



Greetings WFOA 2022!



Unplug and
Reconnect!

Hello, public service partners!

As we gather for the 2022 Annual Conference of the Washington Finance Officers Association in Tacoma, SAO is working harder than ever to assist you as we adjust to the New Normal. This electronic version of our newsletter is packed with helpful items. We look forward to working together in the service of #GoodGovernment.

McCarthy's Corner



Attending the annual WFOA conference this year means getting back together in person, a great way to start the fall. And, as someone who started her public service career in Tacoma, I can say it is a wonderful place to follow the conference's theme, "Unplug and Reconnect!"

We at the State Auditor's Office are looking forward to reconnecting with our partners in government accountability and discussing the newest ideas in government finance. As public servants, we all share with you an interest in protecting, accounting for, and making the best use of public resources.

Continued on page 2



Have a peek inside

- 2 SAO transitioned to new file sharing tool on Sept. 1
- 3 Center for Government Innovation's Best Practices for Credit Card Programs, Payroll Guides, and more
- 4 SAO unveils new, easy to use resource library
- 5 Two new guides to help secure public funds in the digital age
- 8 Meet an SAO manager who started as an intern
- 9 Benefits of working at SAO
- 10 Fall BARS training schedule and more learning opportunities
- 12 New questions when you report a loss to SAO
- 13 New compliance audits on use of deadly force investigations and clean energy

McCarthy's Corner –
Continued from page 1

Whether you work for a large government agency or a small special purpose district, the past few years have been anything but simple. I am continuously impressed by the spirit of resilience I have seen in governments across the state. Time and again we have faced new circumstances and adapted quickly.

Even as this conference offers a chance for us to unplug and meet face to face, I know your governments are now blending new and old ways of working together. We've become more nimble and effective stewards of the public dollars and services under our charge, whether through blending remote and in-person work, more efficiently exchanging data, or simply communicating more deliberately and clearly.

I just returned from a national conference for state auditors, treasurers and comptrollers, and I can tell you that issues like accounting for federal funding, improving government cybersecurity, preventing fraud and retaining staff are hot topics across the country. This special edition of the Audit Connection is a sort of field guide to that conversation in the accountability community.

You'll find articles about some of our new audit work, including audits of Clean Energy Transformation Act compliance and law enforcement use of deadly force investigations. You'll find information on trainings we

are offering, as well as new resources on wire transfers, ACH payments, new loss reporting questions and more.

In fact, we have so many great new resources that we redesigned and improved our online resource library. Please visit it on our website; it has a wide variety of information that can help you and your colleagues get up to speed on different topics. I think you will find it valuable. Just go to sao.wa.gov, hover over "Improving Government," and click on "Resource Library."

Of course, SAO staff will also share tips, insights and information at the conference. We'll share what we know in critical areas like fighting fraud, leases, payroll internal controls, federal award requirements and BARS updates. We'll offer some less technical advice, too – like how to simplify your life and your job with Lean thinking!

Thank you all for your continued partnership. I look forward to seeing you in Tacoma!



Pat McCarthy

Pat.McCarthy@sao.wa.gov, (564) 999-0801

SAO transitioned to new file sharing tool on Sept. 1

Earlier this summer we announced SAO would be phasing in a new data-sharing tool for audits. Starting Sept. 1, SAO's SecureShare is our primary tool for exchanging audit information with state and local governments.

SAO developed the tool after consultation with Washington Technology Solutions (WaTech), the state's IT agency. Our programmers and technicians then worked with Microsoft to develop this customized application built on trusted, reliable technology.

We have emailed clients with invitations to join their dedicated share space.

Once you receive your invitation, please activate your account as soon as possible. We will notify you when you need to use your account to share audit data with us.

If you have questions, please contact your **audit team**.

The Center for Government Innovation's tools can help you make the most of your WFOA sessions

In your busy work day, with so many responsibilities and requirements to meet, have you ever wished you had help or a place to get guidance? SAO's Center for Government Innovation is here for you.

The Center offers tools and services—at no additional cost—to help you solve problems and improve operations. And this week at the WFOA conference, we're excited to share our expertise with you in our sessions on internal controls, cybersecurity, financial data analysis and Lean process improvement.

Internal controls

The Center's sessions on payroll and credit cards will help you improve your government's internal controls in these important areas. You'll find additional advice in our [Payroll Guide](#) and [Best Practices for Credit Card Programs](#).

Cybersecurity

As part of Fighting Fraud Friday, the Center will host a session on how to improve your government's cyber

defenses. We also offer a number of [#BeCyberSmart](#) resources on our website that can help you protect your organization from threats no matter your role in local government.

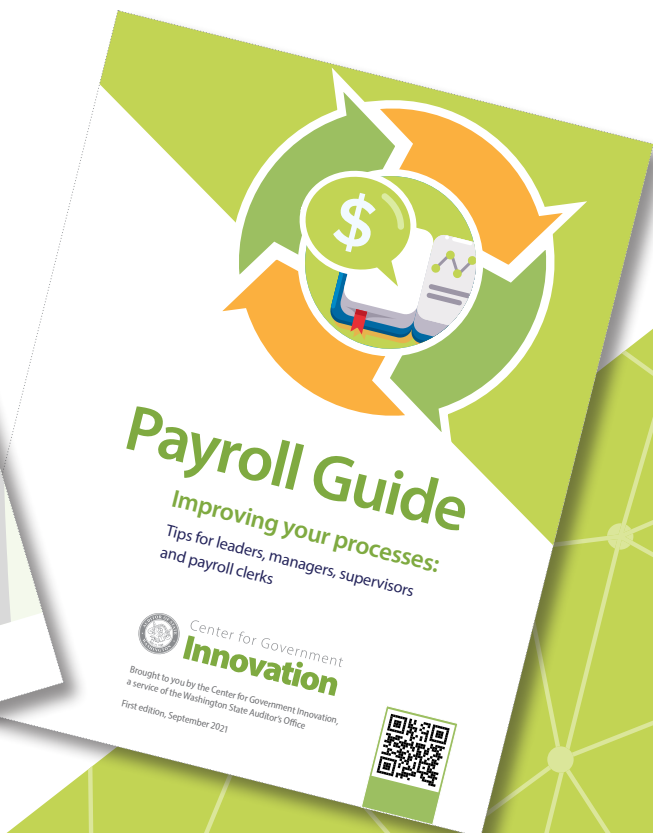
Financial Intelligence Tool (FIT)

Our session on SAO's FIT will use statewide data, trends and fiscal health results to show how your government "fits" into the statewide financial landscape. Give [FIT](#) a test drive today!

Lean

Our Lean sessions will show you how the Center's process improvement tools can help make your government's work processes more effective and sustainable. Ready to learn how our Lean services can help you? Contact the Center at 564-999-0818 or email center@sao.wa.gov.

We look forward to meeting with you at the conference, and hope you will take advantage of our no-cost resources.



SAO unveils new, easy to use resource library

SAO's resource database offers dozens of free guides, checklists, best practices and tools to help Washington governments improve their internal controls, grant management, procurement practices, financial reporting and cybersecurity. We recently replaced it with something better!

We're excited to announce the launch of our **new, redesigned resource library**. The new site features streamlined navigation, a cleaner interface, and a better user experience. Best of all, you'll get to the resources you want in fewer clicks!

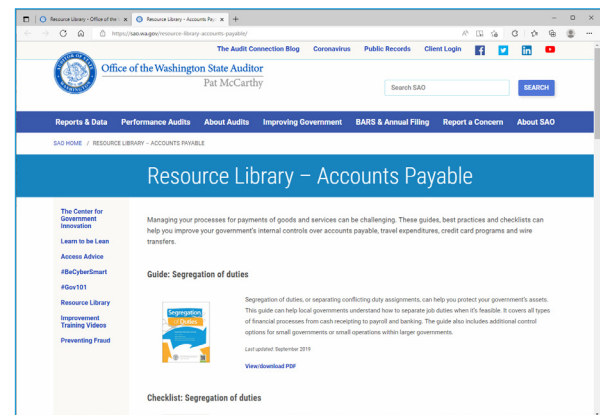
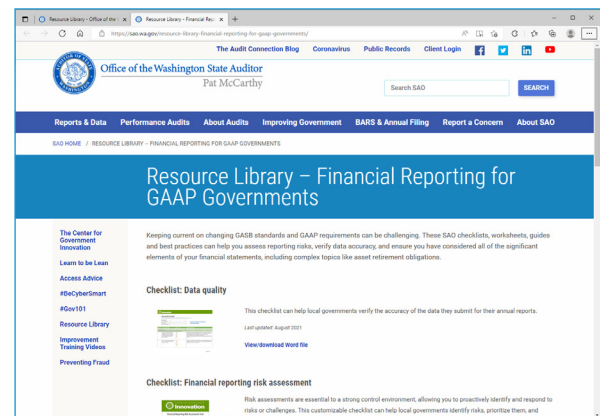
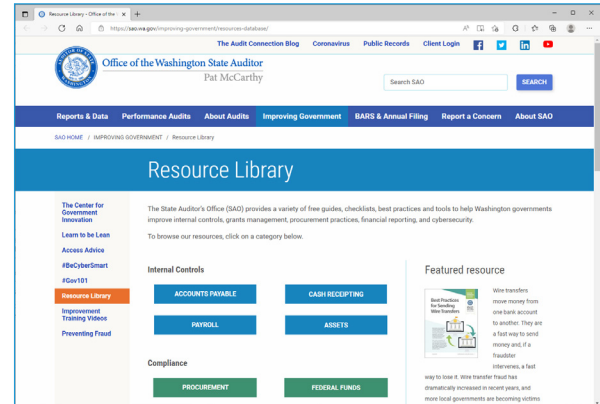
Top 5 things you can do on SAO's new resource library:

- See an image of the resource before you download it
- See the date the resource was last updated
- Know the type of file you'll be downloading
- Browse resources by topic or category
- Access the resource you want with fewer clicks

A word about browser bookmarks

If you have bookmarked or favorited specific SAO resources in your web browser, those bookmarks will be automatically redirected to the landing page of the new library. From there, you will need to navigate to the resource and create a new bookmark.

SAO's goal in upgrading the library was to create a better user experience and help you quickly find the resources you need, whether you're on a computer or mobile device. Check out the new library at <https://sao.wa.gov/improving-government/resources-database/>



Stay a step ahead of criminals: Two guides to help secure public funds in the digital payment age

Washington governments reported \$4.7 million lost to ACH fraud in the past two years alone. And wire transfers are a fast way to send money – and a fast way to lose it.

Fraudsters steal – but so can employees. And once those payments are out, the money may be gone for good.

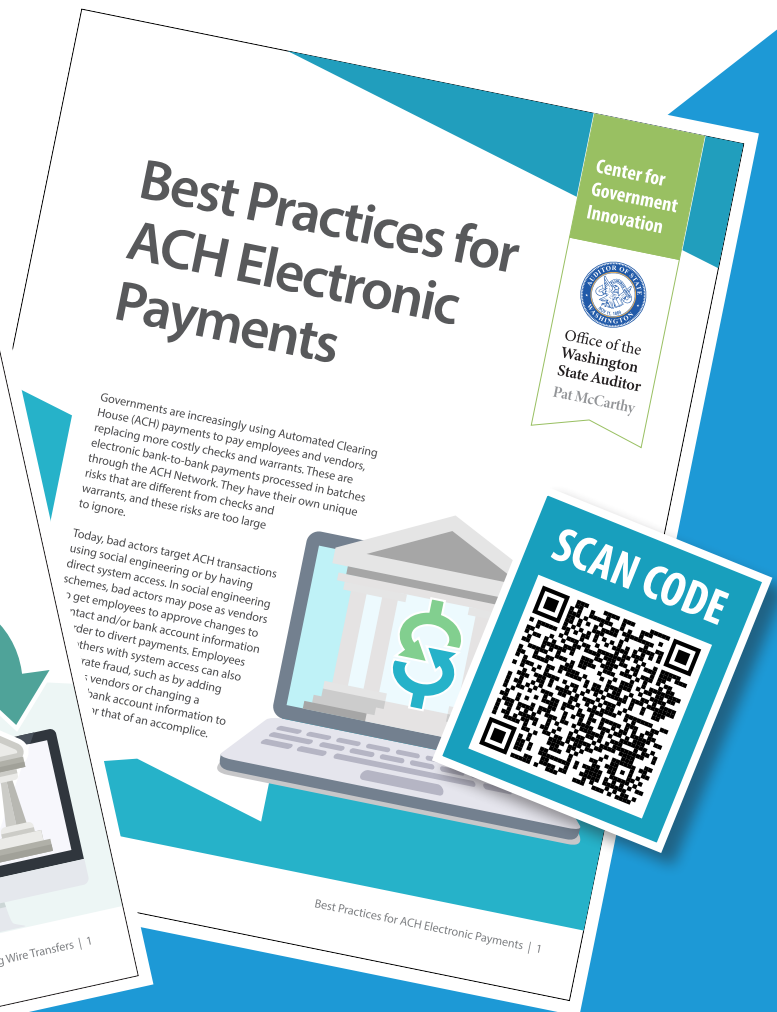
Don't let criminals win! We have two new resources just for you: Best Practices over ACH Transactions, and Best Practices for Sending Wire Transfers. What you'll find inside:

- Tips to help you develop and maintain policies for ACH payment and wire transfer processes

- How to help staff become “responsibly suspicious” and spot red flags
- Advice for establishing a verification process so you're not scammed

And so much more.

Scan these QR codes for a copy today, or go to sao.wa.gov, and click on “Resource Library” under “Improving Government” to download these guides and many others.



SAO announces key leadership changes



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

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.

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.



Wendy Choy promoted to Assistant Director of Local Audit

Wendy Choy became 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 is responsible for the audit teams located in Bellingham, Everett, King County and Tacoma. She has more than 20 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 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 effective April 2022. Adams started his career with SAO as an intern, and is a graduate of Western Washington University. In his 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 effective April 2022. In her close to 9-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 a recruiter for SAO 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.



SAO Success Stories

Meet Deena Garza, an outgoing, responsible and friendly person who loves her family, enjoys living in Bellingham, and has a hearty passion for fantasy football. She's also one of the many valued employees at the State Auditor's Office.

Deena started as an intern here while attending Western Washington University, was hired full time right after graduation, and is currently the Audit Manager of Team Bellingham.

How did you first find out about SAO?

My dad actually worked here, so I'm second generation SAO. During college I wasn't sure what type of accounting I would enjoy so I looked at internships to try them out and get my foot in the door. SAO offers paid internships, so I figured it was a great chance to see if I liked the work without having to get a second job to cover living costs.

And so you liked the work?

You bet! I loved the people, the puzzles and the impact I was having on my community. I ended up taking a job right out of school and I've been here ever since. In fact, I just celebrated 16 years with SAO.

Can you describe your team?

I have worked with some amazing people over the years. What I love is that everyone has a place and a voice in the conversation, whether you come from a strictly accounting background or not. We've had finance, economics, even theater majors at one point, and we value the experience and perspective that everyone can bring.

How would you describe the work?

What I love about our work is that it's such a good mix of building relationships and working with people but with an accounting backdrop. There's enough variety



Deena Garza started as an SAO intern while attending college, and has worked here ever since. She was recently recognized by her peers in appreciation for her leadership style.



to keep it interesting because I like when I'm challenged—I feel accomplished—but not so much to be overwhelming or make me super stressed out.

Do you feel you have a healthy work-life balance?

Absolutely. Work-life balance is something that is important from the top down at SAO and I really do feel supported personally and professionally in SAO. I shut off my computer at the end of the day and my projects don't trail into my weekend or take over my life. I have a young family so being present with them is important, and I feel I can be dedicated to them while still doing well at work at the same time.

How would you sum up working for SAO?

I'm really proud of where I work and I know how lucky I am to say that. Everyone really shows up and we're a leader in our industry – doing quality work and finding ways to help our local governments. I absolutely love the people I work with locally and statewide. They are amazing people who all care, trust and support each other.

Start your own success story at sao.wa.gov/jobs

**WE'RE
HIRING**

Come Grow with SAO



We're the Office of the Washington State Auditor (SAO)

and we're looking for responsible, friendly people with accounting coursework and other related experience to grow with us. Whether you're a college student seeking a paid internship, or just out of school looking to get in on the ground floor of something great, or even someone craving a career change, we want to hear from you.

- A collaborative, team environment with an emphasis on a healthy work/life balance.
- Competitive salary along with retirement plan options including a guaranteed pension.
- Generous paid vacation, sick leave and holidays.
- Flexible and hybrid work schedule options including multiple state office locations and work-from-home opportunities.
- On-the-job training and mentoring to help you advance your career.



**Find your
career here!**

To see current job openings, visit
sao.wa.gov/jobs

Keep Learning with SAO



Office of the
Washington
State Auditor

BARS Update webinars

Our annual Budgeting, Accounting, and Reporting System (BARS) Updates will be held virtually again this fall. These no-cost, two-hour sessions are worth two CPE credits.

SAO's Local Government Support Team will show you changes to the BARS GAAP and Cash Manuals, including important accounting and reporting updates, annual report filing changes, new BARS codes and more. We will have separate sessions for GAAP governments and Cash governments highlighting changes that only affect your government's basis of accounting.

Your government's audit liaison will receive an email from our Office by Oct. 1 when registration opens for these events. Additionally, you can watch for information on SAO's BARS and Annual Filing Training webpage: <https://sao.wa.gov/bars-annual-filing/filing-training-and-workshops/#BARS-Update>.

Webinar dates and times:

10 sessions, 5 morning (9-11 am) and 5 afternoon (1-3pm),
For BARS GAAP and Cash users

GAAP Sessions

Tuesday, October 11	1 – 3 p.m.
Thursday, October 13	9 – 11 a.m.
Tuesday, October 18	9 – 11 a.m.
Thursday, October 20	1 – 3 p.m.
Wednesday, October 26	1 – 3 p.m.

Cash Sessions

Tuesday, October 11	9 – 11 a.m.
Thursday, October 13	1 – 3 p.m.
Tuesday, October 18	1 – 3 p.m.
Thursday, October 20	9 – 11 a.m.
Wednesday, October 26	9 – 11 a.m.

More training on BARS and annual filing

Bookmark our Training and Workshops page: <https://sao.wa.gov/bars-annual-filing/filing-training-and-workshops/#elearnings>

Here you'll find:

- Recordings of our August 2021 webinars on leases. Separate recordings will be available for GAAP and Cash governments.
- Recording of the overview of the annual online filing system webinar from April 2022.
- Several no-cost eLearnings, including Introduction to the BARS Manuals, SAO 2021 BARS Update, FY2021 Pension Calculations for Cash Basis Governments, OPEB for Cash Basis Governments and more.

Online, on-demand, CPE-eligible training on internal controls

Cash handling internal controls are a vital process in your government. Strong policies, practices and well-trained employees make all the difference when safeguarding public resources and minimizing your risk for loss or misappropriation.

Now there's a new way to learn about these controls: An online course you can take whenever you want, wherever you are, and you'll earn CPE in the process.

We developed a 90-minute interactive training session that you can complete at your own pace. The training follows an actual fraud case and tests your learning along the way, making it eligible for continuing professional education (CPE) credit.

To access this no-cost training and other videos like it, visit our [online training library](#).

#GoodGovernment practices at no additional cost

The Center for Government Innovation connects you with knowledge and resources to help your local government innovate and improve. The Center's services are available virtually or in person. Contact us at Center@sao.wa.gov, and we will listen to your needs and develop a plan to help you innovate, improve and build sustainable change in areas like:

- Lean process improvement
- Team building and leadership
- Finance related topics
- Financial data analysis
- Cybersecurity

Brought to you by Local Government Support
and the Center for Government Innovation



Reporting a known or suspected loss to SAO?

Be ready for a few new questions

When your government becomes aware of a known or suspected loss of public funds, state law requires that you immediately report it to the State Auditor's Office. The most effective way to report is through the "[How to Report a Concern](#)" page on SAO's website. If you've reported a loss in the past and are coming back to report something new, you may notice some new questions on the reporting form, including:

- What is the time period of the suspected loss? In other words, when do you suspect the loss started and ended?
- Describe the estimated dollar amount lost. In other words, how you did determine the amount, and what does it include?
- If you suspect employee involvement, what is the name and title of the person who may have been involved? What are their major job responsibilities, and what areas or functions do they have access to? Is that person still employed by your agency?
- Who at the agency is aware this concern is being reported?
- If you're reporting a cyber-related loss, what kind is it (e.g., ransomware)?

Why the new questions?

The information you provide in your report helps us more effectively triage the case and determine next steps, which could be anything from launching an investigation to closing the case without any further action.

When we don't have enough information, we'll often ask your audit team to contact you with additional questions. The audit team then will consult with our Special Investigations Team whose work will be billed to you if we open an investigation.

In an effort to triage more cases without involving the Special Investigations Team, we looked at past cases. We considered what information we would have needed in the initial loss report to triage without involving the audit team. Our analysis led to the new questions in the loss reporting form.

What if I can't answer all the questions when I submit a loss report?

Don't worry! We understand that you might not have all the information yet, but you should still report losses as soon as you suspect them. Just fill out what you can. If you want to update a loss report, let us know at Fraud@sao.wa.gov — please don't send us sensitive or confidential information through email.

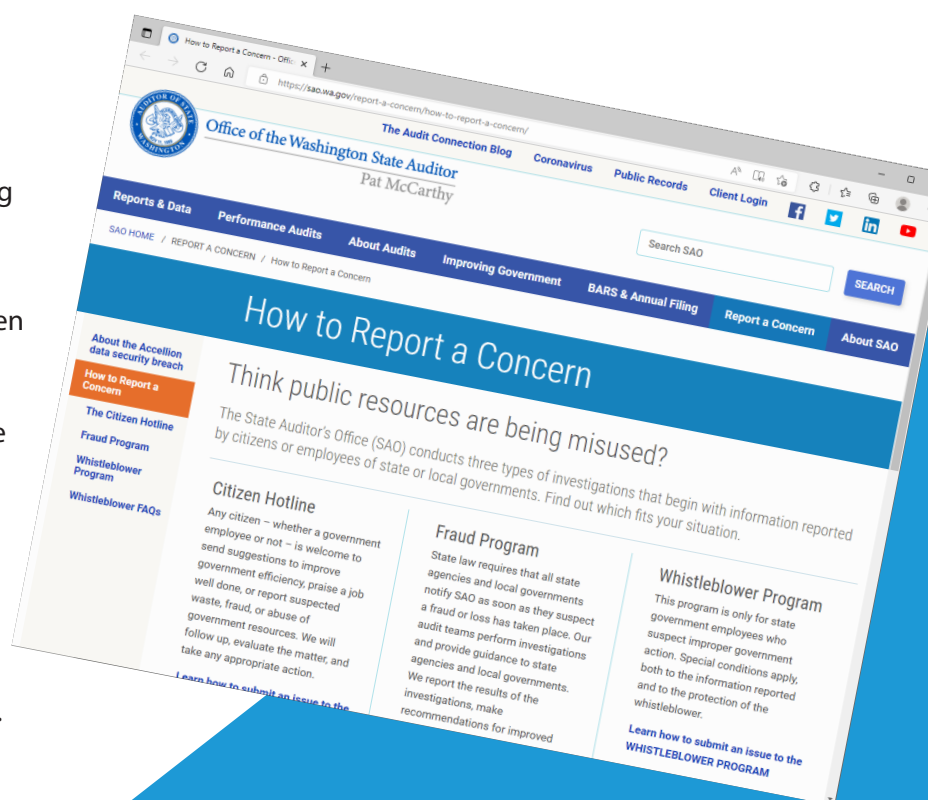
Where can I find more information?

For more information about reporting losses and cyber-related issues, check out our Audit Connection blog articles:

- [Suspect a loss of public resources? What to expect when working with SAO](#)
- [Has your government experienced a cybersecurity issue? Here is when and how to report](#)

To report a known or suspected loss, visit our [reporting](#) page.

For assistance, email us at Fraud@sao.wa.gov



Performance audits that may inform local government practices

I-1163: Testing and Certification Barriers for Home Care Aides (published 9/8/2022)

Initiative 1163 requires many long-term care workers pass both knowledge and skills tests to become certified to provide in-home care to elderly and disabled people. The Department of Health oversees certification, and contracts with a private testing company to organize and administer the test at sites across Washington. This performance audit found the number of regional test sites dropped 20 percent since our 2016 audit, leaving workers in cities including Vancouver, Aberdeen and Pullman more than an hour away from the nearest location. We made a series of recommendations to the department to address delays between training and testing, the lack of test sites, and gaps in performance and contract management.

Contracted Homelessness Services: Improving how local governments prioritize contracts and manage provider performance (publishing fall 2022)

Washington has a growing population of people without homes, especially in its highly populated urban areas. Many local governments have devoted significant resources to addressing the homelessness problem, including contracting for services through not-for-profit

agencies. Stakeholders have raised concerns about some of those contracts, noting that contracts lacked required performance targets and demonstrated results. This performance audit examines the processes selected cities and counties used to identify and prioritize the homeless services they need. It also looks at how they monitor and manage performance of providers they contract with for services. The audit seeks to identify recommendations that would help local governments contract for more effective services.



New audits to offer transparency into use of deadly force investigations; clean energy purchases

Use of deadly force investigations

As a result of the 2021 Legislative Session and E2SHB 1089, our Office will complete a process-compliance audit and a review of investigations into law enforcement's use of deadly force that happened after January 6, 2020. We are the first public auditors in the United States to conduct this type of examination. Our final reports will explain what we found, elaborate on causes of noncompliance, and may provide recommendations to the law enforcement agency, the prosecuting attorney and others.

Clean Energy Transformation Act

The Clean Energy Transformation Act (CETA) went into effect in 2019, creating new requirements on electric utilities to transition over time to clean energy resources to supply their retail customers. It also prescribes penalties for noncompliance with some requirements.

CETA requires the Office of the State Auditor to audit consumer-owned utilities' compliance with the law. SAO has several of these new audits in progress, and those reports will be issued this fall.

Continued on page 14

Who is subject to these new audits?

CETA applies to all electric utilities that are in the business of distributing electricity to more than one retail customer in the state of Washington, including consumer-owned (public) electric utilities.

When will SAO perform the compliance examinations?

The following summarizes a possible upcoming schedule of the compliance periods and related requirements.

Examinations occurring in 2022-2023 of the compliance period Jan. 1, 2019 – Dec. 31, 2021

- Greenhouse gas content calculation (RCW 19.405.070)
- Energy assistance for low-income households (RCW 19.405.120)
- Clean energy implementation plan (RCW 19.405.060)

Examinations occurring 2023 – 2024 of the compliance period Jan. 1, 2022 – Dec. 31, 2023

- Greenhouse gas content calculation (RCW 19.405.070)
- Energy assistance for low-income households (RCW 19.405.120)

Additional resources

- Original legislation – [ESSB-5116-S2.SL.pdf \(wa.gov\)](#)
- Washington Clean Energy Transformation Act – [RCW 19.405](#)
- Clean Energy Transformation Act – [WAC 194-40](#)
- For technical questions on the act, please contact Commerce at ceta@commerce.wa.gov.

Commerce’s Energy Office provides additional information on its CETA web site at: <https://www.commerce.wa.gov/growing-the-economy/energy/ceta/>

Audit billing rate for 2023

For planning and budgeting purposes, we recently notified our clients that SAO’s hourly billing rates as of Jan. 1, 2023 will be as follows:

Local Government Audits	\$128
Fraud Investigations	\$210
Energy Independence Act/Clean Energy Transformation Act Audits	\$165

The hourly rate for auditors in travel status will remain at 75 percent of the applicable hourly rate.

SAO evaluates the billing rate each summer, planning for the coming calendar year and accounting for legislative changes and other factors. The rate adjustment for 2023 is related to increased costs of both salaries and benefits. This includes legislatively-approved cost-of-living increases for all state employees beginning July 1, and salary

increases for our auditors, one of several classification increases initiated by the state Office of Financial Management specifically intended to improve recruitment and retention.

If you have any questions, please contact Director of Local Audit Kelly Collins, CPA, CFE, at (564) 999-0807 or at Kelly.Collins@sao.wa.gov.

#WeAreSAO in the news: State and national leadership benefits all Washington governments



Director Collins named Outstanding Leader by Washington Society of CPAs

SAO's Director of Local Audit Kelly Collins, a 30-year SAO employee and Certified Public Accountant, was recently named a 2021-2022 Outstanding Leader by the Washington Society of CPAs.

Collins received the award, which is given for active leadership and dedicated service to the organization, on June 9 at the WSCPA annual meeting. She has served on the WSCPA Government Accounting and Auditing Committee for 20 years.

In addition to being a board member of the Washington Finance Officers Association, she is a member of the Association of Certified Fraud Examiners and its Pacific Northwest chapter.



Assistant Director DeViney takes leadership role on national board, becomes member of GASB advisory committee

Scott DeViney, SAO's Assistant Director for Quality Assurance, will serve a three-year term as chair of the Financial Management Standards Board for AGA (formerly the Association of Government Accountants). In this role, DeViney also will become a member of the [advisory committee](#) to the Governmental Accounting Standards Board (GASB), the authority that determines Generally Accepted Accounting Principles (GAAP).

In addition to his roles with AGA and the GASB, DeViney also serves on both the Peer Review and the Audit Standards & Reporting committees of the National State Auditors Association (NSAA). He is licensed as a Certified Public Accountant and holds a bachelor's degree in accounting and finance from Washington State University.



Assistant Director Pritchard receives award for Fraud Magazine article

Brandi Pritchard, SAO's Assistant Director of Local Audit and Special Investigations, is the recipient of the 2022 Hubbard Award for her article, "Calibrate your professional skepticism," which was published in the July/August 2021 issue of Fraud Magazine. The article shared lessons on uncovering Washington's largest public misappropriation.

The Association of Certified Fraud Examiners (ACFE) presents the Hubbard Award each year to the author of the best article in Fraud Magazine, as voted by the members of the ACFE Editorial Advisory Committee.

Pritchard, a Certified Fraud Examiner, has been with SAO since 2003. She oversees SAO's fraud investigation program, and assists with statewide oversight and management of financial, federal and accountability audits for local governments. She is a graduate of Central Washington University.



How to print this newsletter:

- 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.
- Be sure to check “portrait” orientation and, if possible, at least legal-sized paper for better ease of reading.
- 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.