Updates and resources from the Washington State Auditor's Office

Presented to WPPA Small Ports Conference 2024

Niles Kostick, Manager
Center for Government Innovation

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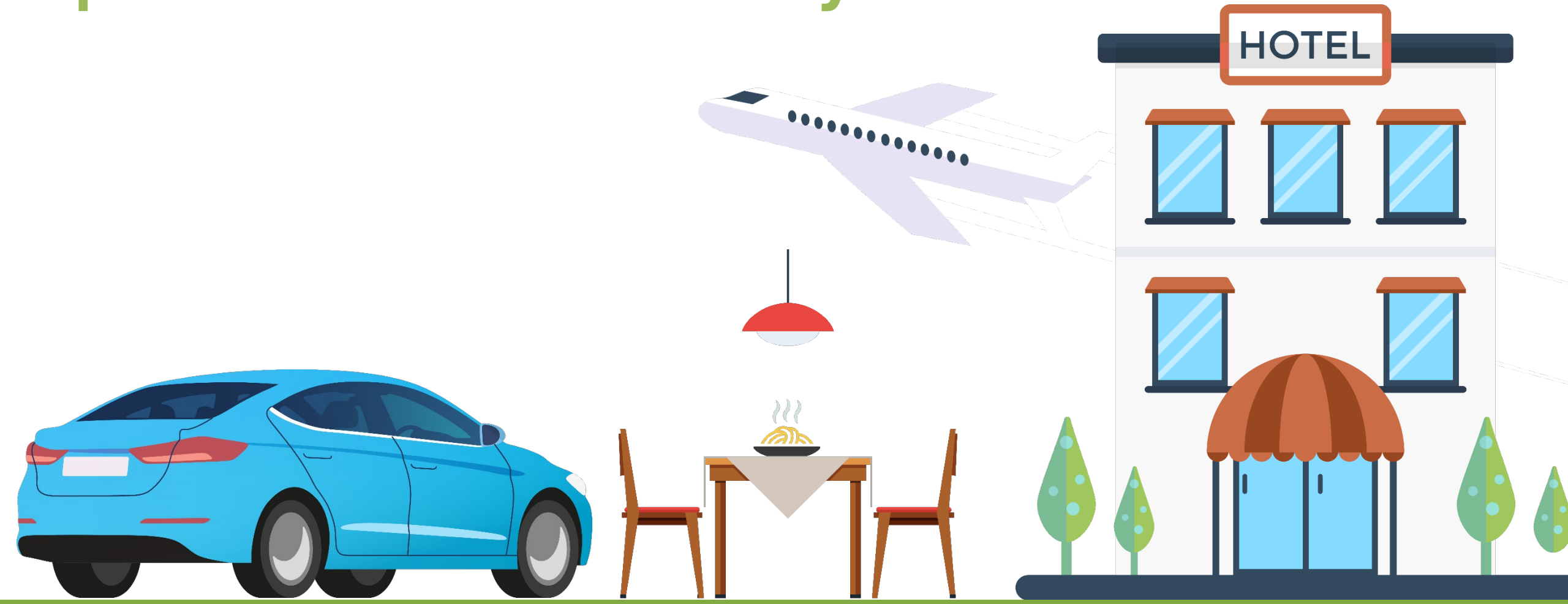
Center for Government Innovation

What does the SAO do, and how can we be partners in accountability?



Presenter information

Niles Kostick, Manager,
SAO's Center for Government Innovation

Niles Kostick discovered a passion for helping Washington local governments when he interned at the State Auditor's Office in 2014.

Since then, he has worked in multiple roles throughout the agency, including as an auditor, small-entity subject matter expert and technical researcher.

He now manages a team of experts who help local governments solve problems and improve operations.

State Auditor
Pat McCarthy

- Non-audit services
  - Center for Government Innovation
  - Technical support
- Audit services
  - Performance & IT audit
  - State & local audit

Helping local governments help the people they serve

Supported by the funding created when Washington voters passed Initiative 900 in 2005, authorizing SAO to undertake performance audits.

Offers tools and services to help governments solve problems and improve operations

What the Center does

- **Cyber checkups** to assess your government's vulnerability to common cybersecurity threats
- **Customized Lean facilitations & trainings** to help you improve how work gets done
- **Teambuilding workshops** to help you strengthen your team, increase trust, and promote workplace harmony
- **Financial Intelligence Tool (FIT)** to help you monitor your government's financial health
- **Tools, checklists, and other resources** that provide you with ways to improve internal controls, compliance, and other areas

What the Center does

Process Improvement

Gain expert input on improving Port processes

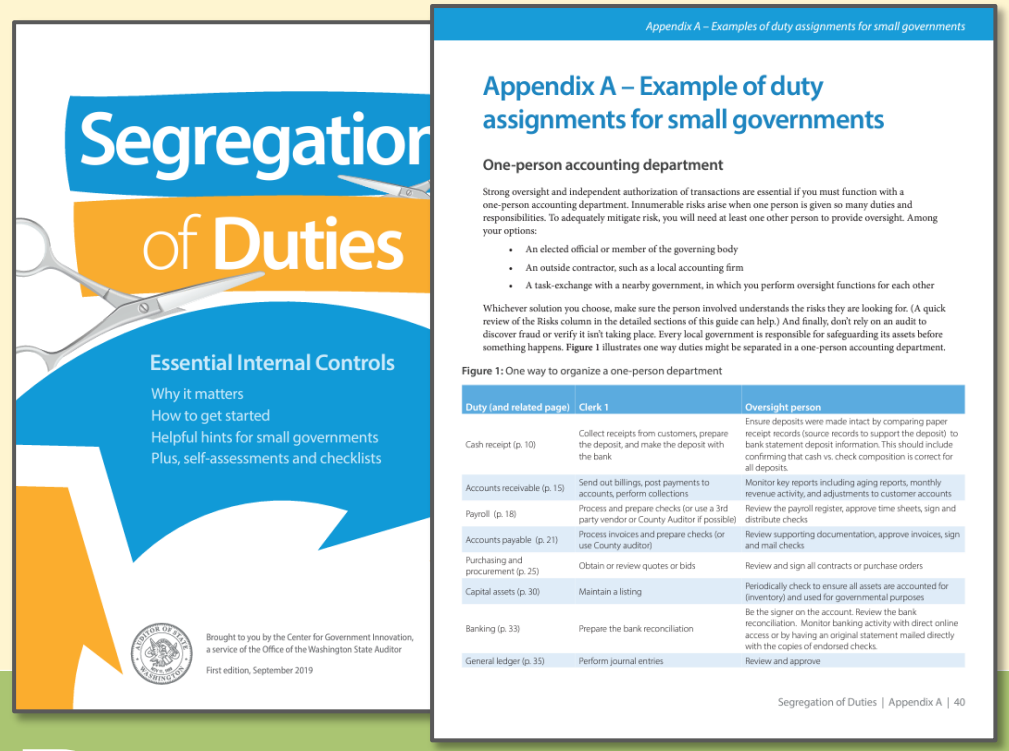
- Public records, agenda preperation
- Marina operations, cash receipting, accounts receivable, etc.
- Onboarding processes
- Process improvement trainings for teams

Resources for small ports

Resource Library

Good for smaller governments

Duty (and related page)	Clerk 1	Oversight person
Cash receipt (p. 10)	Collect receipts from customers, prepare the deposit, and make the deposit with the bank	Ensure deposits were made intact by comparing paper receipt records (source records to support the deposit) to bank statement deposit information. This should include confirming that cash vs. check composition is correct for all deposits.
Accounts receivable (p. 15)	Send out billings, post payments to accounts, perform collections	Monitor key reports including aging reports, monthly revenue activity, and adjustments to customer accounts
Payroll (p. 18)	Process and prepare checks (or use a 3rd party vendor or County Auditor if possible)	Review the payroll register, approve time sheets, sign and distribute checks
Accounts payable (p. 21)	Process invoices and prepare checks (or use County auditor)	Review supporting documentation, approve invoices, sign and mail checks
Purchasing and procurement (p. 25)	Obtain or review quotes or bids	Review and sign all contracts or purchase orders
Capital assets (p. 30)	Maintain a listing	Periodically check to ensure all assets are accounted for (inventory) and used for governmental purposes
Banking (p. 33)	Prepare the bank reconciliation	Be the signer on the account. Review the bank reconciliation. Monitor banking activity with direct online access or by having an original statement mailed directly with the copies of endorsed checks.



Resource Library

Resources for small ports

- Fueling best practices
- Cash receipting, accounts receivable, and accounts payable
- Procurement, buying and bidding
- Internal controls, segregation of duties

Resource Library

Cyber security is a growing concern

How bad is it?

172

Cases submitted since 2018

$35 million

In total losses

46

WA local governments reported as targeted in the past two years

Cyber security is a growing concern

Understanding vulnerabilities

- Social engineering (phishing)
- 3rd party vendors
- Employee training and awareness
- Lack of policies around IT equipment, use and reporting.

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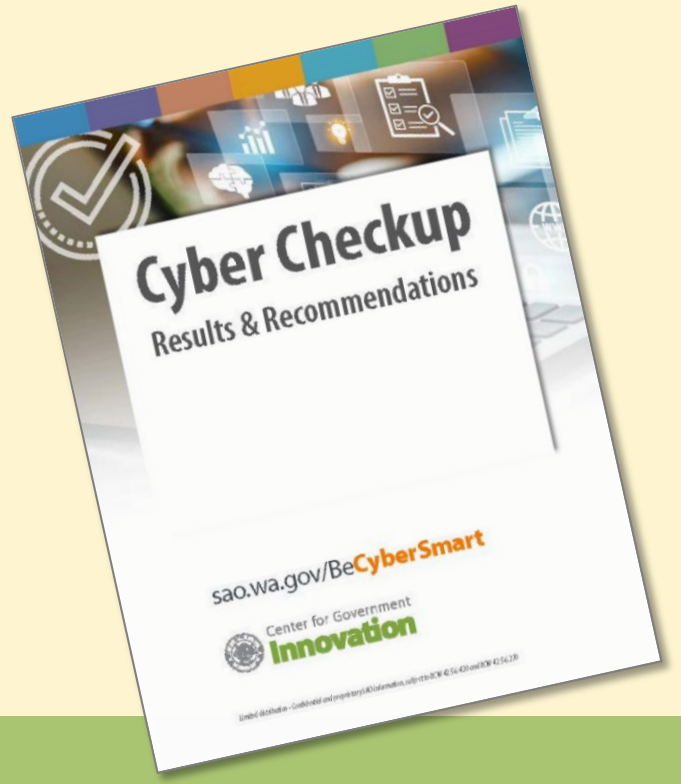


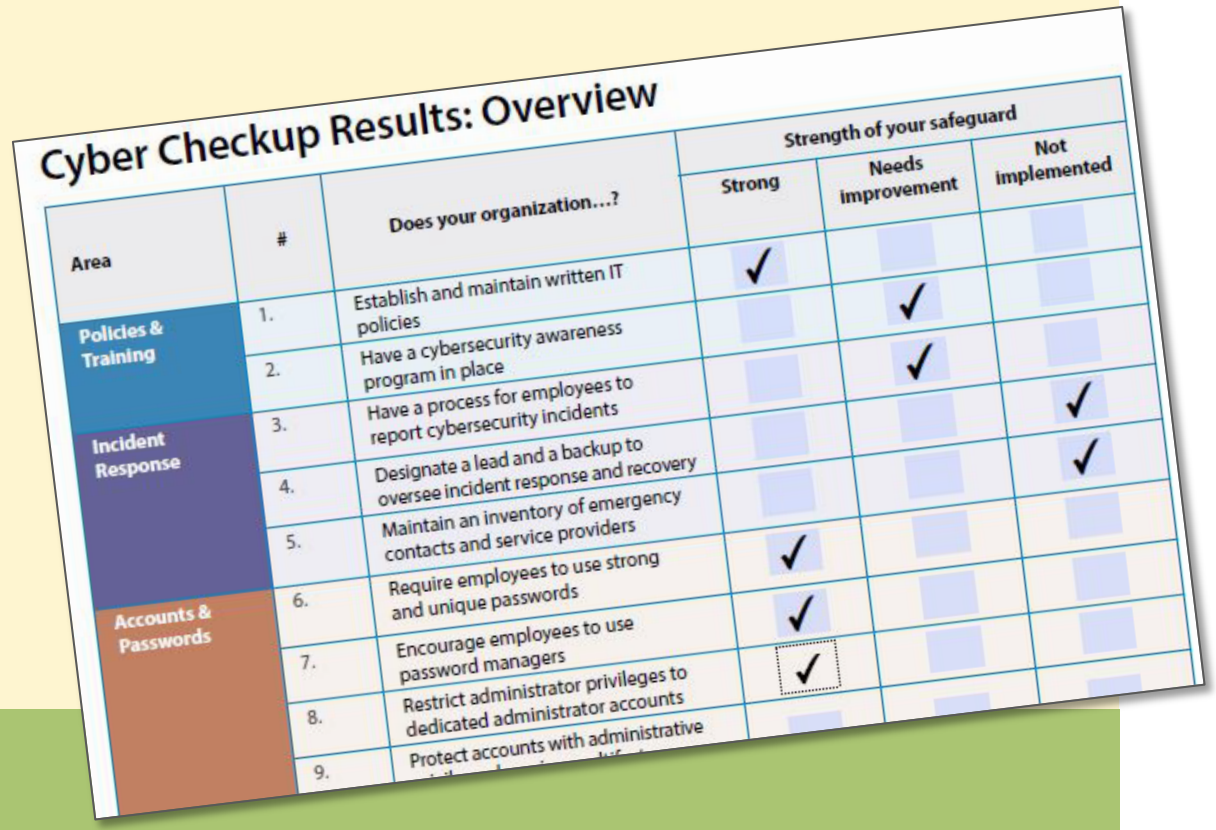
Cyber checkups

Free assistance for small ports – SAO's Cyber Checkup

A cyber checkup is a free, 20-point inspection to diagnose security gaps.

This assistance does not require staff with technical knowledge of IT systems – anyone can request a checkup.

We provide and help prioritize recommendations.



Cyber Checkup Results: Overview

Area	#	Does your organization…?	Strength of your safeguard: Strong	Needs improvement	Not implemented
Policies & Training	1.	Establish and maintain written IT policies	✓		
	2.	Have a cybersecurity awareness program in place		✓	
	3.	Have a process for employees to report cybersecurity incidents		✓	
Incident Response	4.	Designate a lead and a backup to oversee incident response and recovery			✓
	5.	Maintain an inventory of emergency contacts and service providers			✓
Accounts & Passwords	6.	Require employees to use strong and unique passwords	✓		
	7.	Encourage employees to use password managers	✓		
	8.	Restrict administrator privileges to dedicated administrator accounts	✓		
	9.	Protect accounts with administrative			

Cyber checkups

Actionable recommendations

“The results were a wake-up call about our vulnerabilities … ”

“… we were able to understand real world ways to implement better security …”

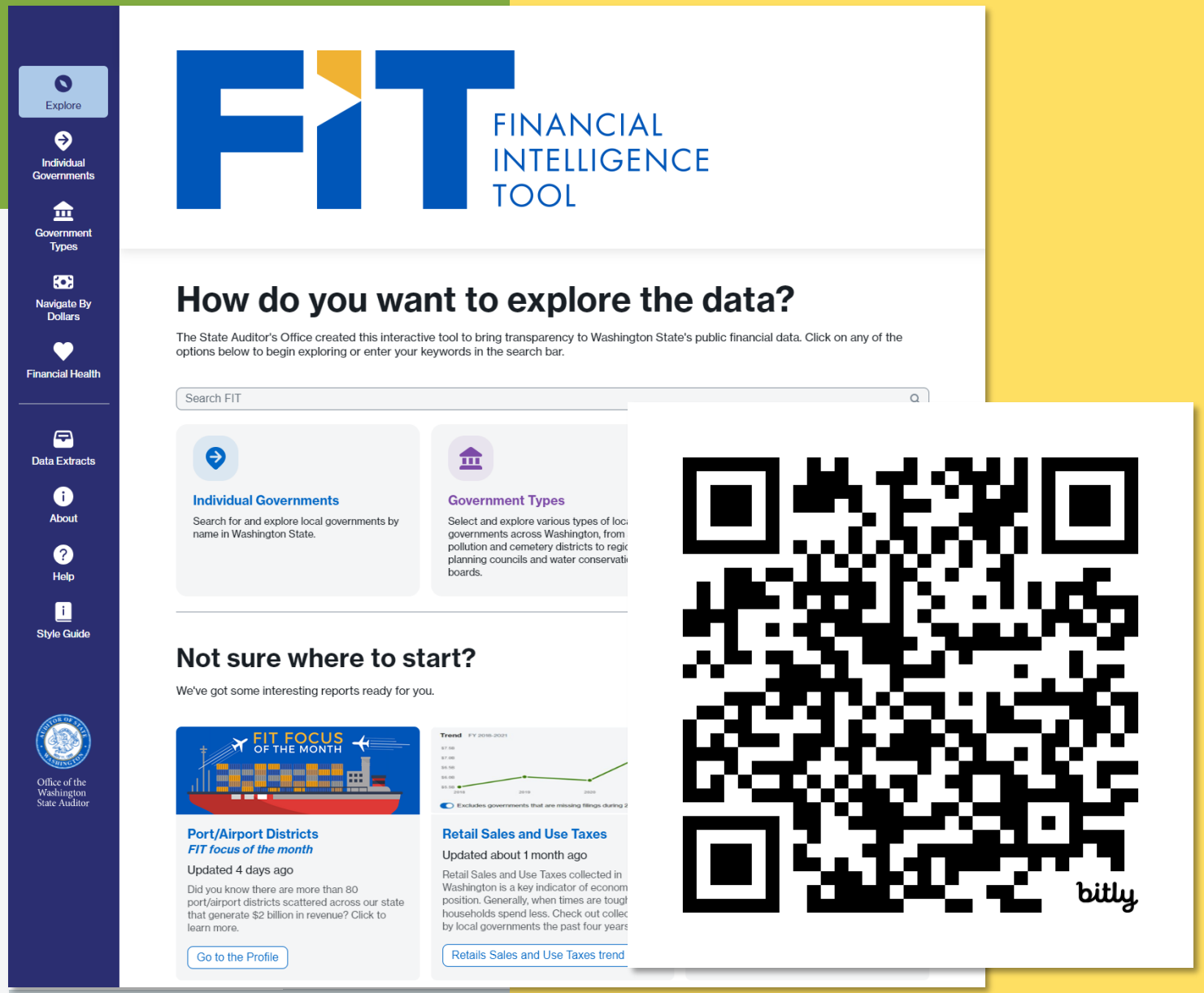
“… immediately improved. The report … included actionable items that didn’t require a lot of resources to implement.”

SAO's Financial Intelligence Tool (FIT)

- Introduced in 2018 to provide an easy to access, easy to understand way of exploring the financial landscape of local governments in Washington

- Can help share financial information without any extra work on your part

Let's take a tour of FIT



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Information

Niles Kostick, Manager

SAO's Center for Government Innovation

Center@sao.wa.gov

Website: www.sao.wa.gov

Twitter: www.twitter.com/WaStateAuditor

Facebook: www.facebook.com/WaStateAuditorsOffice