



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

February 19, 2026

Casey Sixkiller, Director  
Department of Ecology  
Olympia, Washington

**Report on Agreed-Upon Procedures**

Please find attached our report on the results of performing certain agreed-upon procedures as specified in our report.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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# INDEPENDENT ACCOUNTANT'S REPORT

Casey Sixkiller  
Department of Ecology  
PO Box 47612  
Olympia, WA 98504-7612

To the Director and Management of the Department of Ecology:

We have performed the procedures enumerated below related to the Department's Air Operating Permit (AOP) program and the Department's compliance with the program's fiscal requirements established by Chapter 70A.15.2260-2270 of the Revised Code of Washington and Chapter 173-401 of the Washington Administrative Code (the specified requirements), during the period July 1, 2023 through June 30, 2025. The Department's management is responsible for managing its AOP program, compliance with those requirements, and for the accuracy of its financial records.

The Department's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the Department in determining whether the Department complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

## Procedure Results

The agreed-upon procedures and associated results are as follows:

### *Procedures related to collection of fees*

1. Inspect the Department's written procedure for developing, assessing and collecting fees from its sources and determine whether it is more than three years old.

**Results:** The Department's AOP Guidance document was last updated in March 2025, which is within the last three years.

2. Compare total fees invoiced for the engagement period to total amount received to ensure all invoiced amounts were collected.

**Results:** For fiscal year 2024, total fees invoiced were \$2,672,592, which did not agree with the total amount received of \$2,649,171. For fiscal year 2025, total fees invoiced were \$2,686,181, which did not agree with the total amount received of \$2,494,015.

3. If total fees invoiced for the engagement period does not equal the amount received, determine the amount of, and the reason for, any shortfalls or overages.

**Results:** The invoiced amounts in fiscal years 2024 and 2025 exceeded the total amount received by \$23,421 and \$192,166, respectively. These differences were due to formula errors in the AOP program “Workload Model Spreadsheet”, used to calculate air permit program fees.

4. Inspect a judgmental selection of AOP permit accounts receivable for each fiscal year and determine whether late fees have been assessed, in accordance with the Department’s fee schedule, for fees collected after February 28th and collection measures were initiated in accordance with Department policies and procedures.

**Results:** There were two late fees assessed during the engagement period. Both were assessed in accordance with the Department’s fee schedules.

#### *Procedures related to computation of fees*

5. For a judgmental selection of AOP permits issued during the engagement period, recalculate the amount invoiced to ensure fees were calculated correctly using the workload analysis and are consistent with fee schedule.

**Results:** We recalculated the amount due for 20 AOP permits using the Department’s AOP fee schedule. The invoiced amounts for 10 permits issued during fiscal year 2025 did not agree to our recalculation. Based on the AOP fee schedule, the total invoiced amount these 10 permits should have been \$2,061,003; however, the Department’s invoices totaled \$1,872,013.

6. Identify facilities that were closed during the engagement period and recalculate fees charged to confirm their accuracy.

**Results:** We identified two facilities that closed during the engagement period. Our recalculated fee was \$33,518.47, which did not agree with the Department’s AOP pro-rated closure calculation of \$35,993.00.

7. Confirm the Department is performing an analysis of all potential operating permit sources on an annual basis.

**Results:** Based on our understanding of the AOP program monitoring procedures, the Department performs an analysis of all potential operating permit sources on an annual basis.

***Procedures related to timely distribution of billing statements***

8. Inspect invoice dates for each fiscal year and determine whether the Department distributed the following statements by the deadline for each year:
  - a. Final source data statement and fee schedule to program sources on or before October 31st.
  - b. Statements of local air authorities' shares of the Department's development and oversight costs on or before October 31st to each local air authority.

**Results:** The Department distributed the final source data statements, fee schedule, and statements of local air authorities' shares of development and oversight costs by the appropriate deadline.

***Procedures related to revenue and expenditures accounting***

9. Identify which fund or accounts are used to account for AOP revenue and expenses.

**Results:** The Department uses Fund 219 to account for all AOP program revenue and expenditures.

10. Inspect all Ecology funds and accounts used to account for AOP revenue and expenses and determine whether AOP revenue and expenses are commingled with other revenue sources or expenses.

**Results:** AOP program revenue and expenses were not commingled with any other revenue sources or expenses.

11. Judgmentally select expenses accounted for in non-AOP accounts during the engagement period and inspect supporting documentation to determine whether they were for AOP activities.

**Results:** We inspected a selection of 32 expenses from four non-AOP program accounts and determined none were for AOP program activities.

***Procedures related to authorized activities***

12. Judgmentally select AOP program expenses (including payroll) for the engagement period and inspect supporting documentation to determine whether they were for allowable program activities.

**Results:** We inspected a selection of 47 AOP program expenses (including payroll) and determined all were allowable per WAC 173-401-940.

13. Inspect the Department's indirect cost allocations and determine whether indirect costs were also charged to the program as direct costs.

**Results:** Indirect costs were not charged to the program as direct costs.

*Procedures related to available funds*

14. Inspect the balance sheet for the AOP program account (Fund 219) to determine if the AOP program had a negative fund balance at any time during the engagement period.

**Results:** The AOP program maintained a positive fund balance each month during the engagement period.

15. Identify whether program revenues were in excess or under actual program costs during the engagement period and determine whether the Department followed its policy for handling excess program revenue.

**Results:** Program revenues were in excess of program costs for fiscal years 2024 and 2025. The Department appropriately followed its policy for handling excess program revenues.

16. To ensure all Title V facilities are billed for permit fees, perform a query of all Title V sources and synthetic minors and determine whether all were billed for permit fees on an annual basis.

**Results:** Every Title V facility was billed for permit fees each year.

17. Determine whether there was a budget decrease or increase during the engagement period, and if so, the percentage amount of the increase or decrease and reason for the change.

**Results:** There was a budget increase of 1.50% during our engagement period. The increase was due to changes in job class salary range increases.

18. Confirm the most current wages and benefits for a judgmental selection of program employees were used when establishing the program budget.

**Results:** We inspected the salary and benefit information for 30 employees and determined the most current wages and benefits had been used when establishing the program budget.

## About the Engagement

We were engaged by the Department's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Department's AOP program or on compliance with the specified requirements. Additionally, the agreed-upon procedures do not constitute an audit or review of the financial statements or any part thereof, the objective of which is the expression of an opinion or conclusion, respectively, on the financial statements or a part thereof. Accordingly, we do not express such opinions or conclusions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

February 11, 2026