



**Office of the Washington State Auditor  
Pat McCarthy**

**Local Government Advisory Committee (LGAC)  
Meeting Minutes**

June 7, 2023

9:00am – 11:00am

Virtual Meeting – Microsoft Teams

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**Members in attendance:**

Brodersen, Bret (WFOA) | Clark, Kathy (Housing) | Corin, Shannon (WFOA) | Gall, Sheila (AWC) | Goodrich, Scott (WPPA) | Hendren, Alisha (SCCFOA) | Hunt, Heidi (WACO) | Huynh, Phung (PSFOA) | Jimenez, Grace (WSAC) | Kinley, Leana (WCCMA) | Lundeen, Ann (WACO) | McMillan, Sandi (WASWD) | Olander, Scott (AWPHD) | Robacker, Tanya (Fire) | Rupe, Sara (OFM) | Scott, Jill (WFOA) | Tellers, Stacie (SAO, Chair)

**Members absent:**

Excused: Knudson, Erin (WSTA) | Mann, Michael (LEAP) | Pohle, Derek (CRAB) | vacant AWC position

Unexcused: Kelly, Mitchell (SWFOA) | Payne, Randy (WAPUDA) | Steffen, Philip (WPTA) | Williams, Jason (ESD)

**Other attendees:**

Brown, Jana (Transit) | Gosnell, Donnie (Hospital) | Hill, Shawn (Grays Harbor County) | Hunsinger, Olivia (Housing) | Lowell, Eric (MSRC) | Maule, Tim (Fire) | Rogers, Danette (Transit) | Schmidt, Cami (Transit) | Turntine, Cori (Conservation District) | Wilson, Kimberly (unknown) | Zhang, Wenju (Bothell)

**SAO Staff in attendance:**

Browning, Roxann | Collins, Kelly | Cowgill, Christie | Crouch, Olivia | Kostick, Niles | Montgomery, Ryan | Pagio, Kayley | Vandenburg, Vivian | Watkins, Tina

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**Call to Order**

The Committee meeting began at 9:00am, held via Teams. The meeting was called to order by Stacie Tellers, LGAC Chair.

**Welcome and Attendance**

Stacie welcomed everyone. Attendance was taken via the Teams attendee list.



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### **Approval of Minutes from December 2022**

The minutes previously distributed via email with a link to the SAO LGAC webpage where the draft minutes are posted were presented.

*Motion to approve the December 2022 minutes was made by Bret Brodersen and seconded by Ann Lundeen. The appointed committee members approved the minutes with no corrections or changes, unanimously.*

### **SAO Executive Update**

Director of Local Audit, Kelly Collins, provided the SAO executive update on behalf of Auditor Pat McCarthy. She thanked everyone for joining the meeting today and their commitment to the Committee. Pat is at the NSAA conference in Connecticut, and Pat's participation at national conferences and committee meetings, as well as networking with peers provides a huge value to SAO and Washington.

The legislative session has ended. SAO received additional funding for cyber security and use of deadly force (UDFI) audits allowing SAO to expand the number of these audits performed each year. SAO continues to advocate for these types of audits as they provide transparency to the citizens. Specifically, House bill 1179, a measure to increase transparency in deadly force investigations was passed regarding the topic. We are the only state audit office to do these types of audits. We currently have approximately 10 of them available on the website in our audit reports section under UDFI.

After two years of performing Single Audits during COVID, a new grant that came as part of pandemic relief brought issues to this year's school season single audits. The federal award from the Emergency Connectivity Fund (ECF) direct grant. Originally these awards weren't being reported on SEFA and originally not slated for single audit. Unfortunately, when we were made aware of the awards, we also found that they were subject to audit, resulting in the issuance of findings due to the documentation requirements of the award. SAO, including Pat, have been very proactive on this issue, including working with OSPI and preparing communications with the granting agency.

We are now turning local audit focus to ACFR audits as well as calendar year end single audits, due in September. SAO leadership appreciates everyone's partnership and the opportunity to collaborate throughout our work. Thank you for being part of the Committee.

### **LGAC Bylaws Proposed Update**

Stacie Tellers presented the proposed updates to the Committee's bylaws. Edits included administrative updates such as update to the approval date, clarification of the term off before



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renomination is three years, removing text from the implementation of new committee members from 2021 as this information is out of date, clarifying that meeting minutes and agendas are posted to the committee page on the SAO website, and that the next year meeting schedule will be established at the final meeting of the previous year.

Substantive updates include membership. The Legislative, Evaluation, Accountability Program (LEAP) has requested to be removed from the committee. This change amends the bylaws to remove this seat. The Association of Washington Cities (AWC) has requested that one of their two seats become exempt from term limits since that seat is filled by an AWC staff member. Their second seat, to be filled by a local government (city) employee would remain subject to term limits. This change amends the bylaws for the term exemption.

Stacie also stated that the members representing organizations chart would be updated and resorted to alphabetical order, after the approval of the bylaws was performed. This change and the approval date would be the only changes that would occur after the bylaws were approved by the committee.

Stacie opened the floor for discussion. Hearing none a request for a motion was made.

*Motion to approve the proposed bylaws was made by Sandi McMillan and seconded by Shannon Corin. The appointed committee members approved the proposed bylaws unanimously.*

### **BARS Updates and Discussion**

Christie Cowgill, Assistant Audit Manager for the Local Government Support Team, provided an overview of the tentative list of updates coming to BARS in December 2023 (see attached document). Christie provided a brief overview of each item. Additional information was provided for the 311.30 – Sale of Tax Title Property, including a summary of SAO's communication with the Department of Revenue confirming the property tax revenue received from the sale should be considered regular property tax revenue, therefore the special code is no longer needed. Other than the required GASB statements being implemented for FY23, the current update list contains several clarifications and clean-up items.

Christie added that the Office of the State Treasurer did add two new revenue codes for DNR Timber related revenues for local governments. SAO will be sending an email to the limited number of Counties that will receive this revenue to provide them with the BARS codes. The codes will show up in the Chart of Accounts later this summer, after the new year is created in the filing system.

Stacie asked for questions, comments, or concerns on the preliminary listing of updates. Nothing was brought forward.



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The BARS group provided the overview of the newly issued GASB Statements handout to the committee (see attached) and the potential impacts on both the GAAP and Cash manuals. Since there were no changes to the document, time was deferred to the upcoming SBITA (Subscription Based Information Technology Arrangements) standard and future incoming Accounting Changes and Error Corrections standard.

Olivia Crouch, Assistant Audit Manager for the Local Government Support Team, provided a walkthrough of the draft SBITA (Subscription Based Information Technology Arrangements) BARS pages (see attached). The pages include both GAAP and Cash accounting pages and the notes to the financial statements.

Stacie asked for questions, comments, or concerns on the draft pages. Nothing was brought forward.

Stacie stated that the posting of the draft leases pages last August was successful and allowed SAO to provide early access to the draft information. This allowed local government to review the documents and provide feedback. Stacie inquired if this would be a good idea for SBITAs. With no objections from the committee, once the drafts have been through all SAOs internal processes, we would look to post the draft pages the summer of 2023.

Vivian Vandenburg, Assistant Audit Manager for the Local Government Support Team, provided an overview of the Accounting Changes and Error Corrections (GASB 100) and its impact on GAAP and Cash BARS (see attached). The overview included the proposed changes to BARS coding as they relate to the new and adjusted categories of accounting changes and error corrections, including the removal of the prior period adjustment code. These changes will impact reporting FY2024 data in the 2025 annual filing.

Stacie asked for questions, comments, or concerns on the upcoming accounting changes and error corrections standard. Nothing was brought forward.

Kayley Pagio, Assistant Audit Manager for the Local Government Support Team, provided an update on the annual filing system rewrite project. At this time, SAO is planning to launch the new system in January 2024 for the calendar year end filing governments. The new system will also be where local governments will make edits to their FY20-FY22 annual reports. There will be extensive training, both live and recorded, to help governments in the transition.

Kayley asked for more volunteers to walk through the new system with her and provide feedback. Several committee members offered, and Kayley will communicate with them outside of the committee meetings on timeline for their support.



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The floor was open for questions, comments, and concerns related to BARS. Nothing was brought forward.

### SAO Resources

Niles Kostick, Manager for the Center for Government Innovation, provided an update on the new and updated resources from SAO. Niles provided an overview of the services provided by the Center: lean facilitation, teambuilding workshops, cyber checkups, and more. A new program is being launched, free service to local governments, called Cyber Check-ups. This program will provide help for governments review cyber policies, controls, identify risks and gaps in cyber security.

New resources are being published soon, including the Best Practices for Fueling Government-owned Vehicles. The Center reviews current resources for updates, this year they are updating tracking capital assets, internal controls over small and attractive assets, travel expenses, and take-home vehicles. The Center partnered with MRSC on the resources for the open public meetings act and contracting. The resources will be posted to the MRSC website soon.

Niles asked for volunteers to review new resources, as the Center appreciates all the volunteer reviewers. Niles asked if Committee members would be interested in being on the review roster for the Center to reach out to reviewers outside of Committee meetings. Please let Niles know and he'll add you to the list. Several committee members commented on participating, the list was provided to the Center.

Ann Lundeen asked if the Fueling best practice document would have help on electric vehicle fueling and citizens using the plug-in stations. Niles commented that the current best practice document doesn't have information on electric vehicles, however he will pass this on to the team for evaluation.

A new look for FIT is coming, including viewability on mobile devices. This update allows for more accessible use of the tool as prior versions were only usable on a larger screen.

Niles provided a reminder to please sign up for the SAO's In the KNOW with SAO, the biweekly newsletter. This newsletter provides valuable information on SAO updates as well as news articles from national associations and Washington State associations.

Questions or comments for the Center, email [center@sao.wa.gov](mailto:center@sao.wa.gov)

### Open Discussion

Stacie opened the floor for the discussion period.

No further discussion topics were brought forth.



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**Meeting Schedule for 2023**

<del>Wednesday, June 7, 2023, 9:00am-11:00am</del>	<del>Virtual</del>
Wednesday, October 4, 2023, 9:00am-10:30am	Virtual
Wednesday, December 6, 2023, 9:00am-11:00am	Virtual

The meeting ended at 10:10am.

DRAFT