



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

May 25, 2018

Dear Audit Liaison,

Your state agency may be selected for examination as part of an audit of Washington State's Other Post-Employment Benefits (OPEB).

The Governmental Accounting Standards Board (GASB) recently issued two statements related to OPEB (i.e., GASB Statements 74 and 75). The GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" is effective for the fiscal years ending June 30, 2018 and replaces GASB 45.

As part of the audit of the State's OPEB liability under the new GASB standards, auditors are required to verify the underlying payroll records of the system's participating employers to determine that the census data provided to the actuary is accurate and complete. This census data provided to the Washington State Health Care Authority (HCA) by state governments supports the calculation of the total OPEB liability and the allocation of those liabilities to participating employers.

The Washington State Health Care Authority (HCA) has contracted with the State Auditor's Office to verify census data provided to HCA is accurate and complete. The State Auditor's Office will select state agencies based on risk for examination by June 10, 2018. Your agency may be selected for examination for the valuation period of July 1, 2017 and June 30, 2018.

The State Auditor's Office will perform the examination during the summer of 2018 and must issue the report to OFM in August. To perform this examination, the State Auditor's Office will need access to payroll and human resources records for all employees for the above time period. Testing will consist of validating selected information reported to HCA such as eligibility for plan participation, age, etc. These selections will be sent to you by your assigned field auditor.

Additionally, if selected, you will need to provide us with a summary report of total payroll, by employee, for the period under audit, which is July 1, 2017 through June 30, 2018. The field auditor may ask to verify this summary report against your general ledger, other payroll reports, or data in Pay1.

There is no cost to your agency for this examination work. The costs related to this examination work will be billed to HCA.

If you have any questions, please contact Christie Cowgill at (360) 725-5349 or email her at christie.cowgill@sao.wa.gov.

Sincerely,

Troy Niemeyer
Assistant Director of State Audit