



STATE OF WASHINGTON

October 16, 2023

The Honorable Jay Inslee
Governor of Washington
P.O. Box 40002
Olympia, WA 98504-0002

Members of the Legislature
110 Legislative Building
Olympia, WA 98504-0600

Dear Governor Inslee and Members of the Legislature:

State law (RCW 39.26.220¹) requires the State Auditor and Attorney General to provide the Governor and the policy and fiscal committees of the Legislature a collaborative annual report on state agency contract audit and investigative findings, enforcement actions, and the status of state agency resolution.

This letter serves as our report of findings and actions taken on audits issued in fiscal year 2023 (July 1, 2022, to June 30, 2023).

STATE AUDITOR'S OFFICE

Fraud and Whistleblower Audits

During fiscal year 2023, our Office did not issue any fraud or whistleblower investigative reports that contained findings related to contracting issues.

Compliance and Accountability Audits

During fiscal year 2023, our Office did not issue any compliance or accountability audit reports that contained findings related to contracting issues.

¹ <https://app.leg.wa.gov/rew/default.aspx?cite=39.26.220>

Financial and Federal Audits

During fiscal year 2023, our Office issued one federal audit report that contained findings related to contracting issues.

Department of Agriculture

On August 8, 2022, our Office issued our annual single audit report² for Washington state. This report covered the fiscal year that began on July 1, 2020, and ended June 30, 2021. The report included a finding that the Department of Agriculture (Department) did not have adequate internal controls over and did not comply with federal requirements for procurement or suspension and debarment.

The U.S. Department of the Treasury appropriated Washington state \$4.4 billion from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. Of this amount, the Legislature distributed \$20 million to the Department for hunger relief efforts. In Washington, the Department must follow state law (RCW 39.26), as well as policies and procedures established by the Department of Enterprise Services (DES), when procuring goods and services.

We identified the Department was required to award 30 vendor contracts totaling \$10,528,205 as part of the SLFRF financial relief program. We found the Department did not award any SLFRF contracts to these vendors, nor did it verify their suspension and debarment status. Additionally, the Department used the DES master contracts in three instances to procure services and goods, but did not check the contractors' suspension and debarment status.

We recommended the Department:

- Establish internal controls to ensure it procures goods and services in accordance with state policies and procedures
- Improve its internal controls to ensure compliance with federal suspension and debarment requirements
- Update its policies and procedures for procurement and suspension and debarment
- Consult with the grantor to determine if questioned costs should be repaid

In response to the audit finding, the Department stated that the COVID-19 pandemic was unprecedented, and that it took unprecedented measures to ensure that emergency food assistance was available to any Washingtonian in need. The Department also stated that it will take measures to address the noncompliance identified, including having updated policies and procedures for federal procurement, suspension and debarment by June 30, 2023.

² <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1030978&sp=false&isFinding=false#page=16>

Performance Audits

During fiscal year 2023, our Office did not issue any performance audits that contained findings related to contracting issues.

ATTORNEY GENERAL'S OFFICE

The Auditor's Office did not issue any audit or investigative findings that required referrals to the Attorney General's Office for enforcement.

Sincerely,



Pat McCarthy
Washington State Auditor



Bob Ferguson
Washington State Attorney General