



Office of the Washington State Auditor  
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# State Auditors: Protecting Taxpayers at All Levels of Government

Independent auditing is foundational to all 50 states, the District of Columbia and U.S. territories. For generations, these audit offices have served the United States as watchdogs of public funds, furnishing Americans with reliable, neutral, fact-driven information while furthering accountability, transparency and government efficiency.

Audits not only serve the public, but also provide state and federal lawmakers with

vital, objective information necessary for effective policymaking, oversight, and reform. We are living in an era of increasing fiscal challenges at all levels of government, emerging artificial intelligence technologies, and ever more sophisticated cyber and fraud risks. This climate creates opportunities for audit offices to continue innovating and adding value.

## Independent audits are trustworthy

When a state audit organization is permitted to perform its function independently, all stakeholders benefit, especially taxpayers and lawmakers. The independence of the audit organization is essential because it produces work that can be believed and relied upon by all, regardless of personal or political beliefs. A truly independent audit function provides the public with transparency about government actions, provides lawmakers with vital information

needed to shape new legislation or improve existing legislation, and provides government entities with recommendations for meaningful improvements.

Because auditors in government sometimes work under conditions that may present threats to independence, such as undue influence and structural threats, the accountability profession has developed robust mitigation strategies.

## State auditors fight fraud and provide essential oversight

As part of their mandate, 53 audit offices investigate allegations of fraud, waste, and abuse. Offices accomplish this by operating fraud hotlines, fielding whistleblower complaints, and conducting formal investigations into these claims, often alongside law enforcement agencies. For example, state auditors identified significant internal control deficiencies and fraud as governments disbursed relief funds during COVID-19.

Preserving and optimizing public funds goes beyond fraud investigations. The public, lawmakers, investors, and other stakeholders rely on financial information reported by state and local governments to make sound decisions – even ratings agencies rely on financial statement audits to issue bond debt. Most U.S. audit agencies conduct a range of audit types including financial statement audits, Single Audits, performance audits and IT audits.



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Congress views state Single Audits as a quality benchmark as evidenced by the passage of the [Financial Management Risk Reduction Act](#) in 2024, which requires federal agencies to assess audit quality of Single Audits performed across the country. In the

text of the bill, reviews of Single Audit quality conducted by state auditors are listed as one of the sources of information to be used in determining audit quality broadly, showing the significance of the role state auditors play in providing oversight of federal funds.

### Independent auditing is a multi-function tool

The mission and flexibility of state audit offices is a tremendous asset to the public. Having flexibility ensures audit offices can be impartial, cooperative and exhaustive in the efforts to safeguard financial resources and improve processes.

For example, a 2024 [partnership](#) between public auditors in the U.S. Department of

Health and Human Services' Office of Inspector General and Washington, Oregon, Ohio, and Kentucky targeted concurrent enrollment, when one person is enrolled in Medicaid in two or more states, resulting in duplicative charges. Through these efforts, the Washington State Auditor determined that, on average, their state is spending \$8.6 million per year on unnecessary Medicaid premiums.

### Innovative tools for modern governance: Performance audits and IT audits

Performance audits help optimize the administration of government at all levels. Their analyses and conclusions aim to improve operations, reduce costs, make better decisions, or fix things that aren't working. Their topics span compliance with state law, program efficiency, information technology (IT), and more. With such a broad mandate, performance audits can take many forms. For example:

- In 2022, California's state auditor used data analytics and geographical analysis to flag significant fraud indicators that suggested a large-scale, targeted effort to defraud Medicare and Medi-Cal.
- In 2020, a Georgia performance audit examined tax credit awards for film-industry companies operating in the

state, revealing \$3.8 million in unallowable expenditures and significant gaps in oversight.

IT audit functions within state audit offices are integral to ensuring the security of citizen and government data and defending against malicious actors, both foreign and domestic. The role of IT auditors will continue to grow in significance as more governments embrace artificial intelligence and other emerging technologies. These efforts are not limited to the state level, as evidenced by the Washington State Auditor's [#BeCyberSmart checkup program](#) which provides its local governments with fast, free, and independent assessments of their exposure to common threats, along with ways to improve cyber health.

### Want to learn more?

We encourage you to visit NASACT's [website](#) to find each state's auditor and to see emerging issues affecting the audit community.