Washington State Auditor recently released our new COVID-19 Guidance Toolkit.

You can find it on our website at [sao.wa.gov/coronavirus](http://sao.wa.gov/coronavirus), or click the links on our homepage.

The guidance toolkit includes a wealth of information for local governments and state agencies about the federal CARES Act, auditing guidance, accounting and reporting resources and more.

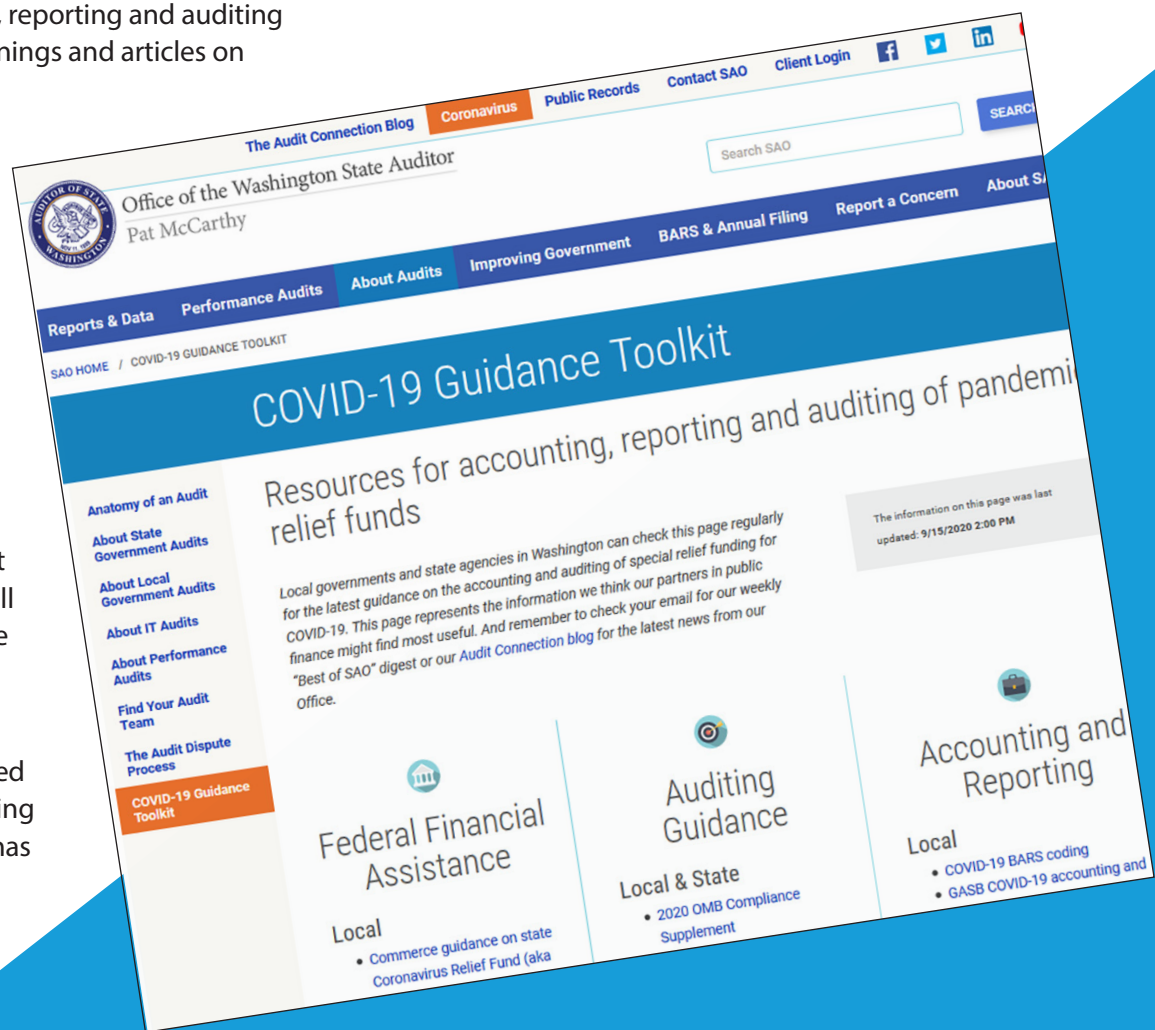
As a webpage, the toolkit is designed to make finding the resources you need simple and straightforward. And it goes beyond accounting, reporting and auditing guidance to include links to trainings and articles on re-imagining the workplace.

All of us, professionally and personally, are dealing with this unprecedented pandemic on many levels. In a recent conference of the National Association of State Auditors, Comptrollers and Treasurers, a speaker remarked that those of us in government are often a little reticent to change things. Washington has long been forward-thinking, but it's true that the change we've all experienced has come at a more rapid pace than anyone would have planned.

Local governments have adjusted operations and approaches during the past few months. SAO also has

adjusted our approach to auditing remotely, and have put together some [tips on how to make your remote audit successful](#) (see story on page 6). These changes to auditing and the COVID-19 guidance toolkit reflect our own determination to stay nimble and responsive to you in these times as well as our belief in making relevant information as accessible as possible.

We remain involved in national, state and local discussions regarding the CARES Act and other important accountability topics. And we are committed to sharing news, information and resources to help you navigate new challenges.

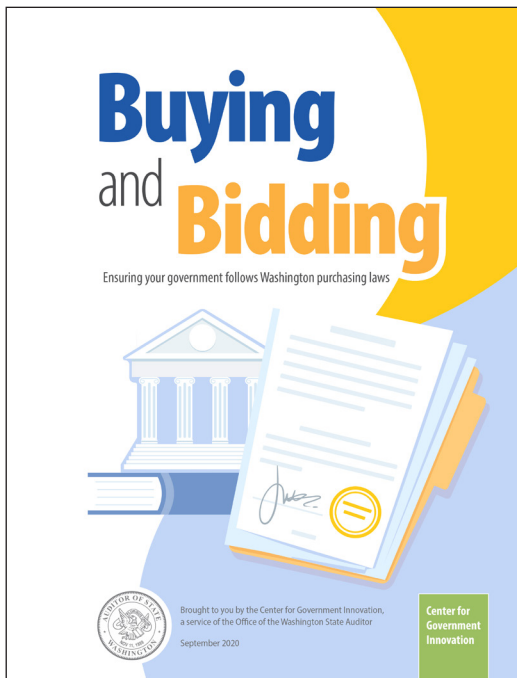


# Introducing SAO's new procurement resources

We invite you to check out our latest procurement resources. From learning the applicable laws and thresholds to getting helpful tips and a tool to help you determine if a bidder is responsible, these new resources will help you navigate your next procurement process with confidence.

## Procurement guide

No matter your government's type or size, our new procurement guide is for you. You don't need to be a purchasing expert to use this guide — it is written with a broad audience in mind. This new resource



covers the general requirements that typically apply to all government types, but also speaks to many of the alternatives and unique circumstances. So regardless of whether you are a small diking district or a larger county, you'll find information to help you follow the law.

Here's a quick preview of some of the guide's topics and features. The guide:

- Covers all types of procurements — purchases, public works, and services
- Helps you understand your requirements for public bidding, but also the alternatives
- Provides links to applicable statutes, to save you time

- Gives tips on common trouble spots such as using federal funds on a project
- Offers some best practice suggestions in managing projects
- Links to additional resources should you want to dig deeper

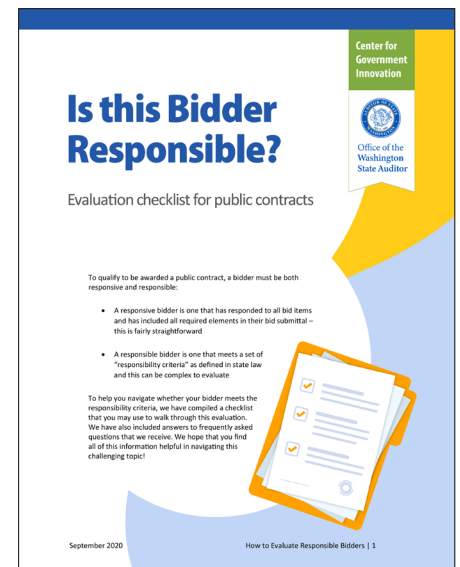
To view the guide, [click here](#) or go to [sao.wa.gov](http://sao.wa.gov), hover over "Improving Government," then select "Resources Database." Procurement is a frequent area of audit emphasis and audit recommendations. If you have a question that this guide doesn't cover, you can always submit a question to our helpdesk. In some instances, it's best to work directly with your legal counsel. [Municipal Research and Services Center \(MRSC\)](#) also has many resources on procurement for local governments.

## Responsible bidder checklist

Evaluating bidders is an important step to take before awarding a contract. The new responsible bidder checklist is a tool you can use when evaluating bidders. Inside the resource, you'll also find answers to your most frequently asked questions on this topic. Have you ever wondered if you can adopt supplemental criteria of your own? Follow the link to the new resource to find out.

To view the checklist, [click here](#) or go to [sao.wa.gov](http://sao.wa.gov), hover over "Improving Government," then select "Resources Database."

Email [Center@sao.wa.gov](mailto:Center@sao.wa.gov) if you have questions or comments about these resources.



# How we can work together to ensure successful audits

The Office of the Washington State Auditor made the move to auditing remotely in March, and overall we have found the transition to be successful and sustainable for the foreseeable future. However, we have noticed that audits sometimes take a little longer in this environment. In adapting to auditing in a remote environment, flexibility and robust communication have been key to performing timely audits.

When audits are taking longer, the cause often is that clients need more time to pull documents and respond to questions, especially since they might not be in the office where records are easily available.

We understand the unusual demands placed on state agencies and local governments during this time and will work with each client to be flexible regarding audit logistics. This includes working through client staff availability, video conferencing needs, and coordinating how to best share documents. For example, when it is not feasible to supply electronic records, we will coordinate how to obtain physical records, such as picking up or exchanging documents from your workplace, while following social distancing rules.

Robust communication is vital to a successful audit, especially now. Although these are not new strategies, the following are three ways we are communicating with clients in this remote environment:

1. *Pre-audit meetings.* These meetings are valuable in ensuring we are off to a good start. Generally, this is where we set up a phone call to discuss the timing and logistics of the audit. During this call, we also discuss the document request list and make a plan

for how we will share documents needed to complete the audit.

2. *Document request lists.* Auditors often compile and provide you with a list of documents that we anticipate needing for our audit. Generally, the list starts with items that we will need to plan the audit, such as meeting minutes, responses to prior audit recommendations, and answers to some general questions about events that occurred during the audit period. We will also include other documents we know we will need later in the audit, such as bank statements, reconciliations, and debt agreements for a financial statement audit. It is important to note that sometimes these lists can appear overwhelming at first glance. Please work with your auditors to coordinate how to tackle this list.

3. *Audit status meetings.* These meetings should be held at least weekly, although they can be more often. This is a good time for us to discuss the progress of the audit, any outstanding requests or questions, and any potential areas of concern or recommendations. These meetings are a perfect time for you to ask questions or let us know if something is not working for you so we can make adjustments.

In addition, we have moved to using video conference applications, such as Skype and Microsoft Teams, for meetings, allowing us to look at documents together and more effectively collaborate.

Once your audit is scheduled and we have established effective channels for communication, we should be able to complete your audit in a timely manner.

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## How SAO will audit Washington's Employment Security Department in light of major unemployment fraud

At the State Auditor's Office, we've heard from members of the public, the Legislature and the media interested to know about the work we are conducting at the state Employment Security Department (ESD). The agency was targeted in a major unemployment benefits fraud scheme earlier this year.

Here is a summary of our work plan:

SAO is conducting a series of audits of ESD to address three main areas of concern in the unemployment insurance program:

- the large-scale benefits fraud;
- delays in benefits payments; and
- the lack of responsiveness to people’s inquiries about their benefits.

This work will involve five distinct audits — three regularly scheduled audits and two new performance audits:

- Financial audit – Each year, SAO conducts a review of the state of Washington’s financial statements. The unemployment insurance program is both a major expenditure and a major source of revenue for the state, so it will be reviewed as part of this audit. This will be the first report out, we expect by early December of this year.
- An accountability audit – We were wrapping up this regularly scheduled audit when the ESD fraud occurred, so we extended our work to include unemployment claims testing through the end of June 2020. We expect to issue the report in December.

- Federal audit – SAO is required to audit federal grant spending for all state agencies. Federal CARES Act funds included increased unemployment benefits, so this audit will review ESD’s use of federal funds as they relate to federal unemployment expenditures. It will be published by the end of March 2021.

- IT systems audit – This will review the integrity of the systems underlying the unemployment benefit system. We plan to publish it in April 2021.

- Performance audit – This will be an overarching audit to understand what happened and why, and to make recommendations for the future. It will build on the results of the other audits. We plan to publish this audit in April 2021.

Which type of audit is which? This [list of short descriptions](#) of each audit report type might be useful.

## Most unauditible governments are now accountable

Dozens of governments that were deemed unauditible last year have taken steps to comply with state accountability laws, leading to the August publication of completed audits of two governments that had gone without outside review for years.

A public accountability initiative by the Auditor’s Office, along with action by state lawmakers, and the support of local government leaders and members of the public, has reduced by about two-thirds the number of local governments that have not reported required annual financial reports or cooperated with an audit.

“We’ve focused on ensuring every government in Washington receives an independent audit, and it’s made a difference,” McCarthy said. “The public expects every government to be transparent, and I want to acknowledge the Legislature and local government leaders for supporting this effort to increase transparency.”



In August, the Office of the Washington State Auditor released the first [audit of Pierce County Drainage District No. 23](#) in 15 years. Also published was the first [audit of King County Drainage District No. 5](#) since it was the subject of a \$400,000 misappropriation and declared unauditably last year.

State law requires each local government to submit annual financial reports to SAO and to be audited at least once every three years. However, a small number of the state's 2,300 local governments do not cooperate in these basic accountability measures.

In May 2019, 40 local governments were determined to be unauditably, but that number had fallen to 15 by August. Full details, including the list of governments, are available in this [interactive infographic](#).

"Our goal is to ensure that every single government that receives public tax dollars is accountable to the public, and we will continue to shine a light on the issue," said McCarthy. "I want to encourage the few governments still deemed unauditably to work with us and respond to our requests."

Those governments still categorized as unauditably may be the subject of a "Report on Unauditably Government," a type of report that is referred to the state Attorney General's Office for possible legal action. Under the legislative reforms passed this year, the report may also trigger intervention by the county in which an unauditably government operates.

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## How to prevent ACH and bank account fraud

Automated Clearing House (ACH) frauds have been on the rise for a while, and we want to tell you some simple steps you can take to properly verify ACH and payroll bank account changes before making changes.

A big concern 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.

Both state and local clients, from small entities to extremely large sophisticated agencies, have been affected by these cyber frauds. 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 sub recipient as they discussed a grant reimbursement, 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. But this particular scheme can be caught 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 agency.

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## GASB delays implementation of new standards

In May, the Governmental Accounting Standards Board (GASB) voted to delay implementation of several new accounting standards. The decision by GASB took effect immediately, and came in response to requests by governments across the country grappling with the coronavirus pandemic.

At the Office of the Washington State Auditor, we were pleased to support the proposal circulated by GASB in an exposure draft. The decision postponed for 18 months the lease statement and implementation guide. It also postponed for one year the effective dates of all other statements and implementation guides that were due to be implemented by state and local governments for fiscal years 2019 and later.

We know that governments of all sizes and types face unique challenges at this time, and we are committed to being responsive to this situation. For more information on how the GASB decision affects BARS Manuals (both GAAP and Cash) and your fiscal report for 2019, visit the [Accounting Delays](#) page on our website.

And because we know that you are receiving a lot of information regarding the pandemic, we also have created a [COVID-19 Accounting and Reporting](#) and [COVID-19 Guidance Toolkit](#) pages on our website to centralize all of our BARS-related communications.

SAO staff are prepared to help you with any filing questions. Our website's [About Filing Online](#) page has many helpful filing resources, including [the library of online filing videos](#).

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## Your financial data unleashed by FIT's new enhancements

The Office of the Washington State Auditor's Financial Intelligence Tool (FIT) offers the only free comparative financial data of all Washington local governments, for any user.

FIT's August and September feature updates provide local governments unique, "for your eyes only" functionality that takes data analysis to new levels even if you have only 15 minutes or less.

Local governments, you can now log in to FIT and will find enhancements built specifically for you:



## Office of the Washington State Auditor

- View your live data, which you just submitted or updated via SAO's online filing system. See your submission reflected in FIT's many views, reports, and indicators right away.
- Access your government's debt and liability history and trends.

- Create and save peer groups of the governments you know are like you, and use those saved groups to run various reports. Don't know who is similar to you? Capitalize on FIT's ability to find peers based on an almost unlimited number of factors, all selected by what matters most to you.
- Governments that use generally accepted accounting principles (GAAP) can now run a report that organizes Schedule 01 data that looks similar to fund operating statements, aimed to help you make sense of the data in ways that are meaningful to you.

Where did these FIT update ideas come from? Our local government users. At SAO, we listen and make our efforts benefit you. If you have more ideas, please contact us at [center@sao.wa.gov](mailto:center@sao.wa.gov).

But that's not all. In addition to client feedback, we also incorporated hundreds of hours of external research to improve how FIT's ratios present financial health. To benefit the way users interpret our financial health indicators, we:

- Added government-type specific mean and median to each indicator, allowing you to compare your financial health to statewide averages;

- Added the ability to compare saved peer groups or specific governments to your own health indicators;
- Changed how indicators are presented. Indicators now show by fund-type, which aims to provide users a snapshot of how all funds are performing; and
- Tweaked some indicator sensitivities to improve the number of potential "false warning flags," or indicators that would read cautionary or concerning when other measures of fiscal health appeared adequate.

We encourage everyone to look at the FIT data. SAO uses FIT to meet its legal requirement to provide data to the public. If you are new to FIT, we have created a [15-minute FIT jumpstart guide](#) to get you going with the basics. If you want a more customized approach, we offer FIT Personal Training sessions: Just email us at [center@sao.wa.gov](mailto:center@sao.wa.gov) to schedule a session for you or a group from your government. Finally, you can read [more detailed explanations](#) of all these features on our website.

At the State Auditor's Office, we agree that transparency creates accountability. We hope you find FIT as useful as many across the country do. You can find [FIT](#) on our homepage under "Reports and Data."

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## New cash receipting resources for you in 2020

The Center for Government Innovation, a service to governments in Washington provided by the Office of the Washington State Auditor, has been working hard to bring you new cash receipting resources. Take a look at what's new and improved, and what's on the horizon.

### **New release: Cash receipting guide**

This new resource includes a suite of short, 1- to 2-page resources for different roles and topics. This guide shares best practices based on our audit results and research and has something for you, whether you are:

- A leader developing a policy or looking for ways to save time and money over cash receipting operations;
- A manager hoping to reduce risk in your cash receipting operations;

- A supervisor looking to improve monitoring over deposits; or
- A cashier responsible for handling the money.

To find this resource, [click here](#) or go to [sao.wa.gov](http://sao.wa.gov), hover over "Improving Government," then click on "Resources Database."

We hope you check it out and let us know what you think.

### **New release: Do-it-yourself control assessments**

That's right – you should evaluate your own internal controls periodically. Don't wait for us to come in and provide recommendations; get started today. The series of self-assessment tools we have planned will start you off on the right track. Cash receipting will be the first financial process we cover, with more to come. These

checklists will include questions to help you evaluate your controls, as well as explanations to guide you. This resource will help any government — no matter the size or complexity of your cash receipting operation.

### Updated: Best practices for using vendors for payments

There is much to keep in mind if you contract with third parties to use a vendor’s receipting software or process electronic payments (such as credit cards). At the end of the day, even when you contract out, you’re still responsible for monitoring those revenue streams and complying with any requirements.

Whether you have been doing this for years, or are just exploring it as a new receipting option, this newly updated resource is worth a read to learn more about best practices in this area.

To find this resource, [click here](#) or go to [sao.wa.gov](http://sao.wa.gov), hovering over “Improving Government,” then click on “Resources Database.”

### Make sure you’re signed up

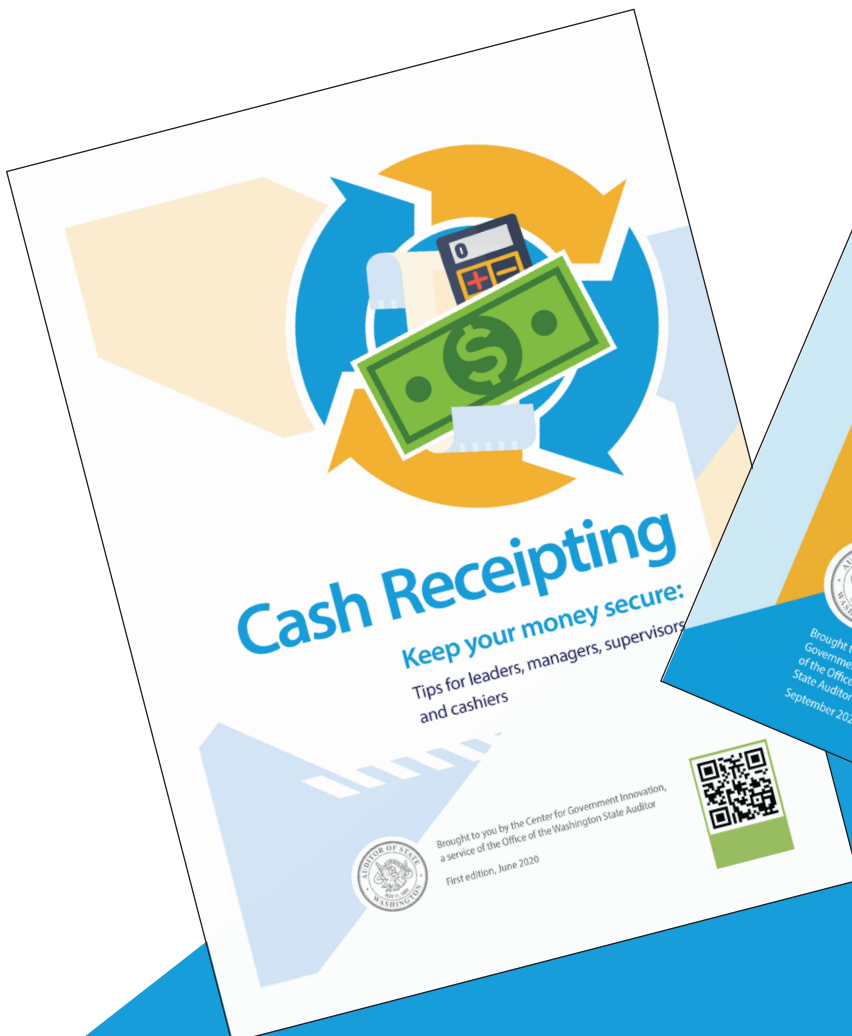
Do you want to know as soon as we have these resources available for you? Sign up [on our website](#) to make sure you opt in to receive notifications from the Center for Government Innovation.

### Check out our Resources Database

If you haven’t signed up to receive notifications, you can always view all of our free resources in our online database. We have a lot of great resources to share, so spend a few minutes in our [Resources Database](#) to see what we have to offer.

### Contact us

If you’d like to reach out to us with questions or feedback, feel free to email us at [Center@sao.wa.gov](mailto:Center@sao.wa.gov). We’d love to hear from you.



# Local governments: Sharpen your financial skills

This year might be a good time to re-evaluate your financial planning strategies and make sure they are top notch. Here's some information to get you started.

## Scenario planning

Scenario planning is a valuable tool for dealing with uncertainty, and a great way to start conversations with leadership. If you haven't heard of it, it involves preparing multiple forecasts based on different underlying assumptions. For example, sales tax for many is a major revenue stream and subject to volatility. It can be helpful to look at the effect of different collection rates and see how that affects the overall financial picture. To learn more, read [our recent article on this topic](#).

## Cash forecasting

A cash forecast will tell you whether you have sufficient cash in the future, such as for each of the next 12 months. It's different from a budget; budgets provide spending authority for a year or two but they don't tell you if you have the cash available to spend at any point in time. The Government Finance Officers Association (GFOA) has some free tools you can use to prepare such forecasts: [www.gfoa.org/materials/managing-cash-flow-in-a-crisis-how-to-quickly-build](http://www.gfoa.org/materials/managing-cash-flow-in-a-crisis-how-to-quickly-build)

To learn more, read [our recent article on this topic](#).

## Budgeting

It's important to use your budget effectively. Remember, it's meant to be a control mechanism for spending. Are you including extra amounts in the budget that you don't really intend to spend?

Also, how certain are you about your revenue projections? Monitoring these throughout the year is important to

identify if expenditure reductions are needed. If revenues do not materialize as expected, then continuing with the original budgeted expenditures could erode your cash reserves. Read more from GFOA about budgeting best practices: [www.gfoa.org/best-practices/budgeting](http://www.gfoa.org/best-practices/budgeting)

## Long-term financial planning

It can be hard to think about the long-term when the short-term is so hard to predict. But the reality is that many decisions you make now will have long-lasting effects. For example, if you take on new debt or defer road maintenance, you save resources for today, but affect payments in future years. Read more on GFOA's best practices for long-term financial planning: [www.gfoa.org/materials/long-term-financial-planning](http://www.gfoa.org/materials/long-term-financial-planning)

## Considering your financial options

There are so many options and strategies that we can't begin to cover them all. But you can find great resources on GFOA's fiscal first aid web-site, [www.gfoa.org/ffa](http://www.gfoa.org/ffa). See information under steps 3, 5, and 7 for strategies you might consider. We especially hope you get the chance to check out GFOA's "Cash is King" research paper at [www.gfoa.org/materials/cash-is-king](http://www.gfoa.org/materials/cash-is-king) – it covers a multitude of short term strategy options!

## For help

Remember, we are here to help. We have financial management specialists available to help you talk through technical projects, and the Budgeting, Accounting, and Reporting System (BARS) Manual for accounting implications. And don't forget to include your legal counsel in the decision-making process. For assistance, reach out to the [Center@sao.wa.gov](mailto:Center@sao.wa.gov) or ask us a specific question through our [helpdesk service](#).

## SAO hourly billing rate remains the same

Last year, our goal was to maintain the local audit hourly billing rate for two years, through 2021. Although we did not plan for the fiscal challenges of a pandemic, we have determined that, by changing some of our operations and making internal cost adjustments, we will be able to meet our goal and leave the rate unchanged from 2020. However, if any unforeseen significant costs (i.e., COVID-19 or legislative funding changes) occur that we cannot adjust for, a billing adjustment may be necessary.

### State Auditor's Office 2021 hourly billing rates

\$113 for local government audit work

\$84.75 for auditors in travel status (75 percent of standard rate)

\$210 for fraud investigation

\$157.50 for auditors in travel status during fraud investigation work (75 percent of standard rate)

This has been an unprecedented year, and we will continue to actively monitor our financial situation. We are committed to continued communication of any future rate adjustments.

If you have any questions, please contact Kelly Collins, CPA, Director of Local Audit, by phone at (564) 999-0807 or by email at [Kelly.Collins@sao.wa.gov](mailto:Kelly.Collins@sao.wa.gov).

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## 10 auditors add professional certifications

Since February 2020, we have added eight new Certified Fraud Examiners (CFE) and two more Certified Public Accountants (CPA).

The CFE credential shows that the individual is knowledgeable in fraud prevention, detection and deterrence. This certification requires ongoing training in the areas of fraud and ethics.

The CPA certification shows that the auditor has a strong understanding of auditing and attestations, business environment and concepts, financial accounting and reporting and regulations. This certification also has ongoing education and ethics requirements.

The addition of these credentialed auditors benefits audited governments by increasing our ability to spot and track down misappropriation quickly and to educate governments about how to prevent it themselves, and by contributing to more efficient and effective audits for governments.

SAO's support of the professional development of our auditors demonstrates our Office's continuing commitment to excellence in accountability.



## BARS keeper Alexandra Johnson to retire in October

On October 29, 2020, Alexandra Johnson, Assistant Audit Manager for the Local Government Support Team and “Queen of BARS,” will retire.

Alexandra has dedicated over 30 years of public service in Washington, 28 of which were with the Office of the Washington State Auditor. During her career, Alexandra has played an important role in several internal, local, state, and national committees and associations, trainings, and projects, including the many phases of the Budgeting, Accounting and Reporting System (BARS) Manual restructures.

Alexandra’s commitment to BARS, governmental financial reporting, and mentoring others has helped many auditors and local governments alike.

SAO will miss Alexandra’s technical knowledge, dedication, and professionalism. We thank Alexandra for her valuable contributions to the State Auditor’s Office and making a difference through public service.

If you would like to take a moment to sign the virtual retirement card for Alexandra, please do so by Friday, October 15. Click here to access the card:

[www.groupgreeting.com/sign/1a77a13522297eb](http://www.groupgreeting.com/sign/1a77a13522297eb)



## Fraud Investigations manager Walker leaving SAO

After 19 dedicated years, Sarah Walker, Fraud Investigations Manager, is leaving the Office of the Washington State Auditor on October 1.

Sarah began her time with the office in 2001 as an intern on Team Wenatchee, eventually transferring to Team Yakima and ultimately joining the Fraud Investigation team in 2010.

Sarah has played an important role in hundreds of fraud investigations by mentoring fraud specialists around the state, designing investigation procedures, performing investigation interviews, testifying at trials, and working closely with law enforcement, prosecutors and attorneys. Sarah has also provided training and resources to auditors, state and local governments, and other fraud and accounting professionals.

We thank Sarah for her valuable contributions to the State Auditor’s Office and Washington’s governments. If you would like to take a moment to sign the virtual card for Sarah, please do so by October 11.

Click here to access the virtual card:

[www.groupgreeting.com/sign/a7427a679519276](http://www.groupgreeting.com/sign/a7427a679519276)

If you have questions about fraud, go to our website at: [sao.wa.gov/improving-government/preventing-fraud/](http://sao.wa.gov/improving-government/preventing-fraud/) or email Special Investigations Program Manager Stephanie Sullivan at [Fraud@sao.wa.gov](mailto:Fraud@sao.wa.gov).

