



Washington State Auditor's Office

March 30, 2016

The Honorable Jay Inslee
Governor
PO Box 40002
Olympia, WA 98501-0002

Subject: Veto Request

Dear Governor Inslee:

I am writing to respectfully request a veto of Section 134, page 41 lines 13 and 14, appropriating \$10 million of the Performance Audit of Government Account to the Department of Revenue. This \$10 million along with the \$12.6 million appropriated to other agencies in last year's operating budget will divert a total of \$22.6 million the voters had dedicated to the performance audit program, a full 74 percent of our revenue.

These are not, as some suggested, merely excess funds, which can be taken without harming our vital work.

The Performance Audit of Government Account did accumulate a surplus fund balance during initiation of the State Auditor's program. In the tough economic times of the Great Recession, former Auditor Brian Sonntag and then-Gov. Chris Gregoire reached an arrangement to sweep what they mutually agreed were excess funds in our account. I believe that circumstance, however, has created a false impression that our dedicated fund is available for other programs. I have tried to be clear that a transfer of \$22.6 million would significantly detract from the state's ability to conduct performance audits in the future. It will require us to lay off many of our highly trained staff. We have already asked contractors to stop work in areas like cybersecurity performance reviews.

While I understand the complexities and challenges you and the Legislature faced in passing the supplemental operating budget, continued reduction to the Performance Audit of Government Account will certainly limit the number of state agency audits we will be able to perform. I believe this is a short-sighted approach that, rather than save the state money, will cost our state the important solutions that performance audits can offer. The practice of appropriating I-900 funds out of the Performance Audit of Government Account to other agencies impairs that valuable work, it is contrary to the will of the voters and it could impair our independence under national auditing standards.

Again, I urge your veto of budget section 134, lines 13 and 14.

Sincerely,

JAN M. JUTTE, CPA, CGFM
DEPUTY STATE AUDITOR