



Office of the Washington State Auditor  
Pat McCarthy

## Accountability Audit Report

# Department of Transportation

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

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

June 23, 2025

Julie Meredith, 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 Department 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 Department'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, Department 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.

However, we noted certain matters related to cash receipting at Washington State Ferry terminals that we communicated to Department management and the Executive Director in a letter dated June 18, 2025. We appreciate the Department's commitment to resolving those matters.

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, 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 Department'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:

- Construction contracts – expenditures, change orders, and termination
- Vendor payments – general disbursements and electronic fund transfers
- Ferry construction contracts – expenditures
- Payroll – gross wages, overtime, and selected benefits in the Washington State Ferries division
- Compliance with state grants and loans – eligibility and payments
- Cash receipting – timeliness and completeness of deposits at ferry terminals

## 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 DEPARTMENT

The Washington State Department of Transportation 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 – the largest in the nation, carrying tens of millions of people each year. WSDOT also works in partnership with others to maintain and improve local roads, railroads and airports, as well as to support alternatives to driving, including public transportation, bicycle and pedestrian programs.

The governor appoints the Secretary of Transportation who serves as the chief executive for the agency. WSDOT's diverse programs and projects are supported by more than 6,900 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 three key areas – Diversity, Equity & Inclusion, Resilience and Workforce Development and – support the execution of our mission and provide the framework for the agency's decision making. Our Diversity, Equity & Inclusion efforts ensure we purposefully engage with and listen to our employees, communities and partners as we work together to deliver the program. Resilience inspires us to plan how to preserve and sustain the entire multimodal transportation system into future challenges including, aging infrastructure, changing weather patterns, natural disasters and other emergencies. Our focus on Workforce Development ensures that we attract, support and retain a quality workforce possessing the skills to meet our legislative, regulatory, service and public expectations.

In 2022, the Legislature passed the Move Ahead Washington transportation package that provides \$16.8 billion in multimodal transportation investments over 16 years. The agency is financed by revenue from fuel taxes, licenses, permits, fees, tolls, ferry fares, federal funds, and bond proceeds. The total 2021-2023 biennial budget was approximately \$8.1 billion. The total enacted 2023-2025 biennial budget is approximately \$10.2 billion. WSDOT's Headquarters is located in Olympia. The agency has six regional offices throughout the state. Additionally, the department has approximately 470 statewide facilities, including, project offices, maintenance administration, shop and storage buildings program and modal headquarters and Washington State Ferries administration and terminals.

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 <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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