

## Status of Audit Resolution

December 2013

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**Military Department (MIL)**

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**Agency: 245**

**Audit Report:** 2012 F

**Finding Number:** 059

**Finding:** The Military Department does not have sufficient internal controls to ensure all of its subrecipients receive audits for the Disaster Grants-Public Assistance program when required.

**Resolution:** The Department concurs with this finding and implemented corrective action through a new policy which was adopted effective July 1, 2013.

The policy requires the Department to have a well executed subaward agreement. A new subaward agreement template has been finalized and is being used for all new awards. Additionally, the policy requires that each unit with responsibility for pass-through funding creates appropriate procedures that reflect the requirements of their programs.

The policy also requires the finance unit to work with Emergency Management Division to ensure subgrantees who meet the threshold stated in federal requirements receive audits. The Department developed a new subgrantee audit certification form on which subgrantees certify whether they are required to have an audit and that they have had an audit if required. The form is being added to this year's (2014) boilerplate language for all subgrantee awards. The Department's contracts office will be tracking receipt of the form and that audits are filed. Funding source program managers will be tracking corrective actions and providing information to the contracts office. The staff from affected units within the Department met to finalize the subrecipient audit review process, including roles and expectations of each work unit.

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## Status of Audit Resolution

December 2013

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**Military Department (MIL)**

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**Agency: 245**

**Audit Report:** 2012 F

**Finding Number:** 060

**Finding:** The Military Department did not file reports required by the Federal Funding Accountability and Transparency Act for the Disaster Grants-Public Assistance program.

**Resolution:** The Department's contracts office attempted to comply with the new Federal Funding Accountability and Transparency Act (FFATA) reporting requirement upon notification of the new reporting requirement in October 2010. The Department assigned a staff member to learn and maintain the new federal reporting system in September 2010. From the very start of the process, the Department encountered problems that prevented data entry in the federal reporting system. The Department was in communication with federal systems administration since the reporting requirement started in October 2010.

The system problem has been corrected. The FFATA reports are being maintained on a monthly basis. A policy and procedure have been developed to ensure that management is monitoring the FFATA reporting process and addressing any problems that may arise.

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## Status of Audit Resolution

December 2013

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**Military Department (MIL)**

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**Agency: 245**

**Audit Report:** 2012 F

**Finding Number:** 061

**Finding:** The Military Department did not comply with the Federal Funding Accountability and Transparency Act reporting requirements for the Homeland Security Grant Program.

**Resolution:** The Department's contracts office attempted to comply with the new Federal Funding Accountability and Transparency Act (FFATA) reporting requirement upon notification of the new reporting requirement in October 2010. The Department assigned a staff member to learn and maintain the new federal reporting system in September 2010. From the very start of the process, the Department encountered problems that prevented data entry in the federal reporting system. The Department was in communication with federal systems administration since the reporting requirement started in October 2010.

The system problem has been corrected. The FFATA reports are being maintained on a monthly basis. A policy and procedure have been developed to ensure that management is monitoring the FFATA reporting process and addressing any problems that may arise.

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**Military Department (MIL)**

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**Agency: 245**

**Audit Report:** 2012 F

**Finding Number:** 062

**Finding:** The Military Department does not have sufficient internal controls to ensure all of its subrecipients receive audits when required and that all subrecipients take timely and appropriate corrective actions for audit findings issued for the Homeland Security Grant Program.

**Resolution:** The Department concurs with this finding and implemented corrective action through a new policy which was adopted effective July 1, 2013.

The policy requires the Department to have a well executed subaward agreement. A new subaward agreement template has been finalized and is being used for all new awards. Additionally, the policy requires each unit with responsibility for pass-through funding to create appropriate procedures that reflect the requirements of their programs.

The policy also requires the finance unit to work with the Emergency Management Division to ensure subgrantees who meet the threshold stated in federal requirements receive audits. The Department developed a new subgrantee audit certification form on which subgrantees certify whether they are required to have an audit and that they have had an audit if required. The form is being added to this year's (2014) boilerplate language for all subgrantee awards. The Department's contracts office will be tracking receipt of the form and that audits are filed. Funding source program managers will be tracking corrective actions and providing information to the contracts office. The staff from affected units within the Department met to finalize the subrecipient audit review process, including roles and expectations of each work unit.

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**Military Department (MIL)**

**Agency: 245**

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**Audit Report:** 2012 F

**Finding Number:** 063

**Finding:** The Military Department's internal controls over subrecipient monitoring are not working as designed and the Department does not adequately monitor subrecipients of the Homeland Security Grant Program.

**Resolution:** The Department concurs with the findings in this audit. The Homeland Security Section has resumed monitoring. An increased focus has been placed on the requirements for subrecipient monitoring, and the Department is leveraging its resources by monitoring all open grant agreement contracts during a single monitoring visit when practicable.

In addition, a new policy was adopted effective July 1, 2013. The new policy requires the Department to have a well executed subaward agreement. This has been finalized and is being used for all new awards. Additionally, each section with responsibility for pass-through funding is in the process of creating appropriate procedures that reflect the requirements of their programs.

The new policy also establishes the Program Manager Workgroup for the purpose of creating department-wide processes and efficiencies. The Workgroup is finalizing a charter and will be meeting monthly to address these issues. The program managers have responsibility for addressing process improvement and procedural documents for their respective work units.

Grant managers continue to utilize the SharePoint monitoring tool for documenting desk reviews and on-site visits. Monitoring reports are uploaded and shared department-wide. Desk reviews and on-site monitoring is typically conducted by a minimum of two staff ensuring cross-training and consistent monitoring methods.

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