

# The value of public audits

## Uncovering fraud



A fraud investigation revealed that a foreign contractor apparently altered invoices to increase how much it charged the Washington Apple Commission for its services, leading to overpayments totaling \$573,000 since 2011. A tip from a subcontractor led to the investigation. The contractor, based in New Delhi, is one of 11 such contractors the Commission hires in foreign countries to market Washington's signature crop. *The Apple Commission withheld \$505,000 in payments in 2017 to recover losses*, ended its relationship with the contractor, and implemented additional checks and balances to ensure taxpayer dollars are accounted for. <http://bit.ly/2tn1491>

A secretary in the Lake Quinault School District used multiple district credit cards to buy personal items including pet supplies, vacations, a 60-inch T.V. and home furnishings over a period of seven years before District officials became aware. The issue came to light after the school's card was declined for a fundraiser purchase. *The investigation exposed \$119,000 in misappropriated money, and \$141,000 in questionable expenditures.* <http://bit.ly/2D6Lpu3>

## Keeping costs low



Health Care Authority could save taxpayers \$13 million by June 2020. The agency didn't have enough staff to quickly process Medicaid applications, resulting in a backlog that cost taxpayers up to \$19 million in 2017. By hiring new staff members, the state could save \$13 million and clear the backlog, which also would help ensure Washington's vulnerable citizens received the right resources to best help them. <http://bit.ly/2D4wkcc>

## Helping government work better



The Washington State Department of Corrections tries to reduce the number of people returning to prison after release through its Correctional Industries (CI) program, a work-training program that strives to teach inmates marketable job skills. This performance audit found that CI has had challenges expanding existing industries and planning for new ones. The office recommended four leading practices that could help CI strengthen its planning and programming development. <http://bit.ly/2FjaHeN>

## The State Auditor's Office saves taxpayer money

In 2017, the office charged <b>\$93 an hour</b>	The average CPA firm charges <b>\$194 an hour</b>
The total amount billed by our office in 2017 was: <b>\$26,606,000</b> to all state agencies and local governments	Billing for the same hours by private CPAs would be: <b>\$55,501,000</b>

Our work potentially saved Washington citizens an estimated **\$28,895,000** in 2017.

Any citizen can contact our office with concerns of waste or abuse. The office examines all citizen reports and opens full investigations when necessary.

Call: 1-866-902-3900

By mail at: Washington State Auditor's Office

ATTN: Hotline  
P.O. Box 40031  
Olympia WA 98504

Or file the report at our website:

<https://portal.sao.wa.gov/saoportal/public.aspx/Hotline>

# ACHIEVEMENTS 2017

*"Our vision is to increase trust in government. We are the public's window into how tax money is spent."*

*Pat McCarthy, State Auditor*



Office of the Washington State Auditor  
Pat McCarthy

# Independent, transparent, accountable

From the Pacific to the Palouse, **350 auditors** fan out from **15 offices** to audit every government in Washington. The Office of the Washington State Auditor provides an objective examination of the finances and operations of each state agency, city, parks board, school district and a whole lot more. Each year the Office issues **thousands of reports**, reflecting results of many different kinds of audits. A small percentage of the audits find a significant problem – in other words, a **“finding.”**

## 2,200 audits in 2017

### Accountability audits

Accountability audits check that public funds are protected and accounted for, and that government agencies are following laws and regulations.



### Financial audits

This is the classic audit. Financial audits examine the financial reporting of governments across the state for inconsistencies and errors. This helps ensure state and local governments report their finances properly.



### Federal audits

These look into programs and groups spending federal money in the state. They help make sure federal money is being used according to the rules and laws governing each federal program.



### Other

The office takes on other audit jobs outside the range of these categories. These might include checking into the reports of private CPA firms, or verifying government financing without creating a full report.



### Special engagements

These audits happen when specific laws require them, or when specific problems are uncovered during financial and accountability audits. They cover a variety of topics, including enforcing air pollution standards and verifying funds given for student enrollment.



### Whistleblower

State workers can sound the alarm on possible waste of money or lawbreaking, and the Office investigates. The Office issued 31 reports in 2017 based on whistleblower alerts, and 12 revealed reasonable evidence of improper action by state workers.



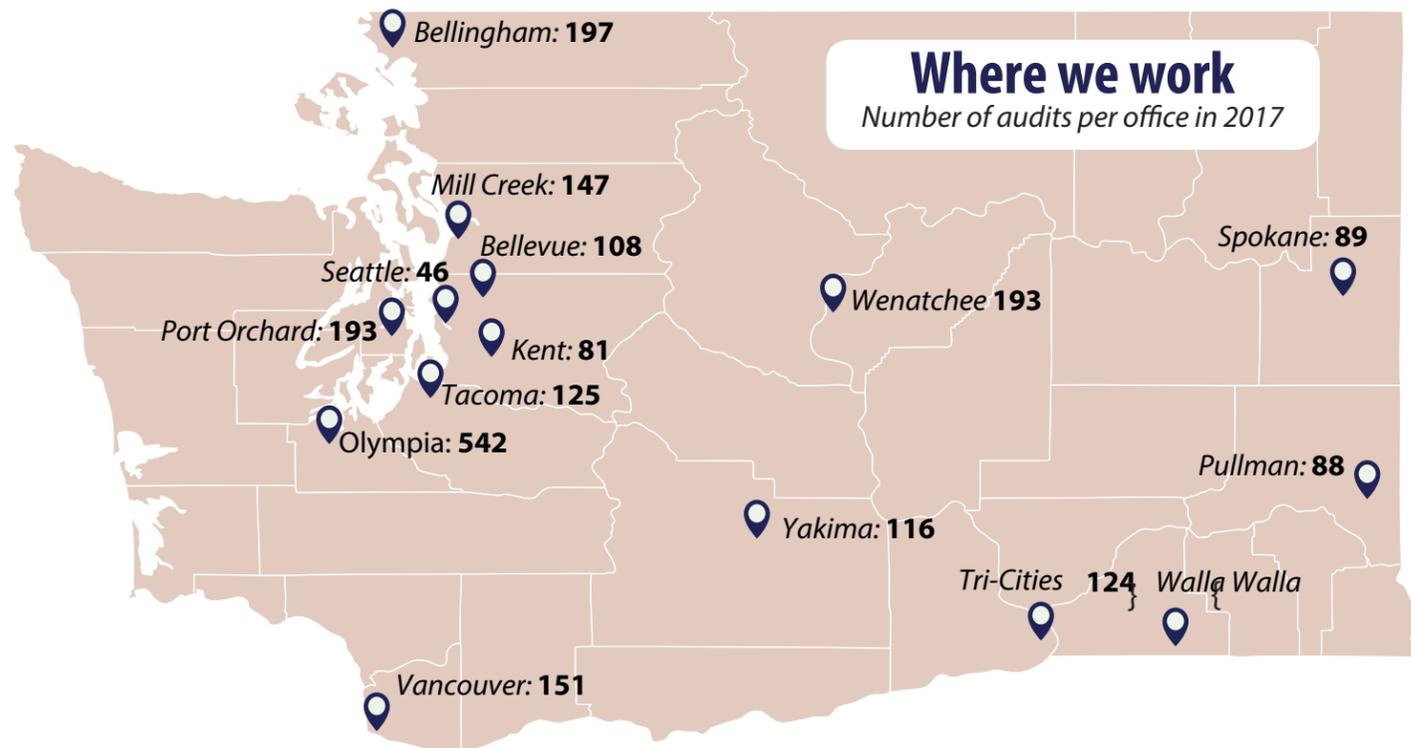
### Fraud

Fraud investigations are only reported if there are findings of misuse or theft of public money. There were 74 investigations in 2017 totaling \$434,000 of misappropriated public funds and \$1,034,000 in questionable transactions. Twelve of these investigations met the standard for a full report.



### Performance audits

In 2005, Washington citizens voted to examine government processes and programs through performance audits. These deal with far more than finances, and can lead to improved government services and overall savings. The Office is currently working on 16 performance audits beyond reports issued in 2017. Our performance team also conducts **IT Security Performance Audits**. Seven local governments and three state agencies received results on IT security audits in 2017.



## Satisfied clients

Our average rating for client satisfaction this year was

**4.6/5**

*“The communication from the audit team is extremely helpful throughout the process.”*  
- Yakima Community College

## Good government training

The Performance Center helps local governments solve problems, reduce costs, and improve the value of their services to residents. Its services are free to any government in Washington.

**65** trainings

**4,931** attendees

**23** locations

**Key topics:**

- Cybersecurity
- Data tools for auditing
- Federal compliance
- Fraud

To learn more, go to [www.sao.wa.gov](http://www.sao.wa.gov)

## Dedicated employees

**4** out of **5** employees would recommend the Auditor's office as a **“great place to work”**.

There has been a **9%** increase since 2013 in the number of employees who agree **“We are making improvements to make things better for our customers.”**