



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

Dear David Schumacher,

In August, we discussed the need to make proportional reductions from the Performance Audit of Government Account (PAGA) between the programs that rely on the fund. Today, I am writing to inform you that we are able to return close to \$3 million from our 2019-21 biennial funding. That figure includes roughly \$2 million from PAGA and nearly \$1 million from the Auditing Services Revolving Account.

We achieved this return through aggressive cost reduction strategies put into place early in the pandemic. In spite of somewhat improved revenue and economic forecasts, we understand that the state continues to face an expected budget short fall, and considerable budget uncertainty. We know it is important for every state agency to make maximum use of public resources, and we are proud to do our part.

As you are aware, the State Auditor's Office did not request additional funding in the 2021-23 budget. However, our ability to provide independent audits and other government accountability services is dependent on our 2021-23 funding remaining intact, despite our cost-containment efforts. The demand for accountability work is higher now than before the pandemic, for example, in accounting for federal CARES Act funding.

While we are pleased to be able to return funds during this difficult year, it must be understood that this is not a recurring surplus. Especially with regard to PAGA, the demand for performance auditing has never been greater as is illustrated with the situation at the Employment Security Department. Any cuts to this fund in the next biennium will severely limit policy makers' access to the unique analysis performance audits provide.

We appreciate our good working relationship with the Office of Financial Management. As the state continues to navigate these unprecedented times, we look forward to continued partnership.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.