

Status of Audit Resolution

December 2014

Military Department (MIL)

Agency: 245

Audit Report: 2013 F

Finding Number: 043

Finding: The Military Department does not have adequate internal controls to ensure all subrecipients of Homeland Security Grant Program funds receive audits when required and take timely and appropriate corrective action for any audit findings issued.

Resolution: The Department's finance office is maintaining reports, one being a master list of subgrantees based on open subgrants by calendar year, on a perpetual basis. The master list is updated monthly or as audits are released indicating if a subgrantee has received a federal audit or not. The finance office is reviewing the subgrantee audit reports and determining if there are findings specific to the Department's federal grants. The reports are posted to a network share drive and a SharePoint site for viewing by Emergency Management Division (EMD) program staff. Copies of specific findings and audit numbers are provided to the EMD. The appropriate EMD program staff work with the subgrantee to attain a corrective action plan for the findings and provide the required management decision letter.

EMD program staff have developed an internal tracking mechanism that is validated with the finance office records. Federal audit requirements have been incorporated into monitoring protocols assuring oversight.

Finance office and EMD staff have been notified about the reporting process including recent changes.

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Military Department (MIL)

Agency: 245

Audit Report: 2013 F

Finding Number: 044

Finding: The Military Department did not have internal controls over earmarking requirements to ensure administrative and management costs were accurately monitored for the Homeland Security grant.

Resolution: The Department's Homeland Security Section (HLSS) has established a monthly process to update and review financial information. Financial reports are continually updated and validated with state accounting system records. Files are retained in a PDF format so a permanent record of each monthly review is maintained. A monthly meeting is conducted, which includes the HLSS supervisor, grant managers, coordinators, and assistants to communicate financial information and resolve discrepancies. Discrepancies are noted on financial tracking tools. When a grant is closed, the financial data is reviewed against invoices and state accounting system records.

The process was documented in an internal operating procedure. This process is for all grants managed by HLSS. These procedures have been communicated to employees.

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Audit Report: 2013 F

Finding Number: 045

Finding: The Military Department did not have adequate internal controls over subrecipient monitoring and did not adequately monitor subrecipients of the Homeland Security Grant Program.

Resolution: The Department's Homeland Security Section (HLSS) has developed a new monitoring report and process for organizing and tracking subgrantee monitoring visits to ensure all subgrantees are adequately monitored. All subgrantees are scheduled for biennial monitoring site visits unless issues have surfaced such that annual visits are recommended. The monitoring program manager is responsible for organizing and tracking site visits by quarter throughout the year. For calendar year 2014, as of November 2014, 54 site visits were planned, 33 were completed and 21 were underway. It is expected that all site visits will be completed by year-end.

A spreadsheet showing the details of the expenditures is submitted with invoices by the subgrantees which is reviewed by the Department to ensure only allowable costs are being reimbursed. Monitoring teams request comprehensive backup documentation for sample invoices prior to the monitoring visit. Monitoring teams review the entire submitted backup prior to the scheduled visit and note any issues for further discussion during the scheduled visit. Equipment purchased with grant funding is noted and examined during the site visit.

Following the site visit, the monitoring team finalizes a Monitoring Report and the subgrantee documents its response. Issues requiring corrective action are scheduled for follow-up review. The completed report is signed by the monitoring team, monitoring program manager, and section supervisor. The fully executed Monitoring Report is posted on SharePoint and emailed to the subgrantee.

The above process has been documented in an HLSS Standard Operating Procedure and communicated to all program staff through written guidance and ongoing training.

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