

# Requesting \$2.9 Million from Fund 553 for Cybersecurity Audits



Office of the  
Washington  
State Auditor

**Background:** SAO works with state and local governments to help improve the security of their critical information technology systems through cybersecurity audits and outreach activities. Demand for cybersecurity audits remains higher than SAO can meet.

The Performance Audits of Government Account (PAGA, Fund 553) was created by Initiative 900 and is funded by 0.16% (sixteen hundredths of a percent) of the sales tax. As a separate account, none of the funds collected for PAGA are from the general fund. SAO currently receives just a portion of the fund, which the agency uses to conduct cybersecurity and performance audits, and operate the Center for Government Innovation.

## The Goal: More secure data and systems

An additional **\$2.9 million from PAGA** would allow SAO to:

**1. Expand our capacity to conduct full cybersecurity audits** of local governments, assisting up to three additional governments per biennium. The audits involve detailed assessment of the entity's security program against priorities established by the Center for Internet Security by SAO technical experts, as well as "ethical hacking" activities conducted by specialized contractors. This identifies weaknesses that cybercriminals could use to their advantage.

We currently audit about 10-12 state agencies and 16-18 local governments each biennium. This funding would increase our capacity by up to three additional local governments each biennium.

**2. Add 18 additional governments next biennium to our critical infrastructure audit project.** As part of the most recent supplemental budget, the Legislature appropriated \$600,000 from the general fund for focused audits of 18 local governments that provide critical infrastructure, such as electrical or water service. SAO supplemented this work with \$500,000 from PAGA to expand the project to about 40 local governments. With additional expenditure authority, we would extend this one-time project to include 18 more local entities.

**3. Introduce audits to address attacks that result in "cyber losses,"** including ransomware. During the last biennium, about 60 local governments reported to our Office that they were involved in a cyberattack that resulted in a loss of public funds. With additional expenditure authority, we would develop a new audit program that would include both readiness audits at three local governments and follow-up audits at all governments that reported a cyberattack.

**4. Augment the non-audit cybersecurity services available** through our Center for Government Innovation. Today, these services include consultation, training and curated on-line resources to help local governments defend against cyberattacks. An increased budget would allow for additional training and software, plus funding for a security intern to support these services.

## Request details

- \$2,869,000 in the FY24-25 biennium
- 6.5 FTE
- IT security auditors, IT security specialists, management and support staff
- Specialized assistance from IT security contractors, specialized training and software

### Request details

- \$2,869,000 in the FY24-25 biennium
- 6.5 FTE
- IT security auditors, IT security specialists, management and support staff
- Specialized assistance from IT security contractors, specialized training and software

## Demand for cybersecurity audits

In 2019, the Legislature provided our office with an additional \$2.8 million from PAGA during to expand the cybersecurity audit program. However, the initial economic effects of the COVID-19 pandemic disrupted sales tax revenues, and the increased funding was never realized in the PAGA fund.

Despite the disruption to the PAGA funding, we were able to grow the number of state and local governments that are able to participate in our cybersecurity audits, shown in the table below.

### Cybersecurity Audit Clients by Year

Cybersecurity audits by year					
	2017	2018	2019	2020	2021
State agencies	3	3	4	5	6
Local governments	1	4	7	8	9
Total	4	7	11	13	15

Dear Fiscal committee members,

Rarely do we see local governments or state agencies clamoring to be audited, but that is the case with our cybersecurity work. These audits, funded through PAGA, provide government agencies valuable insights into their own security programs and allow them to correct any issues before an attack occurs.

As you know, PAGA was created as a separate fund by the people with the passage of Initiative 900. The Legislature as approved expanded expenditure authority specifically for cybersecurity work in the past, and this request will allow us to continue to expand capacity in four different areas to help governments in Washington to become more secure.

Thank you,



State Auditor Pat McCarthy

**As of July 1, 2022,  
a total of 66 local  
governments were  
held on a waiting  
list for an audit.**