

**Entrance Conference**  
City of Tacoma  
January 1, 2022 – December 31, 2022

Saundra Groshong  
*Audit Manager*

Thuy Huynh  
*Audit Supervisor*

Jason Star  
*Audit Lead*

June 6, 2023

Disclaimer: This presentation is intended to be viewed in conjunction with the complete packet of entrance materials provided. A copy of those materials may be requested by contacting the presenters listed or by emailing [PublicRecords@sao.wa.gov](mailto:PublicRecords@sao.wa.gov).

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**Audits that Matter**

**Accountability**

Financial		Federal
Performance Audits	Cybersecurity Audits	Fraud/ Whistleblower Investigations
Unauditable Governments	Citizen Hotlines	Other Engagements

  
Pat McCarthy  
State Auditor

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

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## 2022 Audit Scope

Audit	Description	Audit Period
Financial Statement/ Annual Comprehensive Financial Report	To provide an opinion on whether the City's financial statements are presented fairly, in all material respects, in accordance with Government Auditing Standards.	January 2022-December 2022
Federal Grant Compliance	To determine whether there is compliance with federal requirements that could have a direct and material effect on a major federal program and to report on noncompliance.	January 2022-December 2022
Accountability	To determine if controls are in place to protect public resources and if the City is in compliance with laws and regulations relating to financial matters.	January 2022-December 2022



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## Annual Comprehensive Financial Report (ACFR)

Certificate of Achievement for Excellence in Financial Reporting

- Optional award program offered from the Government Finance Officer's Association (GFOA)
- Requires preparation and subsequent audit review of additional financial schedules
- Financial statement opinion letter issued



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# Financial Statement Audit

January 1, 2022 through December 31, 2022



## Opinion Issuance

- Opinion will be issued in accordance with 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

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# Federal Grant Compliance Audit

January 1, 2022 through December 31, 2022



## 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

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## Major Programs Selected for Audit



ALN	Program or Cluster Title	Total Amount Expended
14.218	COVID-19 - CDBG Entitlement Grants Cluster	\$4,671,311
14.248	Community Development Block Grants Section 108 Loan Guarantees	\$2,124,000
20.205	Highway Planning and Construction Cluster	\$7,433,611
21.023	COVID-19 Emergency Rental Assistance Program	\$5,429,560
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	\$27,093,327
66.958	Water Infrastructure Finance and Innovation (WIFIA)	\$2,416,129

These costs amount to about 90 percent of the total federal expenditures for 2022

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## Work of Other Auditors



- A financial statement audit was performed by Moss Adams:
  - ✓ Power
  - ✓ Wastewater
  - ✓ Water
  - ✓ Solid Waste
  - ✓ Tacoma Rail
- We will review their work and determine if anything causes concern about its quality.
- We will remain alert and report to you on whether any limitations restricted our analysis of the other audits.
- We will notify you if we notice any instance in which a material misstatement of the financial statements has or may have resulted from fraud or suspected fraud

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## Levels of Reporting



Findings

Management  
letters

Exit items

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## Important Information

Confidential  
Information

Audit Costs

Audit  
Dispute  
Process

Loss  
Reporting



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## 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](http://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/>



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## 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/](http://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



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## 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)



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## Center for Government Innovation Resources



### Strengthening internal controls



### Minimizing cybersecurity risks



Contact the Center today! 564-999-0818 ▪ [center@sao.wa.gov](mailto:center@sao.wa.gov) ▪ <http://sao.wa.gov/>

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## 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

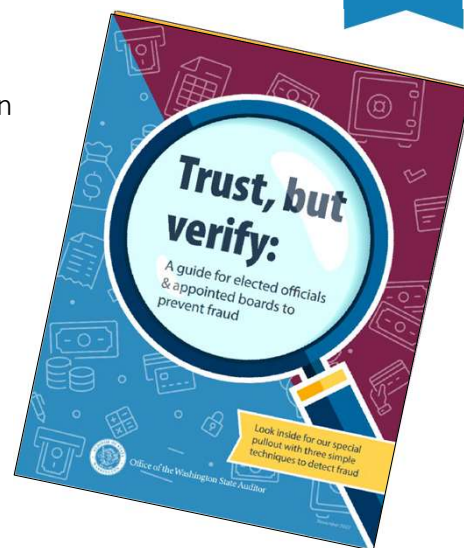


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## Emerging Issues Affecting Local Governments:

- Audit Connection
- Trust but verify Fraud prevention guide
- Cyber checkup flyer
- GASB Handout March 2023



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# Questions?



Contact: Sandra Groshong, Audit Manager

[Sandra.Groshong@sao.wa.gov](mailto:Sandra.Groshong@sao.wa.gov)

(253) 523-3037