

State of Washington
 Status of Audit Resolution
 December 2016

Department of Early Learning
 Department of Social and Health Services

Agency 357
 Agency 300

Audit Report	Finding Number	Finding and Corrective Action Plan
2015 F	027	<p>Finding: The Departments of Early Learning and Social and Health Services did not establish adequate internal controls over and did not comply with period of availability requirements for the Child Care and Development Fund program.</p> <p>Corrective Action: The Department of Social and Health Services' (Department) Economic Services Administration (ESA) has a process in place for monitoring period of availability and processing journal vouchers to ensure compliance with the period of availability in regards to the federal grant. As an immediate fix to rectify the existing issue, including questioned costs, the Department's ESA and the Department of Early Learning (DEL) will develop, coordinate, and utilize a manual journal voucher process to ensure full compliance.</p> <p>The Departments will also work with the appropriate federal agency to discuss changing and/or updating the federal compliance supplement to better align with the state's business practices for cash draws and reporting of the federal grants. The Departments will continue discussions with their federal partner regarding the amount, if any, of the questioned costs that should be repaid and acceptance of prospective corrections.</p> <p>The Department's Division of Finance and Financial Recovery (DFFR) is currently working with the Office of Accounting Services to establish written policies and procedures to ensure compliance with grant requirements and determination of what is needed to change the Department's Cost Allocation System. DFFR has coordinated with DEL to develop and implement manual processes that are currently in place.</p> <p>The Department plans to establish, sponsor and lead a cross-agency committee to review the processes involved and potentially recommend implementation of changes to the existing Cost Allocation System methodology.</p> <p>Completion Date: Corrective action is expected to be complete by June 2017</p> <p>Agency Contact: Mike Steenhout, Chief Financial Officer Department of Early Learning PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 mike.steenhout@del.wa.gov</p> <p>Rick Meyer, External Audit Compliance Manager Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov</p>