

Entrance Conference

Puget Sound Regional Council (PSRC) and Central
Puget Sound Economic Development District (EDD)

Joseph Simmons
Audit Manager

Maddie Frost-Shaffer
Audit Supervisor

Kathy Fleming
Audit Lead

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Office of the
Washington
State Auditor
Pat McCarthy

Audits that Matter



Accountability

Financial

Performance Audits

Cybersecurity Audits

Unauditable Governments

Citizen Hotlines

Federal

Fraud/ Whistleblower Investigations

Other Engagements



Pat McCarthy
State Auditor

2,448 audits conducted
(January 1, 2022– December 31, 2022)

Accountability Audit (PSRC only)

July 1, 2022 through June 30, 2023

Using a risk-based audit approach for the Council, we plan to evaluate the following areas:

- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress
- Summer Planning Academy (SPA) Program
- Accounts payable – travel expenditures
- Payroll – gross wages



Financial Statement Audit

(PSRC/EDD)

July 1, 2022 through June 30, 2023



Opinion Issuance

- Opinion will be issued in accordance with the U.S. GAAP
- Audit conducted in accordance with *Government Auditing Standards*

Internal Control and Compliance over Financial Reporting

- Assess adequacy of accounting and financial statement preparation processes at preventing material misstatements
- Identify whether there are instances of material noncompliance

Federal Grant Compliance Audit (PSRC only)

July 1, 2022 through June 30, 2023



Opinion Issuance

- Opinion will be issued in accordance with *Government Auditing Standards* and the Uniform Guidance

Internal Control and Compliance over Major Programs

- Assess adequacy of federal grant processes at preventing non-compliance
- Identify whether there are instances of material non-compliance

Major Programs Selected for Audit

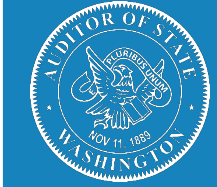


ALN	Program or Cluster Title	Total Amount Expended
20.205	Highway Planning and Construction Cluster	\$5,494,120

These costs amount to about 61 percent of the total federal expenditures for FY2023.



Levels of Reporting



Findings

Management
letters

Exit items



Important Information

Confidential
Information

Audit Costs

Audit
Dispute
Process

Loss
Reporting

Reporting Cybersecurity Issues

Reporting to the Attorney General's Office (AGO)

- Reporting required for single security incidents affecting >500 Washington residents
- Find out more about reporting requirements and how to report at www.atg.wa.gov/data-breach-notifications

Reporting to the State Auditor's Office (SAO)

- Reporting may be required for cyber-security events involving financial records or finances, regardless of number of affected parties.
- To learn more, please visit <https://sao.wa.gov/has-your-government-experienced-a-cybersecurity-issue-here-is-when-and-how-to-report/>



Peer Reviews of Washington State Auditor's Office



“Who audits the State Auditor?”

- To ensure our audits satisfy government auditing standards, our Office receives external peer reviews every three years by the National State Auditors Association (NSAA)
- Most recent peer review results are available online at www.sao.wa.gov/about-sao/who-audits-the-auditor/
- Rating received: “Pass”, the highest level of assurance that an external review team can provide

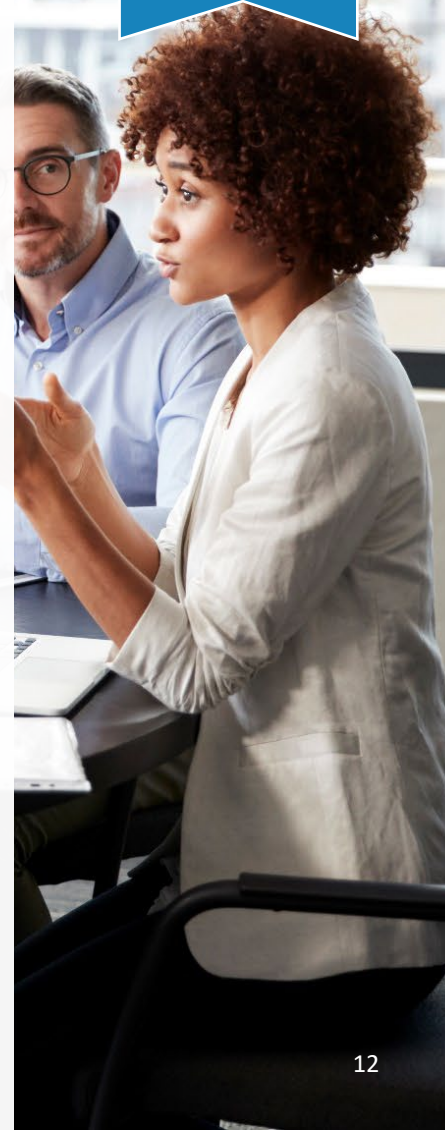
Working Together to Improve Government

Local Government Support Team

- BARS & Annual Online Filing
- Accounting and Reporting Training
- Client portal, including helpdesk

The Center for Government Innovation

- Process improvement facilitations
- Team-building & leadership workshops
- Financial Intelligence Tool (FIT)



SAO's Center for Government Innovation offers:



- **Cyber checkups** to assess your government's vulnerability to common cybersecurity threats
- **Customized Lean facilitations & trainings** to help you improve how work gets done
- **Teambuilding workshops** to help you strengthen your team, increase trust, and promote workplace harmony
- **Financial Intelligence Tool (FIT)** data to help you monitor your government's financial health



Contact the Center today! 564-999-0818 ▪ center@sao.wa.gov ▪ www.sao.wa.gov/

Fraud-prevention resource for elected officials and appointed board members



The guide is organized into three sections:

- **Preventing fraud:** Includes tips to consider when establishing a fraud policy and assessing your risk
- **Detecting fraud:** Offers tips for improving your fraud-detection abilities, including a list of three review strategies
- **Responding to fraud:** Provides guidance on developing a fraud response plan, communicating to the media and public, and reporting known and suspected losses to SAO



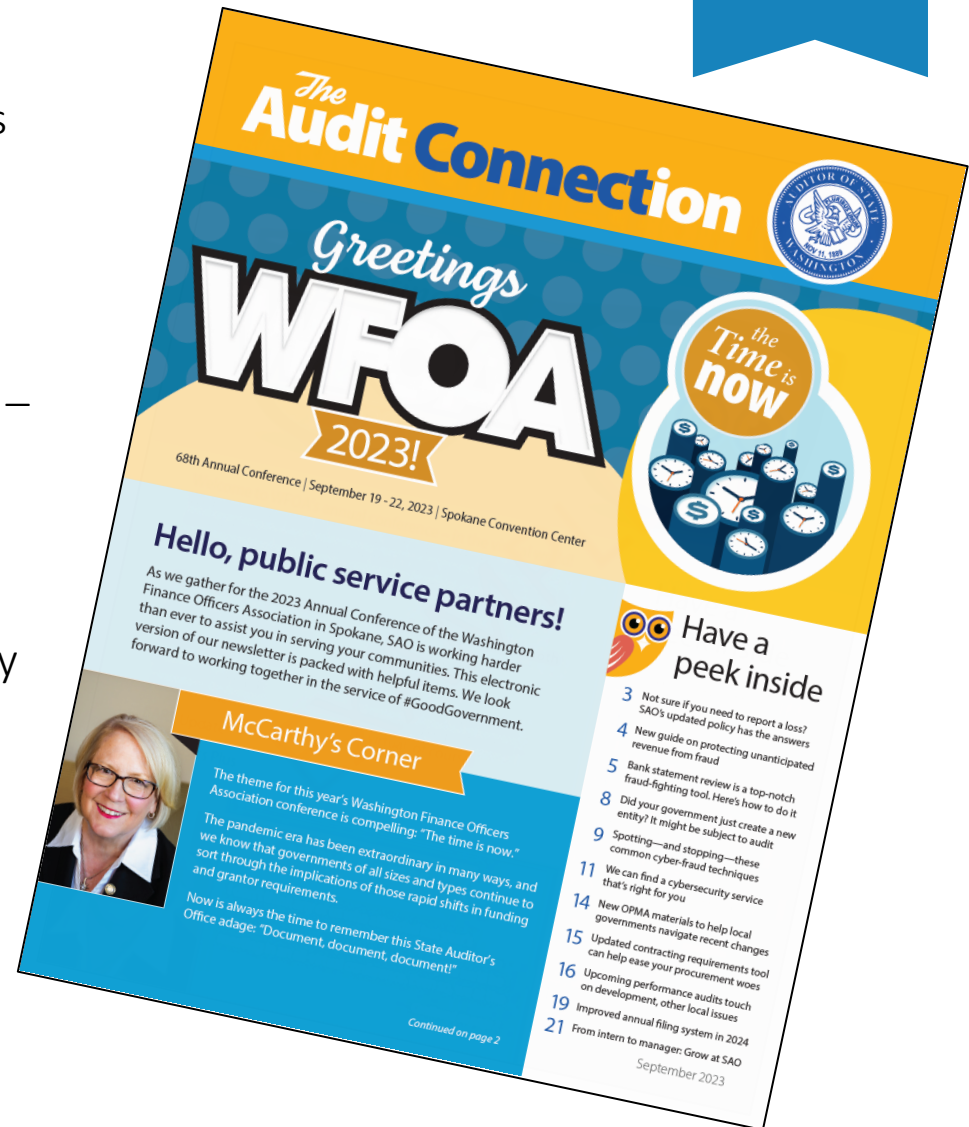
Emerging Issues Affecting Local Governments:



[Audit Connection \(September 2023\)](#) includes articles designed to keep you up to date.

Topics include:

- How to review bank statements
- Avoid local government losses by spotting – and stopping – common cyber-fraud techniques
- BARS Manual changes – including subscription-based information technology arrangements and public-private and public-public partnerships
- New OPMA material to help local governments navigate recent changes
- SAO's improved annual filing system



Center for Government Innovation Resources



Strengthening internal controls



Minimizing cybersecurity risks



Questions?



Contact Joe Simmons, CPA, Program
Manager

SimonsJ@sao.wa.gov

(206) 613-7628