

# In the Know with SAO

Updates, Resources and Emerging Issues

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WPPA Port Finance Seminar  
June 25, 2026



# Agenda

**01** What's going on with SAO

**02** Resources and guides

**03** What's going on with ports

**04** Legislative changes – electricity

**05** Procurement of architecture and engineering

**06** Open floor/questions



# What's going on with SAO

- How to stay up to date
- Looking back at the last year



# Subscribe to SAO's digital resources

## Ways to sign up:

1. Via SAO's website at [sao.wa.gov](http://sao.wa.gov)
2. Use the QR code below:



# Types of audits



Accountability



Use of deadly force



Cybersecurity



Financial



Fraud



Energy



Federal compliance



Whistleblower



Performance



# Audits by the numbers

2,967  
audits  
total

July 1, 2024 – June 30, 2025

Accountability  
audits

1,240  
audits

132  
findings

Financial  
audits

839  
audits

119  
findings

Federal  
audits

475  
audits

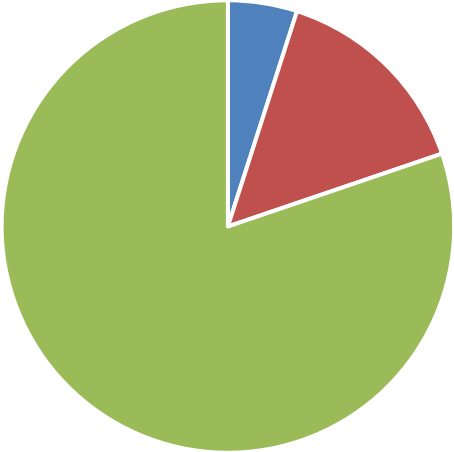
203  
findings

Every year, we issues thousands of reports, reflecting the results of many different kinds of audits. Just a small percentage of the audits result in a finding.



# Common audit recommendations

Port district audit recommendations\*



■ Findings ■ Management Letters ■ Exit Items

\*For reports issued January 1, 2025 – May 20, 2026

9 Findings

27 Management letters

146 Exit items



# Common audit recommendations

Area of Issue	Management			Total
	Findings	Letters	Exit Items	
Fraud	1	0	0	1
Accounts Payable Disbursements	1	2	15	18
Payroll/Personnel	1	0	11	12
Federal Grants	3	0	2	5
Accounting/Financial Reporting	3	11	32	46
Purchase Cards/Credit Cards	0	1	8	9
Annual Report Filing	0	3	3	6
Cash Receipting	0	1	4	5
Financial Condition	0	1	0	1
Open Public Meetings	0	2	23	25
Procurement/Bid/Prevailing Wage	0	5	12	17
Small and Attractive Assets	0	1	4	5
Other	0	0	32	32
<b>Total</b>	<b>9</b>	<b>27</b>	<b>146</b>	<b>182</b>



# Resources and guides

- Who can I call with questions?
- SAO's Center for Government Innovation
- Resource Library



# SAO support for governments

Governments always have support when work with SAO.

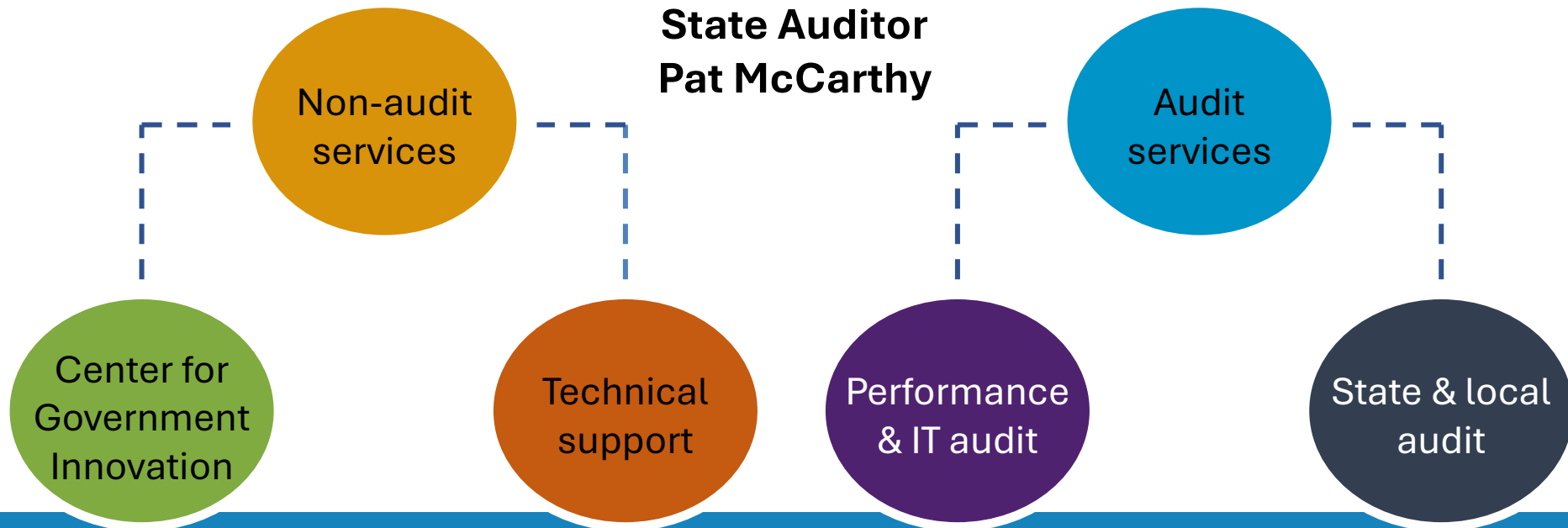
- People you can contact:
  - ✓ Local audit team
  - ✓ Program managers and subject matter experts (SMEs)
  - ✓ Client Help Desk
  - ✓ And more ...



# About the State Auditor's Office



**State Auditor  
Pat McCarthy**



# The Center for Government Innovation

- **Cyber checkups** to assess your government's vulnerability to common cybersecurity threats
- **Customized Lean facilitations & trainings** to help you improve how work gets done
- **Resource Library** with tools, checklists and other resources that provide you ways to improve internal controls, compliance and other areas
- **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





# Resource Library

The Center for Government Innovation

Lean Services

Teambuilding Workshops

#BeCyberSmart

Financial Intelligence Tool

Resource Library

Technical Advice

#Gov101

Improvement Training Videos

Preventing Fraud

The State Auditor's Office (SAO) provides a variety of free guides, checklists, best practices and tools to help Washington governments improve internal controls, grants management, procurement practices, financial reporting, and cybersecurity.

To browse our resources, use the search box (click 'filters' button on mobile) or select a category below.

Search for a Resource

SEARCH

### Internal Controls

ACCOUNTS PAYABLE

ACCOUNTS RECEIVABLE

CASH RECEIPTING

PAYROLL

ASSETS

### Compliance

PROCUREMENT

FEDERAL FUNDS

PUBLIC RECORDS

OPEN PUBLIC MEETINGS

### Featured Resource



Credit card programs vary in their nature and size, as does how governments use them—all of which affect the risk of misuse. These best practices can help local governments evaluate their credit card program and related internal



Scan QR code to view the [Resource Library!](#)



# What's going on with ports

- Legislative changes regarding electricity sales
- Professional service procurement



# Are you selling electricity?



# Examinations we perform

**Energy Independence Act (I-937) compliance**

**Clean Energy Transformation Act compliance (every 2 years)**

- Energy Assistance to Low-income Households
  - Assessment reporting (every 2 years)
  - Ongoing program offering requirement



# Examinations we perform

- Clean Energy Implementation Plan (every 4 years)
- Interim Performance Report (every 4 years, 2026 and 2030)
- Compliance Report (every 4 years, starting 2034)
- Coal resource prohibition (effective 2026 and reported annually)
- GHG Neutrality standard (effective 2030)
- Clean Energy standard (effective 2045)



# Clean Energy Transformation Act (CETA): Overview

- What is CETA?
  - Passed by the state legislature through E2SSB 5116
  - Signed into law effective May 7, 2019
  - Requires electric utilities that are in the business of distributing electricity to at least one retail customer in the state to comply



# Clean Energy Transformation Act (CETA): Overview

- Objectives:
  - Equitable transition to clean energy
  - Energy assistance to reduce energy burden of vulnerable populations and highly impacted communities
  - Outreach requirements
- 39 consumer-owned utilities are required to comply (PUDs, municipal, one irrigation district)
- Now applicable to port districts



# Clean Energy Transformation Act (CETA)

## CETA for Port Districts

SSB 5982 - effective June 11, 2026

- Amends RCW 19.405 definition of “consumer-owned utility” to include “...a port district formed under Title 53 RCW, that is engaged in the business of distributing electricity to at least one retail electric customers in the state”
- Ports will be required to comply with the interim performance reporting requirement beginning July 1, 2030 ([WAC 194-40-040](#))



# Clean Energy Transformation Act (CETA)

## CETA for Port Districts

- **Commerce** is required to establish reporting requirements for ports districts
  - May adopt rules to ensure the proper implementation of CETA
- **SAO** is required to audit consumer-owned utilities for compliance with RCW 19.405 and WAC 194-40 (*not considered a legal opinion*)
- **Attorney General** is responsible for enforcement



# Clean Energy Transformation Act (CETA): Survey of port districts

## What does this mean for port districts?

Districts serve retail customers through various business activities (marinas, airports, piers, commercial building leasing, etc.).



# Clean Energy Transformation Act (CETA): Survey of port districts

These customers receive electricity as part of those services from one of the following:

- A district as a power purchaser who distributes the electricity it purchases to each retail customer, billing them directly
  - **Districts operating in this capacity would likely be subject to CETA**
- A third-party electric utility, already subject to CETA (such as Puget Sound Energy), that distributes electricity to each customer and bills each customer directly, outside of the port district
  - **Districts operating in this capacity would likely *not* be subject to CETA**



# Clean Energy Transformation Act (CETA): Survey of port districts

**We are asking each District to help us document and verify their case as to whether the District is required to comply with CETA.**

- Auditor inquiries and information gathering during our audits
- Results of legal analysis performed by a District, if any



# Clean Energy Transformation Act (CETA): Survey of port districts

## What port districts can do to prepare:

Provide documentation showing how port retail customers obtain the electricity they use and how the port obtains that electricity:

- Power purchase agreements
- Market purchases of power
- Electricity generating facilities the port owns
- Agreements with other utilities, or other documentation, showing a third-party utility provides and bills the port's retail customer for the electricity they use, not the port



# Questions?



# Procurement requirements: Architecture and Engineering



# Architecture and Engineering

Use a competitive qualifications-based process (no dollar threshold):

- Collect statements of qualifications from firms
- Establish evaluation criteria and document the evaluation process
- Select the most qualified firm first, then negotiate price



# Requirements of Washington state law

RCW 39.80.030: Each agency shall publish in advance that agency's requirement for professional services [...] by:

1. publishing an announcement on each occasion, or
2. Announcing generally to the public it's projected requirements for any category or type of professional service



# RFQ for a specific project

Procurement laws are designed to provide a fair forum for all interested bidders

We encourage Ports to:

- Ensure your full scope of work is included in the original solicitation
- Negotiate a fair and reasonable price
- Follow your policies for necessary approvals
- Consider if modifications materially change the original scope and, therefore, need to be separately procured



# RFQ for general need (on-call contracting)

- Request qualifications for a general need, by category or type of service
- Can advertise for a multi-year agreement
- Can add task/work orders as projects come up



# Concern – Changes in firm qualifications

- Risk with multi-year multi-project agreements:
  - Changes in firm qualifications (staff experience, licensing, ability to meet deadlines, quality and capacity)
- Considerations:
  - Consider how long the agreement should be
  - Consider a clause in procurement and agreements to ensure firm remains most qualified or cancellation if significant concerns arise



# RFQ and “shall encourage”

- RCW 39.80.040 states “the agency shall encourage firms [...] to submit annually a statement of qualifications.”
- “the agency shall evaluate current statements [...] on file”
- Shall encourage could mean – requesting updated qualifications by email or post on your website, or a clause in the contract requesting they resubmit information annually.



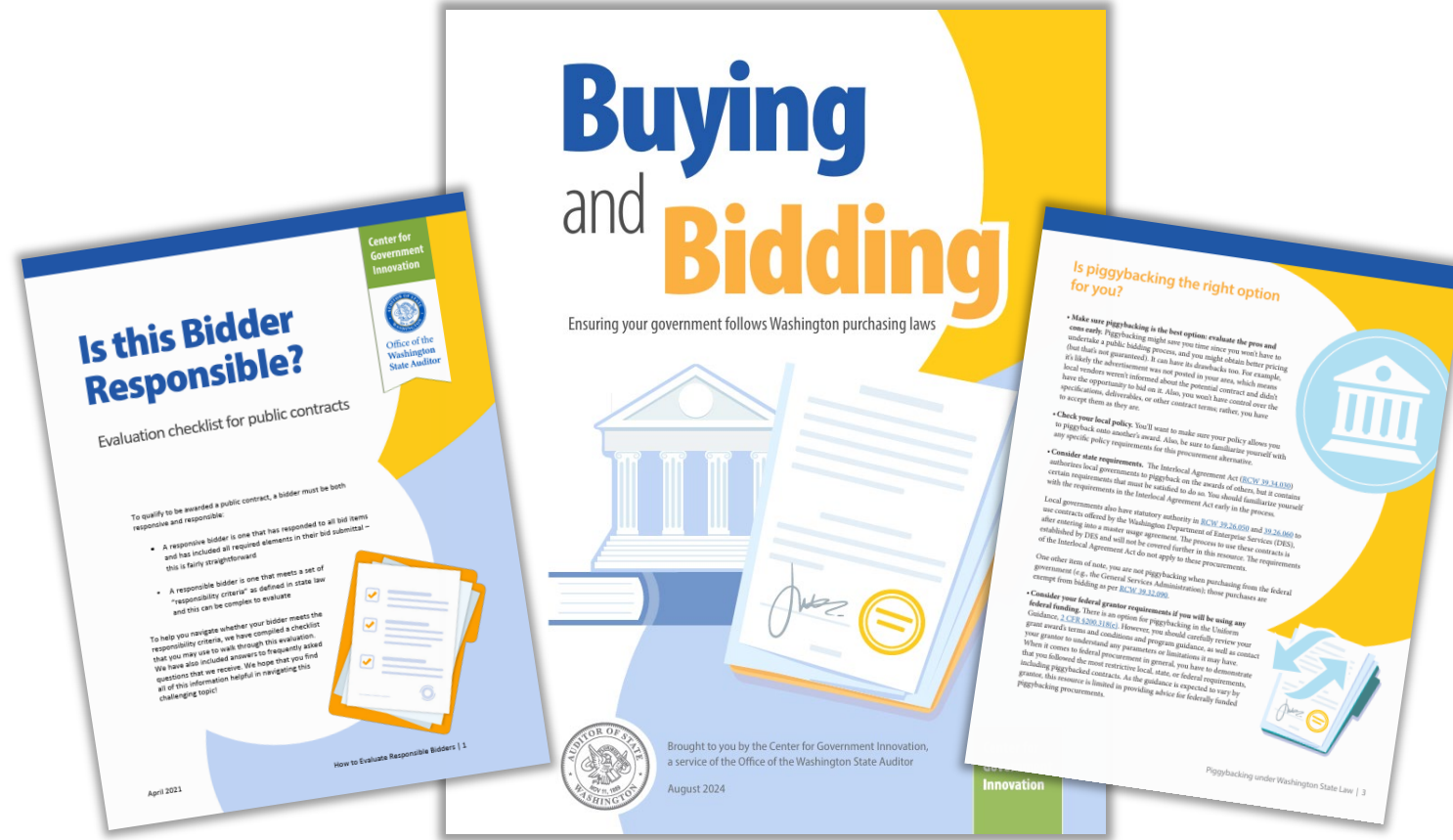
# Concern – Federal grant compliance

- If using \$1 of federal funds:
  - Must advertise **per project**
  - Must publish evaluation factors and their relative importance
  - Must have **written procedures** for evaluations



# Buying and bidding resources

- Collection of resources aimed at compliance with buying and bidding laws
- Covers purchasing considerations using local, state and federal funding



# Thank you to WPPA!



# Questions?



# Contact

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