



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Department of Transportation

For the period July 1, 2018 through June 30, 2019

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

August 6, 2020

Roger Millar
Secretary of Transportation
Department of Transportation
Olympia, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Agency operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Agency's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff, and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Agency operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the Department of Transportation from July 1, 2018 through June 30, 2019.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.310, which requires the Office of the State Auditor to examine the financial affairs of all state agencies. Our audit involved obtaining evidence about the Agency's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended June 30, 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – general disbursements, electronic funds transfers, travel reimbursements, procurement cards, fuel cards, travel cards
- Payroll – leave balances, new system implementation, electronic funds transfers
- Restricted funds – Connecting Washington fund compliance
- Cash receipting – timeliness and completeness of deposits of the commercial vehicle services and aviation divisions
- Inventory management – fuel station tank inventories
- Fines, forfeits, & seizures – review of account balance

RELATED REPORTS

Financial

We also perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Comprehensive Annual Financial Report (CAFR) prepared by and available from the Office of Financial Management.

The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's reporting entity. That report is issued by the Office of Financial Management in December of each year and can be found at www.ofm.wa.gov.

A summary of the audit for the period ending June 30, 2019, can be found at <https://www.sao.wa.gov/about-audits/about-state-government-audits/>.

Federal programs

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management in March of each year.

INFORMATION ABOUT THE AGENCY

The Washington State Department of Transportation (WSDOT) is the steward of a multimodal transportation system and responsible for ensuring that people and goods move safely and efficiently. In addition to building, maintaining, and operating the state highway system, WSDOT is responsible for the state ferry system, and works in partnership with others to maintain and improve local roads, railroads and airports, as well as to support alternatives to driving, such as public transportation, bicycle and pedestrian programs.

The governor appoints the Secretary of Transportation who serves as the chief executive for the department. WSDOT's diverse programs and projects are supported by more than 6,600 full-time employees, including engineers, vessel captains, maintenance technicians, environmental specialists, planners, and many others.

WSDOT's Strategic Plan provides the vision, mission and values that guide the work of the agency. The Strategic Plan goals create a framework for agency decision-making and are focused in three key areas - Inclusion, Practical Solutions and Workforce Development. WSDOT's Inclusion efforts ensure the department engages with its employees, communities and partners as it collaboratively delivers the program. Practical Solutions allows the agency to leverage its limited funding to get the most capacity and safety out of the entire multimodal transportation system. The focus on Workforce Development ensures that the department attracts and retains a quality workforce to meet legislative, regulatory, service and public expectations.

The Legislature passed a 16-year transportation revenue package in 2015 referred to as "Connecting Washington" – a \$16.3 billion investment. The department is financed by revenue from fuel taxes, licenses, permits, fees, tolls, ferry fares, federal funds, and bond proceeds. The total 2019-2021 biennial budget is approximately \$6.65 billion.

As WSDOT delivers transportation services, it also works to identify lowest cost solutions and practical design principles to get the most efficient use of limited resources, preserve environmental quality, improve fish passage, and identify clean transportation opportunities to address climate change.

WSDOT's Headquarters is located in Olympia. The Department has six regional offices throughout the state:

- Northwest Region – headquartered in Seattle
- Olympic Region – headquartered in Tumwater
- Southwest Region – headquartered in Vancouver
- North Central Region – headquartered in Wenatchee
- South Central Region – headquartered in Yakima
- Eastern Region – headquartered in Spokane

Additionally, the department has approximately 470 facilities located throughout the state, including Ferry administration and terminals; project offices; Maintenance administration, shop and storage buildings; and program and modal headquarters.

Contact information related to this report	
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Department of Transportation at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(564) 999-0950
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov