

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	006	<p>Finding:</p> <p>Corrective Action:</p>	<p>The Department of Services for the Blind did not implement adequate internal controls over, and was not compliant with, federal requirements to establish timely individual plans of employment for Vocational Rehabilitation program clients.</p> <p>Previously, management had been relying on reviewing monthly reports from the case management system to identify delayed individual plans of employment (IPEs). These reports were reviewed by Regional Area Managers to assist counselors in meeting the 90-day deadline for each case. For the cases that were overdue, Regional Area Managers reviewed justification for the delay to ensure it was adequately and properly documented in the client’s case notes within the case management system. The completed monthly reviews were sent to the Deputy Director to be filed.</p> <p>The exceptions identified in the prior audit revealed the limitations of monitoring by monthly reports. Since the reports only showed a snapshot in time, they did not include those delayed IPEs that had been resolved before the date the reports were generated. Consequently, management was not alerted of delayed IPEs that were missing the required justification and documentation.</p> <p>In response to the audit recommendations, the Department has taken the following corrective actions:</p> <ul style="list-style-type: none"> <li>• As of August 2017, completed the testing of the Dashboard in the case management system, and determined that the data values provided by the Dashboard were sufficiently reliable to be used as a tool to monitor compliance. Case managers have since received appropriate training to use the tool weekly to manage their caseloads on a real-time basis. With the implementation of this new process, the Department discontinued the use of monthly reports as a monitoring tool.</li> <li>• As of September 2017, implemented a process to identify IPEs nearing the 90-day deadline for the upcoming week and to remind counselors of required client signatures and components for documenting a delay justification if an IPE is not expected to be developed within the 90-day timeframe. Regional Area Managers provided coaching to counselors on the effective use of the Dashboard feature and performed weekly monitoring of the use of the tool.</li> <li>• Communicated to Regional Area Managers a target of less than ten percent overdue IPEs for the agency, by region and counselor. As of October 2017, performance data showed a decrease in agency-wide overdue IPEs compared to the previous fiscal year though not within the target range. Nonetheless, the average number of days taken to complete IPEs for all individuals has fallen to less than the required 90 days.</li> <li>• As of June 2018, finalized the revision of the Washington Administrative Code (WAC) to align with the new Workforce</li> </ul>

State of Washington  
 Status of Audit Resolution  
 December 2018

Department of Services for the Blind

Agency 315

Audit Report	Finding Number	Finding and Corrective Action Status
2017	006 (cont'd)	<p>Innovation and Opportunity Act of 2014 that includes the requirements of delay justification documentation.</p> <ul style="list-style-type: none"> <li>As of August 2018, formally adopted the revised agency policy.</li> </ul> <p>By December 2018, the Department will update sections of the Vocational Rehabilitation Procedures Manual including IPE development and related requirements, which will occur in tandem with the implementation of a new case management system. The updated procedure manual will reflect the internal controls in place for the IPE development process.</p> <p>The conditions noted in this finding were previously reported in finding 2016-010.</p> <p>Completion Date: Corrective action is expected to be complete by December 2018</p> <p>Agency Contact: Lorie Christoferson            Deputy Financial Officer            PO Box 40933            Olympia, WA 98504-0933            (360) 725-3840  <a href="mailto:Lorie.christoferson@dsb.wa.gov">Lorie.christoferson@dsb.wa.gov</a></p>

Audit Report	Finding Number	Finding and Corrective Action Status
2017 F	007	<p data-bbox="483 426 581 453">Finding:</p> <p data-bbox="672 426 1471 548">The Department of Services for the Blind did not establish adequate internal controls over, and was not compliant with, federal requirements to determine client eligibility for the Vocational Rehabilitation program within a reasonable time period.</p> <p data-bbox="483 583 602 642">Corrective Action:</p> <p data-bbox="672 583 1463 835">Previously, management had been relying on reviewing monthly reports from the case management system to identify delayed eligibility determinations. These reports were reviewed by Regional Area Managers to assist counselors in meeting the 60-day deadline for each case. For the cases that were overdue, Regional Area Managers reviewed justification for the delay to ensure it was adequately and properly documented in the client’s case notes within the case management system. The completed monthly reviews were sent to the Deputy Director to be filed.</p> <p data-bbox="672 877 1455 1094">The exceptions identified in the prior audit revealed the limitations of monitoring by monthly reports. Since the reports only showed a snapshot in time, they did not include those delayed eligibility determinations that had been resolved before the date the reports were generated. Consequently, management was not alerted of delayed eligibility determinations that were missing the required justification and documentation.</p> <p data-bbox="672 1136 1422 1194">In response to the audit recommendations, the Department has taken the following corrective actions:</p> <ul data-bbox="704 1205 1468 1976" style="list-style-type: none"> <li data-bbox="704 1205 1468 1451">• As of August 2017, completed the testing of the Dashboard in the case management system, and determined that the data values provided by the Dashboard were sufficiently reliable to be used as a tool to monitor compliance. Case managers have since received appropriate training to use the tool weekly to manage their caseloads on a real-time basis. With the implementation of this new process, the Department discontinued the use of monthly reports as a monitoring tool.</li> <li data-bbox="704 1465 1468 1780">• As of September 2017, implemented a process to identify eligibility determinations nearing the 60-day deadline for the upcoming week and to remind counselors of the required components for documenting a delay justification if a determination is not expected to be made within the 60-day timeframe. Counselors are required to ensure exceptional and unforeseen circumstances are documented and that extensions with specific period are supported with a client agreement. Regional Area Managers provided coaching to counselors on the effective use of the Dashboard feature and performed weekly monitoring of the use of the tool.</li> <li data-bbox="704 1795 1468 1976">• Communicated to Regional Area Managers a target of less than ten percent overdue eligibility determinations for the agency, by region and counselor. As of October 2017, performance data showed that agency-wide delayed eligibility determinations decreased to less than ten percent. In addition, there were improvements in number of days taken to complete eligibility determinations.</li> </ul>

State of Washington  
 Status of Audit Resolution  
 December 2018

Department of Services for the Blind

Agency 315

Audit Report	Finding Number	Finding and Corrective Action Status
2017 F	007 (cont'd)	<p data-bbox="706 384 1234 420"><b>Finding and Corrective Action Status</b></p> <ul data-bbox="706 426 1404 594" style="list-style-type: none"> <li>• As of June 2018, finalized the revision of the Washington Administrative Code (WAC) to align with the new Workforce Innovation and Opportunity Act of 2014 that includes the requirements of delay justification documentation.</li> <li>• As of August 2018, formally adopted the revised agency policy.</li> </ul> <p data-bbox="673 630 1469 814">By December 2018, the Department will update sections of the Vocational Rehabilitation Procedures Manual including eligibility determination and related requirements, which will occur in tandem with the implementation of a new case management system. The updated procedure manual will reflect the internal controls in place for the eligibility determination process.</p> <p data-bbox="673 850 1437 909">The conditions noted in this finding were previously reported in finding 2016-009.</p> <p data-bbox="487 945 1356 1003">Completion Date: Corrective action is expected to be complete by December 2018</p> <p data-bbox="487 1039 1023 1224">Agency Contact: Lorie Christoferson          Deputy Financial Officer          PO Box 40933          Olympia, WA 98504-0933          (360) 725-3840  <a href="mailto:Lorie.christoferson@dsb.wa.gov">Lorie.christoferson@dsb.wa.gov</a></p>

State of Washington  
 Status of Audit Resolution  
 December 2018

Department of Services for the Blind

Agency 315

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	008	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Services for the Blind did not have adequate internal controls to ensure cash draws were accurate and federal spending requirements were met for the Vocational Rehabilitation program.</p> <p>The Department concurs with the finding.</p> <p>The Department had experienced staff turnover in the fiscal unit that affected the level of oversight over the federal reimbursement request process. To address the audit recommendations, the Department implemented the following corrective actions:</p> <ul style="list-style-type: none"> <li>• As of September 2017, hired a Deputy Financial Officer to provide additional oversight to the federal draw process.</li> <li>• As of October 2017, developed an internal checklist for the federal draw process and incorporated in the existing procedures.</li> <li>• Implemented a secondary review by requiring the approval of the Deputy Financial Officer after the Accounting Manager prepares the federal draws.</li> </ul> <p>October 2017, subject to audit follow-up</p> <p>Lorie Christoferson            Deputy Financial Officer            PO Box 40933            Olympia, WA 98504-0933            (360) 725-3840  <a href="mailto:Lorie.christoferson@dsb.wa.gov">Lorie.christoferson@dsb.wa.gov</a></p>

State of Washington  
 Status of Audit Resolution  
 December 2018

Department of Services for the Blind

Agency 315

Audit Report	Finding Number	Finding and Corrective Action Status
2017 F	009	<p><b>Finding:</b> The Department of Services for the Blind did not have adequate controls over, and was not compliant with, federal requirements for charging costs to the Vocational Rehabilitation program.</p> <p><b>Corrective Action:</b> In August 2017, the Department submitted a request to the U.S. Department of Education (DOE) cost allocation group to switch from an indirect cost rate to a Cost Allocation Plan (CAP) and requested the plan be approved retroactively to July 1, 2016. The Department charged reasonable and appropriate indirect costs to federal grants during fiscal year 2017 with the understanding that the federal granter would approve the CAP retroactively.</p> <p>As of May 2018, the Department received approval for the Cost Allocation Plans for fiscal year 2018 to 2020, with an effective date of July 1, 2017. However, the fiscal year 2017 CAP did not receive retroactive approval.</p> <p>As of September 2017, the Department implemented a secondary review process for indirect costs charged to federal grants. After accounting staff identifies the amount of indirect costs to charge against each grant, the Deputy Financial Officer conducts a review of the charges and approves the amounts. This secondary review process is in place and ongoing.</p> <p>The Department is currently working with DOE through the audit resolution process to determine whether the Department charged reasonable indirect costs during fiscal year 2017, and if any questioned costs need to be repaid.</p> <p><b>Completion Date:</b> Corrective action is expected to be complete by September 2019</p> <p><b>Agency Contact:</b> Lorie Christoferson          Deputy Financial Officer          PO Box 40933          Olympia, WA 98504-0933          (360) 725-3840  <a href="mailto:Lorie.christoferson@dsb.wa.gov">Lorie.christoferson@dsb.wa.gov</a></p>

State of Washington  
 Status of Audit Resolution  
 December 2018

Department of Services for the Blind

Agency 315

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	010	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Services for the Blind did not have adequate internal controls over, and was not compliant with, reporting requirements for the Vocational Rehabilitation Grant.</p> <p>The Department concurs with the finding.</p> <p>The Department processed adjustments in May 2017 to move expenditures to the appropriate grant year but inadvertently included the adjustments on the federal report ending March 2017. The Department had experienced staff turnover in the fiscal unit that affected the level of oversight over the federal reporting process.</p> <p>To address the audit recommendations, the Department has implemented the following corrective actions:</p> <ul style="list-style-type: none"> <li>• As of September 2017, hired a Deputy Financial Officer to provide additional oversight to the federal draw and reporting process.</li> <li>• As of October 2017, submitted a corrected federal fiscal year 2016 report to include only transactions through the reporting period ending March 2017.</li> <li>• As of November 2017, developed an internal checklist for the federal draw and reporting process and incorporated in the existing procedures.</li> <li>• Implemented a secondary review by requiring approval by the Deputy Financial Officer after the Accounting Manager prepares the federal reports.</li> </ul> <p>November 2017, subject to audit follow-up</p> <p>Lorie Christoferson            Deputy Financial Officer            PO Box 40933            Olympia, WA 98504-0933            (360) 725-3840  <a href="mailto:Lorie.christoferson@dsb.wa.gov">Lorie.christoferson@dsb.wa.gov</a></p>

State of Washington  
 Status of Audit Resolution  
 December 2018

Department of Services for the Blind

Agency 315

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	011	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Services for the Blind did not have adequate internal controls over, and was not compliant with, federal requirements to ensure only eligible expenditures were earmarked as pre-employment transition services.</p> <p>The Department was required to set aside at least 15 percent of each Vocational Rehabilitation (VR) award for pre-employment transition services to students eligible for the earmarked funds. For the 2016 award year, the Department had accurately identified and tracked the earmarked expenditures throughout the year.</p> <p>The Department charged \$869,402 of VR grant expenditures above the 85 percent of the 2016 grant allocated to basic support and employment services. This amount was reported on the 2017 federal report in March 2017 but the expenditures were not moved to the 2017 grant until May 2017.</p> <p>To address the audit recommendations, the Department has taken the following corrective actions:</p> <ul style="list-style-type: none"> <li>• As of May 2017, processed adjustments to move \$869,402 of basic support service expenditures charged to the 2016 grant to the 2017 grant.</li> <li>• As of September 2017, hired a Deputy Financial Officer to provide additional oversight to the federal draw and reporting process.</li> <li>• As of November 2017, submitted a corrected federal fiscal year 2016 report to include only transactions through the reporting period of March 2017.</li> <li>• Updated procedures to include a secondary review process. Two managers are required to review payments charged to earmarked funds to ensure only allowable services for eligible students are included.</li> </ul> <p>November 2017, subject to audit follow-up</p> <p>Lorie Christoferson            Deputy Financial Officer            PO Box 40933            Olympia, WA 98504-0933            (360) 725-3840  <a href="mailto:Lorie.christoferson@dsb.wa.gov">Lorie.christoferson@dsb.wa.gov</a></p>

State of Washington  
 Status of Audit Resolution  
 December 2018

Department of Services for the Blind

Agency 315

Audit Report	Finding Number	Finding and Corrective Action Status	
1021626	2017-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Services for the Blind did not have adequate internal controls to ensure it followed state requirements and its own policies regarding small and attractive assets.</p> <p>The Department concurs with the finding.</p> <p>To strengthen internal controls over monitoring small and attractive assets, the Department will:</p> <ul style="list-style-type: none"> <li>• Review and update policies related to equipment and inventory control.</li> <li>• Establish clear roles and responsibilities to ensure proper segregation of duties.</li> <li>• Maintain inventory records in accordance with requirements stipulated in the State Administrative &amp; Accounting Manual.</li> <li>• Implement a statewide inventory audit every two years.</li> <li>• Provide training and technical assistance to staff on new procedures and roles/responsibilities.</li> <li>• Develop and implement a new case management system for clients who require equipment to complete employment plan. The new system will track the purchase, loan and assignment of equipment to clients. The Department expects the new system to be in place by March 2019.</li> </ul> <p>Corrective action is expected to be complete by June 2019</p> <p>Lorie Christoferson            Deputy Financial Officer            PO Box 40933            Olympia, WA 98504-0933            (360) 725-3840  <a href="mailto:Lorie.christoferson@dsb.wa.gov">Lorie.christoferson@dsb.wa.gov</a></p>