



Office of the Washington State Auditor  
Pat McCarthy

## Accountability Audit Report

# Washington Technology Solutions

(WaTech)

For the period July 1, 2022 through June 30, 2024

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## Office of the Washington State Auditor Pat McCarthy

January 27, 2025

William Kehoe  
Director, Washington State Chief Information Officer  
WaTech  
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 value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

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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 WaTech from July 1, 2022 through June 30, 2024.

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 Washington 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 years ended June 30, 2024 and 2023, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Charges for services – establishment of rates and billing accuracy
- Accounts payable – general disbursements, debt service disbursements, and credit cards
- Payroll – gross wages and leave cash outs

## RELATED REPORTS

### Financial

We 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 Annual Comprehensive Financial Report (ACFR). The ACFR reflects the financial activities of all funds, organizations, agencies, departments and offices that are part of the state's reporting entity. The results of that audit are published in a report issued by the Office of Financial Management in December of each year and can be found at [www.ofm.wa.gov](http://www.ofm.wa.gov).

### 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 Legislature created Washington Technology Solutions (WaTech) in statute in 2017 (RCW 43.105.006). The Agency operates the state's core technology services - the central network and data center – and provides strategic and comprehensive information security to protect state networks from growing cyber threats. The Agency serves state agencies, county, city and tribal governments, and public-benefit nonprofits.

The Agency leads the implementation of a strategic direction and enterprise architecture for information technology and oversees the portfolio of major IT projects for state government. The Office of Privacy and Data Protection leads Washington's effort to protect the state and citizens' data and privacy through advocacy and education.

The Agency's state Office of Cybersecurity, formally designated in statute in the 2021 legislative session, provides strategic direction for cybersecurity and protects the state government network from growing cyber threats. The office works with state, local government and military agencies to build more secure networks and has teams that can respond on a moment's notice to help agencies deal with cyber threats.

Approximately 360 people are employed at WaTech with an annual revenue of approximately \$207M. Of this revenue, approximately 64% is funded via the Central Service Model and 36% is funded via fee-for-services

### 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 WaTech at <https://portal.sao.wa.gov//ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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