



Office of the Washington State Auditor  
Pat McCarthy

# Accountability Audit Report

## Office of Financial Management

For the period July 1, 2021 through June 30, 2025

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

May 28, 2026

Katherine Chapman-See  
Director  
Office of Financial Management  
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 Office 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 Office'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, Office 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 Office of Financial Management from July 1, 2021 through June 30, 2025.

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 Office'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, 2025, 2024, 2023 and 2022, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Contract monitoring and disbursements
- Statewide vendor system
- Compliance with grants
- Accounts payable – use of credit cards

## 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 grant 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 reports issued by the Office of Financial Management and our Office each year.

### Performance audits

Initiative 900, approved by voters in 2005, gives the State Auditor's Office the authority to conduct independent performance audits of state and local government entities. Performance audits may include objective analysis on ways to improve program performance and operations, reduce costs and identify best practices.

We issued the separate performance audit report, *One Washington: Opportunities to strengthen plans for producing reliable financial statements*, which is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

### Special investigations

During the current audit period, we issued a report pursuant to the State Employee Whistleblower Act (Chapter 42.40 RCW). That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE OFFICE

The Office of Financial Management provides assistance to the Governor, the Legislature and state agencies in the following areas:

- Budget planning, policy development, and financial administration for executive branch agencies.
- Preparing executive budget proposals for presentation to the Legislature. Monitoring implementation of the adopted budget.
- Developing, supervising, and maintaining the statewide accounting systems and the central chart of accounts.
- Conducting executive policy research and developing legislation to support the Governor's policy goals.
- Providing estimates of state and local population, monitoring changes in the state economy and labor force and conducting research on a variety of issues affecting the state budget and public policy.
- Negotiating master agreements for wages, hours, and working conditions for represented classified employees.
- Develops, implements and maintains enterprise accounting, budget and human resource systems.

The Office is responsible for preparing the Annual Comprehensive Financial Report and the federal Statewide Single Audit Report for the state of Washington. As of the 2026 Legislative Session, the Office is authorized an annual average of 561 FTEs and has a biennial operating budget of approximately \$26.2 million from the State General Fund, \$68.9 million from federal and local funds, and \$438.6 million in other funds including payments from state agencies for the use of statewide systems, and central services activities.

### Contact information related to this report

Contact:	Amber Leaders, Director of Legal & Contract Services
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Website:	<a href="http://www.ofm.wa.gov">www.ofm.wa.gov</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Office of Financial Management 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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- Main telephone:  
(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)