

2023 Audit Resolution Report

FOR CALENDAR YEAR 2023

State of Washington
Office of Financial Management
December 2023



To accommodate persons with disabilities, this document is available in alternate formats by calling the Office of Financial Management at 360-902-0599. TTY/TDD users should contact OFM via the Washington Relay Service at 711 or 1-800-833-6388.

Visit our website at www.ofm.wa.gov.

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

2023 Audit Resolution Report

ACCOUNTING DIVISION
DECEMBER 2023

This page intentionally left blank.

Table of Contents

Audit Resolution Report	1
Schedule 1 – Audit Findings by Agency	3
Status of Resolution of Audit Findings	
State of Washington	5
Administrative Office of the Courts	7
Public Disclosure Commission	8
Department of Commerce	9
Office of Financial Management	17
Health Care Authority	21
Department of Licensing	37
Department of Social and Health Services	39
Department of Health	49
Department of Children, Youth, and Families	56
Department of Corrections	81
Office of Superintendent of Public Instruction.....	82
Workforce Training and Education Coordinating Board	86
Washington Charter School Commission	87
University of Washington	88
Washington State University.....	93
Department of Transportation	94
Department of Ecology	99
Employment Security Department	100
Edmonds College	104
Pierce College	106
Grays Harbor College	107
Peninsula College.....	109
Schedule 2 – Fraud Findings by Agency	111
Status of Resolution of Reported Fraud Findings	
Department of Social and Health Services	113
Department of Corrections	114
Edmonds College	115
Lower Columbia College	116
Spokane Community Colleges - District 17	117

This page intentionally left blank.

State of Washington - Office of Financial Management
Status of Audit Resolution
December 2023

THIS REPORT SUMMARIZES the status of corrective actions taken by state agencies, in conjunction with the Office of Financial Management (OFM), to resolve exceptions to specific expenditures or financial transactions reported in audits performed under RCWs 43.09.310 and 43.09.340.

Washington State laws require post audits of every state agency. As part of the audit process, exceptions to specific expenditures or financial transactions become a matter of public record. OFM is required to ensure that agencies take corrective actions to address exceptions and to annually report on the status of these audit resolutions.

This annual report is required by RCW section 43.88.160 (6)(d) which states, “The director of financial management shall annually report by December 31st the status of audit resolution to the appropriate committees of the legislature, the state auditor, and the attorney general. The director of financial management shall include in the audit resolution report actions taken as a result of an audit including, but not limited to, types of personnel actions, costs and types of litigation, and value of recouped goods or services.”

This report summarizes the status of resolution of audit exceptions reported in conjunction with individual agency post audits and the statewide single audit, as well as other special State Auditor’s Office (SAO) reports. These reports were issued between November 1, 2022, and October 31, 2023.

The audit reports issued during that period include:

- 69 federal compliance findings
- 18 non-federal findings
- 5 findings of fraud

Agencies are required to submit corrective action plans to OFM within 30 days of issuance of audit reports in which exceptions are taken. OFM participates in the corrective action process, which is subject to a follow-up review by SAO.

This page intentionally left blank.

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Schedule 1 – Audit Findings by Agency

AGENCY NUMBER	AGENCY	AUDIT REPORT	FINDING NUMBER	PAGE
N/A	State of Washington	1031679	2022-001	5
055	Administrative Office of the Courts	1033010	2022-001	7
082	Public Disclosure Commission	1031671	2022-001	8
103	Department of Commerce	1032843	2022-016	9
103	Department of Commerce	1032843	2022-017	10
103	Department of Commerce	1032843	2022-019	11
103	Department of Commerce	1032843	2022-021	12
103	Department of Commerce	1032843	2022-038	13
103	Department of Commerce	1032843	2022-039	15
103	Department of Commerce	1032843	2022-040	16
105	Office of Financial Management	1032843	2022-015	17
105	Office of Financial Management	1032843	2022-018	18
105	Office of Financial Management	1032843	2022-020	19
105	Office of Financial Management	1032843	2022-027	20
107	Health Care Authority	1032843	2022-053	21
107	Health Care Authority	1032843	2022-054	22
107	Health Care Authority	1032843	2022-055	23
107	Health Care Authority	1032843	2022-060	24
107	Health Care Authority	1032843	2022-061	25
107	Health Care Authority	1032843	2022-062	26
107	Health Care Authority	1032843	2022-063	27
107	Health Care Authority	1032843	2022-064	28
107	Health Care Authority	1032843	2022-065	29
107	Health Care Authority	1032843	2022-066	30
107	Health Care Authority	1032843	2022-067	31
107	Health Care Authority	1032843	2022-068	33
107	Health Care Authority	1032843	2022-069	34
107	Health Care Authority	1032843	2022-070	35
107	Health Care Authority	1033329	2022-001	36
240	Department of Licensing	1032793	2022-001	37
300	Department of Social and Health Services	1032843	2022-014	39
300	Department of Social and Health Services	1032843	2022-037	40
300	Department of Social and Health Services	1032843	2022-046	42
300	Department of Social and Health Services	1032843	2022-056	43
300	Department of Social and Health Services	1032843	2022-057	45
300	Department of Social and Health Services	1032843	2022-058	46
300	Department of Social and Health Services	1032843	2022-059	47
300	Department of Social and Health Services	1033200	2022-001	48
303	Department of Health	1032843	2022-004	49
303	Department of Health	1032843	2022-031	50
303	Department of Health	1032843	2022-032	51
303	Department of Health	1032843	2022-033	52
303	Department of Health	1032843	2022-034	54
303	Department of Health	1033388	2022-001	55
307	Department of Children, Youth, and Families	1032843	2022-035	56
307	Department of Children, Youth, and Families	1032843	2022-036	58
307	Department of Children, Youth, and Families	1032843	2022-041	60

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Schedule 1 – Audit Findings by Agency

AGENCY NUMBER	AGENCY	AUDIT REPORT	FINDING NUMBER	PAGE
307	Department of Children, Youth, and Families	1032843	2022-042	62
307	Department of Children, Youth, and Families	1032843	2022-043	64
307	Department of Children, Youth, and Families	1032843	2022-044	66
307	Department of Children, Youth, and Families	1032843	2022-045	68
307	Department of Children, Youth, and Families	1032843	2022-047	70
307	Department of Children, Youth, and Families	1032843	2022-048	71
307	Department of Children, Youth, and Families	1032843	2022-049	72
307	Department of Children, Youth, and Families	1032843	2022-050	74
307	Department of Children, Youth, and Families	1032843	2022-051	75
307	Department of Children, Youth, and Families	1032843	2022-052	76
307	Department of Children, Youth, and Families	1033283	2022-001	77
307	Department of Children, Youth, and Families	1033283	2022-002	78
307	Department of Children, Youth, and Families	1033283	2022-003	79
307	Department of Children, Youth, and Families	1033283	2022-004	80
310	Department of Corrections	1032843	2022-013	81
350	Office of Superintendent of Public Instruction	1032843	2022-003	82
350	Office of Superintendent of Public Instruction	1032843	2022-023	83
350	Office of Superintendent of Public Instruction	1032843	2022-025	84
350	Office of Superintendent of Public Instruction	1032843	2022-026	85
354	Workforce Training and Education Coordinating Board	1032073	2022-001	86
359	Washington Charter School Commission	1032843	2022-024	87
360	University of Washington	1032843	2022-002	88
360	University of Washington	1032843	2022-028	89
360	University of Washington	1032843	2022-029	91
360	University of Washington	1032843	2022-030	92
365	Washington State University	1032843	2022-022	93
405	Department of Transportation	1032843	2022-008	94
405	Department of Transportation	1032843	2022-009	95
405	Department of Transportation	1032843	2022-010	96
405	Department of Transportation	1032843	2022-011	97
405	Department of Transportation	1032843	2022-012	98
461	Department of Ecology	1033302	2022-001	99
540	Employment Security Department	1032843	2022-005	100
540	Employment Security Department	1032843	2022-006	101
540	Employment Security Department	1032843	2022-007	102
540	Employment Security Department	1033339	2022-001	103
610	Edmonds College	1032429	2022-001	104
637	Pierce College	1033223	2020-001	106
648	Grays Harbor College	1033140	2022-001	107
665	Peninsula College	1032200	2022-001	109

State of Washington

Audit Report	Finding Number	Finding and Corrective Action Status	
1031679	2022-001	<p>Finding:</p> <p>Corrective Action:</p>	<p>The State lacked adequate internal controls over financial reporting to ensure accurate recording and monitoring of financial activity in its financial statements.</p> <p>The Office of Financial Management, with the collaboration of state agencies, strives for the highest standards in the preparation of the state’s financial statements. Responses from each agency are listed below:</p> <p><i>State Board for Community and Technical Colleges (State Board)</i></p> <p>The State Board completed the conversion of all schools to the new ERP system in fiscal year 2022. The following actions were taken to improve the process of reconciling college financial data timely and accurately with amounts recorded in the state’s accounting system (AFRS):</p> <ul style="list-style-type: none"> • Revamped and streamlined the program and process that is utilized to crosswalk data from the new ERP system to AFRS. Updates will continue to be done as needed. • Completed the reconciliation program that will compare AFRS reports to actual real-time data from the ERP system. • Performed monthly reconciliation of automated data uploads for the State Board and all 34 colleges from the ERP system to AFRS. • Created an “in process” report to identify errors during the ERP system uploads to AFRS. • Began creating and modifying rules in the ERP system that will help reduce data upload errors. <p>The State Board has built and enhanced programming tools to help identify and reconcile variances between the two systems. While current monthly data is being reconciled in a timely manner from the ERP system to AFRS, the State Board continues to work on reconciling historical data from the beginning of system deployment and is currently working with the Office of Financial Management to make necessary adjusting entries.</p> <p>In addition, the State Board began the conversion and crosswalk of data from ctcLink to the new system that the One Washington project is undertaking to replace AFRS. While this is new and additional work that was not part of the scope of this corrective action plan, it is an integral part of the effort to ensure accurate financial reporting in the long run.</p> <p><i>Completion: Estimated June 2024</i></p>

State of Washington

Audit Report	Finding Number	Finding and Corrective Action Status
1031679	2022-001 (cont'd)	<p data-bbox="673 424 1047 453"><i>Employment Security Department</i></p> <p data-bbox="673 487 1469 642">To ensure adequate monitoring and accurate reporting of financial activities for the financial statements, the Department is currently participating in programmatic discussions between the Unemployment Insurance (UI) Program and the Finance Division to gain an understanding of the activities that may require reporting on the financial statements.</p> <p data-bbox="673 676 1344 705">The Department implemented the following corrective actions:</p> <ul data-bbox="690 718 1474 982" style="list-style-type: none"> • As of July 2023, the Finance Division developed procedures to ensure that all programmatic processes that need to be reflected in the financial statements are included and based on appropriate accounting practices. • As of August 2023, the Finance Division ensures practices are in place to review all fiscal year entries for accuracy before and after posting. • Developed additional tools that will help with allowing more staff time to analyze financial data. <p data-bbox="673 1033 945 1062"><i>Completion: August 2023</i></p> <p data-bbox="487 1096 1295 1159">Completion Date: Corrective action is expected to be complete by June 2024</p> <p data-bbox="487 1192 1003 1381">Agency Contact: Brian Tinney Statewide Accounting Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 Brian.tinney@ofm.wa.gov</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Administrative Office of the Courts

Agency 055

Audit Report	Finding Number	Finding and Corrective Action Status	
1033010	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Administrative Office of the Courts did not adequately monitor state grants awarded to courts throughout the state.</p> <p>In response to the audit recommendations, the agency has taken the following corrective actions to ensure reimbursement payments to courts under the Becca Bill are allowable:</p> <ul style="list-style-type: none"> • Notices to courts have been sent requesting fiscal year 2023 back up documentation for audit as outlined in the interagency agreements. Audits will be conducted once documentation is received from the courts. • Continue the existing audit process for fiscal year 2024. • Require courts to submit supporting documentation with each request for reimbursement beginning July 1, 2024. • Ensure existing written procedures for the county court audit process are reviewed, updated, and communicated to staff. <p>Corrective action is expected to be complete by June 2024</p> <p>Christopher Stanley Chief Financial and Management Officer 1112 Quince Street SE Olympia, WA 98501-2462 (360) 357-2406 Christopher.Stanley@courts.wa.gov</p>

Public Disclosure Commission

Agency 082

Audit Report	Finding Number	Finding and Corrective Action Status	
1031671	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Commission paid lump sum retention payments to staff before agreement terms were met.</p> <p>To address the audit recommendations, the Commission:</p> <ul style="list-style-type: none"> • Reviewed WAC 357-28-095 to ensure proper interpretation and understanding. • Reviewed internal policies to ensure future retention bonuses will only be dispersed retroactively, after the relevant period(s) of service have been rendered by the affected employee(s). • Briefed all agency managers and the Commission Chair on the audit finding and the need to structure future retention bonuses differently to comply with state rule. <p>As noted in the response to the audit finding, the Commission relied on expert advice from the Department of Enterprise Services Small Agency Human Resources business partner. Going forward, the Commission will ensure advice received from our business partner is vetted with adequate review and understanding of the state rules or other guidance as appropriate.</p> <p>To further address the audit recommendations, the Department of Enterprise Services has taken the following corrective action:</p> <p><i>The Department of Enterprise Services Small Agency HR Support team takes pride in providing accurate, timely interpretation of rules and WACs. Once notified of the audit finding at the Commission, we immediately ensured that advice given from that point forward to other agencies was in alignment with the interpretation in the auditor's report. As a corrective action, we have implemented a team vetting approach in reviewing rules and WACs that may not be clear, prior to giving advice to a small agency. If any uncertainty remains, we bring in our Labor and Personnel AAG for final guidance. We understand the importance of the advice our team provides to many small agencies and appreciate this opportunity to learn and grow with our partners.</i></p> <p>January 2023, subject to audit follow-up</p> <p>Jana Greer Administrative Officer PO Box 40908 Olympia, WA 98504-0908 (360) 753-1985 Jana.Greer@pdc.wa.gov</p>

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-016	<p>Finding:</p> <p>Corrective Action:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with requirements to ensure payments to subrecipients of the Emergency Rental Assistance program were allowable and properly supported.</p> <p>The Department implemented procedures to strengthen internal controls to ensure Emergency Rental Assistance program expenditures are allowable, properly supported, and in compliance with the subrecipient fiscal monitoring requirements.</p> <p>The Homelessness Assistance Unit managing director completed the following corrective actions in September 2022:</p> <ul style="list-style-type: none"> • Updated unit reimbursement procedures to include a requirement for specific supporting documentation to accompany payment requests from all subrecipients. • Provided training to staff on reviewing supporting documentation to ensure expenditures reconcile with reimbursement requests and to verify expenditures are within the period of performance. • Reviewed 2 CFR 200.332 and updated procedures to include additional requirements for pass-through entities. • Worked with the Department’s internal control officer for review and feedback of the updated procedures. <p>The managing director performed a review of the reimbursement process during fiscal year 2024, which began July 1, 2023, to ensure procedures were followed.</p> <p>The Department will consult with the federal grantor to discuss the audit results.</p>
		<p>Completion Date:</p> <p>Agency Contact:</p>	<p>September 2023, subject to audit follow-up</p> <p>Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-017	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with reporting requirements for the Emergency Rental Assistance program.</p> <p>The Department implemented procedures to strengthen internal controls to ensure compliance with reporting and special test compliance requirements.</p> <p>In December 2021, the Department contracted with a vendor skilled in performing data analytics. The vendor:</p> <ul style="list-style-type: none"> • Helped aggregate the data required in the monthly and quarterly reports submitted to Treasury. • Worked with the Department to create a report form, with embedded data validation checks, to ensure data quality and accuracy. <p>The Department updated its process to document review of the aggregated report form data prior to submission to Treasury. Additionally, bi-monthly meetings are held with the vendor staff to ensure understanding of any updated Emergency Rental Assistance reporting requirements and discuss potential impact to the data aggregation process.</p> <p>Funding for this program ended June 30, 2023. The Department followed these updated procedures until final reporting was completed.</p> <p>September 2023, subject to audit follow-up</p> <p>Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-021	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Coronavirus State and Local Fiscal Recovery Funds.</p> <p>The Department implemented procedures to strengthen internal controls to ensure the program complies with the subrecipient monitoring risk assessment requirements.</p> <p>The Homelessness Assistance Unit managing director completed the following corrective actions:</p> <ul style="list-style-type: none"> • Updated the unit risk assessment procedures to require risk assessment forms to be completed prior to contract execution for all subawards. • Reviewed 2 CFR 200.332 to ensure procedures are updated to comply with all requirements for pass-through entities. • Reviewed the updated procedures and risk assessment form with the Department's central contract office. <p>The federal team managers provided training to current staff and new hires on the updated procedures and are responsible for reviewing completed risk assessments.</p> <p>The Homelessness Assistance Unit managing director performed a review of the process at the end of fiscal year 2023 to ensure procedures were followed and the form adequately captured all required elements.</p> <p>September 2023, subject to audit follow-up</p> <p>Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-038	<p>Finding: The Department of Commerce did not have adequate internal controls over and did not comply with requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act.</p> <p>Corrective Action: The Department has two programs that administer the two different program funding activities. Corrective actions are listed separately for each program to reflect slightly different implementation timelines.</p> <p>Low-Income Home Energy Assistance Program (LIHEAP)</p> <p>The program added all current awards to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System and data entry for the sub-awardees was completed as of April 15, 2022.</p> <p>In April 2022, the program implemented the following procedures to strengthen internal controls and to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> • Designated the LIHEAP program manager to be responsible for performing the FFATA reporting duties. • Established a procedure to monitor subawards upon receiving an award letter from the federal grantor, including reviewing incoming amendments and determining if the threshold for FFATA reporting has been reached. • Stipulated the due date of report submission to be 30 days after the assistant director signs the obligation memo to ensure that the program meets FFATA reporting deadlines. • Required each award and amendment to be entered separately into the FFATA Subaward Reporting System. <p>The program provided and will continue to provide training to program staff before the annual technical assistance and training conference for sub-grantees. The training consists of the FFATA requirement overview and walkthrough of the Department’s internal FFATA reporting procedures.</p> <p>The program will continue to review the FFATA procedures on an annual basis to ensure compliance with current federal requirements.</p> <p>Corrective action was completed for the Low-Income Home Energy Assistance Program in April 2022.</p> <p>Low-Income Weatherization Program</p> <p>The Low-Income Weatherization Program added all current awards to the FFATA Subaward Reporting System and data entry of the awards was completed as of January 15, 2023.</p>

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-038 (cont'd)	<p>In response to the finding, the program implemented the following procedures to strengthen internal controls and to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> • Award letters and funding allocations will be reviewed by the budget team and assistant director before issuing subawards to the weatherization network. • Added FFATA reporting requirements to the obligation process for contracting funds, which includes an obligation memo that outlines the amounts the program intends to pass through to subrecipients and contractors. • Designated the Weatherization Program coordinator to be responsible for performing the FFATA reporting duties. • Established a procedure to monitor subawards upon receiving an award letter from the federal grantor, including reviewing incoming amendments and determining if the threshold for FFATA reporting has been reached. • Stipulated the due date of report submission to be 30 days after the assistant director signs the obligation memo to ensure that the program meets FFATA reporting deadlines. <p>The program will provide training to all relevant current staff and future staff at the time of onboarding, including supervisors, program managers, and program coordinators. The training will consist of a FFATA requirement overview and walkthrough of the Department’s internal FFATA reporting procedures.</p> <p>The Department will review the FFATA procedures on an annual basis to ensure compliance with current federal requirements.</p> <p>Corrective action was completed for the Low-Income Weatherization Program in January 2023.</p> <p>The conditions noted in this finding were previously reported in finding 2021-031.</p> <p>Completion Date: January 2023, subject to audit follow-up</p> <p>Agency Contact: Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-039	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with reporting requirements for the Low-Income Home Energy Assistance Program.</p> <p>The Low-Income Home Energy Assistance Program (LIHEAP) receives awards from one funding source in a typical program year. During fiscal year 2022, the Department received additional COVID Pandemic funds from additional sources. The Department was instructed to keep and track all funds separately.</p> <p>The U.S. Department of Health and Human Services (HHS) issued the Action Transmittal LIHEAP-AT-2022-02 Performance Data Form for fiscal year 2021 on March 14, 2022. The Action Transmittal states that the first page of the federal report was to include all Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan Act funds as combined and separated out in subsequent pages of the report.</p> <p>To meet reporting requirements, the Department tracked and reported all funds separately for regular LIHEAP funding and additional LIHEAP funding. The reports were reviewed and accepted by HHS and APPRISE, a contractor of HHS.</p> <p>The Department follows the reporting process outlined below:</p> <ul style="list-style-type: none"> • Program manager pulls the necessary reports. • Managing director (MD) reviews reports before submittal. • Program manager submits reports once MD approval is received. • Program manager receives notice that the report has been accepted by the funder. • Program manager saves a copy of the report, documentation, and acceptance. <p>The program manager is working with the HHS contractor, APPRISE, to revise the reporting submission.</p> <p>The conditions noted in this finding were previously reported in finding 2021-032.</p> <p>March 2023, subject to audit follow-up</p> <p>Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-040	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with requirements to issue management decisions for audit findings to subrecipients of the Low-Income Home Energy Assistance Program.</p> <p>The Department’s internal control officer is responsible for completing the monitoring of federal reporting and issuing management decisions for subrecipients who receive federal audit findings for programs funded with the Department’s federal pass-through funding.</p> <p>Beginning in December 2021, the internal control officer documented all findings, corrective action plans, and communication with subrecipients in a monitoring spreadsheet. This enabled the Department to ensure all efforts in monitoring subrecipients were taken. In May 2022, all management decisions were added to the monitoring spreadsheet which documented the Department’s management decisions.</p> <p>To ensure compliance with federal requirements for subrecipient monitoring, the Department has implemented the following process:</p> <ul style="list-style-type: none"> • Review all audit findings issued to Department subrecipients. • Review each subrecipient’s corrective action plan. • Review and discuss all findings and corrective action plans with subrecipients to identify and understand the basis for the deficiency and planned corrections. • Create a management decision for each subrecipient finding, receive leadership approval, and formally communicate the decision to our subrecipient. • All management decisions will be formally communicated to our pass-through subrecipients within the six-month federal deadline. <p>September 2022, subject to audit follow-up</p> <p>Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

Office of Financial Management

Agency 105

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-015	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Financial Management did not have adequate internal controls over and did not comply with reporting requirements for the Coronavirus Relief Fund.</p> <p>The Office had controls in place for the Coronavirus Relief Fund (CRF) reporting requirements to ensure reported amounts, including corrections or adjustments made during the reporting period, were properly tracked and documented for subsequent reporting cycles. The Office performed continual monitoring of CRF expenditures to ensure the total grant expenditures reported were complete and accurate.</p> <p>The Office’s Statewide Accounting staff took over the responsibility for reviewing and certifying cycle 8 to 10 reports. Each report was reviewed prior to submission and documentation of the review was adequately maintained. The review ensured amounts submitted on the reports reconciled to supporting documentation provided by agencies at the time the reports were prepared. However, system issues in the federal reporting system created challenges in documenting changes to the templates as errors appeared and were subsequently corrected for the reporting cycle.</p> <p>For the final cycle 10 report, the Office ensured the cumulative amounts on the CRF report were supported by the underlying accounting records and performed a complete reconciliation of expenditures to the totals reported for each expenditure category. All revisions and resubmissions of the final report were completed in cycle 10. No additional revisions are required at this time.</p> <p>The final report was submitted in January 2023 and the grant is in its closeout phase. The Office considers this issued resolved.</p> <p>The conditions noted in this finding were previously reported in finding 2021-014.</p> <p>January 2023, subject to audit follow-up</p> <p>Brian Tinney Statewide Accounting Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 brian.tinney@ofm.wa.gov</p>

Office of Financial Management

Agency 105

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-018	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Financial Management did not have adequate internal controls over and did not comply with requirements to ensure Coronavirus State and Local Fiscal Recovery Funds were used only for allowable activities.</p> <p>The Office does not concur with the audit finding.</p> <p>The state of Washington created a separate fund to track the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) expenditures. The state, through legislation, approved the transfer from the CSLFRF account to various state transportation accounts. The Office reaffirms that all expenditures from the transportation accounts that received the CSLFRF funds were used to maintain government services.</p> <p>The <i>State Administrative and Accounting Manual</i> requires all state agencies to establish internal controls over payments for goods and services, including ensuring payments are lawful and for proper purposes, reviewing payments to ensure they are supported, as well as documenting the review of all payments. State agencies continued to follow their established internal controls to ensure expenditures from the transportation accounts were proper and allowable for both non-CSLFRF and CSLFRF funds.</p> <p>The Office will continue to:</p> <ul style="list-style-type: none"> • Work with the U.S. Treasury through upcoming desk audits to ensure no questioned costs are required to be repaid. • Document all correspondence with the grantor during the audit resolution process. <p>Not applicable</p> <p>Brian Tinney Statewide Accounting Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 brian.tinney@ofm.wa.gov</p>

Office of Financial Management

Agency 105

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-020	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Financial Management did not have adequate internal controls over and did not comply with reporting requirements for the Coronavirus State and Local Fiscal Recovery Funds.</p> <p>The Office has continued to strengthen internal controls for the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) reporting to ensure compliance with the federal requirements.</p> <p>As of May 2022, the Office:</p> <ul style="list-style-type: none"> • Transitioned the primary responsibility for centralized CSLFRF reporting to the Statewide Accounting Division. • Hired a Budget and Grants Coordinator with experience in federal reporting to oversee the reporting process. <p>The Office will continue to:</p> <ul style="list-style-type: none"> • Monitor updates to the U.S Treasury’s Project and Expenditure Report User Guide. • Improve the quarterly reporting template and assist state agencies during the reporting process. • Ensure reported amounts, including corrections or adjustments made during the reporting period, are properly tracked and documented for the subsequent reporting cycles. • Perform reconciliations of reported expenditures to ensure agency expenditures are accurately reported, allowing for adjustments/corrections required due to issues with the reporting system. • Ensure reported expenditures are accurate and adequately supported by accounting records before the information is uploaded to the federal reporting system. • Document correspondences with the U.S. Treasury when system errors are identified and resolutions recommended by the grantor, if received. <p>Internal procedures have been developed to formally document the reporting process.</p> <p>May 2023, subject to audit follow-up</p> <p>Brian Tinney Statewide Accounting Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 brian.tinney@ofm.wa.gov</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Office of Financial Management

Agency 105

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-027	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Financial Management did not have adequate internal controls over and did not comply with federal level of effort requirements for the Education Stabilization Fund program.</p> <p>The Office does not concur with the finding.</p> <p>The Office performed the maintenance of effort (MOE) calculations in accordance with the guidance provided by the U.S. Department of Education (ED). Based on appropriations and past funding, it was determined that the fiscal year 2022 expenditure level did not meet the MOE requirement. The Office followed the federal guidance and directions from a legislative proviso in the enacted state budget (Chapter 334, Laws of 2021, Sec. 954) and submitted a waiver request for fiscal years 2022 and 2023. The Office submitted the waiver before ED’s stipulated deadline of December 31, 2021, and received an official approval from ED on July 31, 2023, to waive the MOE requirement for fiscal year 2022.</p> <p>The Office maintains adequate internal controls and has followed all federal and state requirements with due diligence to ensure compliance with federal level of effort requirements for the program. The Office will continue to work with the Legislature, which is the state-level authority for state appropriations, to monitor any updates to federal requirements.</p> <p>Not applicable</p> <p>Brian Tinney Statewide Accounting Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 brian.tinney@ofm.wa.gov</p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-053	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure clients were eligible for the Children’s Health Insurance Program.</p> <p>The Authority does not concur with the finding.</p> <p>The Authority pursued and was notified of approval for the 1115 disaster waiver from the Centers for Medicare & Medicaid Services (CMS). The waiver will approve Children’s Health Insurance Program (CHIP) funding for clients aged 19 and over during the public health emergency, retroactive to March 18, 2020. Once the official approval letter is received from CMS, the issue will be resolved, and the approval letter will be provided to CMS Audit Resolution.</p> <p>The Children’s Health Insurance Program Reauthorization Act (CHIPRA) postpartum period is state-funded and the Authority processes manual journal vouchers to move federal funding to state funding each quarter. For this audit, the auditors did not allow sufficient time for accounting staff to provide the journal vouchers for inclusion in the audit results. The Authority will work with CMS during the audit resolution process and provide the journal vouchers as needed to demonstrate that state funds were used for the postpartum expenditures.</p> <p>Effective July 1, 2022, the Authority added coding to ProviderOne which automates the accounting process for CHIPRA postpartum client funding.</p> <p>The conditions noted in this finding were previously reported in finding 2021-046.</p> <p>Not applicable</p> <p>Kari Summerour, CPA External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Kari.Summerour@hca.wa.gov</p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-054	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with managed care financial audit requirements.</p> <p>The Authority implemented policies and procedures and established a process to:</p> <ul style="list-style-type: none"> • Collect audited financial reports annually from managed care organizations. • Conduct audits of encounter and financial data no less than once every three years. <p>Additionally, the Authority amended managed care contract language to include the following:</p> <ul style="list-style-type: none"> • Required managed care organizations to submit audited financial reports annually beginning in fiscal year 2023. • Directed managed care organizations to follow the required timing and procedures for submitting audited financial reports. • Clarified that failure to submit reports is sanctionable. <p>The Authority also conducted an encounter validation audit and is conducting a financial report validation audit. These audits are completed in a frequency outlined in federal regulations.</p> <p>The conditions noted in this finding were previously reported in finding 2021-048.</p> <p>May 2022, subject to audit follow-up</p> <p>Kari Summerour, CPA External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Kari.Summerour@hca.wa.gov</p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-055	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal provider eligibility requirements for the Medicaid and Children’s Health Insurance Program.</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority agrees that ProviderOne sends revalidation notifications one day after the due date rather than before the due date. A system revision to correct this issue is expected to be in place by the beginning of 2024.</p> <p>The Authority does not concur with the remainder of the audit finding as stated in the description of condition. The auditor did not provide sufficient information for the Authority to review the identified exceptions and associated questioned costs. Due to the lack of information provided, the Authority is unable to agree or disagree with the results of the audit.</p> <p>The Authority will work with the auditor to obtain sufficient supporting information to review the exceptions and questioned costs. Once this process is completed, the Authority will work with the Centers for Medicare & Medicaid Services on finding resolution.</p> <p>The conditions noted in this finding were previously reported in findings 2021-047, 2020-046, 2019-048, 2018-042, 2017-033, and 2016-035. The auditors determined 2016-035 as resolved.</p> <p>Corrective action is expected to be complete by March 2024</p> <p>Kari Summerour, CPA External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Kari.Summerour@hca.wa.gov</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-060	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it periodically audited cost report data for rate setting, hospital billings, and other financial and statistical records for inpatient hospital services.</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority does not agree it did not comply with federal requirements related to audits of inpatient hospitals. The Authority performs the following procedures:</p> <p>Cost report data for rate setting:</p> <ul style="list-style-type: none"> • Audits Medicaid cost report schedules and supporting documentation used for the Certified Public Expenditure Program. • Audits critical access hospital data and uses final audited Medicare cost reports for settlement. • Reviews and audits hospital cost reports using the ratio of costs-to-charges payment method. <p>Hospital billings:</p> <ul style="list-style-type: none"> • Annual audits of hospital billings. <p>Other financial and statistical records:</p> <ul style="list-style-type: none"> • Audits disproportionate share hospital reimbursements. <p>The Authority concurs that documentation of the different hospital audits performed could be more clearly defined and will formalize procedures related to the conduct of the required audits.</p> <p>The conditions noted in this finding were previously reported in findings 2021-051 and 2020-049.</p> <p>December 2023, subject to audit follow-up</p> <p>Kari Summerour, CPA External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Kari.Summerour@hca.wa.gov</p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-061	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it performed procedures to safeguard against unnecessary utilization of care and services for the Medicaid program.</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority has received guidance from the Centers for Medicare & Medicaid Services (CMS) and will adjust the state plan based on CMS requirements. Per CMS guidance, this adjustment will not include separately listing the methods and procedures it uses to safeguard against unnecessary utilization of care and services.</p> <p>The Authority does not concur with the auditor’s conclusion regarding its statewide surveillance and utilization control program not meeting federal program integrity requirements. The Authority’s program meets CMS standards and requirements and provides reasonable oversight. The Authority will update its policies and procedures related to the program.</p> <p>The Authority concurs that the two providers of the Program of All-inclusive Care for the Elderly (PACE) were not monitored for their compliance with the False Claims Act (FCA) during the fiscal year. The Department of Social and Health Services (DSHS) manages the contracts for the PACE program, but payments to these providers are routed through the Authority’s ProviderOne system. The process for PACE provider monitoring has been clarified with DSHS who is responsible for providing FCA oversight for these contracts.</p> <p>The conditions noted in this finding were previously reported in findings 2021-050, 2020-047, 2020-048, 2019-052, 2019-053 and 2018-047.</p> <p>December 2023, subject to audit follow-up</p> <p>Kari Summerour, CPA External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Kari.Summerour@hca.wa.gov</p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-062	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to report recoveries of fraudulent overpayments on the CMS-64 report.</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority has established a process to ensure information concerning the status of Medicaid Fraud Control Unit (MFCU) cases is communicated timely to the Authority from the Attorney General’s Office. The Authority has documented the process to ensure recoveries of fraudulent overpayments are reported on the CMS-64 report appropriately and any federal share is returned timely to the Centers for Medicaid & Medicare Services (CMS).</p> <p>The Authority agrees that \$1,032 needs to be repaid to CMS and will initiate return of those funds.</p> <p>The Authority does not concur that the remaining \$976,580 needs to be returned to CMS. The state pursued assets through its available means and the court. The provider in question has been out of business since 2017 and a final court ruling was made in June 2022. In April 2023, the Attorney General’s Office certified the defaulted corporation had no identifiable assets. In accordance with 42 CFR 433.318(d), the provider is out of business and the Authority is not required to return the overpayment to CMS. The Authority will provide the court documentation and Attorney General’s certification to CMS Audit Resolution.</p> <p>The conditions noted in this finding were previously reported in findings 2021-052 and 2020-050.</p> <p>Corrective action is expected to be complete by February 2024</p> <p>Kari Summerour, CPA External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Kari.Summerour@hca.wa.gov</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-064	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over level of effort requirements for the Block Grants for Community Mental Health Services program.</p> <p>The Federal Financial Reporting unit updated procedures for preparing the quarterly level of effort tracking workbooks. The procedures were updated to include:</p> <ul style="list-style-type: none"> • Accurate and complete expenditure criteria for generating the reports used to prepare the workbooks. • Required documented review and approval of the quarterly level of effort tracking workbooks. <p>February 2023, subject to audit follow-up</p> <p>William Sogge, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-065	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it filed accurate and timely reports required by the Federal Funding Accountability and Transparency Act for the Block Grants for Community Mental Health Services.</p> <p>The Authority finalized procedures across divisions to ensure there are established internal controls over the Federal Funding Accountability and Transparency Act (FFATA) reporting.</p> <p>A workgroup was established and finalized the criteria for when FFATA reports are required. The Authority initiated this process for all subawards beginning July 1, 2022.</p> <p>The Authority implemented the following procedures to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> • Office of Contracts and Procurement includes a FFATA form as the last attachment in all subawards and ensures it is complete prior to forwarding it to Grants Accounting. • Grants Accounting staff have been assigned and received training to routinely monitor FFATA contracts forwarded by the Office of Contracts and Procurement and enter agency information into the FFATA Subaward Reporting System. <p>The implemented procedures were designed to ensure compliance with FFATA reporting requirements. The Authority will continue to provide training to staff involved in the process.</p> <p>July 2022, subject to audit follow-up</p> <p>William Sogge, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-066	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Block Grants for Community Mental Health Services program and the Block Grants for Prevention and Treatment of Substance Abuse program received required single audits, and that it appropriately followed up on findings and issued management decisions.</p> <p>The Authority concurs with the finding.</p> <p>The Authority will continue to strengthen internal controls over monitoring of sub-recipients' requirement for single audits, and appropriately follow up on findings and issue management decisions.</p> <p>The Authority is transitioning the subrecipient Single Audit tracking processes to a new unit beginning in fiscal year 2024. New procedures will be implemented and formalized to ensure compliance with federal requirements.</p> <p>Corrective action is expected to be complete by June 2024</p> <p>William Sogge, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>

**State of Washington - Office of Financial Management
Status of Audit Resolution
December 2023**

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-067 (cont'd)	Agency Contact:	William Sogge, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-068	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it met the earmarking requirement for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <p>The Federal Financial Reporting unit updated procedures for preparing monthly earmarking tracking workbooks to ensure the Authority does not exceed the maximum allowable amount for administrative costs. The procedures also include management review and approval of the earmarking tracking workbooks.</p> <p>The Authority processed subsequent adjustments reducing the administrative costs charged to the grant, which the auditors did not take into consideration. The grantor requested the Authority not repay questioned costs until it receives a management decision letter. The Authority will return \$661 to the grantor if asked in the management decision letter.</p> <p>The conditions noted in this finding were previously reported in finding 2021-056.</p> <p>November 2023, subject to audit follow-up</p> <p>William Sogge, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-069	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it filed accurate and timely reports required by the Federal Funding Accountability and Transparency Act for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <p>The Authority finalized procedures across divisions to ensure there are established internal controls over the Federal Funding Accountability and Transparency Act (FFATA) reporting.</p> <p>A workgroup was established and finalized the criteria for when FFATA reports are required. The Authority initiated this process for all subawards beginning July 1, 2022.</p> <p>The Authority implemented the following procedures to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> • Office of Contracts and Procurement includes a FFATA form as the last attachment in all subawards and ensures it is complete prior to forwarding it to Grants Accounting. • Grants Accounting staff have been assigned and received training to routinely monitor FFATA contracts forwarded by the Office of Contracts and Procurement and enter agency information into the FFATA Subaward Reporting System. <p>The implemented procedures were designed to ensure compliance with FFATA reporting requirements. The Authority will continue to provide training to staff involved in the process.</p> <p>The conditions noted in this finding were previously reported in finding 2021-058.</p> <p>July 2022, subject to audit follow-up</p> <p>William Sogge, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-070	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program received required risk assessments.</p> <p>The Authority concurs with the audit recommendations and is in the process of centralizing procedures related to subrecipient monitoring.</p> <p>The Authority will develop procedures related to the risk assessment process and ensure the assessment results are used to determine the subrecipient monitoring work that will be performed.</p> <p>The conditions noted in this finding were previously reported in findings 2021-060 and 2020-064.</p> <p>Corrective action is expected to be complete by June 2024</p> <p>William Sogge, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1033329	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with client and provider requirements related to the Wraparound with Intensive Services program.</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority will revise the Wraparound with Intensive Services manual and implement system alerts over timeliness of Child and Adolescent Needs and Strengths (CANS) assessments, reassessments, and discharges.</p> <p>The Authority obtained a new attestation for the provider who was missing an attestation.</p> <p>The Authority does not concur that it insufficiently monitored service intensity requirements. Controls were already in place with corrective action imposed for underperforming regions during the audit period. No further action will be taken on this item.</p> <p>Corrective action is expected to be complete by March 2024</p> <p>William Sogge, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>

Department of Licensing

Agency 240

Audit Report	Finding Number	Finding and Corrective Action Status	
1032793	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department did not have adequate internal controls over its accounts payable process and credit card programs.</p> <p>The Department agrees with the audit finding. While the control weaknesses identified by the auditors did not result in any financial losses, the Department is committed to improving internal controls to ensure that all purchases and disbursements are allowable, properly supported, and comply with applicable laws and policies.</p> <p>The Department will take the following actions:</p> <ol style="list-style-type: none"> 1. The Acting Comptroller and Chief Financial Officer will update policies and procedures for general disbursements to incorporate the State Administrative & Accounting Manual and the Department’s current purchasing requirements. Previous policy update efforts were halted due to the retirement of the Department’s policy manager. 2. Strengthen processes over disbursements to ensure compliance, which includes: <ul style="list-style-type: none"> • Provide training to accounts payable staff and have regular meetings to review desk manuals regarding authorization and documentation requirements in processing payments. • Require staff to use invoice numbers when processing each payment to ensure duplicate payments can be identified. The Department’s IT Division is also regularly updating the accounts payable database to assist the accounting unit in identifying duplicate payments. • Ensure all Amazon purchases are made from the state’s Amazon business account. 3. Improve internal controls related to purchase cards and travel cards: <ul style="list-style-type: none"> • Continue to review and update travel policies regularly. • Provide training to new and current accounting unit staff on the use of purchase and travel cards and related policies. Training will be recommended for all other units and divisions. • Ensure that exceptions for travel-related per diem have a documented approval on file prior to the date of travel. • Provide resources and guidance on the Department’s internal website regarding allowable and non-allowable purchases. • Formalize communication from the department’s Chief Financial Officer to all credit card users on all online purchases. • Establish card user agreements for purchase card users and ensure they are retained and updated regularly. <p>Corrective action is expected to be complete by August 2024</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Department of Licensing

Agency 240

Audit Report	Finding Number	Finding and Corrective Action Status
1032793	2022-001 (cont'd)	Agency Contact: Sherman Enstrom Chief Financial Officer 1125 Washington Street SE Olympia, WA 98501-2283 (360) 634-5269 Sherman.enstrom@dol.wa.gov

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-014	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services improperly charged \$390 to the Coronavirus Relief Fund.</p> <p>The Department concurs with the finding.</p> <p>Since the Department received Coronavirus Relief Funds through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the Office of Financial Management.</p> <p>Corrective action is expected to be complete by March 2024</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-037	Finding:	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure staff properly considered the income information obtained from data matching when determining client eligibility and benefits for the Temporary Assistance for Needy Families program.</p>
		Corrective Action:	<p>The Department does not concur with the finding.</p> <p>The Department has established processes in place to ensure income information is properly considered during client eligibility and benefits determination for the Temporary Assistance for Needy Families (TANF) Program. During eligibility determination at application intake, the eligibility worker:</p> <ul style="list-style-type: none"> • Interviews the client to determine income. • Compares client reported information and cross matches against the Income Eligibility and Verification System (IEVS) per the Code of Federal Regulations (CFR). • Resolves discrepancies for all new or previously unverified information received. • Uses the information to determine if the client income is below the maximum earned income limits for TANF per WAC 388-478-0035. • Verifies all circumstances as required in WAC 388-490-0005 and follows requirements when discrepancies exist, which include taking appropriate actions if the information is questionable, confusing, or outdated. <p>The Department utilizes Spider, which is a tool that combines several different data matches including IEVS. In addition, the Department uses templates to appropriately and comprehensively document the eligibility determination to ensure consistency, accuracy, and that lean processes are followed.</p> <ul style="list-style-type: none"> • The <i>Earned Income Template</i> <ul style="list-style-type: none"> ○ Addresses income received within 30 days of the application date and any discrepancies found between the case record, online verification systems, previously projected income, and income type. ○ Does not require documentation if there is no income reported and when no discrepancy is found in cross matches. • The <i>Final Narrative Template</i> <ul style="list-style-type: none"> ○ Includes completing check boxes to document types of cross matches reviewed during application intake and a summary of the transactions that occurred.

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-037 (cont'd)	<p>In all seven exceptions identified by the auditors, the client’s situation did not require the eligibility workers to use the <i>Earned Income Templates</i> due to:</p> <ul style="list-style-type: none"> • No income reported. • No income found in IEVS and other cross matches. • No discrepancies. • No changes within 30 days. <p>The eligibility workers did create documentation using the <i>Final Narrative Template</i> for all seven cases with notation stating: “Reviewed the following system(s): Spider.” All these actions were consistent and aligned with the Department’s "Standard Remarks and Narrative Documentation" procedures.</p> <p>Alerts are not generated for all income fluctuations but as appropriate when a review and potential action is required. This is to minimize creating unnecessary alerts which would take staff time away from other required and mission-critical actions. The Department asserts that the system is working as designed, which is evidenced by the fact that the Department accurately determined eligibility in all seven cases identified as exceptions by the auditors.</p> <p>The Department will continue to:</p> <ul style="list-style-type: none"> • Review IEVS information at application intake and verify and document any discrepancies between what is reported by the household and what is shown in the cross matches. • Use templates to ensure documentation supports the eligibility decisions. • Generate alerts when an applicant is budgeted with zero income, but the IEVS data match shows income. • Use the final narrative documentation template, that includes check boxes, to notate cross matches reviewed during application intake. <p>Completion Date: Not applicable</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-046	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure potential child care fraud was correctly identified and reported for the Child Care and Development Fund Cluster.</p> <p>The Department concurs with the finding.</p> <p>As of January 2023:</p> <ul style="list-style-type: none"> The Department updated the Barcode system algorithm to fix the improper scoring of the Fraud Early Detection (FRED) referrals. Referrals are now being scored, per the details of the algorithm, to include the additional four points for FRED referrals received from hotline calls. The Office of Fraud and Accountability sent a request to store the information for the prioritization tool to the Economic Services Administration, who maintains the Barcode system and server space. <p>The Department anticipates the Barcode system will be updated and service space will be created by March 2024.</p> <p>Corrective action is expected to be complete by March 2024</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-056	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid payments to supported living providers were allowable and adequately supported.</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>The Department performed payment reconciliations, cost report reviews, and settlement assessments for all 140 cost reports received during the first half of fiscal year 2022 (July 1, 2021, through December 31, 2021). Of the cost reports received, 66 providers (47 percent) were subject to the Developmental Disabilities Administration (DDA) payroll verification review. The State Auditor’s Office (SAO) did not question any of the costs that were associated with the 66 providers. However, SAO is questioning all payments made to the 74 providers who did not receive a payroll verification review in the first half of the fiscal year.</p> <p>For the second half of the fiscal year (January 1, 2022, through June 30, 2022), even though the Department had the same internal controls in place, SAO asserted that every payment during this time frame was a questioned cost because the cost reports for calendar year 2022 had not yet been submitted for department review.</p> <p>The Department strongly disagrees that all these costs should be questioned. The Department reconciles payments on a calendar year basis, while SAO audits on a fiscal year basis and does not consider activities that fall outside of the audit period.</p> <p>The Developmental Disabilities Administration has numerous internal controls in place which provide sufficient assurance that the services paid for were provided. These include:</p> <ul style="list-style-type: none"> • Medicaid service verifications, • Allowable costs payment reconciliations, • Payroll verification processes, • Review of rate payments and increases, • Quality assurance reviews, • Duplicate payment reports, • Residential Care Services certification processes, • Contract monitoring, • Reconciliation processes for rates, cost reports, and settlements, • Segregation of duties and other verification and approval processes. <p>The Department strongly believes that its current oversight and monitoring procedures adequately confirm that services received by clients meet the certification standards for supported living providers. The Department continues its efforts to bring quality services to clients who receive habilitative residential support while following all program requirements, including reconciling the settlement amounts that were issued to providers in the cost report settlement process.</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-056 (cont'd)	<p>Based on the information provided above, the Department maintains that the questioned costs for this audit finding are not substantiated. Unfortunately, SAO did not choose a more collaborative approach aimed at supporting the Department in its continuing quality improvement efforts. The Department continues to adjust its processes openly and appropriately as needed and remains open to partnering with SAO to resolve disagreements in this audit area and find common ground.</p> <p>The Department intends to send a request to the Centers for Medicare & Medicaid Services, through the audit resolution process, requesting the questioned costs reported by the SAO be rescinded.</p> <p>The conditions noted in this finding were previously reported in findings 2021-049, 2020-051, 2019-054, 2018-058, 2017-044, 2016-041, 2016-045, 2015-049, 2015-052, 2014-041, 2014-042, 2013-036, 2013-038 and 2012-039. The auditors determined findings 2016-041, 2015-052, 2014-041 and 2013-038 were resolved in fiscal year 2018.</p> <p>Completion Date: Not applicable</p> <p>Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-057	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services' Aging and Long-Term Support Administration did not have adequate internal controls over and did not comply with requirements to ensure timely investigation of complaints of client abuse and neglect at Medicaid residential facilities.</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that not all complaint investigations were initiated within the required timeframes. However, the Department does not agree that noncompliance was due to inadequate internal controls. Residential Care Services (RCS) has effectively used current internal controls since fiscal year 2017 when we received the State Auditor's Office Stewardship Award related to this audit area.</p> <p>Compliance with required complaint investigation timeframes decreased due to an increase in complaints from the previous fiscal year that were assigned for investigation. In addition, the effects of the COVID-19 pandemic increased staff vacancy rates to 24% due to exposure, illness, and staff resignation caused by vaccination mandates.</p> <p>As of August 2023, the Department:</p> <ul style="list-style-type: none"> Extended the contract with Health Care Management Solutions to assist with surveys. This allows RCS staff to return the focus to complaint investigations, complaint backlog, and compliance with required investigation timeframes. Condensed and streamlined Nursing Home Surveyor Training to enable staff to complete survey training faster than previous timeframes. Provided training to staff that were recently hired to fill the vacant positions to ensure compliance with investigation timeframes. <p>The conditions noted in this finding were previously reported in finding 2021-054.</p> <p>August 2023, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-058	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over False Claims Act requirements.</p> <p>The Department concurs with the finding.</p> <p>As of April 2023, the Department:</p> <ul style="list-style-type: none"> • Generated and tested a new internal report that will include all Aging and Long-Term Support Administration and Developmental Disabilities Administration Medicaid providers. • Mailed correspondence to the one provider who was missing documentation to request the False Claims Act (FCA) attestation, policy, and procedures. • Ensured all outstanding FCA attestations and documents were returned to ensure compliance with the FCA requirement. <p>By March 2024, the Department will update the process to include follow up with providers monthly until the FCA attestations and other documents are received.</p> <p>Corrective action is expected to be complete by March 2024</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-059	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal provider eligibility requirements for the Medicaid Program.</p> <p>The Department concurs with the finding.</p> <p>As of June 2022, individual providers are no longer contracted through the Department and now contract with Consumer Direct of Washington. As a result of this change, this type of error will not occur for individual providers moving forward.</p> <p>As of March 2023, the Department reviewed all providers in the monthly exclusion report.</p> <p>The Department verified that the provider identified in the finding for missing enrollment documentation was never employed and did not receive any payments.</p> <p>March 2023, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-004	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls to ensure payments to providers were allowable, met cost principles, and were within the period of performance for the Special Supplemental Nutrition Program for Women, Infants, and Children.</p> <p>The Department disagrees with the auditor’s assessment of a significant deficiency in internal controls over the consolidated contract provider payment process for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).</p> <p>The Department has established processes in place to ensure payments are allowable, meet cost principles, and comply with period of performance requirements for the WIC program. These include:</p> <ul style="list-style-type: none"> • Perform annual review and approval of detailed subrecipient budgets. • Compare invoice amounts to budgeted amounts for reasonableness before payment approval. • Provide subrecipients with regular technical assistance and training on applicable policies related to fiscal and programmatic processes. • Conduct biennial program and fiscal monitoring visits to subrecipients as part of the Department’s monitoring procedures. <p>In addition, the WIC program has monitoring controls in place and evidence of review at the program level. The quality assurance program staff maintain a detailed payment log that documents review and approval and details any amounts that need to be withheld until issues with invoice support are resolved. These reviews are to be completed within the 10-day period before payment is released.</p> <p>Similar conditions noted in this finding were previously reported in finding 2021-004.</p> <p>Not applicable</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-032	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls to ensure it filed accurate and timely reports required by the Federal Funding Accountability and Transparency Act for the Immunization Cooperative Agreements program.</p> <p>The Department agrees with the finding.</p> <p>The Department will review internal processes and determine when a review is most effective to ensure accuracy and completeness of the Federal Funding Accountability and Transparency Act reporting submissions. Management has already addressed the obligation dates to ensure the execution date of the award or amendment is reported.</p> <p>Corrective action is expected to be complete by July 2024</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-033	<p>Finding:</p> <p>Corrective Action:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with fiscal monitoring requirements to ensure subrecipients of the Epidemiology and Laboratory Capacity for Infectious Diseases program only used funds for allowable activities and met cost principles.</p> <p>The Department partially concurs with the finding.</p> <p>The Department agrees with the auditors’ recommendation over subrecipient monitoring to require transactions that were previously coded as “COVID” to be recorded with the specific revenue source and will do so in future monitoring visits. The Department does not agree with the auditors’ assessment of a material weakness in internal controls over subrecipient monitoring. When staff conduct fiscal monitoring site visits, key control systems including payroll and disbursements are reviewed and documented. These monitoring activities ensure internal controls are operating effectively and provide assurance that reimbursements are allowable and accurate.</p> <p>The Department acknowledges that internal controls can be strengthened over provider payments and will take the following actions:</p> <ul style="list-style-type: none"> • Require payments to providers be adequately supported by the appropriate backup documentation and subrecipient risk assessments. • Update the documentation requirements to align with the identified risk levels and federal guidance. • Develop tracking sheets, which enable staff to record details from backup documentation reviews and payment approvals. • Provide additional training to staff in the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program responsible for reviewing invoices. <p>The Department disagrees with the SAO’s assessment of a material weakness in internal controls over the consolidated contract provider payment process for the ELC program. The Department has established processes in place to ensure payments are allowable and meet cost principles for the program. These include:</p> <ul style="list-style-type: none"> • Perform annual review and approval of detailed subrecipient budgets. • Compare invoice amounts to budgeted amounts for reasonableness before payment approval. • Provide subrecipients with regular technical assistance and training on applicable policies related to fiscal and programmatic processes. • Conduct biennial program and fiscal monitoring visits to subrecipients as part of the Department’s monitoring procedures.

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-033 (cont'd)	<p>In addition, the ELC program has monitoring controls in place and evidence of review at the program level. Program staff maintain a detailed spreadsheet that documents review and approval and includes any amounts that need to be withheld until issues with invoice support are resolved. These reviews are to be completed within the 10-day period before payment is released.</p> <p>The Department is planning on meeting with federal grantors to work through the exceptions and questioned costs identified in the finding.</p> <p>Completion Date: Corrective action is expected to be complete by March 2024</p> <p>Agency Contact: Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-034	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with reporting requirements for the Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <p>The Department partially agrees with the finding.</p> <p>For the two reports on which the auditors took exceptions, the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program did discover the errors after the original reports were submitted. The Department notified the Centers for Disease Control and Prevention (CDC) about the reporting errors in February 2022, which was within the reporting period. However, due to a technical issue, the federal reporting system would not allow ELC program staff to input edits to the reports for the months of July through October 2021. After a discussion with CDC, program staff were advised to submit the corrected data of the previous reports via email, which was subsequently accepted by the grantor and the issue was resolved.</p> <p>The Department agrees there needs to be evidence of documented reviews of reports and has implemented steps to ensure review and approval of reports are well documented and retained before final submission to the federal grantor.</p> <p>November 2023, subject to audit follow-up</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1033388	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with state requirements and its own policies related to small and attractive assets.</p> <p>In October 2022, the Department drafted an updated policy and procedure that:</p> <ul style="list-style-type: none"> • Clearly defines roles and responsibilities. • Designates agency inventory officers. • Provides a plan to conduct an inventory of all assets to meet State Administrative and Accounting Manual requirements. <p>The Department will also strengthen controls to ensure that asset tags contain all required information and complete disposal documentation is retained. A periodic risk assessment will be conducted to assess the effectiveness of the updated process.</p> <p>In January 2023, the Department completed the first phase of a physical inventory in line with the approved policy. At the time of the audit, the Department was still in the process of completing the remaining phases of the physical inventory.</p> <p>Corrective action is expected to be complete by July 2024</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-035	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payments to child care providers paid with Temporary Assistance for Needy Families funds were allowable and properly supported.</p> <p>Corrective Action: The Working Connections Child Care (WCCC) program was previously managed by the Department of Social and Health Services (DSHS) and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the Temporary Assistance for Needy Families (TANF) grant. The Department allocated the TANF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>For the fiscal year 2021 program audit, the State Auditor’s Office (SAO) issued a finding with \$32 questioned costs for non-compliance with the CCDF eligibility requirement. No other findings, management letters, or exit items were reported in this compliance area or the cost allocation of funds based on eligibility for the CCDF or TANF grants. Given that eligibility or cost allocation has not been an area of concern, and transfers were processed between TANF and CCDF source of funds with the same eligibility criteria, the Department is assured that TANF funding was spent appropriately within federal regulations.</p> <p>The Department is committed to improving internal controls. The Department does not currently have the resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance recommended by SAO. In response to prior year’s audit recommendations, the Department has submitted a budget request to the Legislature in the 2023-2025 biennial budget for additional resources to process adjustments to include transaction-level data.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), which oversees the CCDF program at the federal level, reviews all SAO findings and issues management decision letters. The letters will reflect the grantor’s determination of whether an audit finding is sustained, the reasons for the decision, and the required actions by the auditee. When a management decision is issued for the fiscal year 2021 finding, the Department will work with HHS and follow the audit resolution process.</p> <p>The conditions noted in this finding were previously reported in finding 2021-028.</p>

State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-035 (cont'd)	Completion Date: Corrective action is expected to be complete by December 2024 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-036	<p data-bbox="483 424 576 451">Finding:</p> <p data-bbox="670 424 1469 548">The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with client eligibility requirements for child care services paid with the Child Care and Development Fund and Temporary Assistance for Needy Families funds.</p> <p data-bbox="483 583 600 640">Corrective Action:</p> <p data-bbox="670 583 1469 730">The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p data-bbox="670 766 1469 823">In response to the finding, the Department established overpayments and referred them to the Office of Financial Recovery for collection.</p> <p data-bbox="670 858 1469 951">As part of process and internal control improvements, the Department implemented the Fair Start for Kids Act (FSKA) on October 1, 2021, to simplify rules and expand eligibility. The FSKA:</p> <ul data-bbox="690 961 1469 1165" style="list-style-type: none"> <li data-bbox="690 961 1469 1018">• Raises the State Median Income threshold, increasing the number of eligible two-parent households. <li data-bbox="690 1035 1469 1092">• Caps copayments at \$115 for applicants and \$215 for reapplicants, reducing the copay amounts for two-parent households. <li data-bbox="690 1108 1469 1165">• Acts as disincentives for fraud as families are less likely to report the non-custodial parent who is not a household member. <p data-bbox="670 1201 1469 1257">The Department continues to review cases for accuracy following these new rules and policies.</p> <p data-bbox="670 1293 1469 1514">In September 2022, the Office of Child Care (OCC) released a document to help CCDF lead agencies simplify the format and content of child care assistance applications, which includes guidance on defining, collecting, and verifying eligibility information. The Department continues to follow guidance from OCC to update policies and procedures within the authority under the Revised Code of Washington and Washington Administrative Code. This includes:</p> <ul data-bbox="690 1524 1469 1978" style="list-style-type: none"> <li data-bbox="690 1524 1469 1686">• In December 2022, updated policies and procedures for cases with simplified eligibility such as families experiencing homelessness or families with children receiving protective services. Public Benefit Specialist (PBS) staff received training in the winter of 2022, which included the use of systems data to establish household composition. <li data-bbox="690 1696 1469 1978">• In July 2023, developed a guide for staff to more effectively use the Employment Security Department (ESD) quarterly reported data for eligibility determinations. The ESD data is directly reported by the employer, secured, and reduces delays in benefits by eliminating the wait for employment verification. It is also simple to use for the PBS staff and the auditors, thereby reducing income calculation errors and removing the need for consumers to provide documentation to support the eligibility determination. This procedural change and training were completed in July 2023.

State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-036 (cont'd)	<p>The conditions noted in this finding were previously reported in findings 2021-035, 2020-039, 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017 and 2012-30.</p> <p>Completion Date: July 2023, subject to audit follow-up</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-041	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payments to child care providers for the Child Care and Development Fund Cluster programs were allowable and properly supported.</p> <p>Corrective Action: The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states: <i>“the ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated: <i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended: <i>“that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance as identified by SAO.</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-041 (cont'd)	<p>In response to the auditor’s recommendations, the Department has submitted a budget request for the 2024 supplemental budget. If the request is funded, it would allow adjustments to include child-level data.</p> <p>The conditions noted in this finding were previously reported in findings 2021-033, 2020-038, 2019-035, 2018-034, 2017-024, 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31, 9-12 and 8-13.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-042	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with matching, level of effort, and earmarking requirements for the Child Care and Development Fund Cluster.</p> <p>Corrective Action: The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states:</p> <p><i>“the ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated:</p> <p><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p><i>“that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance as identified by SAO.</p>

State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-042 (cont'd)	<p>In response to the auditor’s recommendations, the Department has submitted a budget request for the 2024 supplemental budget. If the request is funded, it would allow adjustments to include child-level data.</p> <p>The conditions noted in this finding were previously reported in findings 2021-036 and 2020-040.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-043	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with period of performance requirements for the Child Care and Development Fund.</p> <p>Corrective Action: The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states:</p> <p><i>“the ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated:</p> <p><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p><i>“that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance as identified by SAO.</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-043 (cont'd)	<p>In response to the auditor’s recommendations, the Department has:</p> <ul style="list-style-type: none"> • Submitted a budget request for the 2024 supplemental budget. If the request is funded, it would allow adjustments to include child-level data. • Effective December 6, 2023, implemented written procedures for period of performance requirements. <p>The conditions noted in this finding were previously reported in findings 2021-037 and 2020-041.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-044	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with financial reporting requirements for the Child Care and Development Fund Cluster.</p> <p>Corrective Action: The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states:</p> <p><i>“the ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated:</p> <p><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p><i>“that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance as identified by SAO.</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-044 (cont'd)	<p>In response to the auditor’s recommendations, the Department has submitted a budget request for the 2024 supplemental budget. If the request is funded, it would allow adjustments to include child-level data.</p> <p>The conditions noted in this finding were previously reported in finding 2021-038.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-045	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund program.</p> <p>Corrective Action: The Department is strongly committed to ensuring the health, safety, and well-being of all children in care.</p> <p>The Department concurs with the finding and has taken the following actions:</p> <ul style="list-style-type: none"> • In September 2020, in response to the COVID-19 pandemic, the Department obtained grantor’s approval to revise the Child Care and Development Fund (CCDF) State Plan to waive the annual unannounced monitoring requirement and allowing for virtual monitoring, through September 30, 2021, but some providers were unable to participate in the virtual process resulting in monitoring visits not being conducted during state fiscal year 2022. • In the fall of 2022, to address staff turnover issues, the Department began recruiting new staff and providing training on child care licensing rules and regulations. This included adding a new position in November 2022 to assist supervisors with onboarding and training new staff hired during the audit period. • The Department implemented a data driven, phased in approach, to return staff to in-person field work after the COVID-19 pandemic: <ul style="list-style-type: none"> ○ In July 2022, began authorizing staff, subject to pandemic related restrictions, to visit providers on-site to provide assistance with meeting health and safety requirements. ○ In the spring of 2023, prioritized monitoring visits to return to compliance with CCDF health and safety requirements. • Established an overpayment for the questioned costs and referred to the Office of Financial Recovery for collection. • For license-exempt family, friend, and neighbor (FFN) providers, the Department: <ul style="list-style-type: none"> ○ Requested approval from the Office of Child Care for a hybrid monitoring approach (in-person and virtual visits). ○ Dedicated staff resources to update WA Compass to include all health and safety requirements for FFNs and address data format issues. <p>The Department will continue to strengthen internal controls as follows:</p> <p>For licensed providers:</p> <ul style="list-style-type: none"> • Continue to implement return to in-person field work by reducing pandemic level requirements. • Prioritize new staff training to first focus on monitoring visits and health and safety requirements.

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-045 (cont'd)	<ul style="list-style-type: none"> • Continue to track and monitor health and safety requirements with available tools until all WA Compass system development is completed. • Create an in-training licensing position to assist staff recruitment efforts and add additional lead worker positions to assist supervisors with training and caseload management. • Conduct a root cause analysis to determine other underlying causes for missed monitoring visits and untimely follow-ups, and how to address them. • Examine ways to secure resources to add additional full-time staff to support caseload needs. <p>For FFN providers:</p> <ul style="list-style-type: none"> • Continue to track and monitor FFN health and safety requirements with available tools until all WA Compass system development is completed. <p>The conditions noted in this finding were previously reported in findings 2021-039, 2020-042, 2019-039, 2018-035, 2017-025, 2016-022 and 2015-024.</p> <p>Completion Date: Corrective action is expected to be complete by July 2024</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-047	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate controls over and did not comply with certain requirements of its Public Assistance Cost Allocation Plan.</p> <p>The Department concurs with the finding and is committed to improving internal controls.</p> <p>During July through September 2021, the first three months of the audit period, the Department did not have adequate staffing levels to maintain the business processes for the Public Assistance Cost Allocation Plan (PACAP) cost base for administrative charges. Available staff focused on grant reconciliations and close-out of the prior fiscal year financial transactions. In October 2021, the Department began updating the monthly workbooks in accordance with the approved PACAP.</p> <p>To address the finding and audit recommendations, the Department:</p> <ul style="list-style-type: none"> • Reviewed the written base edit form procedures with staff. • Added reminders for base edit entries to the Cost Allocation and Grants Management Unit calendar. <p>April 2023, subject to audit follow-up</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-048	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls to ensure payments to providers for travel and family visits were allowable and adequately supported for the Foster Care program.</p> <p>The Department is committed to strengthening internal controls and complying with grant requirements.</p> <p>In April 2023, the Fiscal Integrity Unit collaborated with other divisions to implement the following internal controls:</p> <ul style="list-style-type: none"> • Utilized algorithms in the Sprout system to identify reimbursement requests outside of a reasonable amount. • Required providers to submit additional documentation or explanation for those identified amounts. • Implemented a re-run process for prior billing periods to eliminate potential double billings by providers. • The Fiscal Integrity Unit trained headquarters and field office accounting staff to utilize the new algorithms and review additional documentation prior to processing payments. • Required program staff review and approval of all vendor invoices prior to release of payment for the Eastern Washington regions. <p>The Contracts Office has:</p> <ul style="list-style-type: none"> • In August 2023, filled two vacant staff positions dedicated to reviewing child welfare contracts to include family time visits payments. • In November 2023, developed compliance audit plans for child welfare contracts and began fiscal monitoring of family time visit payments. <p>The Department will continue to identify and implement regional program approvals for Western Washington providers.</p> <p>The conditions noted in this finding were previously reported in finding 2021-040.</p> <p>Corrective action is expected to be complete by January 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-049	<p data-bbox="485 424 662 453">Finding:</p> <p data-bbox="670 424 1471 516">The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements.</p> <p data-bbox="485 552 602 609">Corrective Action:</p> <p data-bbox="670 552 1471 770">The Random Moment Time Study (RMTS) is a federally approved cost allocation methodology to claim allowable federal funds. The Department’s use of the RMTS is included in its Public Assistance Cost Allocation Plan (PACAP) with the federal grantor. The Department maintains that the sampling universe is accurate and complete and complies with federal requirements. There is no known deficiency with the integrity of the RMTS, nor are unallowable costs allocated to federal programs.</p> <p data-bbox="670 806 1471 1024">Effective October 2022, the Department contracted with the University of Massachusetts (UMass) for the design and implementation of the RMTS mechanism. UMass has updated the RMTS instructions for the new quarterly process, which remains in compliance with federal law while alleviating the department-imposed restrictions. It also addresses the auditor’s concerns regarding the internal controls applicable to the RMTS worker types included in the sampling universe.</p> <p data-bbox="670 1060 1471 1152">The Department has also taken additional actions to address system limitations caused by high staff turnover rates within the cost pools. These include:</p> <ul data-bbox="691 1161 1471 1696" style="list-style-type: none"> <li data-bbox="691 1161 1471 1310">• The Headquarters (HQ) RMTS Coordinator pulls an InfoFamLink worker list report that shows all workers with access to the FamLink system. The list is then reviewed by job class to verify the accuracy of RMTS group assignment and to identify the workers that are eligible to be included in the sample. <li data-bbox="691 1325 1471 1564">• The Cost Allocation and Grants Management Unit pulls a job classification report from the Human Resource Management System (HRMS) at the end of every pay cycle. The HQ RMTS Coordinator compares the HRMS report to the InfoFamLink worker list report to verify if they are eligible to be sampled and properly allocated in HRMS. The HRMS has additional information related to job class to assist in sample eligibility determination and strengthen the internal controls around RMTS samples pulled. <li data-bbox="691 1579 1471 1696">• The HQ RMTS Coordinator pulls a workload report from InfoFamLink to view worker caseloads and primary assignments. This is an additional tool to determine if a worker is eligible and assigned to the correct RMTS sample pool. <p data-bbox="670 1732 1471 1850">The Department will continue to maintain internal controls over the monthly update process to ensure the RMTS sampling populations are complete. The Department will also work with the federal partners to ensure continued compliance with the PACAP.</p> <p data-bbox="670 1885 1471 1942">The conditions noted in this finding were previously reported in findings 2021-042, 2020-044 and 2019-044.</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-049 (cont'd)	Completion Date: October 2022, subject to audit follow-up Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-050	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls to ensure group care facility employees had cleared background checks before having unsupervised access to children.</p> <p>The Department partially concurs with the finding.</p> <p>The Department is committed to ensuring the health, safety, and well-being of all children in our care. As stated in the <i>Effect of Condition</i> on the audit finding, the auditors found all group care facility staff sampled during the audit had a cleared background check prior to working in the facility. While the Department agrees the use of definitions such as “effective date” and “start date” in FamLink could be misleading, the Department does not concur internal controls were not adequate to ensure group care facility employees had cleared background checks before having unsupervised access to children. The Department is confident that all staff who work with children and youth have cleared background checks.</p> <p>Effective April 1, 2023, the Department implemented a new process for processing background checks for group care facilities to strengthen internal controls, documentation, and clarification on the “effective date.” The updated process is outlined below:</p> <ul style="list-style-type: none"> • A new form was created with clear instructions for the group care facilities to provide the applicant/employee information, including the background check confirmation code, directly to the Department’s Background Check Unit (BCU). • The BCU works with the applicant/employee through the fingerprint background check process. • The results are sent directly to the BCU at which time they complete a child abuse/neglect history check and, if needed, a suitability assessment. The BCU documents the results in FamLink with the date the background check is completed. • The BCU emails the results to the group care facility and the Department’s Licensing Division (LD) group. If the applicant/employee is cleared and is not a renewal, LD staff adds the applicant/employee to the group care facility in FamLink with the clearance information attached. <p>April 2023, subject to audit follow-up</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-051	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with reporting requirements for the Foster Care program.</p> <p>The Department acknowledges that errors were made in the quarterly reports submitted during the audit period. The errors were identified by the Department and corrected in October 2022.</p> <p>The Department understands accuracy in reporting is vital. To address the audit finding and recommendations, the Department took the following corrective actions:</p> <ul style="list-style-type: none"> • The lead worker established three meetings each quarter with the Cost Allocation and Grants Director for processing the quarterly reports: <ul style="list-style-type: none"> ○ A pre-meeting to discuss the reporting requirements, ○ A meeting during the reporting process to review the final report prior to submission, and ○ A post reporting meeting to discuss any concerns encountered during the reporting process. • Implemented a data verification process by management prior to submission of the quarterly reports. <p>The Department is committed to improving internal controls over grant management activities and will continue to properly follow the grantor's published instructions when completing the quarterly reports.</p> <p>October 2022, subject to audit follow-up</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-052	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over level of effort requirements for the Adoption Assistance program.</p> <p>When the auditors issued the prior year finding, the Department had taken the following actions:</p> <ul style="list-style-type: none"> • In February 2022, hired a new position to manage the adoption savings program. • In May 2022: <ul style="list-style-type: none"> ○ Reviewed federal grantor’s reporting instructions and guidance with staff involved in the preparation and submission of the financial report. ○ Reviewed written procedures for tracking and monitoring adoption savings expenditures to ensure compliance with level of effort requirements. ○ Established monthly meetings between the Child Welfare Program and Cost Allocation and Grant Management Unit staff to review expenditures and level of effort requirements prior to report submission. These meetings help to improve processes for monitoring and verifying adoption savings expenditures. <p>The auditors issued the fiscal year 2021 finding in May 2022, which was 11 months after fiscal year 2022 began. The delay did not allow corrective actions to be developed and implemented timely for fiscal year 2022 and resulted in a repeat finding.</p> <p>The conditions noted in this finding were previously reported in finding 2021-045.</p> <p>May 2022, subject to audit follow-up</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1033283	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls to ensure employee overtime at the Green Hill and Echo Glen facilities was properly authorized and supported.</p> <p>The Department partially concurs with the auditor’s findings related to overtime at Juvenile Rehabilitation (JR) facilities.</p> <p>The Department does not concur that overtime was not authorized during the audit period. The collective bargaining agreement (CBA) does not define ‘prior approval’ and does not require that the prior approval be in writing. The JR facilities are 24/7 operations, and most overtime assignments are made verbally due to the nature of the operations. Due to low staffing levels and required staff-to-youth ratios, mandatory overtime was required during the audit period.</p> <p>In response to the finding, the Department has:</p> <ul style="list-style-type: none"> • Processed payroll corrections for the identified payment exceptions. • Supplemented the current staffing model to reduce overtime at Echo Glen by contracting with a vendor for security guards. • Hired a Roster Manager at Echo Glen who will manage scheduling to include overtime. <p>In addition, the Department will:</p> <ul style="list-style-type: none"> • Hire a Roster Manager at Green Hill School who will manage scheduling to include overtime. • Review Leave Tracker approval requirements with supervisors to assist with more timely approvals. <p>Corrective action is expected to be complete by June 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1033283	2022-002	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not establish adequate internal controls over and did not comply with requirements to ensure volunteer drivers were qualified to transport clients.</p> <p>The Department is strongly committed to ensuring the health, safety, and well-being of all children in care.</p> <p>To address the finding, the Department will improve policies and procedures related to volunteer travel requirements by implementing:</p> <ul style="list-style-type: none"> • Use of date stamps to record receipt dates for incoming documents. • A standardized tracking spreadsheet for required documents. • Standardized electronic file management for accessibility and retention for all required documents. <p>In addition, the Department will:</p> <ul style="list-style-type: none"> • Provide training on records retention schedules and requirements. • Improve the volunteer driver handbook and volunteer procedures. • Provide training to new staff responsible for tracking volunteers. <p>Corrective action is expected to be complete by July 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1033283	2022-003	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with policies for distributing gift cards.</p> <p>The Department is strongly committed to ensuring the health, safety, and well-being of all children in care. Due to the COVID-19 pandemic, the Department experienced a high level of child welfare staff turnover and vacancy rates. Documents were not saved in a centralized location and staff covering these duties were unaware of required documentation.</p> <p>The Department’s past practice did not require client signatures; logs were signed or initialed by the staff who provided the gift card to the client. In addition, due to the nature of the after-hours need for gift cards, verbal approvals are sometimes given for these emergencies and paper documentation is not always submitted after the fact.</p> <p>To address the auditor’s recommendations, the Department implemented a new <i>Gift Cards and Stored Value Cards</i> policy effective August 2023. This policy requires:</p> <ul style="list-style-type: none"> • Use of logs to track card usage. • Backup documentation to show allowable use and service referrals when applicable. • Client signature for receipt of gift cards. • Monthly inventories to be performed. • Centralized file management for gift card usage. <p>The Department will provide training to all regional and headquarters office staff on the new policy and guidelines.</p> <p>Corrective action is expected to be complete by December 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1033283	2022-004	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with state and internal policies related to purchase and office cards.</p> <p>The Department is strongly committed to improving internal controls over the purchasing programs. Due to the COVID-19 pandemic, the Department experienced a high level of child welfare staff turnover and vacancy rates. Documents were not saved in a centralized location and staff covering these duties were unaware of required documentation and approval levels.</p> <p>To strengthen internal controls, the Department:</p> <ul style="list-style-type: none"> • Updated the delegated authority matrix. • Reconciled the purchasing system for approval levels. <p>The Department will:</p> <ul style="list-style-type: none"> • Provide training to regional and headquarters office staff on purchasing policies and guidelines. • Create a centralized location to store credit card documentation within each office. <p>Corrective action is expected to be complete by December 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Corrections

Agency 310

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-013	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Corrections improperly charged \$37,392 to the Coronavirus Relief Fund.</p> <p>The Department concurs that the questioned costs identified by the auditors resulted from an employee’s overpayment inappropriately charged to the Coronavirus Relief Fund (CRF).</p> <p>The Department is committed to ensuring compliance with federal grant requirements. In response to this audit finding, the Department:</p> <ul style="list-style-type: none"> • Reviewed controls around payroll overpayments and developed a process to ensure they are not included in any future federal funding transfers. • Reviewed and identified allowable costs that were not initially charged to the grant which would compensate for the questioned costs identified. The identified costs have been filed with the original transfer journal voucher and will be provided to the Office of Financial Management (OFM). <p>Since the Department received CRF funding through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the OFM.</p> <p>June 2023, subject to audit follow-up</p> <p>Anita Kendall Senior Director, Business Services PO Box 41106 Olympia, WA 98504-1106 (360) 480-7915 Anita.kendall@doc1.wa.gov</p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-003	<p>Finding: The Office of Superintendent of Public Instruction did not have adequate internal controls over accountability for USDA-donated foods.</p> <p>Corrective Action: The Office has taken the following corrective action to strengthen internal controls over accounting for USDA-donated foods:</p> <ul style="list-style-type: none"> • Reviewed current process for monthly inventory. • Reviewed process for inventory discrepancies follow up. • Implemented a process for documenting follow-up efforts. <p>The Office is following the USDA requirements for conducting annual inventory and reconciliation in June of each year.</p> <p>The Office is planning to implement a new Food Distribution Management System and is actively pursuing a project. In the interim, the Office continues to use the inventory process outlined above.</p> <p>The conditions noted in this finding were previously reported in findings 2021-003, 2020-004 and 2019-005.</p> <p>Completion Date: Corrective action is expected to be complete by September 2025</p> <p>Agency Contact: Leanne Eko Chief Nutrition Officer PO Box 47200 Olympia, WA 98504-7200 (360) 725-0410 leanne.eko@k12.wa.us</p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-023	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal requirements to ensure Local Education Agencies implemented testing security measures.</p> <p>The Office monitors and ensures all Local Education Agencies (LEA) implement school testing security measures. All LEAs are required to submit a District Administration and Security Report (DASR) at the conclusion of the testing cycle to document the security training and that protocols have been followed.</p> <p>The Office will continue to communicate with LEAs to ensure they provide the DASR for all tests administered in the spring, as follows:</p> <ul style="list-style-type: none"> • Once per week for four weeks leading up to the end of the test administration window. • Once per week for three weeks after the end of the test administration window. <p>In August, the Office will receive the annual final list of all tests administered by each LEA and will be able to narrow its focus for sending out weekly reminders. If the Office has not received completed DASRs by mid-August, a management decision letter will be sent to the LEA’s Superintendent to inform them of the non-compliance and potential consequences as outlined in federal regulations.</p> <p>The conditions noted in this finding were previously reported in findings 2021-021 and 2020-026.</p> <p>October 2023, subject to audit follow-up</p> <p>Christopher Hanczrik Director, Assessment Operations and Select Assessments PO Box 47200 Olympia, WA 98504-7200 (360) 485-3580 Christopher.Hanczrik@k12.wa.us</p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-025	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate controls over and did not comply with requirements to ensure it met the earmarking requirements for the Special Education program.</p> <p>When the Special Education program underwent a fiscal leadership transition in 2021, the incoming director identified necessary changes in agency procedures for closing out the fiscal year for the program. Since that time, the Office has fully implemented internal controls to ensure spending plans do not exceed the maximum allowable amounts earmarked for administration and other state-level activities.</p> <p>The updated procedures require the director of Operations and the budget analyst to perform the following:</p> <ul style="list-style-type: none"> • Review criteria for spending plans at the beginning of the fiscal year. • Review the Grant Award Notice and Grants to States Summary Table and Preschool Grants to States Summary Table. • Review spending plans and update the maximum allowable amounts earmarked for administration and other state-level activities in the spending plan throughout the fiscal year. • Meet weekly to review spending plans and update plans as requests are received. • Review monthly expenditure reports during weekly meetings. <p>These updated procedures have contributed to increased communication and partnership between the director of Operations and the budget analyst. These internal controls provide assurance that maximum allowable amounts earmarked for administration and other state-level activities will be in compliance with federal rules.</p> <p>The Office will consult with the federal grantor to discuss whether the questioned costs identified in the audit should be repaid.</p> <p>March 2023, subject to audit follow-up</p> <p>Tania May Assistant Superintendent, Special Education PO Box 47200 Olympia, WA 98504-7200 (360) 725-6075 tania.may@k12.wa.us</p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-026	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls to ensure it performed risk assessments for subrecipients of the Special Education program.</p> <p>In April 2022, the Office’s Special Education division revised and expanded the form package that Educational Service Districts (ESDs) need to submit as part of year-end reporting. Additionally, ESDs are required to respond to a series of questions and provide applicable documentation for contracts and procurement, time and effort process and reports, documentation for professional development expenditures, and year-end expenditure reports.</p> <p>Based on the results from monitoring activities over year-end reporting, ESDs will be selected for additional monitoring and may be subject to an onsite visit if deemed necessary.</p> <p>In March 2023, the Office finalized the Fiscal Monitoring Procedures Handbook for ESDs. The following timeline has been developed for full implementation of the corrective actions:</p> <ul style="list-style-type: none"> • ESDs are required to upload documentation by February 1, 2024. • The Office will complete review of submitted documents and issue reports to ESDs by February 29, 2024. Reports will identify any required or recommended corrective actions. • The Office will issue final reports to ESDs within 60 calendar days after documentation review, by March 29, 2024. <p>The conditions noted in this finding were previously reported in finding 2021-023.</p> <p>Corrective action is expected to be complete by March 2024</p> <p>Tania May Assistant Superintendent, Special Education PO Box 47200 Olympia, WA 98504-7200 (360) 725-6075 tania.may@k12.wa.us</p>

Workforce Training and Education Coordinating Board

Agency 354

Audit Report	Finding Number	Finding and Corrective Action Status
1032073	2022-001	<p>Finding: The Board did not have adequate internal controls to ensure it properly collected private vocational school licensing and tuition recovery trust fund fees.</p> <p>Corrective Action: The Workforce Training and Education Coordinating Board is committed to ensuring that internal controls are in place to collect private vocational school licensing and tuition recovery trust fund fees appropriately and in accordance with the statute.</p> <p>The Board received funding for a new licensing system in the 2021 legislative session, but implementation was delayed due to resource shortage and being placed into the Office of the Chief Information Officer’s gated funding oversight. The Board continued to move forward on implementation and the EDvera licensing system was launched by the end of July 2023.</p> <p>The Board had taken extra steps to ensure accuracy of the old system and properly document actions taken. In response to the audit finding, the Board has taken the following corrective actions:</p> <ul style="list-style-type: none"> • Fiscal and administrative staff began scanning the checks as another piece of their mail process. • A notification email was sent to all schools to remind them about timely submission, complete renewal packages, and the potential of late fees and how they are calculated. • A secondary review process was implemented for manual data entry to ensure the accuracy of fees collected. <p>Completion Date: July 2023, subject to audit follow-up</p> <p>Agency Contact: Lisa Engelhart Chief Financial Officer PO Box 43105 Olympia, WA 98504-3105 (360) 709-4620 lisa.engelhart@wtb.wa.gov</p>

Washington Charter School Commission

Agency 359

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-024	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Charter School Commission did not have adequate internal controls over and did not comply with requirements to ensure charter schools with relationships to charter management organizations were monitored for conflicts of interest.</p> <p>Although the Commission believes that a finding was not warranted, the Commission has begun implementing additional oversight requirements identified in the audit.</p> <p>As of May 2023, the Commission:</p> <ul style="list-style-type: none"> • Implemented a process to review all charter public school board members’ F-1 Personal Financial Affairs Disclosure forms for potential conflict of interest using the Public Disclosure Commission (PDC) website. • Required all charter public schools to submit each board member’s F-1 form to the Commission directly via the compliance software, Epicenter, as follows: <ul style="list-style-type: none"> ○ By April 15 of each year for current board members in alignment with the PDC’s annual submission deadline. ○ Within two weeks of appointment for new board members in alignment with PDC submission guidelines. <p>The Commission created and will maintain a conflict-of-interest tracker, including dates forms are received, to ensure each board member’s potential conflict of interest is actively reviewed.</p> <p>The Commission will continue to work with the Office of Superintendent of Public Instruction (OSPI) on federal funding administered by OSPI and be informed of matters that may require additional actions by the Commission.</p> <p>May 2023, subject to audit follow-up</p> <p>Jessica de Barros Executive Director PO Box 40996 Olympia, WA 98501-0996 360-725-5511 charterschoolinfo@k12.wa.us</p>

University of Washington

Agency 360

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-002	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The University of Washington did not have adequate internal controls to ensure key personnel commitments specified in grant proposals or awards were met.</p> <p>The University has established internal controls to ensure compliance with key personnel program requirement through time and effort certifications, project reporting processes, and budget reconciliation requirements. Additionally, the University offers multiple training courses to research administrators and principal investigators (PI) on management of sponsored awards.</p> <p>The University agrees there are areas for improvement over staff and PI training, and resources available to monitor contribution and documentation of committed levels of time and effort.</p> <p>The University will implement the following improvements:</p> <ul style="list-style-type: none"> • Update training materials and provide additional training to PIs and key personnel on: <ul style="list-style-type: none"> ○ Documentation of time and effort. ○ Prior approval requirements for reductions in time and effort. • Update guidance and instructions for time and effort certifications to ensure all personnel involvement in various grant programs is properly accounted for during the certification process. • Develop exception reports to provide additional oversight to monitor deviations from committed time and effort for PIs and key personnel. <p>Corrective action is expected to be complete by February 2024</p> <p>Erick Winger Controller 4300 Roosevelt Way NE Seattle, WA 98105-4718 (206) 543-5322 erickw@uw.edu</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

University of Washington

Agency 360

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-028 (cont'd)	<p>The University acknowledges that documentation related to BARS reviews by budget managers was not available for 52 of the transactions tested and agrees that improvement is needed for retaining documentation of monthly reviews. In response to the finding, the University has started saving BARS review documentation on the server to ensure the documents are readily available.</p> <p>Completion Date: April 2023, subject to audit follow-up</p> <p>Agency Contact: Erick Winger Controller 4300 Roosevelt Way NE Seattle, WA 98105-4718 (206) 543-5322 erickw@uw.edu</p>

University of Washington

Agency 360

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-029	<p>Finding: The University of Washington did not have adequate internal controls over and did not comply with requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act.</p> <p>Corrective Action: The University acknowledges that one report related to the Global AIDS program subaward modification was not submitted during the audit period in accordance with Federal Funding Accountability and Transparency Act (FFATA) requirements.</p> <p>The University:</p> <ul style="list-style-type: none"> • Submitted the required report as of May 2023. • Reviewed all subaward actions (new subawards and modifications) for the program active during fiscal year 2022 and verified that no additional reports were missed. <p>The University maintains that solid and effective controls are already in place related to FFATA reporting, but acknowledges that the current process can be enhanced through better use of the data in the Sponsored Projects Administration and Electronic Research Compliance (SPAERC) system. The University will:</p> <ul style="list-style-type: none"> • Strengthen management monitoring process to ensure compliance with FFATA reporting requirements. • Design a report to assist in the identification and review of FFATA-reportable actions. Implementation of this process is expected to occur in fiscal year 2024. <p>Completion Date: Corrective action is expected to be complete by March 2024</p> <p>Agency Contact: Erick Winger Controller 4300 Roosevelt Way NE Seattle, WA 98105-4718 (206) 543-5322 erickw@uw.edu</p>

University of Washington

Agency 360

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-030	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The University of Washington did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Global AIDS program received required single or program-specific audits, and that it followed up on findings and issued management decisions.</p> <p>The University maintains that there are adequate internal controls to ensure the Global AIDS program complies with the requirements for pass-through entities as outlined in Uniform Guidance 2 CFR § 200.332 and the university policy incorporated in Grants Information Memorandum 8.</p> <p>As noted in the finding, the University uses a certification process to obtain information and documentation needed, such as audited financial statements, from each subrecipient and perform a risk assessment using standard risk criteria. For the one exception identified by the auditors, the University misinterpreted the response provided by the subrecipient regarding whether it expended \$750,000 or more in federal awards during the fiscal year. Although the single or program specific audit report was not obtained and reviewed, a risk assessment was performed on the subrecipient. With a medium risk rating, the subrecipient was subject to monitoring at the program level throughout the project during the period in question, in accordance with University policy.</p> <p>The University will:</p> <ul style="list-style-type: none"> • Update the certification process with all subrecipients to confirm if federal expenditures during a fiscal year exceed the \$750,000 threshold to require a single or program-specific audit. • Issue written management decisions for all applicable audit findings. • Ensure subrecipients develop and perform acceptable corrective actions to address all audit recommendations, if applicable. <p>September 2023, subject to audit follow-up</p> <p>Erick Winger Controller 4300 Roosevelt Way NE Seattle, WA 98105-4718 (206) 543-5322 erickw@uw.edu</p>

Washington State University

Agency 365

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-022	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>Washington State University did not ensure that returns of Title IV funds were accurate for the Student Financial Assistance programs.</p> <p>The University has improved processes for the return of Title IV funds. The University:</p> <ul style="list-style-type: none"> • Included a standard calculation in workbooks to quickly identify whether amounts to be returned for withdrawn students will exceed the amounts disbursed. • Implemented a quality check to review these exceptions, and to investigate and correct as necessary. <p>The University has returned all questioned costs to the sponsors.</p> <p>May 2023, subject to audit follow-up</p> <p>Heather Lopez Chief Audit Executive PO Box 641221 Pullman, WA 99164-1221 (509) 335-2001 hlopez@wsu.edu</p>

Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-008	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Washington State Department of Transportation did not have adequate internal controls to ensure supervisors reviewed and approved payroll journals for the Highway Planning and Construction Cluster.</p> <p>The Department is committed to ensuring adequate internal controls are established for processing payroll journals. Currently, the Department:</p> <ul style="list-style-type: none"> • Sends payroll journals electronically via Adobe Acrobat Sign on day four of payroll processing. • Generates system automated emails, which are sent to the reviewer each day the journal is unsigned. • Reconciles unsigned payroll journals and will follow up with responsible staff. <p>To further improve controls over timely approval and return of payroll journals, the Department will:</p> <ul style="list-style-type: none"> • Continue to review existing internal controls to assess their effectiveness and make improvements as needed. • Review the Payroll Manual to ensure directions, guidelines, and expectations around the payroll journal approval are clearly defined. • Evaluate the appropriateness of establishing a timeline for returning signed payroll journals for incorporation into the Payroll Manual. <p>Corrective action is expected to be complete by June 2024</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>

Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-009	<p>Finding: The Washington State Department of Transportation did not have adequate internal controls over and did not comply with requirements to conduct program monitoring of subrecipients of the Highway Planning and Construction Cluster.</p> <p>Corrective Action: The Department is committed to ensuring that our grant programs comply with federal regulations related to subrecipient monitoring.</p> <p>In July 2022, the Department executed a memo agreement with the Federal Highway Administration (FHWA) to update the risk-based review process to a leading practice. This new process will improve the effectiveness of subrecipient monitoring efforts which will focus reviews and resources on the high-risk agencies or projects rather than a three-year review cycle.</p> <p>However, FHWA is reluctant to formally open the Stewardship and Oversight (S&O) Agreement for revisions, as a new nationwide “template” is under development. Based on the existing language in the S&O Agreement with FHWA, the finding was issued for fiscal year 2022.</p> <p>With FHWA’s approval to implement the risk-based approach, the Department will:</p> <ul style="list-style-type: none"> • Conduct baseline Project Management Reviews (PMR) for each Certification Acceptance (CA) agency. This process began in September 2022, with 13 PMRs completed, 22 near completion, and 9 in process. • Analyze CA PMRs and assign a risk rating, which will be used in the PMR selection process. • Update risk-based approach policies to complete PMRs, as needed. • Update the Local Agency Guidelines Manual to reflect the risk-based approach to complete PMRs, as needed. • Communicate changes to policies and procedures to Local Program staff and stakeholders, as needed. <p>The conditions noted in this finding were previously reported in findings 2021-008, 2020-016 and 2019-015.</p> <p>Completion Date: Corrective action is expected to be complete by March 2024</p> <p>Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>

Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-010	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Washington State Department of Transportation did not have adequate internal controls over and did not comply with requirements to issue management decisions for audit findings to subrecipients of the Highway Planning and Construction Cluster.</p> <p>The Department is committed to ensuring our programs comply with federal regulations related to subrecipient monitoring.</p> <p>The Department’s Local Programs Division typically issues Management Decision Letters (Decision Letters) to all subrecipients that receive single audit findings related to WSDOT federal grant awards. For the subrecipient in question, the subrecipient had contacted the Division upon realizing a discrepancy in their advertisement practices, which was prior to the auditors issuing the single audit finding. The Division reviewed the subrecipient’s advertisement practices, evaluated and approved the corrective action plan, and implemented a training plan with the subrecipient. Since these activities preceded the issuance of the subrecipient’s single audit finding and resolved the deficiency, the Department elected to forgo a formal Decision Letter.</p> <p>Based on the audit recommendations, the Department will continue to review all single audit findings issued for subrecipients and send Decision Letters.</p> <p>The conditions noted in this finding were previously reported in findings 2021-010, 2020-015 and 2019-017.</p> <p>December 2022, subject to audit follow-up</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>

Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-011	<p>Finding:</p> <p>Corrective Action:</p> <p>Complete Date:</p> <p>Agency Contact:</p>	<p>The Washington State Department of Transportation did not have adequate internal controls over and did not comply with quality assurance program requirements to ensure materials conformed to approved plans and specifications, and that only qualified personnel performed testing for projects funded by the Highway Planning and Construction Cluster.</p> <p>The Department is committed to ensuring that our grant programs comply with federal regulations related to quality assurance (QA) requirements and safeguarding that materials and workmanship conform to approved plans and specifications through testing, inspections, or certifications.</p> <p>The Department continues to work closely with the Federal Highway Administration (FHWA) on the QA program and has received positive feedback on the strength of the program. In addition, the Department is currently investing in the Unifier software to replace separate QA legacy systems, which will allow shared data and provide built-in controls to help prevent the issues identified in the audit. Depending on funding and programming times, the Department estimates Unifier to be online for the QA program within five years.</p> <p>To address the audit recommendations, the Department’s Construction Division will examine current policies and procedures/practices related to the audit issues.</p> <p>The Department will:</p> <ul style="list-style-type: none"> • Update policies and procedures, including the Department’s Construction Manual (M46-01), as needed to ensure staff practices meet federal regulations. Updates will also include other clarifications to address documentation and evidence of compliance, and a reasonable level of controls regarding materials testing, inspections, certification, acceptance, and tester certifications. • Obtain approval of updates to the Construction Manual from the FHWA. • Communicate changes in policies and procedures to division staff and stakeholders. • Provide training to Project Engineering Office staff to emphasize QA program requirements. <p>The conditions noted in this finding were previously reported in findings 2021-011, 2020-017 and 2019-019.</p> <p>Corrective action is expected to be complete by June 2024</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-012	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Washington State Department of Transportation did not have adequate controls over and did not comply with requirements to perform risk assessments for subrecipients of the Formula Grants for Rural Areas program.</p> <p>The Washington State Department of Transportation (WSDOT) concurs with the finding and has implemented the audit recommendations. Specifically, the Department's Public Transportation Division will ensure it performs risk assessments for all subrecipients receiving federal subawards regardless of when WSDOT executes the related contract.</p> <p>As of February 2023, the Public Transportation Division updated its risk assessment process and completed all risk assessments by July 1, 2023.</p> <p>July 2023, subject to audit follow-up</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>

Department of Ecology

Agency 461

Audit Report	Finding Number	Finding and Corrective Action Status	
1033302	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Ecology did not have adequate internal controls over and did not comply with requirements to conduct underground storage tank compliance inspections every three years.</p> <p>The Department agrees with the finding.</p> <p>Inspector vacancies across the state and a substantial backlog due to the COVID-19 pandemic hindered the Department’s ability to meet the three-year inspection deadline for underground storage tanks (UST).</p> <p>There are approximately 3,400 UST sites throughout the state, and 14 FTEs work on those sites. The enacted 2022 supplemental budget provided ongoing funding for one FTE for UST inspections in the central regional office (as well as additional FTEs for the leaking underground storage tank program). The Department is working diligently to complete all of the required UST inspections.</p> <p>To address the auditor’s recommendations, the Department will implement the procedures below.</p> <ul style="list-style-type: none"> • Develop a plan to complete outstanding inspections by shifting and reallocating regional resources as necessary to ensure statewide compliance with state and federal requirements. • Conduct quarterly reviews to monitor our progress and make adjustments as needed. <p>Corrective action is expected to be complete by October 2026</p> <p>Kristopher Grinnell Policy Section Manager PO Box 47600 Olympia, WA 98504-7600 (360) 870-8459 Kristopher.grinnell@ecy.wa.gov</p>

State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023

Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-005	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls to ensure it submitted accurate monthly reports for the Unemployment Insurance program.</p> <p>The Department implemented a secondary review of the monthly ETA 9055 performance report to verify the data pulled from source documentation is accurately represented prior to submitting to the federal reporting system.</p> <p>May 2023, subject to audit follow-up</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>

Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-006	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with federal requirements to conduct case reviews for the Benefit Accuracy Measurement program of the Unemployment Insurance program in a timely manner.</p> <p>Historically, the Benefit Accuracy Measurement (BAM) unit has been challenged to maintain full levels of staffing. Staff turnover, long training requirements, and unique skill sets make these positions difficult to maintain.</p> <p>During the audit period, the Department was in a hiring freeze for Unemployment Insurance administrative funding, furthering the challenge to fully staff the unit and meet program requirements. The hiring freeze was lifted in April 2023 and the unit began filling vacant positions in May 2023. Due to training timelines for new positions, the Department anticipates the unit will not meet federally mandated performance measures for case reviews for state fiscal year 2023.</p> <p>The Department continues to partner and frequently communicate with the U.S. Department of Labor (USDOL) Regional Offices to discuss staffing and training models. The Quality Assurance Manager and the Case Review Supervisor are committed to routinely monitoring caseload, workload, and the overall assurance of meeting the BAM operations performance goals and measures as set forth by USDOL.</p> <p>The conditions noted in this finding were previously reported in findings 2021-005 and 2020-011.</p> <p>Corrective action is expected to be complete by June 2024</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>

Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-007	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure it submitted complete and accurate quarterly performance reports for the Workforce Innovation and Opportunity grant.</p> <p>In response to the finding, the Department is in the process of developing a comprehensive system and set of protocols to strengthen internal controls over the completion and submission of quarterly performance reports for the Workforce Innovation and Opportunity Act (WIOA) grant.</p> <p>The Department:</p> <ul style="list-style-type: none"> Executed a Workforce Integrated Technology Replacement Project that focuses on improving case management and data management internal controls. The Department estimates the project will be completed by December 2024. Initiated and is in the process of a statewide implementation of the U.S. Department of Labor (DOL) Quarterly Report Analysis data integrity and data quality internal controls system. <p>The Department will:</p> <ul style="list-style-type: none"> Continue to execute the Data Element Validation policy update for the Participant Individual Record Layout (PIRL) report per DOL expectations. Continue to provide technical assistance, training, and one-on-one coaching for the local areas, which cover WIOA Title I and WIOA Title III, PIRL reporting, data management, validation, quality, and integrity systems and processes. <p>The conditions noted in this finding were previously reported in findings 2021-007 and 2020-012.</p> <p>Corrective action is expected to be complete by December 2024</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>

Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Corrective Action Status	
1033339	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls to ensure it followed state requirements related to the Paid Family and Medical Leave program.</p> <p>Currently, there are a number of manual controls in place to detect and prevent claimants from receiving benefits from both Paid Family and Medical Leave (PFML) program and Unemployment Insurance (UI) program. This includes:</p> <ul style="list-style-type: none"> • Coordination between unemployment insurance adjudicators and the paid leave compliance team. • Running weekly reports to crossmatch unemployment insurance and paid leave benefits to identify claims for investigation. <p>The Department has planned to initiate development work to strengthen controls over detecting and preventing claimants from receiving benefits from both programs. The Department has requested additional resources in the 2024 supplemental budget. If the funding is granted, the project can begin in July 2024 and is estimated to be completed by December 2024.</p> <p>The Department is also implementing a series of changes for handling PFML penalties and overpayments. The Department is in the process of migrating the AX financial system to a cloud platform, which will further develop this work. The migration is scheduled to be completed by March 2024.</p> <p>The Department will continue to monitor these claims with the manual controls we have implemented, which offer immediate mitigation.</p> <p>Corrective action is expected to be complete by December 2024</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>

Edmonds College

Agency 610

Audit Report	Finding Number	Finding and Corrective Action Status	
1032429	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>Edmonds College lacked adequate internal controls for ensuring accurate preparation and review of its financial statements and related schedules.</p> <p>The College reviewed internal controls for the functions that affect finance transactions within the new Enterprise Resource Planning (ERP) system and implemented the following corrective actions:</p> <p>Control Environment:</p> <ul style="list-style-type: none"> • Established a structure for new ERP business processes and updated training documentation with centralized access. • Filled vacant positions in the business office. • Provided professional development opportunities to finance employees and ensure new guidance and resources are available to remain compliant with Generally Accepted Accounting Principles. <p>Control Activities:</p> <ul style="list-style-type: none"> • Created procedures for running reports, analyzing and posting adjustments in the new ERP system, which were added to the yearend checklist. • Updated bank reconciliation procedures based on ongoing collaboration with the State Board for Community and Technical Colleges (SBCTC). • Contracted with a consultant to perform regular financial data verification with the SBCTC. • Established a secondary review process for financial statements and back up documentation prior to submission to the State Auditor’s Office for audit. <p>Information & Communication:</p> <ul style="list-style-type: none"> • Provided ongoing procedure updates and training to all employees in the business and accounting aspects to improve the process of front-end data entry in relation to the overall workflow. • Business office employees participated in state, cross-pillar ERP work groups and training to learn to identify subledger transaction details and their reconciliation to the general ledger. <p>Monitoring Activities:</p> <ul style="list-style-type: none"> • The finance director performed weekly bank reconciliation progress review with the staff involved in recording and reconciling bank transactions to identify issues and make corrections. • Promoted information sharing of front-end financial events and transactions with the finance staff to ensure accurate reporting of the College’s financial data. <p>June 2023, subject to audit follow-up</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Edmonds College

Agency 610

Audit Report	Finding Number	Finding and Corrective Action Status	
1032429	2022-001 (cont'd)	Agency Contact:	James Mulik Vice President for Finance, Grants, and Institutional Effectiveness 20000 68 th Ave. W. Lynnwood, WA 98036-5912 (425) 640-1610 james.mulik@edmonds.edu

Pierce College

Agency 637

Audit Report	Finding Number	Finding and Corrective Action Status	
1033223	2020-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contacts:</p>	<p>Pierce College lacked adequate internal controls to ensure its financial statements were accurately prepared, supported and reviewed.</p> <p>In response to the auditor’s identified issues, and in accordance with their recommendations, the College has reviewed its internal controls that affect the financial statement preparation, support retention, and review function. The following actions are being implemented as a part of our corrective action plan:</p> <p>Control Environment: The College has established methods for identifying and providing professional development opportunities to finance and accounting staff, and will:</p> <ul style="list-style-type: none"> • Provide updated training and documentation that align with the new ERP system. • Ensure that policies and procedures over financial reporting are in compliance with the State Administrative & Accounting Manual, SBCTC Policy Manual, and the ctcLink Accounting Manual. • Fill vacant positions in the business office. <p>Control Activities:</p> <ul style="list-style-type: none"> • The College will ensure a documented secondary review process for financial statements and key documentation, including bank statement reconciliations and year-end journal entries, prior to submission to auditors. <p>Information and Communication:</p> <ul style="list-style-type: none"> • The College required finance office employees to attend regularly-held Budget, Accounting, and Reporting Council meetings, which provide training and support to the community and technical colleges. <p>Monitoring:</p> <ul style="list-style-type: none"> • The College will ensure that secondary reviews are completed on financial statements, reconciliations, and journal entries as required. <p>Corrective action is expected to be complete by April 2024</p> <p>Holly Gorski Interim Vice President of Fiscal Services 9401 Farwest Drive SW, Lakewood, WA 98498-1919 (253) 964-6519 HGorski@Pierce.ctc.edu</p> <p>James A. J. Young, CGFM Financial Reporting and Compliance Specialist 9401 Farwest Drive SW, Lakewood, WA 98498-1919 (253) 964-6269 JYoung@Pierce.ctc.edu</p>

Grays Harbor College

Agency 648

Audit Report	Finding Number	Finding and Corrective Action Status	
1033140	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>Grays Harbor College lacked adequate internal controls to ensure its financial statements and related schedules were accurately prepared and reviewed.</p> <p>Due to the turnover of key finance employes, the College experienced a significant constraint that affected year-end closing and resulted in the financial statement errors.</p> <p>The College immediately corrected the errors identified by the auditors and has since implemented procedures to improve year-end closing, financial statement preparation and review processes. Specifically:</p> <ul style="list-style-type: none"> • Re-designated the Controller position as subject matter expert in the finance pillar, with the new Associate Director as backup. • Improved collaboration and engagement by the Controller with the State Board for Community and Technical Colleges (SBCTC) to promptly troubleshoot system bottlenecks in the finance pillar that could result in transactional errors. • Scheduled all College finance pillar employees to participate in the SBCTC year-end training with other employees in the same functional areas within the college system. For those with financial statement preparation responsibilities, professional development exploration is continuing for additional external training in governmental accounting, GAAP and GASB statements. • Created a control document to track and monitor the timely and accurate preparation and review of financial statements and related schedules. The document: <ul style="list-style-type: none"> ○ Enumerates and maps all financial statement accounts to subledgers and supporting documentation. ○ Assigns responsibilities for the accounts based on designated employees' roles and how the roles feed into the financial statements. ○ Specifies the frequency of account reconciliation, such as monthly, quarterly, or yearly, for each account to be completed by the responsible employee. ○ Assigns review responsibility for each account and requires sign-off on the control document as evidence of review. • Established a new process to periodically review general ledger interface setups within the accounting system. The periodic reviews should ensure the interface is accurately setup and feeding into the correct financial statement accounts. <p>June 2023, subject to audit follow-up</p>

**State of Washington - Office of Financial Management
Status of Audit Resolution
December 2023**

Grays Harbor College

Agency 648

Audit Report	Finding Number	Finding and Corrective Action Status	
1033140	2022-001 (cont'd)	Agency Contact:	Kwabena Boakye Vice President of Administrative Services 1620 Edward P Smith Drive Aberdeen, WA 98520-7500 (360) 538-4221 Kwabena.Boakye@ghc.edu

Peninsula College

Agency 665

Audit Report	Finding Number	Finding and Corrective Action Status	
1032200	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The College did not establish adequate internal controls over payroll disbursements to effectively safeguard public resources.</p> <p>The College concurs with the finding.</p> <p>The College was materially affected by the ctcLink system implementation in May 2020 and the COVID-19 pandemic. The College continues to work on strengthening internal controls over payroll disbursements to ensure accuracy and compliance with state laws and College policies.</p> <p>To address the audit recommendations, the College is:</p> <ul style="list-style-type: none"> • Revisiting and making changes to the file management system, including for the Payroll and Human Resource departments, to ensure supporting documents are retained and easily accessible. • Developing procedures to include requiring supporting documentation for payroll transactions. • Developing a workflow to route and approve employment and stipend contracts to help mitigate overpayments. • Participating in various State Board workgroups and training sessions to learn best practices in payroll administration. • Reviewing key payroll areas that are prone to errors to identify and address overpayments and underpayments. The review is planned for the period from May 2020 (when ctcLink was implemented) to the current period. • Providing training to affected employees. <p>The College has also taken steps to address the employee underpayment and overpayment exceptions identified in the audit for retro payments and leave accruals.</p> <p>Corrective action is expected to be complete by May 2024</p> <p>Roy Lirio Director of Fiscal Operations/Comptroller 1502 E Lauridsen Blvd Port Angeles, WA 98362-6660 (360) 417-6202 rlirio@pencol.edu</p>

This page intentionally left blank.

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Schedule 2 – Fraud Findings by Agency

AGENCY NUMBER	AGENCY	AUDIT NUMBER	FINDING NUMBER	PAGE
300	Department of Social and Health Services	1032675	001	113
310	Department of Corrections	1032819	001	114
610	Edmonds College	1031384	001	115
657	Lower Columbia College	1032585	001	116
676	Spokane Community Colleges - District 17	1032067	001	117

This page intentionally left blank.

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Resolution	
1032675	001	<p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to Date:</p> <p>Resolution/ Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p>	<p>The Department did not have adequate internal controls over patient funds, resulting in an employee misappropriating funds between June 2020 and March 2021.</p> <p>\$5,340</p> <p>\$9,015</p> <p>\$4,540</p> <p>The Department concurs with the audit report. The Department will continue to ensure internal controls currently in place to safeguard patient funds will be enforced. These include:</p> <ul style="list-style-type: none"> • Setting a weekly limit for patient fund disbursement. Additional requests beyond the limit require a written exception from the patient's social worker. • Requiring patients to request disbursement of funds through designated treatment staff via a Patient Property Request (PPR), which will be documented in the patient record. • Requiring staff to have a PPR that is authorized by the patient to pick up patient funds and sign for receipt of the funds. A copy of the PPR will also be signed by the patient when requested funds are received. • Retaining the signed PPR in the patient record as supporting documentation. <p>All patient's funds have been reimbursed, except for two patients who are no longer at Western State Hospital. The Department is attempting to obtain their new addresses. In addition, the State Auditor's Office has been paid \$3,675 for their hourly services.</p> <p>The employee resigned from employment in October 2021.</p> <p>The case was referred to the Pierce County Prosecuting Attorney's Office who decided to not press charges.</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Corrections

Agency 310

Audit Report	Finding Number	Finding and Resolution	
1032819	001	<p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to Date:</p> <p>Resolution/ Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p>	<p>The Department’s internal controls were inadequate to ensure proper time reporting by an employee, resulting in payroll overpayment between January 16, 2021 and November 15, 2022.</p> <p>\$8,801</p> <p>\$8,801</p> <p>\$600.00 as of August 10, 2023 Estimated recovery on final paycheck: \$1,095.97.</p> <p>In April 2023, the Washington State Penitentiary Health Services implemented a central call-in procedure and leave tracking mechanism. This procedure was modelled after an existing procedure already in place for custody staff, which helps improve accountability over leave tracking and request submission.</p> <p>As a result of the investigation, the Department recognized a gap in the procedures for employee reassignment related to leave accountability. The Department intends to form a work group to review the process with the goal of improving communication and accuracy of leave reporting.</p> <p>Additionally, the Department will take this opportunity to communicate reminders to employees and supervisors regarding roles and responsibilities with leave reporting.</p> <p>Employee was terminated August 4, 2023.</p> <p>Referred to law enforcement.</p> <p>Anita Kendall Senior Director Business Services PO Box 41107 Olympia, WA 98504-1107 (360) 480-7915 Amkendall@doc1.wa.gov</p>

Edmonds College

Agency 610

Audit Report	Finding Number	Finding and Resolution	
1031384	001	<p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to Date:</p> <p>Resolution/ Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p>	<p>The College’s internal controls were inadequate for safeguarding public resources, resulting in payroll overpayments to an employee.</p> <p>\$37,278.86</p> <p>\$37,278.86</p> <p>\$2,226.13</p> <p>Edmonds College is taking steps to address the State Auditor’s Office recommendations for improving internal controls to prevent inaccurate payments to employees. The College is:</p> <ul style="list-style-type: none"> • Hiring additional support staff in the Human Resources department to ensure sufficient workload coverage for payroll verification. • Assigning class schedule monitoring responsibilities for individual academic departments to internal support staff to ensure faculty contracts are revised promptly after class changes or cancellations. • Continuously updating spreadsheets created for accurate tracking of scheduled salary increases. The spreadsheets are shared with all employees who play a role in the administrative process for implementing salary changes. • Performing an internal review of payroll procedures by various stakeholders at multiple levels of the institution to identify weaknesses and recommend process improvements. <p>The College has also increased reliance on various ctcLink user functions designed to help with payroll processing.</p> <p>The College has received no notice of an investigation from the Washington State Executive Ethics Board regarding an investigation into the employee’s conduct to determine if any personnel action will need to be taken.</p> <p>No criminal action has been taken.</p> <p>Suzanne Moreau Vice President for Human Resources Edmonds College 20000 68th Ave. W. Lynnwood, WA 98036-5912 (425) 640-1647 suzanne.moreau@edmonds.edu</p>

Lower Columbia College

Agency 657

Audit Report	Finding Number	Finding and Resolution	
1032585	001	<p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to Date:</p> <p>Resolution/ Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p>	<p>The College’s internal controls were inadequate for safeguarding public resources, resulting in questionable financial aid disbursements by an employee between January to September 2022.</p> <p>\$8,000</p> <p>\$8,000</p> <p>\$0</p> <p>The federal rules and regulations regarding the Coronavirus Aid, Relief, and Economic Security (CARES) Act disbursements to students were different than the rules and regulations of other financial aid awarded and disbursed through the College’s financial aid office. This created a system with inadequate controls in place for awarding and disbursing CARES Act aid to students/employees. The controls currently in place to award and disburse state and federal financial aid would have identified and prevented the awards to this employee.</p> <p>The College has updated policy language to prohibit employees from utilizing college systems for personal gain or those of their family/household. Additionally, the financial aid department created a Standard Operating Procedure with the expectation that staff do not process personal awards, or for anyone who would be perceived as receiving special privileges.</p> <p>Employee was terminated. The College will refer this case to the Washington State Executive Ethics Board for any further action it determines is necessary.</p> <p>None</p> <p>Desiree Gamble Director of Finance PO Box 3010 Longview, WA 98632-0310 (360) 442-2202 dgamble@lowercolumbia.edu</p>

Spokane Community Colleges - District 17

Agency 676

Audit Report	Finding Number	Finding and Resolution	
1032067	001	<p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to Date:</p> <p>Resolution/ Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p>	<p>The College did not have adequate internal controls in place to safeguard public resources, resulting in questionable payroll disbursements between March 1, 2021, and April 6, 2021.</p> <p>\$8,767</p> <p>\$0</p> <p>\$0 Since this employee has been terminated, the Community Colleges of Spokane (CCS) does not have a mechanism for recovery of an employee that is no longer working for us.</p> <p>CCS will continue to enforce controls that are in place, including continuing to monitor work product, meeting attendance, and responsiveness to inquiries.</p> <p>CCS will continue to train staff on college policies and procedures by continuing to provide CCS employees live ethics trainings approximately 4 times per year, and will continue to have the Attorney General’s Office give ethics trainings twice per year. Additionally, CCS will continue to provide employees with the ethics handouts via email and mail these policies to them to the home address on file.</p> <p>CCS will continue to verify employment status of new hires by contacting prior employees, as was done in this case.</p> <p>The employee was terminated.</p> <p>None. CCS did not claim that the employee did not work for CCS during the time in question, but that she worked two state government jobs at the same time. Therefore, this has not been referred to the Attorney General’s office for prosecution for civil penalty. Per RCW 42.52.470 Referral for enforcement, “an ethics board may refer a complaint to the attorney general’s office.” And per RCW 42.52.490 Action by attorney general, “...if requested by an ethics board, the attorney general may bring a civil action in the superior court...against a...state employee...or former state employee...” The State Auditor’s Office has informed CCS that they will be sending this case to the Executive Ethics Board. Through this referral, the Ethics Board may be able to recover allowed costs to be deposited into the state’s General Fund.</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Spokane Community Colleges - District 17

Agency 676

Audit Report	Finding Number	Finding and Resolution	
1032067	001 (cont'd)	Agency Contact:	Lisa Hjaltalin Chief Financial Officer 501 N Riverpoint Blvd, Suite 204 Spokane, WA 99202-1679 (509) 434-5210 <u>Lisa.Hjaltalin@ccs.spokane.edu</u>