



Assessing the Department of Commerce's Management of the Digital Navigator Program

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How This Audit Came About



- Began as part of a broader audit of Washington’s digital equity strategy
- During planning, the Digital Navigator Program emerged as one of the state’s most substantial, hands-on equity efforts
- Early audit work surfaced repeated concerns with program management and oversight

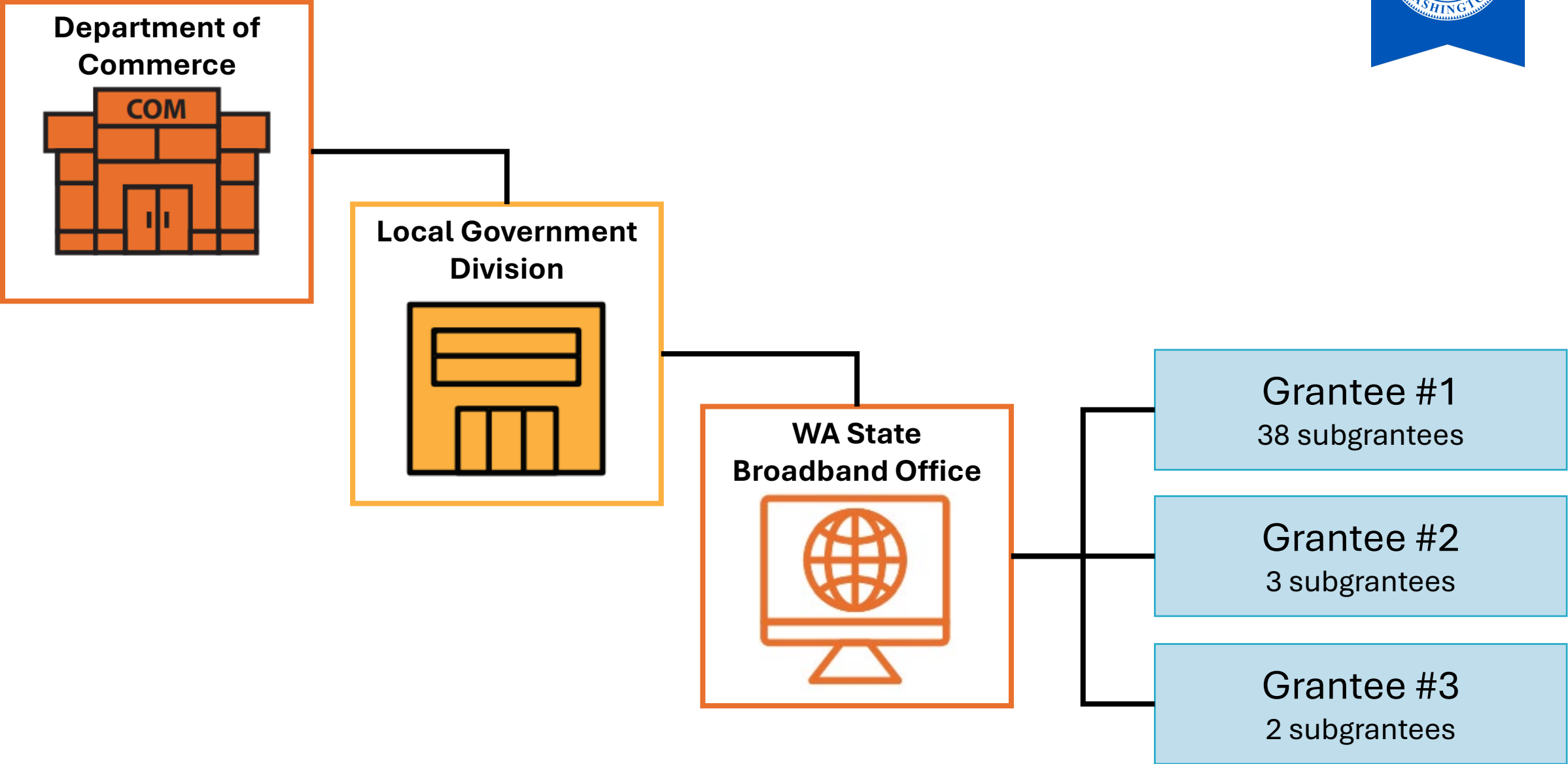


How This Audit Evolved

- Issues identified early in the work were too significant to fit within the broader digital equity audit
- Decision made to produce a standalone report to fully illuminate the concerns
- Coordinated with Accountability Audit colleagues to further examine reimbursement documentation and unallowable cost recovery
- Despite the program ultimately being discontinued, its management offered important lessons for future digital navigator efforts and other third-party-delivered programs



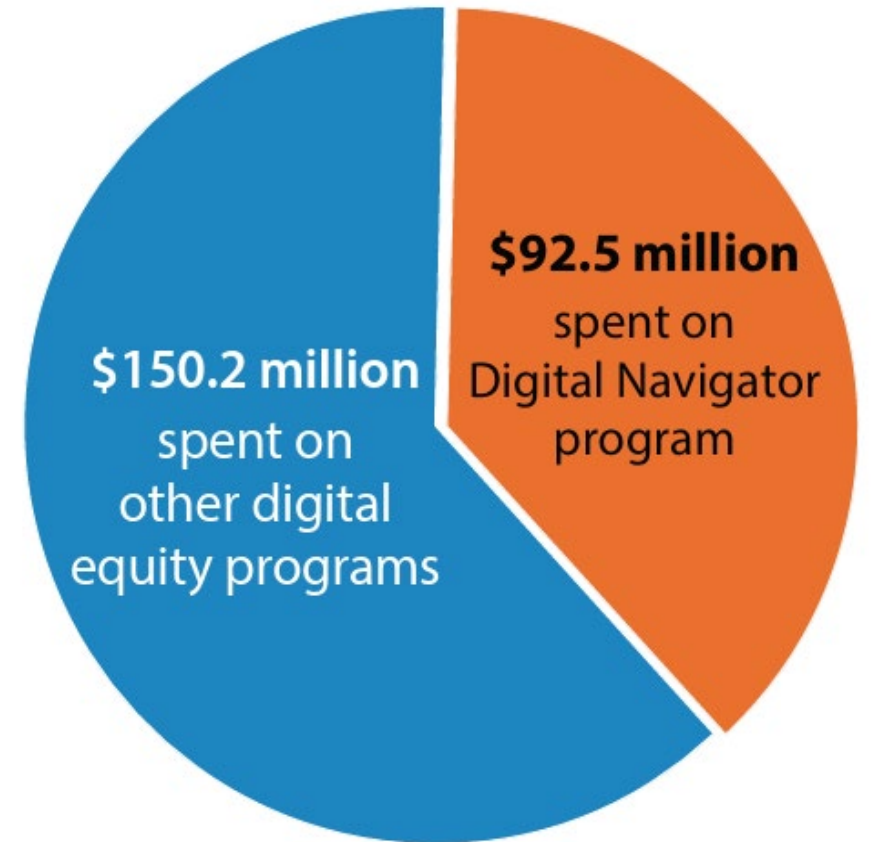
About the Program





About the Program

- The program received more than 38% — \$92 million, in just two and a half years
- Repeated concerns raised about the program
- Our Office’s accountability audit revealed gaps in program oversight

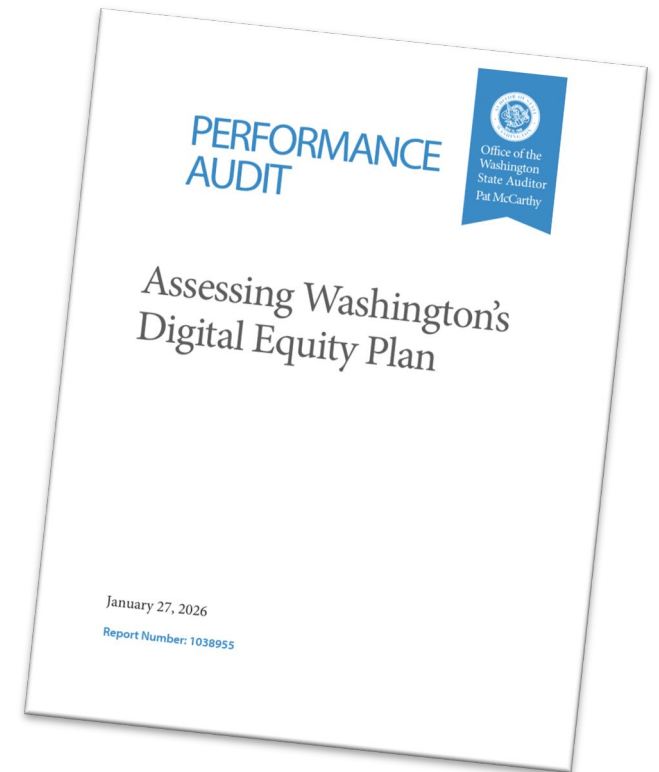


Source: Department of Commerce.

Audit questions



1. Does the state have a comprehensive strategy to reduce digital disparities and effectively connect Washingtonians to technology resources?
2. **Could digital equity programs and initiatives be better coordinated to enhance efficiency, optimize funding and effectively serve Washingtonians?**
3. Has the state clearly assigned and managed roles and responsibilities for advancing digital equity?



Audit reviewed five key components of grant management

1. Develop and use competitive processes to award or expand grants
2. Ensure direct grantees and subgrantees are properly vetted
3. Develop clear contracts
4. Include performance goals and measures for grantees and subgrantees
5. Spell out terms for reimbursement in contracts



Commerce did not incorporate key grant management practices



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Commerce did not consistently use competitive processes or vetting



- Competitive process used to select grantees was unclear
- Grants were expanded significantly without using a competitive process
- Multiple grant applications which failed to meet established eligibility criteria were approved

Contracts did not clearly outline grantee responsibilities

- Deliverables were vaguely described
- Roles and responsibilities were not clearly defined



Commerce did not effectively manage or monitor grantees' performance



- Reporting requirements were not enforced
- No reporting format was provided, leading to inconsistent and incomparable data
- Commerce released second year funding without the performance data required to justify continued funding

Commerce reimbursement oversight requirements were insufficient



- Contracts required direct grantees to monitor subgrantees, but did not define reimbursement expectations
- Contract language was high level, offering minimal detail on required supporting documentation
- Commerce provided reimbursement documentation guidance late, with less than six months remaining in the two-year contracts.

Commerce reimbursement oversight requirements were insufficient



- Insufficient documentation prevented verification of \$10.7 million in payments issued by Commerce
- Payments were halted, causing subgrantee payment delays in 2025
- At the time of our audit, Commerce was still reviewing reimbursement requests and expected to complete reconciliation early in 2026

Commerce did not establish formal grant management rules



- State law requires agencies to develop rules governing grant management
- Commerce did not adopt rules or procedures
- Staff did not have guidance on how to handle key issues





Escalation and oversight failures

- Leadership ignored staff concerns about contracting-rule compliance
- Former Broadband Office leadership bypassed internal controls
- Leadership approved payments without required documentation, violating contract terms

New leadership has begun improving accountability systems



- A new Director assumed oversight of the agency in 2025
- Executives and managers have plans to develop additional procedures

Recommendations



For the Department of Commerce:

1. Address gaps in grant management procedures, including the evaluation of performance, managing reimbursements, and training staff
2. Develop and enforce agencywide policies for contract and grant management
3. Define and broadly communicate guidance for senior officials relating to compliance, oversight and prioritizing effective controls

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