

State of Washington
Single Audit Report
For Fiscal Year Ended
June 30, 2020

Auditee's Section
Agency Corrective Action Plans

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Single Audit Report
For Fiscal Year Ended
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Agency Corrective Action Plans

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STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

May 27, 2021

Washington State Auditor's Office
ATTN: Jim Brownell, Audit Manager
3200 Sunset Way S.E.
Olympia, WA 98504-0031

To the Washington State Auditor's Office:

Enclosed with this letter is the state of Washington's corrective action plan for the following audit findings in the fiscal year 2020 single audit report.

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Finding Number	State Agency	Corrective Action Plans Page Number	Schedule of Findings Page Number
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The state's corrective action plan is a compilation of the corrective action plan information provided to us by the applicable state agencies. The corrective action plan document is prepared in conjunction with the 2020 single audit.

We appreciate the efforts of the Washington State Auditor's Office in completing the Single Audit for the state for fiscal year 2020. If you have any questions regarding the corrective action plans, please do not hesitate to contact our office.

Sincerely,

Brian Tinney
Assistant Director, Accounting

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State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	001	<p>Finding: The State’s internal controls were insufficient to prevent fraudulent unemployment benefit payments.</p> <p>Status: Corrective action complete</p> <p>Corrective Action: Due to the inherent risk in implementing an unemployment benefit program and the CARES Act requirements, the Pandemic Unemployment Assistance program presented a nationwide challenge of being high risk for fraud.</p> <p>Prior to the surge in fraudulent claims in May 2020, the Employment Security Department (ESD) already implemented controls required and recommended by the U.S. Department of Labor to prevent imposter fraud. Since then, ESD has instituted many additional controls and countermeasures to fraud that include the following:</p> <ul style="list-style-type: none"> • Set up a 100-person customer intake team to handle reports of fraud. • Established a secure business portal for receiving verification information from victims and businesses to more quickly identify fraudulent claims, suspend payments, and determine payments to recover. • With the help of a consulting company, implemented a two-day hold on payments to allow investigation of fraudulent claims prior to payment. • Enacted emergency rule WAC 192-140-096 to allow suspension of payments suspected to be fraudulent until an investigation can be completed. • Reallocated resources and increased staffing for fraud investigations, including utilization of hundreds of other agency staff and the National Guard. • Reassigned staff to data analytics work to detect fraud trends and to improve the fraud discovery process. <p>ESD is continuing its efforts to identify and investigate known and suspected claims, recover fraudulent amounts, and work with the U.S. Department of Justice to recover the remaining fraudulent payments.</p> <p>Completion Date: June 2020</p> <p>Agency Contact: Brian Tinney Statewide Accounting Assistant Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 brian.tinney@ofm.wa.gov</p>

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	002	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The State did not have adequate internal controls over financial reporting to ensure financial activity is properly classified, recorded in the correct period and reconciles to its financial statements.</p> <p><u>CFDA #</u> N/A</p> <p><u>Questioned Costs:</u> \$0</p> <p>See below for individual agency</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 has taken the following actions 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"> • Dedicated a nearly full-time programmer and functional support staff to assist in developing the correct configuration for the automatic data upload process. • Added additional staff for accurately translating college financial data from the new software system into AFRS. • Began bi-monthly meetings for the accounting staff and software developers since July 2020. These resolution-focused meetings included agency executive leadership and resulted in improvements in the automated process. • Developed a shared understanding of work priorities, status and next steps through the joint meetings. Significant progress has been made in identifying and correcting issues and making improvements. • Started monthly automated uploads into AFRS since October 2020. A new approach was also initiated in December 2020 which streamlines the upload process and limits the opportunity for error. <p>The State Board will continue to build and enhance programming tools to help identify and reconcile variances between the two systems.</p> <p><i>Completion: Estimated June 2021</i></p> <p><i>Employment Security Department (ESD)</i></p> <p>The auditors determined that ESD did not report all receivables that resulted from fraudulent claim payments in the state's accounting system at June 30, 2020.</p>

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	002 (cont'd)	<p>While the monthly data transfer between the Unemployment Tax and Benefit system (UTAB) and AFRS is automated, ESD implemented additional controls over financial reporting to ensure all fiscal year-end and biennium-end entries are entered into AFRS correctly and completely.</p> <p>The Unemployment Insurance Treasury Unit added procedures to the electronic accounting desk manual, which include:</p> <ul style="list-style-type: none"> • Improving coordination with UTAB developers in processing of year-end entries. • Performing monthly reconciliation of internal journals from UTAB reports to AFRS. • Requiring review and approval of monthly reconciliations by the Treasury Manager. <p><i>Completion: January 2021</i></p> <p>Office of Financial Management (OFM)</p> <p>OFM strongly disagrees with this audit finding and maintains that the fraudulent unemployment benefit payments were properly reflected in the Annual Comprehensive Financial Report (ACFR) and in accordance with accounting standards.</p> <p>OFM reported the losses as normal claim expenses for the period in which the claims were paid. It is part of the normal course of business for the Unemployment Insurance Program, as well as the other benefit payment programs, to make payments that are later found to be fraudulent. Improper payments or overpayments are payments made by the government to the wrong person, in the wrong amount, or for the wrong reason when an individual has knowingly provided false information in order to receive benefits that they are not entitled to. Code of Federal Regulations 20 CFR 609.11 requires that states return any <i>recovered</i> overpayments.</p> <p>The fraudulent payments were reported consistent with guidance from the national Government Accounting Standards Board (GASB). During a December 2020 meeting of the National Association of State Auditors, Comptrollers and Treasurers, OFM received the guidance from a GASB official in response to a question from a staff member of the Office of the Washington State Auditor.</p> <p>It is also important to note that while the losses were reported as normal claim expenses in the ACFR, the detailed fraud information was disclosed in the Management Discussion and Analysis section of the ACFR (page 27). The fraud losses were also disclosed in Note 4 - Proprietary Fund Receivables section of the report.</p>

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	002 (cont'd)	<p>In May 2020, the U.S Department of Labor (DOL) published the directive 23-20 that includes guidance on program integrity functions for the regular unemployment insurance programs and CARES Act programs, which does not include any indication that states would be required to repay improper payments that have not been recovered.</p> <p>In addition, the federal Office of Inspector General conducted several audits on the CARES Act and Pandemic Unemployment Assistance Program, none of which included recommendations to have states repay improper payments that have not been recovered.</p> <p>In November 2020, OFM contacted DOL to confirm that the State will not be held liable to repay the fraudulent claim payments. As of May 2021, a response has not been received from DOL.</p> <p><i>Completion: Not applicable</i></p> <p>Agency Contact: Brian Tinney Statewide Accounting Assistant Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 brian.tinney@ofm.wa.gov</p>

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan																			
2020	003	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 suspension and debarment requirements for Child Nutrition Cluster program.</p> <table border="0"> <thead> <tr> <th data-bbox="673 556 771 583"><u>CFDA #</u></th> <th data-bbox="998 556 1096 583"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 583 771 611">10.553</td> <td data-bbox="998 583 1096 611">\$0</td> </tr> <tr> <td data-bbox="673 611 873 638">10.553 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 638 771 665">10.555</td> <td></td> </tr> <tr> <td data-bbox="673 665 873 693">10.555 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 693 771 720">10.556</td> <td></td> </tr> <tr> <td data-bbox="673 720 873 747">10.556 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 747 771 774">10.559</td> <td></td> </tr> <tr> <td data-bbox="673 774 873 802">10.559 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>In response to the prior year’s audit finding, the Office:</p> <ul style="list-style-type: none"> Developed and implemented a new Child Nutrition Programs Agreement template in December 2019. The template includes information and attestation to suspension and debarment requirements. Updated the internal process for review and approval of program applications. <p>In September 2020, at the request of the US Department of Agriculture, implementation of the new agreement template was paused to address the civil rights assurance statement in the agreement.</p> <p>As soon as clarification and definitive guidance is received from the federal grantor, the Office will resume the implementation of the new agreement.</p> <p>The conditions noted in this finding were previously reported in finding 2019-004.</p> <p>Estimated December 2021</p> <p>Leanne Eko Director, Child Nutrition Services PO Box 47200 Olympia, WA 98504 (360) 725-0410 Leanne.eko@k12.wa.us</p>	<u>CFDA #</u>	<u>Amount</u>	10.553	\$0	10.553 COVID-19		10.555		10.555 COVID-19		10.556		10.556 COVID-19		10.559		10.559 COVID-19	
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Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan																			
2020	004	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 requirements to properly account for USDA-donated foods.</p> <table border="0"> <thead> <tr> <th data-bbox="672 548 764 575"><u>CFDA #</u></th> <th data-bbox="1003 548 1096 575"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 579 748 606">10.553</td> <td data-bbox="1003 579 1031 606">\$0</td> </tr> <tr> <td data-bbox="672 611 889 638">10.553 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 642 748 669">10.555</td> <td></td> </tr> <tr> <td data-bbox="672 674 889 701">10.555 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 705 748 732">10.556</td> <td></td> </tr> <tr> <td data-bbox="672 737 889 764">10.556 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 768 748 795">10.559</td> <td></td> </tr> <tr> <td data-bbox="672 800 889 827">10.559 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress.</p> <p>The Office concurs with the finding.</p> <p>The Office will take the following corrective actions to strengthen internal controls over accounting for USDA-donated foods:</p> <ul style="list-style-type: none"> • Implement the internal policies and procedures established in August 2020 for the USDA-donated foods reconciliation process. • Establish adequate internal controls to ensure physical inventory is reconciled with inventory records. <p>By November 2021, the Office will complete the documentation of system requirements for a new/updated electronic food distribution system that includes tracking and reporting capabilities to assist with the reconciliation process.</p> <p>By January 2022, the Office will post a Request for Proposal for the procurement of the new/updated electronic food distribution system.</p> <p>The conditions noted in this finding were previously reported in finding 2019-005.</p> <p>Estimated January 2022</p> <p>Leanne Eko Director, Child Nutrition Services PO Box 47200 Olympia, WA 98504 (360) 725-0410 Leanne.eko@k12.wa.us</p>	<u>CFDA #</u>	<u>Amount</u>	10.553	\$0	10.553 - COVID-19		10.555		10.555 - COVID-19		10.556		10.556 - COVID-19		10.559		10.559 - COVID-19	
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Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	005	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 cash management requirements for the Special Supplemental Nutrition Program for Women, Infants, and Children grant.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">10.557</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>The purpose of the Cash Management Improvement Act (CMIA) is to ensure timely disbursement of federal funds. The Department has processes in place to ensure that draws are made in a manner that would guarantee that neither the Department nor the federal grantor is required to pay interest earnings.</p> <p>The Department processes all cash draws based on actual costs already incurred and in line with the approved funding technique outlined in the Treasury State Agreement (TSA). The Department does not agree that we were out of compliance with the intent of the CMIA and the approved TSA.</p> <p>To improve internal controls over monitoring cash management requirements, the Department:</p> <ul style="list-style-type: none"> • Began tracking draws on an excel spreadsheet in March 2020. • Worked with the Office of Financial Management to clarify language in the 2022 TSA in an effort to reduce confusion for future audits. • Started updating the 2021 TSA for subsequent approval by the federal grantor. <p>The conditions noted in this finding were previously reported in findings 2019-006 and 2018-006.</p> <p>Estimated September 2021</p> <p>Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 Kristina.White@doh.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2020	006	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements.</p> <table border="0"> <thead> <tr> <th data-bbox="673 556 771 583"><u>CFDA #</u></th> <th data-bbox="998 556 1096 583"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 583 771 611">10.561</td> <td data-bbox="998 583 1096 611">\$0</td> </tr> <tr> <td data-bbox="673 611 771 638">93.558</td> <td></td> </tr> <tr> <td data-bbox="673 638 771 665">93.556</td> <td></td> </tr> <tr> <td data-bbox="673 665 771 693">93.778</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>Due to the timing and frequency of audits, the Department is not made aware of a finding until six months after the state fiscal year concludes. It is not always feasible to correct audit issues within the next six months before a new audit cycle begins. This also means the previous year's audit issues will still be outstanding during at least the first six months of the current audit period. For this reason, we acknowledged in the prior year's finding response that it is unlikely the audit issues would be completely resolved in the fiscal year 2020 audit or beyond.</p> <p>As part of the Department's corrective action plan for the prior year finding, the Department:</p> <ul style="list-style-type: none"> • Implemented processes to ensure monthly staff reconciliations are performed. • Developed standard guidelines and procedures for updating the eligible staff list in Barcode. <p>In December 2020, upon discovery of the errors related to incorrect entry of Random Moments Time Samples (RMTS) results into the base edit workbooks, the Department immediately updated the process for completing the workbooks to ensure RMTS results are uploaded correctly into the Cost Allocation System.</p> <p>As of January 2021, the Department supervisor for the RMTS auditors reviewed the Public Assistance Cost Allocation Plan with the team to ensure understanding of the criteria for modifying an RMTS sample during an audit.</p> <p>By May 2021, the Department will:</p> <ul style="list-style-type: none"> • Develop and implement a process to conduct a monthly review on a subset of the staff on the reconciliation report to ensure the RMTS coordinators are properly updating the eligible staff list in Barcode. • Update current guidance to provide additional examples to staff on types of activities that are appropriate for each selection. 	<u>CFDA #</u>	<u>Amount</u>	10.561	\$0	93.558		93.556		93.778	
<u>CFDA #</u>	<u>Amount</u>												
10.561	\$0												
93.558													
93.556													
93.778													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	006 (cont'd)	<ul style="list-style-type: none"> • Complete a one-time review of a subset of RMTS samples to conduct root cause analysis and determine whether additional training, procedure changes, or system changes are needed. <p>The conditions noted in this finding were previously reported in finding 2019-008.</p> <p>Completion Date: Estimated May 2021</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>

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	007	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 subrecipient monitoring requirements for the Crime Victims Assistance program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>16.575</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>To strengthen internal controls over subrecipient monitoring, the Department established procedures to expand fiscal monitoring of subrecipients during reimbursements and to formalize documentation requirements for in-person site visits.</p> <p>As of February 2020, the Department:</p> <ul style="list-style-type: none"> • Created new procedures that require subrecipients to submit backup documentation for salaries, benefits, and contracted services that includes the exact costs, calculations, percentage charged to the grant, and allocation method if costs are allocated across multiple fund sources. The backup documentation is also required to link the actual expenditures to the amounts requested for reimbursement on the invoice. • Established procedures for documenting fiscal monitoring that occurs during in-person site visits, which includes: <ul style="list-style-type: none"> ○ The review of timesheets sample to verify and confirm that salary/benefit charges on a previously submitted invoice have appropriate backup documentation on file. ○ Documentation of fiscal policies and procedures reviewed and any other fiscal monitoring activities on the site visit report. • Updated the certification forms for Modified Total Direct Costs eligibility to inquire whether subrecipients have ever had a federally negotiated indirect rate. This information is used to verify subrecipients' eligibility for the de minimis indirect cost rate. <p>As of July 2020, the Department provided training to staff and subrecipients and formally implemented the new monitoring procedures.</p> <p>The conditions noted in this finding were previously reported in finding 2019-010.</p> <p>July 2020</p> <p>Jean Denslow Managing Director, Accounting Services PO Box 42525 Olympia WA 98504 (360) 725-2739 Jean.denslow@commerce.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	16.575	\$0
<u>CFDA #</u>	<u>Amount</u>						
16.575	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2020	008	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.</p> <table border="0" data-bbox="665 552 1096 615"> <tr> <td data-bbox="665 552 662 579"></td> <td data-bbox="665 552 971 579"><u>CFDA #</u></td> <td data-bbox="665 552 1096 579"><u>Amount</u></td> </tr> <tr> <td data-bbox="665 583 662 611">16.575</td> <td data-bbox="665 583 971 611"></td> <td data-bbox="665 583 1096 611">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>Due to the timing and frequency of audits, the Department was not made aware of a finding until six months after the state fiscal year concluded. It should be noted that it is not always feasible to correct audit issues within the next six months before a new audit cycle begins. As a result, the Department anticipates that the audit issues identified in the current audit will still be outstanding at least in the first part of the subsequent audit period.</p> <p>As of June 2020, the Department completed the following corrective actions in response to the prior year’s finding:</p> <ul style="list-style-type: none"> • Implemented a secondary review process for issuing sub-awards. • Modified the funding application form to require subrecipients to indicate whether they have ever negotiated an indirect rate with the federal government. • Modified the federal contract templates for the Crime Victim Assistance program to include the indirect cost rate. <p>These process changes and additional requirements for subrecipients will be effective for contracts awarded beginning in state fiscal year 2021. Therefore, full resolution of the audit issues will not be evident until the fiscal year 2021 audit.</p> <p>It is worth noting that the Office of Management and Budget amended 2 CFR 200.414(f) on August 13, 2020, which no longer requires subrecipients to submit documentation to justify the 10 percent de minimis indirect cost rate. The Department’s updated funding application form, effective in fiscal year 2021, would be sufficient to justify allowing a subrecipient to request reimbursements using the 10 percent de minimis rate.</p> <p>The conditions noted in this finding were previously reported in finding 2019-009.</p> <p>June 2020</p>		<u>CFDA #</u>	<u>Amount</u>	16.575		\$0
	<u>CFDA #</u>	<u>Amount</u>							
16.575		\$0							

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	008 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	009	<p>Finding: The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Crime Victim Assistance or the Low-Income Home Energy Assistance programs received required audits and findings were followed up on timely.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 16.575 \$0 93.568</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>As described in the finding, the Department has written policies and procedures for subrecipient monitoring including:</p> <ul style="list-style-type: none"> • Verifying whether the subrecipient requires a single audit. • Reviewing audit reports. • Following-up on subrecipient audit findings. • Ensuring management decisions are issued timely when required. <p>The Department’s Contract Management System (CMS) contains a field to indicate if a single audit is required for a subrecipient at the time a contract is entered into the system. Staff generate quarterly reports from CMS to identify subrecipients that:</p> <ul style="list-style-type: none"> • Have audit requirements to help ensure audit reports are submitted and any audit findings are identified and captured in the system. • Do not have audit requirements have submitted verification forms. <p>Due to the timing of the report reviews, information is not always collected timely to enable follow-up with subrecipients within the required time frame.</p> <p>In response to the prior year’s finding, the Department has taken the following actions to improve internal controls over monitoring subrecipients’ audit requirements:</p> <ul style="list-style-type: none"> • Updated procedures to run the CMS report prior to the end of the nine month required time frame so reminders can be sent to subrecipients. • Worked with staff responsible for entering audits into CMS to ensure audit requirements are correctly indicated. • Strengthened process to ensure audit reports are properly reviewed to identify findings that require appropriate follow-up actions. • Improved communication to staff to ensure work processes follow established policies related to subrecipient audit monitoring.

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	009 (cont'd)	<p>The Department will continue to follow up on subrecipient audit findings identified during audits and will issue management decisions as required by federal regulations.</p> <p>The conditions noted in this finding were previously reported in findings 2019-011.</p> <p>Completion Date: August 2020</p> <p>Agency Contact: Jean Denslow Managing Director, Accounting Services PO Box 42525 Olympia, WA 98504 (360) 725-2739 jean.denslow@commerce.wa.gov</p>

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
2020	010	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible recipients received Unemployment Insurance benefits.</p> <table border="0" data-bbox="673 556 1096 651"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>17.225</td> <td></td> <td style="text-align: center;">\$1,750</td> </tr> <tr> <td colspan="3">17.225 - COVID-19</td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with the finding.</p> <p>The unprecedented attack on the state’s unemployment system resulted in more than \$600 million paid on claims that initially appeared legitimate but were later discovered to be fraudulent. While the Department acknowledges there was a targeted imposter fraud, the Department did not agree with some of the statements described in the condition of the audit finding. These disagreements are detailed in the Department’s response to the finding.</p> <p>For unemployment claims, benefits are based on employer reports of wages paid and hours worked as imported from the Department’s Next Generation Tax System. As such, claimant’s employment information in support of eligibility is verified in each claim. Under the CARES Act, the new federal Pandemic Unemployment Assistance program did not require claimants to submit documentation to substantiate employment or self-employment wages for these claims.</p> <p>It should also be noted that the emergency proclamation to waive the required one-week waiting period for benefit payments was issued to increase federal funds to Washington for claimants and program administration, and to speed economic recovery. The waiting week for unemployment claims has never been used to verify employment status and, therefore, did not increase the likelihood of improper payments. While the waiver did not cause the imposter fraud attack or deter the Department’s detection efforts, it did increase the amount of loss.</p> <p>It is inevitable that some benefit payments will be made to people who are ineligible. The Department’s obligation under federal and state statutes and regulations and the terms and conditions of federal awards, is to assess overpayments for improper payments and attempt to recover them by reasonable means. It is incorrect to assume all improper benefit payments are questioned costs.</p> <p>The Department transparently shared information about the imposter fraud and its response. By prompt and extensive effort, the Department had recovered a total of \$356.4 million as of November 2020. The Department continues to conduct investigations into suspected fraudulent claims and work with federal law enforcement and the banking industry to recover additional fraudulent payments.</p>		<u>CFDA #</u>	<u>Amount</u>	17.225		\$1,750	17.225 - COVID-19		
	<u>CFDA #</u>	<u>Amount</u>										
17.225		\$1,750										
17.225 - COVID-19												

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	010 (cont'd)	<p>The Department is a national leader in its imposter fraud response. In addition to recovering funds, the Department took other measures to prevent further losses.</p> <p>Completion Date: Not applicable</p> <p>Agency Contact: Kari Summerour External Audit Manager PO Box 46000 Olympia, WA 98504-6000 (360) 742-9957 KSummerour@esd.wa.gov</p>

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	011	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">17.225</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>To address the staffing shortages in the Benefit Accuracy Measurement (BAM) program, the Department has hired three new staff for case sampling since September 2020.</p> <p>By May 2021, the Department will hire one additional employee to be responsible for performing case reviews for the BAM program. The Department anticipates the new staff will complete internal training and the National Association of State Workforce Agencies training within twelve months after the hire date. This staffing plan is aligned with the corrective action plan submitted to the U.S. Department of Labor as part of the required biennial State Quality Service Plan.</p> <p>Once the BAM unit is fully staffed and trained, the program will have sufficient resources to ensure case reviews are conducted in a timely manner in accordance with federally mandated timelines.</p> <p>Estimated May 2022</p> <p>Kari Summerour External Audit Manager PO Box 46000 Olympia, WA 98504-6000 (360) 742-9957 KSummerour@esd.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	17.225	\$0
<u>CFDA #</u>	<u>Amount</u>						
17.225	\$0						

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	012	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 quarterly performance reports for the Workforce Innovation and Opportunity grant were submitted completely and accurately</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>17.258</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>17.259</td> <td></td> </tr> <tr> <td>17.278</td> <td></td> </tr> </table> <p>Corrective action in progress</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 grant.</p> <p>The Department is taking the following actions:</p> <ul style="list-style-type: none"> • Establish a data management framework that supports the Department’s internal Participant Individual Record Layout (PIRL) validation controls and quality assurance processes to research and identify anomalies. • Initiate a process to outline, identify, and develop documented requirements for common PIRL data elements. • Establish a standardized framework that provides technical assistance (TA) sessions to the job centers, actively manages PIRL related performance, and provides ongoing TA training sessions. • Define and develop a PIRL data architecture that will enable greater data integrity and internal controls. • Develop written procedures for: <ul style="list-style-type: none"> ○ A data validation strategy to identify and correct errors or missing data. ○ Monitoring protocols. ○ Quarterly data review and electronic data checks. ○ Annual staff training. • Establish a governance and change management framework for maintaining documentation of the validation process to ensure compliance as federal requirements are updated and/or established. <p>Estimated December 2021</p> <p>Kari Summerour External Audit Manager PO Box 46000 Olympia, WA 98504-6000 (360) 742-9957 KSummerour@esd.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	17.258	\$0	17.259		17.278	
<u>CFDA #</u>	<u>Amount</u>										
17.258	\$0										
17.259											
17.278											

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	013	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 perform risk assessments or fiscal monitoring for subrecipients of the Workforce Innovation and Opportunity Act grant.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>17.258</td> <td>\$0</td> </tr> <tr> <td>17.259</td> <td></td> </tr> <tr> <td>17.278</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department has established procedures for monitoring Local Workforce Development Boards (LWDBs), which includes mandatory annual onsite monitoring and a risk-based assessment process throughout the monitoring process.</p> <p>Due to the Governor’s Stay Home, Stay Healthy order, the Department was not able to resume normal monitoring activities in the last part of the fiscal year. The Department did reach out to the U.S. Department of Labor to seek a waiver which was not granted. The Department has since developed protocols and tools to allow remote-virtual review of fiscal documentation.</p> <p>During the fiscal year 2020 review period, there were four LWDBs that did not receive a comprehensive administrative and fiscal review. The Department had communicated to those LWDBs that the fiscal year 2021 review would cover two years’ worth of expenditures and activities.</p> <p>As of May 2021, the Department completed full reviews of three LWDBs that encompassed both of the fiscal years. The review of the remaining LWDC will be completed by July 2021.</p> <p>The conditions noted in this finding were previously reported in finding 2019-012.</p> <p>Estimated July 2021</p> <p>Kari Summerour External Audit Manager PO Box 46000 Olympia, WA 98504-6000 (360) 742-9957 KSummerour@esd.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	17.258	\$0	17.259		17.278	
<u>CFDA #</u>	<u>Amount</u>										
17.258	\$0										
17.259											
17.278											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	014	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Transportation did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Highway Planning and Construction Cluster.</p> <table border="0"> <thead> <tr> <th data-bbox="672 552 764 579"><u>CFDA #</u></th> <th data-bbox="1003 552 1096 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 579 764 609">20.205</td> <td data-bbox="1003 579 1096 609">\$0</td> </tr> <tr> <td data-bbox="672 609 764 638">20.219</td> <td></td> </tr> <tr> <td data-bbox="672 638 764 667">20.224</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department is committed to ensure that our grant programs comply with federal regulations regarding required risk assessments.</p> <p>In response to prior years' audit findings, the Department took corrective actions to address the audit recommendations, as follows:</p> <ul style="list-style-type: none"> • As of June 2019, established a risk assessment program to inform required monitoring activities. • Developed a risk assessment form to document assessments performed. • Communicated information on the risk assessment program to appropriate headquarters and regional staff. • Reviewed initial risk assessment forms completed by regional staff to ensure they were completed properly. <p>When the Governor issued the Stay Home, Stay Healthy order, regional staff's focus was redirected to project shut down, safety, and reopening plans, which slowed completion of some risk assessments.</p> <p>The Department will:</p> <ul style="list-style-type: none"> • Continue to maintain ongoing communication with regional staff to ensure risk assessments are performed and properly documented in accordance with the risk assessment program guidelines. • Update the risk assessment form to allow documentation of multiple obligations during a project's phase. • Work with regional management to modify staff's position descriptions to include performing required monitoring activities, such as completing risk assessments timely. <p>The Department anticipates full compliance with the risk assessment requirement by fiscal year 2021.</p> <p>The conditions noted in this finding were previously reported in findings 2019-016 and 2018-012.</p> <p>Estimated June 2021</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>										
20.205	\$0										
20.219											
20.224											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	014 (cont'd)	Agency Contact:	Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	015	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Highway Planning and Construction Cluster received required single audits.</p> <table border="0"> <thead> <tr> <th data-bbox="672 575 764 604"><u>CFDA #</u></th> <th data-bbox="1003 575 1096 604"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 604 764 634">20.205</td> <td data-bbox="1003 604 1096 634">\$0</td> </tr> <tr> <td data-bbox="672 634 764 663">20.219</td> <td></td> </tr> <tr> <td data-bbox="672 663 764 693">20.224</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>In response to the prior year’s audit finding, the Department took the following corrective actions to address the audit recommendations:</p> <ul style="list-style-type: none"> • Updated the Local Agency Guidelines Manual and subaward agreements to reflect the current \$750,000 single audit threshold and added language that requires local agencies to comply with the single audit or program-specific audit requirements. • Provided training to local agencies throughout the year that includes reminders of the single audit requirements. • For local agencies that received Department subawards below the single audit threshold, the Department sent communication that outlines the federal regulations and requests written verification to confirm if a single audit is applicable. • For local agencies that are subject to the single audit, the Department monitors the submission of the required audit report, follows up on any reported deficiencies, and takes the appropriate actions. <p>Due to the Governor’s Stay Home, Stay Healthy order in response to the pandemic, full implementation of these corrective actions was delayed in fiscal year 2020. The Department’s Local Program had to shift efforts to implement a new way of doing business for authorizing federal funds, processing reimbursements, and all other services necessary to ensure reasonable federal compliance while minimizing delays to the delivery of local agency capital projects during this critical time.</p> <p>Beginning in fiscal year 2021, the updated process will be fully implemented.</p> <p>The conditions noted in this finding were previously reported in finding 2019-017.</p> <p>August 2020</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>										
20.205	\$0										
20.219											
20.224											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	016	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Transportation did not have adequate internal controls over and did not comply with requirements to conduct program and fiscal monitoring of subrecipients for the Highway Planning and Constructions Cluster.</p> <table border="0"> <thead> <tr> <th data-bbox="672 583 764 611"><u>CFDA #</u></th> <th data-bbox="1003 583 1096 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 615 748 642">20.205</td> <td data-bbox="1003 615 1031 642">\$0</td> </tr> <tr> <td data-bbox="672 646 748 674">20.219</td> <td></td> </tr> <tr> <td data-bbox="672 678 748 705">20.224</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department is committed to ensuring that our grant programs comply with federal regulations related to subrecipient monitoring.</p> <p>To address the audit recommendations, the Department’s Local Programs Division will examine current policies and procedures/practices related to the audit issues.</p> <p>Recently, the Department received communication from the Federal Highway Administration (FHWA) that it supports a risk-based monitoring approach for Project Management Reviews (PMRs), which includes:</p> <ul style="list-style-type: none"> • Performing a PMR once a project is substantially complete or complete. • Not performing a PMR on projects with minimal risk. <p>FHWA is currently working on modifying the Stewardship and Oversight Agreement template, which would allow the Department to update language in the agreement to align with standards or best practices. If the modified agreement template is not received within a reasonable timeframe, the Department will seek written approval in another form from FHWA’s Washington Division to allow completion of PMRs on a risk-based schedule.</p> <p>In addition, the Department will:</p> <ul style="list-style-type: none"> • Update the Local Agency Guidelines (LAG) Manual to reflect the scheduling of a PMR once the project is substantially complete or complete. • Attempt to complete PMRs in the required 3-year timeframe until the agreement and LAG Manual updates are completed. • Communicate changes to policies and procedures, the LAG Manual, and the agreement to Local Program staff and stakeholders. <p>The conditions noted in this finding were previously reported in finding 2019-015.</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>										
20.205	\$0										
20.219											
20.224											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	016 (cont'd)	Completion Date: Estimated September 2021 Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan								
2020	017	<p>Finding: The Department of Transportation did not have adequate internal controls over and did not comply with quality assurance program requirements to ensure materials testing was performed by qualified testing personnel for projects funded by the Highway Planning and Construction Cluster.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 709"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>20.205</td> <td>\$0</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.224</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department is committed to ensuring that our grant programs comply with federal regulations related to quality assurance requirements, safeguarding materials, testing workmanship according to approved plans and specifications, conducting inspections and certifications, and that testing is completed by qualified testers.</p> <p>In response to the prior year’s audit finding with the quality assurance program related to material testing, the Department took corrective actions to address the audit recommendations, as follows:</p> <ul style="list-style-type: none"> • Updated the Department’s Construction and Standard Specifications Manuals regarding: <ul style="list-style-type: none"> ○ Requirements for emergency contracts. ○ Requirements for facility contracts. • Provided clarifications needed to address practices and documentation to document material testing, inspections, and acceptance. <p>To address the current audit recommendations, the Department’s Construction Division will:</p> <ul style="list-style-type: none"> • Examine current policies and procedures/practices related to the tester certifications. • Update policies and procedures as needed, including the Department’s Construction (M46-01) and Standard Specifications (M41-10) Manuals, to ensure compliance with federal regulations regarding tester qualifications. The updates will also include procedures for tester certification from the Western Alliance of Quality Transportation, as appropriate. • Obtain approval of updates to the Construction Manual from the Federal Highway Administration. • Communicate changes in policies and procedures to division staff and stakeholders. <p>Similar conditions related to quality assurance program requirements were previously reported in finding 2019-019.</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>									
20.205	\$0									
20.219										
20.224										

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	017 (cont'd)	Completion Date: Estimated September 2021 Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	018	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 requirements to ensure the Coronavirus Relief Fund was used for allowable purposes and payments fell within the period of performance.</p> <table border="0" data-bbox="673 583 1136 646"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">21.019</td> <td style="text-align: right;">\$40,095,634</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department’s Cost Allocation and Grants Unit was under resourced as a result of the Governor’s mandatory stay-home executive order, hiring freezes, and staff furloughs. The applications that providers must fill out to apply for the Coronavirus Relief Fund (CRF) include the requirement for providers to keep all receipts and spending documentation and submit to the Department upon request. Due to insufficient staff resources, there was not an established process to request supporting documentation from providers at the time of the audit.</p> <p>In October 2020, the Department received the request from the Legislature and the Office of the Financial Management to transfer expenditures previously paid to child care providers and other goods and services to the CRF. The Department processed an accounting adjustment, but did not have adequate time or resources to identify the detailed expenditures for this adjustment while performing year-end reconciliation and closing entries for fiscal year 2020.</p> <p>In response to the audit issues, the Department reversed the October 2020 accounting journal voucher adjustment totaling \$40.6 million.</p> <p>Additionally, the Department will:</p> <ul style="list-style-type: none"> • Review fiscal year 2020 expenditures to ensure charges to the CRF are allowable. • Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid. <p>Estimated September 2021</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	21.019	\$40,095,634
<u>CFDA #</u>	<u>Amount</u>						
21.019	\$40,095,634						

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	019	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Department of Health did not ensure payments from the Coronavirus Relief Fund occurred during the allowable period of performance. <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">21.019</td> <td style="text-align: right;">\$451,726</td> </tr> </table> Corrective action in progress The Department concurs with the finding and is committed to ensuring that grant programs comply with federal regulations related to period of performance. To address the audit recommendation, the Department will: <ul style="list-style-type: none"> • Work with the Office of Financial Management to reverse the journal voucher that was processed to move funding streams for COVID-related expenses and will transfer these charges to an allowable funding source. • Contact the federal grantor to determine if any questioned costs that are not moved to an allowable funding source should be repaid. Estimated September 2021 Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 Kristina.White@doh.wa.gov	<u>CFDA #</u>	<u>Amount</u>	21.019	\$451,726
<u>CFDA #</u>	<u>Amount</u>						
21.019	\$451,726						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	020	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate internal controls to ensure payments from the Coronavirus Relief Fund occurred during the allowable period of performance.</p> <table border="0" data-bbox="672 554 1125 615"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">21.019 - COVID-19</td> <td style="text-align: right;">\$8,681,008</td> </tr> </table> <p>No corrective action taken</p> <p>The Department does not concur with the finding.</p> <p>During the pandemic, limited guidance was provided by the federal government regarding the CARES Act stimulus funding, which was also changing as new information became available.</p> <p>On April 22, 2020, the US Department of Treasury (Treasury) issued the Coronavirus Relief Fund (CRF) program guidance for state, territorial, local and tribal governments. The overarching guidance on the CRF stated that expenditures may only be used to cover costs that were:</p> <ul style="list-style-type: none"> • Necessary expenditures incurred due to COVID-19; • Not accounted for in the budget most recently approved as of March 27, 2020; and • Incurred during the period between March 1, 2020, and December 30, 2020. <p>The Treasury defined a cost to be incurred “when the responsible unit of government had expended the funds to cover the cost.” Further, it was assumed that similar to other areas of the CARES Act, the term “incurred” is measuring costs that were reasonably obligated and satisfied during the covered period to avoid instances where an entity is pre-paying expenses in an effort to maximize the use of the funding, but for which the entity does not have a legal obligation to pay such costs (e.g., pre-paying rent, utility or other contractual obligations).</p> <p>The CRF was allocated to the Department after the end of fiscal year 2020. The Department used journal vouchers to transfer expenditures that occurred during fiscal year 2020 to the CRF. All costs that were moved were for expenditures made on or after March 1, 2020. Based on the April 2020 guidance provided by Treasury, the Department does not believe it was out of compliance during the time period under review.</p> <p>The Department maintains that the questioned costs identified in the finding were unsubstantiated, and will continue to work with the Office of Financial Management in ensuring all federal funding is used for allowable purposes.</p> <p>Not applicable</p>	<u>CFDA #</u>	<u>Amount</u>	21.019 - COVID-19	\$8,681,008
<u>CFDA #</u>	<u>Amount</u>						
21.019 - COVID-19	\$8,681,008						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	020 (cont'd)	Agency Contact:	Rick Meyer External Audit Compliance Manager PO Box 4804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Washington State University

Agency 365

Fiscal Year	Finding Number	Finding and Corrective Action Plan			
2020	021	<p>Finding: Washington State University did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs.</p> <table border="0"> <tr> <td data-bbox="483 583 610 642">Questioned Costs:</td> <td data-bbox="672 583 768 800"> <u>CFDA #</u> 84.007 84.033 84.038 84.063 84.268 84.379 </td> <td data-bbox="1003 583 1094 642"> <u>Amount</u> \$0 </td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The University partially concurs with the finding.</p> <p>The University has processes in place to monitor and assess threats to information security, and has been engaging in risk evaluation activities for many years that include assessment of risks to the broad information security environment. In July 2020, the University implemented a new policy for conducting information security risk assessments and for review of authorizations. These activities, although not linked to the specific requirements, indirectly addressed the risk elements in the Gramm-Leach-Bliley Act.</p> <p>To address the audit recommendations, the University is working on implementing risk assessment processes specific to the requirements for information systems covered under the Gramm-Leach-Bliley Act, which includes:</p> <ul style="list-style-type: none"> • Identifying internal controls. • Assessing risks of the information security system environment. • Documenting safeguards in place. • Implementing new processes as a result of the assessment activities. • Establishing monitoring processes for information system security to ensure federal compliance. <p>Completion Date: Estimated March 2022</p> <p>Agency Contact: Heather Lopez Chief Audit Executive PO Box 64122 Pullman, WA 99164-1221 (509) 335-2001 hlopez@wsu.edu</p>	Questioned Costs:	<u>CFDA #</u> 84.007 84.033 84.038 84.063 84.268 84.379	<u>Amount</u> \$0
Questioned Costs:	<u>CFDA #</u> 84.007 84.033 84.038 84.063 84.268 84.379	<u>Amount</u> \$0			

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Plan																											
2020	022	<p>Finding: The University of Washington did not establish adequate internal controls over and did not comply with requirements to verify applicant information for the Student Financial Assistance programs.</p> <table border="0" data-bbox="474 556 1096 840"> <tr> <td data-bbox="474 556 609 583">Questioned</td> <td data-bbox="673 556 771 583"><u>CFDA #</u></td> <td data-bbox="998 556 1096 583"><u>Amount</u></td> </tr> <tr> <td data-bbox="474 583 609 611">Costs:</td> <td data-bbox="673 583 771 611">84.007</td> <td data-bbox="998 583 1096 611">\$0</td> </tr> <tr> <td></td> <td data-bbox="673 611 771 638">84.033</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 638 771 665">84.038</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 665 771 693">84.063</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 693 771 720">84.268</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 720 771 747">93.264</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 747 771 774">93.342</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 774 771 802">93.364</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The University has adequate internal controls over the student financial aid program and maintains a system of quality assurance review to ensure compliance with federal regulations. These controls have proved to be effective since no audit issue has been identified in the past.</p> <p>It should be noted that during the audit period under review, the University had a priority of disbursing student financial aid to the significant population of students and families impacted by the pandemic, which was further complicated by working in a remote environment. The University had to temporarily postpone the post award quality assurance process.</p> <p>Prior to the audit, the University had already planned on reinstating the quality review process. In addition, the University has taken actions to strengthen internal controls over the applicant verification process to address the audit recommendations:</p> <p>As of January 2021, the University repaid the awarded amounts that were overpaid to students identified in the audit.</p> <p>As of March 2021, the University:</p> <ul style="list-style-type: none"> • Updated current training materials to include the types of non-compliance found in the audit. • Provided two training sessions to staff, with plans to maintain an ongoing training schedule at least annually. <p>By November 2021, the Department will establish a secondary review process of a sample population to identify any errors in the verification process, including post verification of changes to Institutional Student Information Records. The results of the review will be used to identify any procedural changes or training needs.</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	84.007	\$0		84.033			84.038			84.063			84.268			93.264			93.342			93.364	
Questioned	<u>CFDA #</u>	<u>Amount</u>																											
Costs:	84.007	\$0																											
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	93.364																												

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	022 (cont'd)	Completion Date: Estimated November 2021 Agency Contact: Dan Schaaf Controller 4300 Roosevelt Way NE Seattle, WA 98105 (206) 685-6423 schaafd@uw.edu

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Plan																			
2020	023	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The University of Washington did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs.</p> <table border="0"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>84.007</td> <td>\$0</td> </tr> <tr> <td>84.033</td> <td></td> </tr> <tr> <td>84.038</td> <td></td> </tr> <tr> <td>84.063</td> <td></td> </tr> <tr> <td>84.268</td> <td></td> </tr> <tr> <td>93.264</td> <td></td> </tr> <tr> <td>93.342</td> <td></td> </tr> <tr> <td>93.364</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The University has established adequate internal controls to ensure student information security for the Student Financial Assistance programs. There are existing efforts being performed that address the risk elements in the Gramm-Leach-Bliley Act, as described in the response to the finding,</p> <p>To address the audit recommendations, the University will:</p> <ul style="list-style-type: none"> Organize and update documentation of risk assessment activities and information security controls for student information into a single set of information security plans with a clear mapping to the requirements of the Act. Assess the adequacy of the information security controls using one or more industry-accepted cybersecurity models. Develop a process to review and update documentation of ongoing activities at least annually to address changes to information security practices or risks as part of the University's information technology management practice. <p>Estimated June 2021</p> <p>Dan Schaaf Controller 4300 Roosevelt Way NE Seattle, WA 98105 (206) 685-6423 schaafd@uw.edu</p>	<u>CFDA #</u>	<u>Amount</u>	84.007	\$0	84.033		84.038		84.063		84.268		93.264		93.342		93.364	
<u>CFDA #</u>	<u>Amount</u>																				
84.007	\$0																				
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84.063																					
84.268																					
93.264																					
93.342																					
93.364																					

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2020	024	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The University of Washington did not establish adequate internal controls over and did not comply with requirements to report student enrollment information accurately for the Student Financial Assistance programs.</p> <table border="0"> <thead> <tr> <th data-bbox="670 552 771 579"><u>CFDA #</u></th> <th data-bbox="1003 552 1094 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 579 771 609">84.007</td> <td data-bbox="1003 579 1094 609">\$0</td> </tr> <tr> <td data-bbox="670 609 771 638">84.033</td> <td></td> </tr> <tr> <td data-bbox="670 638 771 667">84.063</td> <td></td> </tr> <tr> <td data-bbox="670 667 771 697">84.268</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>To address the audit recommendations, the Office of the University Registrar (University) will take the following actions to strengthen monitoring of the National Student Clearinghouse (NSC) to ensure enrollment information reported in the National Student Loan Data System (NSLDS) is accurate and complete:</p> <ul style="list-style-type: none"> • Establish an audit process for student enrollment data submitted by NSC to NSLDS on a quarterly basis by the summer quarter of 2021. This audit will monitor data in the NSLDS system to ensure accuracy. • Provide a supplemental graduation file each time the Degree Verification file is submitted starting in mid-May 2021. The University will also submit the graduation files for each of the quarters of the 2019-2020 and 2020-2021 academic years. • Follow up with the NSC to determine if changes to system configuration are required to comply with federal enrollment reporting requirements. • Determine whether previously reported enrollment data in NSLDS needs to be corrected. <p>In addition, the University will monitor and identify student records with double majors that were impacted by the lack of secondary graduate file submission, and will ensure NSC submits these records to the NSLDS database accurately.</p> <p>Estimated August 2021</p> <p>Dan Schaaf Controller 4300 Roosevelt Way NE Seattle, WA 98105 (206) 685-6423 schaafd@uw.edu</p>	<u>CFDA #</u>	<u>Amount</u>	84.007	\$0	84.033		84.063		84.268	
<u>CFDA #</u>	<u>Amount</u>												
84.007	\$0												
84.033													
84.063													
84.268													

Yakima Valley Community College

Agency 691

Fiscal Year	Finding Number	Finding and Corrective Action Plan															
2020	025	<p>Finding: Yakima Valley College did not establish adequate internal controls over and did not comply with requirements to accurately report student enrollment information for the Student Financial Assistance programs.</p> <table border="0"> <tr> <td data-bbox="474 548 613 579">Questioned</td> <td data-bbox="672 548 768 579"><u>CFDA #</u></td> <td data-bbox="1003 548 1094 579"><u>Amount</u></td> </tr> <tr> <td data-bbox="474 579 553 611">Costs:</td> <td data-bbox="672 579 748 611">84.007</td> <td data-bbox="1003 579 1032 611">\$0</td> </tr> <tr> <td></td> <td data-bbox="672 611 748 642">84.033</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 642 748 674">84.063</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 674 748 705">84.268</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The College concurs with the finding.</p> <p>As of March 2021, the College established additional internal controls to ensure reported enrollment levels comply with the Department of Education’s enrollment reporting requirements. This includes:</p> <ul style="list-style-type: none"> • Reconfiguring the system enrollment status codes to align with federal requirements for full-time and part-time enrollment. • Limiting access to registration system settings to authorized personnel – the Registrar, and Dean of Student Services. • Initiating a process to monitor the integrity of the system settings quarterly to ensure accurate reporting of enrollment level data. <p>The College is currently working with the U.S. Department of Education to determine whether previously reported enrollment data needs to be corrected.</p> <p>Completion Date: Estimated June 2021</p> <p>Agency Contact: Oscar Verduzco Financial Aid Director PO Box 22520 Yakima, WA 98907-2520 (509) 574-4937 overduzco@yvcc.edu</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	84.007	\$0		84.033			84.063			84.268	
Questioned	<u>CFDA #</u>	<u>Amount</u>															
Costs:	84.007	\$0															
	84.033																
	84.063																
	84.268																

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	026	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.010</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Office concurs with the finding.</p> <p>The Office has policies and procedures in place for monitoring Local Education Agencies (LEAs) to ensure testing security protocols are followed, which includes submitting a District Administration and Security Report (DASR) to the Office after completion of each test administration. DASRs are typically submitted to the Office at the end of the test administration window which usually ends in early June. These procedures were in place prior to the Spring 2020 testing period.</p> <p>The Office had developed and had planned to implement new monitoring protocols in Spring 2020 to ensure all LEAs that administer testing submit the required DASR. However, due to the COVID-19 pandemic and school facilities closures, most school districts did not administer testing during that time. The few districts that did were not able to access and retrieve documentation and security reports for submission to the Office.</p> <p>Currently, the Office is actively working with LEAs that administered testing in Spring 2020 to submit their 2020 DASRs.</p> <p>The Office will continue to follow implemented monitoring protocols to collect and review complete test security documentation from all LEAs.</p> <p>April 2021</p> <p>Kimberly DeRousie State Test Coordinator PO Box 47200 Olympia, WA 98504-7200 (360) 725-6353 Kimberly.DeRousie@k12.wa.us</p>	<u>CFDA #</u>	<u>Amount</u>	84.010	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.010	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	027	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 the quality control process related to the proper identification and recruitment of eligible children for the Migrant Education State Grant Program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.011</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Office concurs with the finding.</p> <p>The Office’s Migrant Education Program will re-instate its established procedures to monitor the school district that was contracted to identify and recruit eligible migratory students for the program and to carry out the required quality control process.</p> <p>The Office has been reviewing the quality control procedures established at the school district to determine if adequate internal controls are in place to reduce the risk of inaccurately identifying eligible migratory students:</p> <ul style="list-style-type: none"> • As of March 2021, the Office provided a review checklist to the school district regarding items under review. • As of April 2021, the school district submitted requested materials to the Office for pre-review. Based on the pre-review, the Office identified clarifying questions to ask as part of the formal review. • As of May 2021, the Office scheduled meetings with the school district to review the results of each item monitored. The meetings will identify areas where procedures or policies need to be updated or corrected. <p>By June 2021, the Office will finalize the report of the review for program files. The results of the review will also be submitted to the Migrant Student Data Recruitment and Support Office and the school district to communicate any modifications or adjustments to the contract and deliverable services for program period 2021-2022.</p> <p>Estimated June 2021</p> <p>Sylvia Reyna Assistant Director, Title I Part C Migrant Education PO Box 47200 Olympia, WA 98504-7200 (360) 725-6147 sylvia.reyna@k12.wa.us</p>	<u>CFDA #</u>	<u>Amount</u>	84.011	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.011	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2020	028	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 requirements to ensure payments to subrecipients were adequately supported for the Special Education program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>84.027</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>84.173</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>Beginning with the 2021-22 school calendar year, the Office’s operations unit will implement the following processes:</p> <ul style="list-style-type: none"> • Complete fiscal risk assessments for all local education agencies (LEAs). • Select LEAs for either on-site/virtual monitoring or desk review based on the risk assessment results. • Require LEAs to submit expenditure reports for claims submitted each month. • Select a representative sample of reimbursement requests and perform testing to ensure they are allowable and adequately supported. <p>Estimated December 2022</p> <p>Tina Pablo-Long Director of Operations PO Box 47200 Olympia, WA 98504 (360) 764-0537 tina.pablo-long@k12.wa.us</p>	<u>CFDA #</u>	<u>Amount</u>	84.027	\$0	84.173	
<u>CFDA #</u>	<u>Amount</u>								
84.027	\$0								
84.173									

Yakima Valley Community College

Agency 691

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	029	<p>Finding: Yakima Valley College did not have adequate internal controls over and did not comply with Student Financial Assistance Programs applicant verification requirements.</p> <table border="0"> <tr> <td data-bbox="474 552 613 583">Questioned</td> <td data-bbox="672 552 768 583"><u>CFDA #</u></td> <td data-bbox="1003 552 1094 583"><u>Amount</u></td> </tr> <tr> <td data-bbox="474 583 613 615">Costs:</td> <td data-bbox="672 583 748 615">84.063</td> <td data-bbox="1003 583 1032 615">\$0</td> </tr> <tr> <td></td> <td data-bbox="672 615 748 646">84.268</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The College concurs with the finding.</p> <p>As of March 2021, the College’s Financial Aid Office established additional internal controls to prevent inadvertent errors in the manual verification process of applicant information for the financial assistance program. This includes:</p> <ul style="list-style-type: none"> • Developing a new checklist for staff to follow during the verification process of selected files. • Establishing a process to ensure staff cover all fields included on the verification checklist and compare against supporting documentation. • Beginning an internal audit protocol of reviewing a random sample of verified files to ensure corrections are submitted accurately to the central processor. • Reviewing error trends to identify training opportunities for continuous improvement. <p>The College will consult with the grantor to discuss whether the overpayment identified in the audit should be repaid.</p> <p>Completion Date: May 2021</p> <p>Agency Contact: Oscar Verduzco Financial Aid Director PO Box 22520 Yakima, WA 98907-2520 (509) 574-4937 overduzco@yvcc.edu</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	84.063	\$0		84.268	
Questioned	<u>CFDA #</u>	<u>Amount</u>									
Costs:	84.063	\$0									
	84.268										

Department of Services for the Blind

Agency 315

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	030	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Department of Services for the Blind did not have adequate internal controls to ensure payroll expenditures charged to the Vocational Rehabilitation grant were allowable. <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.126</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action complete The Department implemented the following procedures to strengthen internal controls over payroll expenditures charged to the Vocational Rehabilitation grant: <ul style="list-style-type: none"> • The Deputy Financial Officer: <ul style="list-style-type: none"> ○ Performs additional reviews of payroll reports to ensure position cost coding is consistent with the federally approved cost allocation plan. ○ Notifies Human Resources and Small Agency Financial Services to make corrections as needed. ○ Documents the payroll reviews to provide timely assurance that unallowable payroll expenditures are not charged to the grant. • The Department’s Human Resources Division reviews all timesheets to ensure they are appropriately signed by supervisors prior to submission for payroll processing. May 2021 Jeannie Brown Senior Financial Officer PO Box 40933 Olympia, WA 98504-0933 (360) 867-8260 Jeannie.brown@dsb.wa.gov	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$0						

Department of Services for the Blind

Agency 315

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	031	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 reporting requirements for the Vocational Rehabilitation grant.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>84.126</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>During the audit period, the Department implemented corrective actions to address the audit recommendations and to strengthen internal controls to ensure compliance with federal reporting requirements.</p> <ul style="list-style-type: none"> • As of February 2020, hired a Senior Financial Officer (SFO) with experience in federal reporting requirements. • As of March 2020, implemented policies and procedures related to Vocational Rehabilitation Program (RSA) reporting, which includes requirement of a secondary review and approval of the RSA reports by the SFO prior to submission. • As of April 2020, completed staff training on the new reporting policies and procedures. <p>The conditions noted in this finding were previously reported in findings 2019-027, 2018-019, and 2017-010.</p> <p>June 2020</p> <p>Jeannie Brown Senior Financial Officer PO Box 40933 Olympia, WA 98504-0933 (360) 867-8260 Jeannie.brown@dsb.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
2020	032	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure payments paid on behalf of clients for the Vocational Rehabilitation grant were allowable.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>84.126</td> <td style="text-align: right;">\$13,143</td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding. The Division of Vocational Rehabilitation will take the following corrective actions: By June 2021, the Department will: <ul style="list-style-type: none"> • Develop a process to monitor the approval of client services. • Contact the Department of Education, Rehabilitation Services Administration, regarding the questioned costs identified in this audit. By October 2021, the Department will: <ul style="list-style-type: none"> • Develop training for staff to reinforce understanding of existing federal requirements for the authorizations of client service purchases. • Implement a process improvement regarding the timing and types of approval required for vocational rehabilitation services. • Review existing policies and procedures with a focus on changes to clients' plans for employment. • Implement improvements to existing supervisory review protocols. The Department is currently in the process of procuring a new case management system. By January 2023, the Department will incorporate automated controls to validate authorizations for purchases into the design for the new system. The conditions noted in this finding were previously reported in findings 2019-023, 2018-023, 2017-014, and 2016-013.</p> <p>Completion Date: Estimated January 2023</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>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$13,143
<u>CFDA #</u>	<u>Amount</u>					
84.126	\$13,143					

Yakima Valley Community College

Agency 691

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	033	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Yakima Valley College did not establish adequate internal controls over and did not comply with requirements to reconcile its institution records with Direct Loan disbursement records monthly.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>84.268</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The College concurs with the finding.</p> <p>As of February 2021, with the assistance of the Common Origination and Disbursement (COD) System technical support, the College resolved the technical issue of generating School Account Statement (SAS) data files from the system.</p> <p>Additionally, the College took the following actions to improve internal controls over the reconciliation of direct loan disbursement records:</p> <ul style="list-style-type: none"> • Established a written process to confirm the receipt of the monthly SAS records by the Financial Aid and Business Offices. • Implemented a process to use the SAS data files in conjunction with the functionality of the College’s Student Management System to reconcile and identify direct loan discrepancies on a monthly basis. • Required each discrepancy to be documented with an explanation and the appropriate resolution. <p>February 2021</p> <p>Oscar Verduzco Financial Aid Director PO Box 22520 Yakima, WA 98907-2520 (509) 574-4937 overduzco@yvcc.edu</p>	<u>CFDA #</u>	<u>Amount</u>	84.268	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.268	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	034	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 State Opioid Response program, the Block Grants for Prevention and Treatment of Substance Abuse program, and the Substance Abuse and Mental Health Services Projects of Regional and National Significance program received required audits.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.243</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.788</td> <td></td> </tr> <tr> <td>93.959</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>Since the Authority assumed responsibilities over these grant programs in fiscal year 2019, a multi-divisional subrecipient monitoring workgroup was established to develop internal controls and monitoring procedures for subrecipients.</p> <p>The Authority has since developed policies and procedures related to subrecipient audit monitoring, and implementation is currently in process. The Authority will continue efforts under the subrecipient monitoring workgroup to ensure the policies and procedures are fully implemented and an adequate audit monitoring process is in place.</p> <p>The conditions noted in this finding were previously reported in findings 2019-028 and 2019-065. These conditions were also previously under Department of Social and Health Services findings 2018-025, 2017-016, 2016-014, 2015-016 and 2014-019.</p> <p>Estimated June 2021</p> <p>Keri Kelley, CPA External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.243	\$0	93.788		93.959	
<u>CFDA #</u>	<u>Amount</u>										
93.243	\$0										
93.788											
93.959											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	035	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls to ensure it submitted accurate quarterly reports for the Temporary Assistance for Needy Families grant.</p> <table border="0"> <tr> <td data-bbox="672 548 764 575"><u>CFDA #</u></td> <td data-bbox="1003 548 1096 575"><u>Amount</u></td> </tr> <tr> <td data-bbox="672 575 764 602">93.558</td> <td data-bbox="1003 575 1096 602">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>As of July 2020, the Department implemented the following independent review process for the Temporary Assistance for Needy Families (TANF) grant quarterly reports:</p> <ul style="list-style-type: none"> • Research & Data Analysis (RDA) Division staff generate TANF and Separate State Assistance Maintenance of Effort quarterly samples for data validation. • RDA staff review the samples against source data systems with the assistance from TANF policy representatives, and document the review and any discrepancies. • The manager of the federal reporting team independently reviews the quality assurance results and ensures corrections are made as needed. <p>In January 2021, the Department transitioned the primary responsibility for TANF federal reporting from RDA to the Economic Services Administration (ESA). ESA continues to follow the quality assurance process for each report and also performs quarterly internal control/quality assurance reviews through random sampling of the ACF-199 and ACF-209 reported cases.</p> <p>ESA is currently establishing an independent review process for all code changes and anticipates the work will be completed by June 2021.</p> <p>Due to the timing and frequency of audits, the Department is not usually made aware of a finding until six months after the state fiscal year concludes. It is not always feasible to correct audit issues within the next six months before a new audit cycle begins. For this reason, the Department anticipates that the audit issues identified in the current audit will still be outstanding at least in the first part of the subsequent audit period.</p> <p>The Department will continue to ensure:</p> <ul style="list-style-type: none"> • Independent review and documentation of all code changes. • Use of Microsoft Team Foundation Server for code repository. • Ongoing updates to documentation throughout the production of the TANF federal reports using the current TANF reporting system. • The use of the formal change control procedures and change control logs in the replacement of the current reporting system. 	<u>CFDA #</u>	<u>Amount</u>	93.558	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	035 (cont'd)	<p>The conditions noted in this finding were previously reported in findings 2019-030, 2018-028, 2017-020, and 2016-016.</p> <p>Completion Date: Estimated June 2021</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 4804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan																							
2020	036	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 its process to allocate administrative expenditures to federal grants.</p> <table border="0"> <thead> <tr> <th data-bbox="670 552 771 579"><u>CFDA #</u></th> <th data-bbox="1084 552 1177 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 579 771 609">93.558</td> <td data-bbox="1084 579 1177 609">\$0</td> </tr> <tr> <td data-bbox="670 609 771 638">93.575</td> <td></td> </tr> <tr> <td data-bbox="670 638 771 667">93.596</td> <td></td> </tr> <tr> <td data-bbox="670 667 889 697">93.596 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="670 697 771 726">93.658</td> <td></td> </tr> <tr> <td data-bbox="670 726 889 756">93.658 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="670 756 771 785">93.659</td> <td></td> </tr> <tr> <td data-bbox="670 785 909 814">93.775/93.777/93.778</td> <td></td> </tr> <tr> <td data-bbox="670 814 1047 844">93.775/93.777/93.778 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="670 844 771 873">93.870</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>The Department continues to strengthen internal controls over processing changes to the cost allocation bases in the state accounting system, and has:</p> <ul style="list-style-type: none"> • Implemented processes for additional approval authorities to ensure cost allocation base workbooks are adequately reviewed and approved by management. • Established a workflow for segregating duties to strengthen internal controls over processing cost allocation base workbooks. <p>The conditions noted in this finding were previously reported in finding 2019-045.</p> <p>October 2020</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$0	93.575		93.596		93.596 - COVID-19		93.658		93.658 - COVID-19		93.659		93.775/93.777/93.778		93.775/93.777/93.778 - COVID-19		93.870	
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93.870																									

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	037	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 requirements to ensure payroll changes paid by the Child Care and Development Fund cluster were allowable and properly supported.</p> <table border="0"> <thead> <tr> <th data-bbox="670 590 771 617"><u>CFDA #</u></th> <th data-bbox="1003 590 1094 617"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 621 748 648">93.575</td> <td data-bbox="1003 621 1138 648">\$11,207,984</td> </tr> <tr> <td data-bbox="670 653 748 680">93.596</td> <td></td> </tr> <tr> <td data-bbox="670 684 873 711">93.596 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>In response to the COVID-19 pandemic, the Washington State Governor issued directives to implement the Stay Home, Stay Healthy, hiring freezes, and staff furloughs. As a result, resources for the cost allocation and grants unit were prioritized to the most vital areas of managing the pandemic responses and funding-related tasks.</p> <p>The Department agrees that payroll certifications were not completed timely during the audit period, but maintains that the charges to the grant were allowable.</p> <p>By June 2021, the Department will:</p> <ul style="list-style-type: none"> • Research the six employees not included on the payroll certifications and will make corrections as applicable. • Complete fiscal year 2020 payroll certifications for the period from January 2020 through June 2020. • Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid. <p>The conditions noted in this finding were previously reported in findings 2019-036 and 2018-033.</p> <p>Estimated June 2021</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$11,207,984	93.596		93.596 COVID-19	
<u>CFDA #</u>	<u>Amount</u>										
93.575	\$11,207,984										
93.596											
93.596 COVID-19											

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan								
2020	038	<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>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 709"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.575</td> <td>\$7,736</td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.596 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department concurs that 39 out of the 40 payments identified as audit exceptions were partially or fully unallowable due to lack of adequate support, incorrect billing hours, missing signatures, and overtime and field trip fee billing rules. The Department will establish overpayments where appropriate and refer the overpayments to the Department’s Office of Financial Recovery for collection.</p> <p>The Department does not concur with the audit exception and questioned costs of \$1,250 related to a provider not having attendance records during a month covered by enrollment-based pay during the COVID-19 pandemic. During this time period, the Department passed emergency rules and updated the CCDF State Plan to allow provider billings based on enrollment without the requirement to submit attendance records to support the billings. These emergency rules covered the period from March 16, 2020 through August 31, 2020.</p> <p>In response to prior audit findings, the Department implemented an electronic attendance system that:</p> <ul style="list-style-type: none"> • Enables accurate, real-time recording of child care attendance, tracking of daily attendance, and capturing data on child care usage. • Has the ability to support third party electronic attendance systems. The Department continues to add links to more third party systems and improve reporting capabilities. • Generates reports that allows the Department to conduct focused audits beginning in April 2019. New and enhanced reports will also be developed by October 2021. <p>In addition, the Department has begun disqualifying providers convicted of fraud from receiving subsidy payments and subsidy benefits.</p> <p>The Department will:</p> <ul style="list-style-type: none"> • Update training curriculum and require all licensed homes and family, friend and neighbor providers to complete training 	<u>CFDA #</u>	<u>Amount</u>	93.575	\$7,736	93.596		93.596 COVID-19	
<u>CFDA #</u>	<u>Amount</u>									
93.575	\$7,736									
93.596										
93.596 COVID-19										

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	038 (cont'd)	<p>prior to the expiration of the 2021-2023 tentative agreement with the Service Employees International Union (SEIU).</p> <ul style="list-style-type: none"> • Implement a system of monthly units for licensed family homes to simplify billing. • Verify provider rates and fees are accurate prior to changing authorizations, with a goal to develop an automated process for future rate change implementations. • Develop monitoring reports to verify: <ul style="list-style-type: none"> ○ Providers are using an approved electronic attendance system after three months of authorized payments. Providers not meeting the requirement will be excluded from receiving child care subsidy until they are in compliance. ○ Providers are collecting all required attendance documentation in their electronic attendance system. The Department’s quality assurance staff will provide technical assistance to providers to resolve attendance record errors. <p>The Department continues to strengthen internal controls over payments to child care providers. The Department established program violation rules in WAC 110-15-0277, but its implementation was halted due to the demand to bargain with SEIU. Upon conclusion of the bargaining, the Department will:</p> <ul style="list-style-type: none"> • Issue provider program violation notices. • Exclude providers who have four or more program violations from receiving child care subsidy. <p>The Department consults with the U.S. Department of Health and Human Services on audit findings. The audit resolution process includes conducting a case-by-case review and providing additional documentation</p> <p>The conditions noted in this finding were previously reported in findings 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: Estimated June 2022</p> <p>Agency Contact: 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

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2020	039	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with client eligibility requirements for the Working Connections Child Care program.</p> <table border="0" data-bbox="665 546 1477 714"> <thead> <tr> <th data-bbox="665 546 779 577"><u>CFDA #</u></th> <th data-bbox="779 546 1477 577"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="665 577 779 609">93.558</td> <td data-bbox="779 577 1477 609">\$7,513</td> </tr> <tr> <td data-bbox="665 609 779 640">93.575</td> <td></td> </tr> <tr> <td data-bbox="665 640 779 672">93.596</td> <td></td> </tr> <tr> <td data-bbox="665 672 779 703">93.596 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>During the time period between the completion of the fiscal year 2019 audit and the start of the fiscal year 2020 audit, Washington state was under a statewide lockdown in response to the COVID-19 pandemic. There were significant restrictions imposed, which required numerous emergency rules and subsequent policy and procedure changes to adjust to the impacts on clients and providers. The corrective actions outlined in the prior year’s corrective action plan were stalled.</p> <p>In response to the current finding, the Department will obtain the necessary documentation to establish overpayments where appropriate and refer to the Office of Financial Recovery for collection. The Department will also consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.</p> <p>In addition, the Department will continue to improve processes and internal controls, as follows:</p> <ul style="list-style-type: none"> • Create an overpayment review panel that meets semi-monthly to review assigned overpayments. This panel will ensure correct rule application and identify areas of program vulnerability. • Perform continued quality improvement reviews for procedural modifications related to household composition changes that were implemented late in the fiscal year to address prior year’s audit finding. • Improve the Department’s internal audit process: <ul style="list-style-type: none"> ○ Hire a Quality Assurance Administrator to facilitate program integrity efforts based on audit findings and program needs. ○ Replace the Audit 99 auditing system, which was supported by the Department of Social and Health Services, with an updated audit platform that will include a database for root cause analysis. ○ Establish a centralized audit team to conduct program audits following the requirements of the statewide single audit in accordance with the Uniform Guidance. ○ Ensure lead workers conduct coaching and auditing based on program needs to ensure consistency and compliance with program rules. 	<u>CFDA #</u>	<u>Amount</u>	93.558	\$7,513	93.575		93.596		93.596 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>												
93.558	\$7,513												
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93.596													
93.596 - COVID-19													

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	039 (cont'd)	<ul style="list-style-type: none"> ○ Conduct monthly audit calibration meetings with all lead workers and internal audit staff to ensure agency audit standards are consistently followed. ● Create and deliver staff training on using data systems and performing income calculations, specifically the Division of Child Support system and Employment Security Division systems. ● Add language to the Consumer’s Rights and Responsibilities Form to include the fraud penalty notice and the fraud reporting hotline number. <p>The conditions noted in this finding were previously reported in findings 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017 and 2012-30.</p> <p>Completion Date: Estimated July 2021</p> <p>Agency Contact: 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

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	040	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 matching, level of effort and earmarking requirements and did not comply with matching requirements for the Child Care and Development Fund Cluster programs.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.575</td> <td style="text-align: right;">\$6,595,589</td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> <tr> <td style="text-align: right;">93.596 – COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>It should be noted that the Department was created as a new agency as of July 2018 and this audit was conducted in the second year of operations during a transitional period. There were also additional challenges during the COVID-19 pandemic under the Governor’s mandatory stay-home executive order.</p> <p>As of July 2019, the Department began processing and recording state expenditures used to meet matching requirements for the grant. The exceptions identified in the audit were related to the federal fiscal year 2019 award which was still open. The Department has been reconciling the grant to ensure all matching, level of effort and earmarking requirements are met prior to the end of the grant period.</p> <p>In response to the audit recommendations, the Department is working on strengthening internal controls to ensure program expenditures reported by the Department of Social and Health Services are properly supported. The Department will also develop written procedures to document the matching, level of effort, and earmarking processes.</p> <p>If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with the grantor and will take appropriate action.</p> <p>Estimated October 2021</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$6,595,589	93.596		93.596 – COVID-19	
<u>CFDA #</u>	<u>Amount</u>										
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93.596											
93.596 – COVID-19											

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	041	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 period of performance requirements for the Child Care and Development Fund Cluster programs.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> <tr> <td style="text-align: right;">93.596 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>The expenditures that were found obligated after the grant’s period of performance resulted from incorrect coding and were not spent at the time. No federal funds were drawn from those expenditures and the Department was working on transferring the costs to other funding sources.</p> <p>It should be noted that the Department was created as a new agency as of July 2018 and this audit was conducted during the second year of operations. There were also additional challenges during the COVID-19 pandemic under the Governor’s mandatory stay-home executive order.</p> <p>The Department continues to work on documenting and refining internal controls, processes, and procedures. To address the auditors’ recommendations, the Department will develop written procedures to ensure expenditures are obligated only during the grant’s allowed period of performance.</p> <p>Estimated October 2021</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$0	93.596		93.596 COVID-19	
<u>CFDA #</u>	<u>Amount</u>										
93.575	\$0										
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	042	<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>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.575 \$8,760 93.596 93.596 - COVID-19</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department is strongly committed to ensuring the health, safety, and well-being of all children in care, and is continuing to work on improving internal controls and processes. The Department:</p> <ul style="list-style-type: none"> • Established and implemented policies, procedures, and training on the new licensing standards for employees. • Communicated with supervisors and staff regarding required documentation for non-compliance follow-up. • As of March 2020, discontinued the practice of backdating payments after confirmation of a cleared background or fingerprint check. <p>The Department will:</p> <ul style="list-style-type: none"> • Continue to implement system changes and enhancements to assist with reporting on monitoring visits, background checks, and providers' applicable annual training requirements. • Consult with the grantor on accepting email confirmation in lieu of signature on the health and safety agreement for Family, Friends & Neighbors providers. • Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid. <p>The conditions noted in this finding were previously reported in findings 2019-039, 2018-035, 2017-025, 2016-022 and 2015-024.</p> <p>Completion Date: Estimated December 2022</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	043	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 assessing the level of potential fraud risk for the Child Care and Development Fund program.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td>\$0</td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.596 - COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>All fraud referrals, with the exception of vendor referrals, are processed through the Barcode system. In July 2019, the Department discovered an anomaly in the intake process for phone calls to the fraud hotline, specifically:</p> <ul style="list-style-type: none"> • Each phone call to the fraud hotline was entered into the Fraud Case Management System (FCMS) first and was given a prioritization number by the intake worker who received the call. • The referral was then sent through the Barcode scoring algorithm which assigned a second prioritization number. However, this second number did not overwrite the existing FCMS score. • This resulted in two different priority numbers for hotline calls between FCMS and Barcode, but the Barcode prioritization number was not accessible to all Department staff. <p>Upon discovery of the technical issue, the Department researched and monitored the process, and subsequently instituted corrective measures in October 2019. Since then,</p> <ul style="list-style-type: none"> • All fraud referrals by phones are entered into Barcode first to ensure proper prioritization. These prioritizations are then interfaced into FCMS. • No high-priority referrals were aged out. <p>The Department's Office of Fraud and Accountability is building a new case management system, which will address and correct the system anomaly concerning the fraud case intake process by phone. The Department anticipates the new system will be completed by December 2021.</p> <p>Estimated December 2021</p> <p>Rick Meyer External Audit Compliance Manager PO Box 4804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$0	93.596		93.596 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>										
93.575	\$0										
93.596											
93.596 - COVID-19											

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	044	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department did not have adequate internal controls over some Public Assistance Cost Allocation Plan requirements.</p> <table border="0"> <thead> <tr> <th data-bbox="673 520 764 548"><u>CFDA #</u></th> <th data-bbox="1003 520 1094 548"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 552 748 579">93.658</td> <td data-bbox="1003 552 1032 579">\$0</td> </tr> <tr> <td data-bbox="673 583 873 611">93.658 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 615 748 642">93.659</td> <td></td> </tr> <tr> <td data-bbox="673 646 748 674">93.778</td> <td></td> </tr> <tr> <td data-bbox="673 678 873 705">93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>No corrective action taken</p> <p>The Department does not concur with the finding.</p> <p>As stated in the prior year’s audit response, the Department has processes and procedures in place for the monthly employee reconciliation of the Random Moment Time Study (RMTS) sampling universe. The headquarter’s cost allocation team follows procedures to create and communicate monthly employee reports to the RMTS Coordinators.</p> <p>The Department maintains that it complies with the federally approved Public Assistance Cost Allocation Plan (PACAP). The Department has also taken additional actions to address system limitations caused by high turnover rates of staff within the cost pools. There is no known deficiency with the integrity of the RMTS, nor are unallowable costs allocated to federal programs.</p> <p>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>The conditions noted in this finding were previously reported in finding 2019-044.</p> <p>Not applicable</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$0	93.658 COVID-19		93.659		93.778		93.778 COVID-19	
<u>CFDA #</u>	<u>Amount</u>														
93.658	\$0														
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93.778 COVID-19															

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	045	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Department of Children, Youth, and Families did not have adequate internal controls over its process to allocate the Adoption Assistance program expenditures to federal grants. <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.659</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action complete The Department concurs with the finding. In response to the audit recommendations, the Department: <ul style="list-style-type: none"> • Implemented processes for additional approval authorities to ensure cost allocation edit forms are reviewed and approved by management. • Established a workflow for segregating duties to strengthen internal controls over processing cost allocation edit forms. October 2020 Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov	<u>CFDA #</u>	<u>Amount</u>	93.659	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.659	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan												
2020	046	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid and Children’s Health Insurance Programs were properly screened, licensed, and enrolled.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="673 583 764 611"><u>CFDA #</u></th> <th data-bbox="1003 583 1094 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 615 748 642">93.775</td> <td data-bbox="1003 615 1029 642">\$0</td> </tr> <tr> <td data-bbox="673 646 748 674">93.777</td> <td></td> </tr> <tr> <td data-bbox="673 678 889 705">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 709 748 737">93.778</td> <td></td> </tr> <tr> <td data-bbox="673 741 889 768">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: In response to prior years’ audit findings, the Authority has made progress toward revalidation compliance.</p> <p>Due to the COVID-19 pandemic, the Centers for Medicare and Medicaid Services issued emergency declaration blanket waivers in March 2020 through the end of the emergency declaration. These waivers provided the Authority some flexibilities including fingerprint-based criminal background checks and site visits. It also allowed for the expedited processing of any pending and new provider applications, and the postponement of all revalidation actions.</p> <p>As noted in the audit, the Authority had complied with most of the provider revalidation requirements for the majority of the audit period. The Authority will continue to work on:</p> <ul style="list-style-type: none"> • Establishing adequate internal controls to ensure required database checks with the Excluded Parties List System are completed at least monthly. • Ensuring each provider’s screening risk level is properly adjusted. • Implementing a process to conduct fingerprint-based criminal background checks for high risk providers. <p>The conditions noted in this finding were previously reported in findings 2019-048, 2018-042, 2017-033, and 2016-035.</p> <p>Completion Date: Estimated October 2021</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>													
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93.777 - COVID-19														
93.778														
93.778 - COVID-19														

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan												
2020	047	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Service Verifications were performed for eligible nursing home claims or that reports of potential fraud obtained through the Medicaid service verification process were investigated.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="672 617 764 642"><u>CFDA #</u></th> <th data-bbox="1003 617 1096 642"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 646 748 672">93.775</td> <td data-bbox="1003 646 1032 672">\$0</td> </tr> <tr> <td data-bbox="672 676 748 701">93.777</td> <td></td> </tr> <tr> <td data-bbox="672 705 878 730">93.777-COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 735 748 760">93.778</td> <td></td> </tr> <tr> <td data-bbox="672 764 878 789">93.778-COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: In March 2021, the Authority implemented the required system enhancement to include nursing home claims in the service verification process. Systems staff subsequently verified that the claim sample selection for April 2021 did include nursing home claims.</p> <p>In addition, the Authority has developed, and is in the process of, finalizing policies and procedures for conducting preliminary investigations when allegations of Medicaid fraud or abuse are received.</p> <p>The conditions noted in this finding were previously reported in finding 2019-052. These conditions were also reported in fiscal years 2018 and 2017, which the auditors considered resolved during the 2019 audit.</p> <p>Completion Date: Estimated June 2021</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777-COVID-19		93.778		93.778-COVID-19	
<u>CFDA #</u>	<u>Amount</u>													
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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	048	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority, Division of Program Integrity, did not establish adequate internal controls over and did not comply with requirements to identify and refer suspected fraud cases for investigation.</p> <table border="0"> <thead> <tr> <th data-bbox="670 552 764 579"><u>CFDA #</u></th> <th data-bbox="1003 552 1094 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 581 748 609">93.775</td> <td data-bbox="1003 581 1032 609">\$0</td> </tr> <tr> <td data-bbox="670 611 748 638">93.777</td> <td></td> </tr> <tr> <td data-bbox="670 640 889 667">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="670 669 748 697">93.778</td> <td></td> </tr> <tr> <td data-bbox="670 699 889 726">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Authority has developed and is currently finalizing the policies and procedures for the Audit and Investigations Unit.</p> <p>The Authority will improve internal controls over identifying and referring suspected fraud cases for investigation, which include:</p> <ul style="list-style-type: none"> • Performing and documenting audits in accordance with division policies and procedures. • Ensuring secondary reviews are conducted for audits to ensure accuracy and completeness. • Ensuring staff conducting fraud reviews has required qualifications. <p>The conditions noted in this finding were previously reported in findings 2019-053 and 2018-047.</p> <p>Estimated June 2021</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>														
93.775	\$0														
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93.778 - COVID-19															

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	049	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 periodic audits of cost report data for rate setting, hospital billings and other financial and statistical records for inpatient hospital services.</p> <table border="0"> <thead> <tr> <th data-bbox="670 590 764 617"><u>CFDA #</u></th> <th data-bbox="1003 590 1097 617"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 619 748 646">93.775</td> <td data-bbox="1003 619 1032 646">\$0</td> </tr> <tr> <td data-bbox="670 653 748 680">93.777</td> <td></td> </tr> <tr> <td data-bbox="670 686 889 714">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="670 720 748 747">93.778</td> <td></td> </tr> <tr> <td data-bbox="670 753 889 781">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Authority will take the following actions to ensure compliance with federal requirements around periodic audits of financial and statistical records used in the rate-setting process for inpatient hospitals:</p> <ul style="list-style-type: none"> • Establish and define the audit activities that will be performed by the Authority. • Determine if changes to the Medicaid State Plan are needed to better reflect the required audit activities. <p>The Authority performs annual cost settlements using hospital cost reports which are subject to desk reviews and audits by the Center for Medicare and Medicaid Services and its Medicare administrative contractors. The Authority will consult with the grantor about audit expectations to prevent duplicate audit activities and inefficient use of resources.</p> <p>Estimated July 2021</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>														
93.775	\$0														
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93.778 - COVID-19															

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	050	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 Medicaid Fraud Control Division overpayment recoveries on the CMS-64 report.</p> <table border="0"> <thead> <tr> <th data-bbox="670 552 764 579"><u>CFDA #</u></th> <th data-bbox="1003 552 1097 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 581 748 609">93.775</td> <td data-bbox="1003 581 1097 609">\$78,028</td> </tr> <tr> <td data-bbox="670 611 748 638">93.777</td> <td></td> </tr> <tr> <td data-bbox="670 640 889 667">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="670 669 748 697">93.778</td> <td></td> </tr> <tr> <td data-bbox="670 699 889 726">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Authority concurs with the finding.</p> <p>During the period when staff were transitioning to new positions and receiving training on their new responsibilities, the process of reporting the Medicaid Fraud Control Division (MFC) overpayment recoveries on the CMS-64 report was inadvertently missed.</p> <p>Prior to the conclusion of the audit, the Authority processed a journal voucher to report the missed overpayment recoveries. The amount will be included on the federal report in the quarter ending March 2021, so the questioned costs reported in the finding will be resolved.</p> <p>To improve internal controls over this process, the Authority has developed a staff checklist that includes the MFC recovery reporting process.</p> <p>Estimated June 2021</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$78,028	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan																		
2020	051	<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> <table border="0" data-bbox="483 577 1153 766"> <tr> <td data-bbox="483 577 609 609">Questioned</td> <td data-bbox="673 577 771 609"><u>CFDA #</u></td> <td data-bbox="998 577 1096 609"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 609 560 640">Costs:</td> <td data-bbox="673 609 755 640">93.775</td> <td data-bbox="998 609 1153 640">\$284,918,428</td> </tr> <tr> <td></td> <td data-bbox="673 640 755 672">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 672 893 703">93.777 - COVID-19</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 703 755 735">93.778</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 735 893 766">93.778 - COVID-19</td> <td></td> </tr> </table> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>The Department does not agree with the finding conditions as described and maintains that there are adequate internal controls in place to ensure Medicaid payments to supported living providers were allowable and adequately supported. The State Auditor’s Office has questioned virtually all of the Department’s reimbursements for instruction and support services to supported living clients. This conclusion would suggest the auditors did not believe that any of the services occurred, which is implausible and completely inaccurate.</p> <p>Supported living provider services are reimbursed using a per diem rate. Clients’ needs vary by day, and this payment methodology allows providers to meet these changing needs by not carrying the expectation that a set number of hours will be provided to clients each day. The purpose of this reimbursement methodology is to allow service providers flexibility in the provision of services that best meets the clients’ complex needs. This methodology was approved by the Center for Medicare and Medicaid Services (CMS).</p> <p>The auditors’ requirement of hourly documentation of services for each client to justify services provided is not appropriate. It appears the auditors’ evaluation of the Department’s oversight and monitoring of supported living services was not reasonable nor aligned to the business model, and led to the determination that most of the fiscal year 2020 supported services reimbursements were not justified.</p> <p>The Department has a number of significant oversight and monitoring strategies that have been detailed and outlined in the response to the finding. It is particularly worth noting that:</p> <ul style="list-style-type: none"> • In July 2019, a formalized and more holistic quality assurance (QA) oversight process was developed and implemented. This new QA oversight approach was adopted with the transition from the legacy service-hour-driven rate system to the person-centered-assessment-driven tiered rate system, and includes routine reviews to ensure supports listed in clients’ person-centered service plans align with 	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.775	\$284,918,428		93.777			93.777 - COVID-19			93.778			93.778 - COVID-19	
Questioned	<u>CFDA #</u>	<u>Amount</u>																		
Costs:	93.775	\$284,918,428																		
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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	051 (cont'd)	<p>the supports provided.</p> <ul style="list-style-type: none"> • Additional contract monitoring efforts were implemented to evaluate providers' performance to ensure compliance with contract terms and conditions. Resource managers' contract monitoring activities are documented in the Residential Agency Tracking Database. <p>It should be noted that in the latter part of fiscal year 2020 (January to June 2020), the Department allowed providers various flexibilities due to the declared emergency in response to the COVID-19 pandemic. The auditors did not take into consideration the flexibilities that the Department approved under its authority. For instance, the auditors stated that cost reports were not submitted or reviewed in a timely manner when, in fact, the Department had allowed additional time for cost report submission and review.</p> <p>The Department acknowledges that there are areas where the oversight and monitoring strategies could be bolstered and improved. By December 2021, the Department will:</p> <ul style="list-style-type: none"> • Continue to utilize numerous oversight and monitoring strategies consistent with the assurances in the waiver application. • Resume its pre-pandemic cost report oversight and monitoring processes, unless otherwise directed by CMS. • Review and amend its cost report instructions. • Update policy to clarify that bonuses and overtime are a part of wages. • Consider whether available resources are sufficient to increase the number of providers included in the cost report audit. • Determine whether to increase the percentage of clients included in the quality assurance reviews. • Strengthen the quality assurance process to ensure necessary follow-up activities occur, including the referral of overpayment concerns to the appropriate team for further actions. • Communicate with the grantor and convey the Department's position that the per diem reimbursements made during the audit period were justified. <p>The conditions noted in this finding were previously reported in findings 2019-054, 2018-058, 2017-044, 2016-041, 2016-045, 2015-049, 2015-052, 2014-041, 2014-042, 2013-036, 2013-038, and 12-39.</p> <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</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	052	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid program were properly screened, licensed, and enrolled.</p> <table border="0"> <thead> <tr> <th data-bbox="672 583 764 611"><u>CFDA #</u></th> <th data-bbox="1003 583 1096 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 615 748 642">93.775</td> <td data-bbox="1003 615 1031 642">\$0</td> </tr> <tr> <td data-bbox="672 646 748 674">93.777</td> <td></td> </tr> <tr> <td data-bbox="672 678 889 705">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 709 748 737">93.778</td> <td></td> </tr> <tr> <td data-bbox="672 741 889 768">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>In response to prior years’ audit findings, the Department developed a process to screen and track each nursing facility contract to ensure validation and revalidation occurs within the five-year requirement, and had subsequently completed all nursing facility screenings. However, the Department was not aware that federal database checks include the National Plan and Provider Enumeration System for those nursing facilities contracted on or before March 25, 2001, which were required to be conducted at least every five years by September 2016. The Department became aware of this requirement in 2018 and had completed the required nursing facility validations by October 2018. The Department is aware that this subset of revalidations was not completed timely and that the finding will likely remain unresolved through September 2021 or until these facilities are revalidated at the end of the subsequent five-year period.</p> <p>The Department also implemented additional internal controls to ensure Medicaid providers are properly screened, licensed, and enrolled. The Department will continue to maintain the controls currently in place for the provider revalidation process and will codify them into formal policies and procedures to ensure continued federal compliance, including:</p> <ul style="list-style-type: none"> • The monthly database check with the System for Awards Management and the appropriate actions taken when necessary. This process has been ongoing since 2014. • The entire process for the termination of provider applications or revalidations that are found to be ineligible. <p>As of November 2020, the Department developed a high-risk provider tracking process. By September 2021, a workgroup will be established to develop policies and procedures for completing fingerprint-based criminal background checks for the high-risk providers.</p> <p>By November 2021, the Department will convene a fingerprint-based</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>														
93.775	\$0														
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93.777 - COVID-19															
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93.778 - COVID-19															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	052 (cont'd)	<p>criminal background check stakeholder workgroup to provide an overview of rules and requirements, with a goal to formally adopt policies and procedures by April 2022.</p> <p>By July 2022, a training plan for the fingerprint-based criminal background checks will be established for providers and staff.</p> <p>The conditions noted in this finding were previously reported in findings 2019-062 and 2018-057.</p> <p>Completion Date: Estimated July 2022</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>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	053	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 federal requirements for completing recertification surveys in a timely manner.</p> <table border="0"> <thead> <tr> <th data-bbox="672 583 764 611"><u>CFDA #</u></th> <th data-bbox="1003 583 1096 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 615 748 642">93.775</td> <td data-bbox="1003 615 1031 642">\$0</td> </tr> <tr> <td data-bbox="672 646 748 674">93.777</td> <td></td> </tr> <tr> <td data-bbox="672 678 889 705">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 709 748 737">93.778</td> <td></td> </tr> <tr> <td data-bbox="672 741 889 768">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with the audit finding and has taken corrective actions to strengthen internal controls over the completion of recertification surveys.</p> <p>As of April 2021, the Department modified the process used in calculating survey intervals to ensure it accurately calculates the statewide average survey frequency based on the federal fiscal year end.</p> <p>By June 2021, the field manager and administrative staff will begin conducting quarterly meetings to review the survey interval tracking spreadsheet to ensure information entered is accurate and the Plan of Correction timelines are met.</p> <p>The conditions noted in this finding were previously reported in findings 2019-061, 2018-052, 2017-042, 2016-037, 2015-045, and 2014-046.</p> <p>Estimated June 2021</p> <p>Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>														
93.775	\$0														
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93.778 - COVID-19															

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	054	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 to ensure it complied with federal requirements for completing nursing home recertification surveys in a timely manner.</p> <table border="0"> <thead> <tr> <th data-bbox="672 583 764 611"><u>CFDA #</u></th> <th data-bbox="1003 583 1096 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 615 748 642">93.775</td> <td data-bbox="1003 615 1032 642">\$0</td> </tr> <tr> <td data-bbox="672 646 748 674">93.777</td> <td></td> </tr> <tr> <td data-bbox="672 678 889 705">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 709 748 737">93.778</td> <td></td> </tr> <tr> <td data-bbox="672 741 889 768">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>The Department has established internal controls and monitoring practices in place for completing nursing home recertification surveys, which resulted in compliance with federal survey interval requirements for years. This audit has helped to bring to the attention that these processes have not been adequately documented.</p> <p>By September 2021, each region and field office unit will establish master survey schedules. The Regional Administrators and Office Chief have been directed to monitor these scheduled surveys on a monthly basis to meet the statewide federally required averages by the end of the federal fiscal year.</p> <p>By October 2021, the Department will develop policies and procedures documenting the survey monitoring and oversight responsibilities.</p> <p>Estimated October 2021</p> <p>Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>														
93.775	\$0														
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93.778															
93.778 - COVID-19															

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	055	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 requirements to ensure it responded promptly to complaints for Medicaid hospitals.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.777 - COVID-19</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 - COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>The Department is committed to ensuring grant programs comply with state and federal regulations related to assessment of and response to hospital complaints. Program staff hold weekly meetings with the Centers for Medicare and Medicaid Services to discuss complaint cases that are in process.</p> <p>To address the audit recommendations, the Department hired additional staff to assist with the complaint intake process for the entire division. The Department is in the process of updating protocols to ensure hospital complaints are handled promptly and meet federal requirements.</p> <p>The conditions noted in this finding were previously reported in finding 2019-046.</p> <p>Estimated June 2021</p> <p>Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 Kristina.White@doh.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>														
93.775	\$0														
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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	056	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority improperly charged \$20,000 for payments made to providers under the Opioid State Targeted Response program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.788</td> <td style="text-align: right;">\$20,000</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority has procedures in place to ensure provider payments are proper.</p> <p>The audit found a provider payment was made that exceeded the amount allowed under contract terms. Fiscal staff had originally identified the over-billing and requested a corrected invoice, but inadvertently processed the payment against the original invoice resulting in an overpayment.</p> <p>The Authority is working with the provider on repayment and will consult the grantor regarding resolution of the questioned costs.</p> <p>Estimated June 2021</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-5986 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.788	\$20,000
<u>CFDA #</u>	<u>Amount</u>						
93.788	\$20,000						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	057	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 Opioid State Targeted Response program received required risk assessments.</p> <table border="0"> <tr> <td data-bbox="665 579 764 611"><u>CFDA #</u></td> <td data-bbox="1003 579 1094 611"><u>Amount</u></td> </tr> <tr> <td data-bbox="665 613 748 644">93.788</td> <td data-bbox="1003 613 1029 644">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>Since the Authority assumed responsibilities over the grant program in fiscal year 2019, a multi-divisional subrecipient monitoring workgroup was established to develop internal controls and monitoring procedures for subrecipients.</p> <p>Prior to conclusion of the audit, the workgroup had developed and approved an effective subrecipient risk assessment process. The Authority is currently scheduling staff training to ensure a consistent process is followed across the agency. Once staff training is complete, the risk assessment process will be fully implemented.</p> <p>The conditions noted in this finding were previously reported in finding 2019-066.</p> <p>Estimated June 2021</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.788	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.788	\$0						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	058	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families improperly charged \$135,685 for salaries and benefits to the Maternal, Infant, and Early Childhood Home Visiting grant.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.870</td> <td style="text-align: right;">\$135,685</td> </tr> </table> <p>Corrective action in progress</p> <p>In response to the COVID-19 pandemic, the Washington State Governor issued directives to implement the Stay Home, Stay Healthy Order, hiring freezes, and staff furloughs. As a result, resources for the cost allocation and grants unit were prioritized to the most vital areas of managing the pandemic responses and funding-related tasks.</p> <p>The Department has established processes in place for program staff to review direct charges monthly. The Department agrees that payroll certifications for two employees were not completed timely during the audit period but maintains that the charges to the grant were allowable.</p> <p>In response to the audit recommendations, the Department completed a journal voucher to correct the misapplied payroll charges of \$3,508.</p> <p>By June 2021, the Department will:</p> <ul style="list-style-type: none"> • Complete fiscal year 2020 payroll certifications for January 2020 through June 2020. • Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid. <p>The conditions noted in this finding were previously reported in finding 2019-067, which the auditors determined to be resolved.</p> <p>Estimated June 2021</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.870	\$135,685
<u>CFDA #</u>	<u>Amount</u>						
93.870	\$135,685						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	059	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure payments made under the Block Grants for Prevention and Treatment of Substance Abuse program were allowable and met period-of-performance requirements.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.959</td> <td style="text-align: right;">\$431,797</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority will transfer expenditures charged to the grant prior to the period of performance back to general state funds. Expenditures that were charged after the period of performance will be moved to the appropriate grant period.</p> <p>The Authority will also improve internal controls for payments made under the Block Grant programs to ensure:</p> <ul style="list-style-type: none"> • Account coding is correctly applied to payments for the correct grant period. • Payments are made only for allowable activities and within the appropriate period of performance. • Accounting adjustments are reviewed and approved, assuring program and period of performance requirements are met. <p>The Authority will work with the grantor on resolution of the questioned costs.</p> <p>Estimated October 2021</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$431,797
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$431,797						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	060	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 cash management requirements for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.959</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority has established controls in place over cash management requirements. The auditors identified that some drawdowns not occurring as required were due to a vacant staff position and the priority to complete accounting adjustments for the grant.</p> <p>It should also be noted that in most cases, the decision not to do drawdowns was a result of monitoring the award and identifying pending adjustments that could have led to negative expenditures.</p> <p>The Authority will:</p> <ul style="list-style-type: none"> • Work to improve documentation around drawdown decisions to ensure compliance with federal requirements including the Cash Management Improvement Act. • Contact the Office of Financial Management regarding the possibility of revising pertinent section on the 2022 State Treasury Agreement that would allow the Authority to address the unique situations when drawdowns are not necessary. <p>Estimated October 2021</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	061	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 level-of-effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.959</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>To help states manage the financial impact of the Coronavirus pandemic, the federal government enhanced the federal participation rates for some programs, including the block grant program. This resulted in reduced state matching requirements.</p> <p>The Authority is requesting a waiver from the Substance Abuse and Mental Health Services Administration to reduce the level-of-effort requirements.</p> <p>In addition, the Authority will improve internal controls over the monitoring of level-of-effort requirements to include:</p> <ul style="list-style-type: none"> • Ensuring accurate report criteria are used to monitor spending levels. • Ensuring staff follow the policies and procedures for state-funded transfers to ensure state spending thresholds are met. <p>The conditions noted in this finding were previously reported in finding 2019-069.</p> <p>Estimated October 2021</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	062	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 the reporting requirements for the Substance Abuse Prevention and Treatment Block Grant.</p> <table border="0" data-bbox="667 548 1096 611"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.959</td> <td>\$0</td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority does not concur with the finding.</p> <p>The expenditure amounts reported on the SF-425 federal financial reports for the Substance Abuse Prevention and Treatment Block Grant are allowable and supported by accounting records.</p> <p>The large and complex nature of block grants require diligent management to ensure accurate and appropriate spending and reporting. The period of performance often overlaps for consecutive grant years, and the two-year window for payments under the grant further complicates the grant closeout process. It is not unusual to take months to balance and reconcile expenditures at closeout.</p> <p>The Authority is aware of the need to comply with cost allowability and period of performance. It is for this reason that staff spend considerable time on review, research, and adjustments to ensure that expenditures are charged to the appropriate award based on month of service, and that reporting is accurate. Adjustments of expenditures after the report date and above the grant award amount were normal adjustments resulting from the review and research, and were not claimed for federal reimbursement under the grant.</p> <p>The December 2019 SF-425 report reflected the full 2018 grant expenditures that were allowable and within the grant performance period; therefore, no corrective action is needed.</p> <p>The Authority will consult with the grantor on the process for making adjustments after a grant award is closed when those adjustments do not affect the federal amount claimed.</p> <p>Not applicable</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	063	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subawards of Block Grants for Prevention and Treatment of Substance Abuse contained all required information. <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.959</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action in progress The Authority concurs with the finding. The Authority's contracts department has begun working on amendments to include all required subaward information on current contracts. The Authority continues to work on improving internal controls and establishing policies and procedures to ensure: <ul style="list-style-type: none"> • Subrecipients are accurately classified during the contract review and approval process. • All required information is included when subawards are issued and communicated to the subrecipient. The conditions noted in this finding were previously reported in finding 2019-070. Estimated June 2021 Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	064	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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> <table border="0"> <tr> <td data-bbox="670 583 768 611"><u>CFDA #</u></td> <td data-bbox="1003 583 1094 611"><u>Amount</u></td> </tr> <tr> <td data-bbox="670 613 748 640">93.959</td> <td data-bbox="1003 613 1029 640">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>Since the Authority assumed responsibilities over the grant program in fiscal year 2019, a multi-divisional subrecipient monitoring workgroup was established to develop internal controls and monitoring procedures for subrecipients.</p> <p>Prior to conclusion of the audit, the workgroup had developed and approved an effective subrecipient risk assessment process. The Authority is currently scheduling staff training to ensure a consistent process is followed across the agency. Once staff training is complete, the risk assessment process will be fully implemented.</p> <p>Estimated June 2021</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	065	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</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 subrecipient monitoring requirements for the Block Grants for Prevention and Treatment of Substance Abuse program.</p> <table border="0"> <tr> <td data-bbox="672 583 764 611"><u>CFDA #</u></td> <td data-bbox="1003 583 1096 611"><u>Amount</u></td> </tr> <tr> <td data-bbox="672 615 748 642">93.959</td> <td data-bbox="1003 615 1031 642">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority has already taken the following steps to address the audit recommendations:</p> <ul style="list-style-type: none"> • Established a multi-divisional subrecipient monitoring workgroup to develop internal controls and monitoring procedures for subrecipients. • Developed and is finalizing a consistent and uniform process across all units to track and monitor desk and site visits for subrecipients. <p>In addition, the Authority’s Office of Tribal Affairs undertook a formal consultation process with the Indian Nation representatives with the following results:</p> <ul style="list-style-type: none"> • Established protocols to complete monitoring activities with each Indian Nation on a biennial basis. • Obtained consent from each Indian Nation in March 2021 for the monitoring tools developed. • Sent formal monitoring requests to each Indian Nation in April 2021. • Scheduled desk monitoring to begin in May 2021. <p>Estimated June 2021</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						