



STATE OF WASHINGTON  
**OFFICE OF FINANCIAL MANAGEMENT**

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

June 7, 2023

Washington State Auditor's Office  
ATTN: Cavan Busch, 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 Summary Schedule of Prior Audit Findings for the following audit findings in the fiscal year 2022 Single Audit report.

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2021-001	State of Washington	In progress	H - 15
2021-002	The Office of Superintendent of Public Instruction	Complete	H - 17
2021-003	The Office of Superintendent of Public Instruction	In progress	H - 18
2021-004	Department of Health	In progress	H - 19
2021-005	Employment Security Department	In progress	H - 20
2021-006	Employment Security Department	Complete	H - 21
2021-007	Employment Security Department	In progress	H - 22
2021-008	Department of Transportation	In progress	H - 23
2021-009	Department of Transportation	Complete	H - 25
2021-010	Department of Transportation	In progress	H - 27
2021-011	Department of Transportation	In progress	H - 28

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2021-012	Department of Social and Health Services	In progress	H - 29
2021-013	Department of Commerce	In progress	H - 31
2021-014	Office of Financial Management	In progress	H -32
2021-015	Department of Social and Health Services	In progress	H - 33
2021-016	Department of Commerce	In progress	H - 35
2021-017	Department of Corrections	In progress	H - 37
2021-018	Department of Agriculture	In progress	H - 39
2021-019	Department of Agriculture	In progress	H - 40
2021-020	Washington State University	Complete	H - 42
2021-021	The Office of Superintendent of Public Instruction	In progress	H - 43
2021-022	The Office of Superintendent of Public Instruction	Complete	H - 45
2021-023	The Office of Superintendent of Public Instruction	In progress	H - 46
2021-024	Washington State University	Complete	H - 47
2021-025	The Office of Superintendent of Public Instruction	Complete	H - 48
2021-026	The Office of Superintendent of Public Instruction	Complete	H - 49
2021-027	Department of Social and Health Services	Complete	H - 50
2021-028	Department of Children, Youth, and Families	In progress	H - 51
2021-029	Department of Social and Health Services	Complete	H - 52
2021-030	Department of Social and Health Services	In progress	H - 54
2021-031	Department of Commerce	In progress	H - 55
2021-032	Department of Commerce	In progress	H - 57
2021-033	Department of Children, Youth, and Families	In progress	H - 59
2021-034	Department of Children, Youth, and Families	Complete	H - 60

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2021-035	Department of Children, Youth, and Families	In progress	H - 61
2021-036	Department of Children, Youth, and Families	In progress	H - 63
2021-037	Department of Children, Youth, and Families	In progress	H - 64
2021-038	Department of Children, Youth, and Families	In progress	H - 65
2021-039	Department of Children, Youth, and Families	In progress	H - 66
2021-040	Department of Children, Youth, and Families	In progress	H - 67
2021-041	Department of Children, Youth, and Families	Complete	H - 68
2021-042	Department of Children, Youth, and Families	Corrective action not taken	H - 69
2021-043	Department of Children, Youth, and Families	Complete	H - 70
2021-044	Department of Children, Youth, and Families	Complete	H - 71
2021-045	Department of Children, Youth, and Families	In progress	H - 72
2021-046	Health Care Authority	In progress	H - 73
2021-047	Health Care Authority	In progress	H - 74
2021-048	Health Care Authority	In progress	H - 75
2021-049	Department of Social and Health Services	In progress	H - 76
2021-050	Health Care Authority	In progress	H - 78
2021-051	Health Care Authority	In progress	H - 79
2021-052	Health Care Authority	In progress	H - 80
2021-053	Department of Social and Health Services	In progress	H - 81
2021-054	Department of Social and Health Services	In progress	H - 83
2021-055	Health Care Authority	Complete	H - 85
2021-056	Health Care Authority	In progress	H - 86
2021-057	Health Care Authority	In progress	H - 87
2021-058	Health Care Authority	In progress	H - 88
2021-059	Health Care Authority	Complete	H - 89

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2021-060	Health Care Authority	In progress	H - 90
2021-061	Health Care Authority	Complete	H - 91
2021-062	Employment Security Department	Complete	H - 92
2020-002	State of Washington	Repeat finding	Refer to finding 2021-001 at H - 15
2020-003	Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2021-002 at H - 17
2020-004	Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2021-003 at H - 18
2020-006	Department of Social and Health Services	Repeat finding	Refer to finding 2021-027 at H - 50
2020-011	Employment Security Department	Repeat finding	Refer to finding 2021-005 at H - 20
2020-012	Employment Security Department	Repeat finding	Refer to finding 2021-007 at H - 22
2020-013	Employment Security Department	Repeat finding	Refer to finding 2021-006 at H - 21
2020-014	Department of Transportation	Repeat finding	Refer to finding 2021-009 at H - 25
2020-015	Department of Transportation	Repeat finding	Refer to finding 2021-010 at H - 27
2020-016	Department of Transportation	Repeat finding	Refer to finding 2021-008 at H - 23
2020-017	Department of Transportation	Repeat finding	Refer to finding 2021-011 at H - 28
2020-018	Department of Children, Youth, and Families	Complete	H - 93
2020-019	Department of Health	Complete	H - 94
2020-020	Department of Social and Health Services	Corrective action not taken	H - 95
2020-021	Washington State University	Repeat finding	Refer to finding 2021-020 at H - 42
2020-026	Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2021-021 at H - 43
2020-028	Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2021-022 at H - 45

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2020-032	Department of Social and Health Services	In progress	H - 97
2020-037	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-034 at H - 60
2020-038	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-033 at H - 59
2020-039	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-035 at H - 61
2020-040	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-036 at H - 63
2020-041	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-037 at H - 64
2020-042	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-039 at H - 66
2020-044	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-042 at H - 69
2020-045	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-044 at H - 71
2020-046	Health Care Authority	Repeat finding	Refer to finding 2021-047 at H - 74
2020-047	Health Care Authority	Repeat finding	Refer to finding 2021-050 at H - 78
2020-048	Health Care Authority	Repeat finding	Refer to finding 2021-050 at H - 78
2020-049	Health Care Authority	Repeat finding	Refer to finding 2021-051 at H - 79
2020-050	Health Care Authority	Repeat finding	Refer to finding 2021-052 at H - 80
2020-051	Department of Social and Health Services	Repeat finding	Refer to finding 2021-049 at H - 76
2020-053	Department of Social and Health Services	In progress	H - 98
2020-054	Department of Social and Health Services	Repeat finding	Refer to finding 2021-053 at H - 81
2020-057	Health Care Authority	In progress	H - 99
2020-059	Health Care Authority	Repeat finding	Refer to finding 2021-057 at H - 87
2020-062	Health Care Authority	Repeat finding	Refer to finding 2021-059 at H - 89
2020-064	Health Care Authority	Repeat finding	Refer to finding 2021-060 at H - 90

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2020-065	Health Care Authority	Repeat finding	Refer to finding 2021-061 at H - 91
2019-001	State of Washington	Repeat finding	Refer to finding 2021-001 at H - 15
2019-004	The Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2021-002 at H - 17
2019-005	The Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2021-003 at H - 18
2019-008	Department of Social and Health Services	Repeat finding	Refer to finding 2021-027 at H - 50
2019-012	Employment Security Department	Repeat finding	Refer to finding 2021-006 at H - 21
2019-015	Department of Transportation	Repeat finding	Refer to finding 2021-008 at H - 23
2019-016	Department of Transportation	Repeat finding	Refer to finding 2021-009 at H - 25
2019-017	Department of Transportation	Repeat finding	Refer to finding 2021-010 at H - 27
2019-019	Department of Transportation	Repeat finding	Refer to finding 2021-011 at H - 28
2019-023	Department of Social and Health Services	Repeat finding	Refer to finding 2020-032 at H - 97
2019-032	Department of Social and Health Services	Repeat finding	Refer to finding 2021-035 at H - 61
2019-035	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-033 at H - 59
2019-036	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-034 at H - 60
2019-037	Department of Children, Youth, and Families	Corrective action not taken	H - 100
2019-038	Department of Children, Youth, and Families	In progress	H - 101
2019-039	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-039 at H - 66
2019-044	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-042 at H - 69
2019-047	Health Care Authority	In progress	H - 102
2019-048	Health Care Authority	Repeat finding	Refer to finding 2021-047 at H - 74
2019-049	Health Care Authority	Corrective action not taken	H - 103

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2019-050	Health Care Authority	Complete	H - 104
2019-051	Health Care Authority	In progress	H - 105
2019-052	Health Care Authority	Repeat finding	Refer to finding 2021-050 at H - 78
2019-053	Health Care Authority	Repeat finding	Refer to finding 2021-050 at H - 78
2019-054	Department of Social and Health Services	Repeat finding	Refer to finding 2021-049 at H - 76
2019-055	Department of Social and Health Services	Complete	H - 106
2019-057	Department of Social and Health Services	In progress	H - 108
2019-058	Department of Social and Health Services	In progress	H - 111
2019-060	Department of Social and Health Services	Corrective action not taken	H - 113
2019-061	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 98
2019-066	Health Care Authority	Repeat finding	Refer to finding 2020-057 at H - 99
2018-001	State of Washington	Repeat finding	Refer to finding 2021-001 at H - 15
2018-012	Department of Transportation	Repeat finding	Refer to finding 2021-009 at H - 25
2018-023	Department of Social and Health Services	Repeat finding	Refer to finding 2020-032 at H - 97
2018-030	Department of Social and Health Services	Repeat finding	Refer to finding 2021-035 at H - 61
2018-033	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-034 at H - 60
2018-034	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-033 at H - 59
2018-035	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2021-039 at H - 66
2018-041	Health Care Authority	Repeat Finding	Refer to finding 2019-047 at H - 102
2018-042	Health Care Authority	Repeat finding	Refer to finding 2021-047 at H - 74
2018-046	Health Care Authority	Repeat Finding	Refer to finding 2019-051 at H - 105

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2018-047	Health Care Authority	Repeat finding	Refer to finding 2021-050 at H - 78
2018-048	Health Care Authority	Repeat Finding	Refer to finding 2019-049 at H - 103
2018-049	Health Care Authority	In progress	H - 114
2018-052	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 98
2018-054	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-060 at H - 113
2018-058	Department of Social and Health Services	Repeat Finding	Refer to finding 2021-049 at H - 76
2018-059	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-057 at H - 108
2018-060	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-058 at H - 111
2017-001	State of Washington	Repeat Finding	Refer to finding 2021-001 at H - 15
2017-014	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-032 at H - 97
2017-024	Department of Early Learning	Repeat finding	Refer to finding 2021-033 at H - 59
2017-025	Department of Early Learning	Repeat finding	Refer to finding 2021-039 at H - 66
2017-026	Department of Social and Health Services	Repeat Finding	Refer to finding 2021-035 at H - 61
2017-031	State Health Care Authority	Repeat Finding	Refer to finding 2019-047 at H - 102
2017-032	Health Care Authority	In progress	H - 115
2017-033	Health Care Authority	Repeat finding	Refer to finding 2021-047 at H - 74
2017-036	Health Care Authority	In progress	H - 117
2017-037	Health Care Authority	Repeat Finding	Refer to finding 2019-051 at H - 105
2017-038	Health Care Authority	Repeat Finding	Refer to finding 2019-049 at H - 103
2017-039	Health Care Authority	Repeat Finding	Refer to finding 2018-049 at H - 114



<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2017-040	Health Care Authority	Corrective Action Not Taken	H - 118
2017-042	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-053 at H - 98
2017-044	Department of Social and Health Services	Repeat Finding	Refer to finding 2021-049 at H - 76
2017-045	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-057 at H - 108
2017-046	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-058 at H - 111
2017-048	Department of Social and Health Services	Complete	H - 119
2017-050	Department of Social and Health Services	In progress	H - 121
2016-013	Department of Social and Health Services	Repeat finding	Refer to finding 2020-032 at H - 97
2016-021	Department of Early Learning	Repeat finding	Refer to finding 2021-033 at H - 59
2016-022	Department of Early Learning	Repeat finding	Refer to finding 2021-039 at H - 66
2016-023	Department of Social and Health Services	Repeat finding	Refer to finding 2021-035 at H - 61
2016-028	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 102
2016-032	Health Care Authority	In progress	H - 123
2016-034	Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 103
2016-037	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 98
2016-043	Department of Social and Health Services	Repeat finding	Refer to finding 2019-058 at H - 111
2016-044	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 119
2016-045	Department of Social and Health Services	Repeat Finding	Refer to finding 2021-049 at H - 76
2016-047	Department of Social and Health Services	In progress	H - 124
2015-023	Department of Early Learning	Repeat finding	Refer to finding 2021-033 at H - 59
2015-024	Department of Early Learning	Repeat finding	Refer to finding 2021-039 at H - 66

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2015-026	Department of Social and Health Services	Repeat finding	Refer to finding 2021-035 at H - 61
2015-030	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 102
2015-037	Health Care Authority	Complete	H - 125
2015-039	Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 103
2015-040	Department of Social and Health Services	Complete	H - 126
2015-045	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-053 at H - 98
2015-049	Department of Social and Health Services	Repeat Finding	Refer to finding 2021-049 at H - 76
2015-051	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 119
2014-023	Department of Early Learning	Repeat finding	Refer to finding 2021-033 at H - 59
2014-026	Department of Social and Health Services	Repeat finding	Refer to finding 2021-035 at H - 61
2014-034	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 102
2014-042	Department of Social and Health Services	Repeat Finding	Refer to finding 2021-049 at H - 76
2014-046	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H -98
2014-048	Department of Social and Health Services	Complete	H - 128
2013-016	Department of Early Learning	Repeat finding	Refer to finding 2021-033 at H - 59
2013-017	Department of Social and Health Services	Repeat finding	Refer to finding 2021-035 at H - 61
2013-020	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 102
2013-036	Department of Social and Health Services	Repeat Finding	Refer to finding 2021-049 at H - 76
12-28	Department of Early Learning	Repeat finding	Refer to finding 2021-033 at H - 59
12-30	Department of Social and Health Services	Repeat finding	Refer to finding 2021-035 at H - 61
12-39	Department of Social and Health Services	Repeat Finding	Refer to finding 2021-049 at H - 76

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
12-49	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 102
11-23	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2021-033 at H - 59
11-38	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 102
10-31	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2021-033 at H - 59
10-40	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 102
09-12	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2021-033 at H - 59
09-19	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 102
08-13	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2021-033 at H - 59
08-25	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 102

The state’s Summary Schedule of Prior Audit Findings is a compilation of the corrective action information provided to us by the applicable state agencies. The Summary Schedule of Prior Audit Findings document is prepared in conjunction with the 2022 Single Audit.

We appreciate the efforts of the Washington State Auditor’s Office in completing the Single Audit for the state for fiscal year 2022. If you have any questions regarding the Summary Schedule of Prior Audit Findings, please do not hesitate to contact our office.

Sincerely,

Brian Tinney  
 Statewide Accounting Director

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State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2021	001	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The State lacked adequate internal controls over financial reporting for ensuring accurate recording and monitoring of financial activity in its financial statements.</p> <p><u>CFDA #</u> N/A</p> <p><u>Questioned Costs:</u> \$0</p> <p>Corrective action in progress</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><b><i>State Board for Community and Technical Colleges (State Board)</i></b></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"> <li>• Dedicated additional staff (a nearly full-time programmer, functional support, and accounting staff) to totally revamp the program that is utilized to crosswalk data from the new ERP system to AFRS.</li> <li>• Streamlined configuration for the automatic data upload process.</li> <li>• Finished converting all schools to the new ERP system.</li> <li>• Maintained monthly automated data uploads of State Board and all 36 colleges from the ERP system to AFRS.</li> <li>• Began working with reporting staff to create an automated reconciliation program that will compare AFRS reports to actual real-time data from the ERP system.</li> </ul> <p>The State Board is also working on creating an “in process” report for AFRS errors that will tie to the reconciliation program. By July 2022, the State Board will begin work on creating or modifying rules in the ERP system that will help reduce AFRS errors.</p> <p>The State Board will continue to build and enhance programming tools to help identify and reconcile variances between the two systems. While current monthly data is being reconciled in a timely manner from the ERP system to AFRS, the State Board continues to work on reconciling historical data from the beginning of system employment. Additional help will be required from the Office of Financial Management to make adjusting entries.</p> <p>In addition, the State Board began the conversion and crosswalk of data from ctcLink to the new system that the One Washington project is undertaking to replace AFRS. While this is new and additional work that was not part of the scope of this corrective action plan, it is an integral part of the effort to ensure accurate financial reporting in the long run.</p>

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	001 (cont'd)	<p><b><i>State Health Care Authority</i></b></p> <p>The Authority recognizes the significance and priority of internal controls over recording and reporting financial transactions.</p> <p>Currently, the ProviderOne vendor provides an independent service organization control (SOC2) audit every other year. The estimated additional cost to purchase an annual SOC2 audit report is \$470,000 each biennium.</p> <p>In 2020, the Authority requested funding from the legislature to contract for the additional SOC2 audit report. This request was not funded.</p> <p>The Authority will again submit a request for funds to obtain this report to resolve the audit finding. If the decision package is approved, the contract would be amended in July 2023 and audits would begin on a yearly basis.</p> <p>Completion Date: Estimated December 2022</p> <p>Agency Contact: Brian Tinney                      Statewide Accounting Assistant Director                      PO Box 43127                      Olympia, WA 98504-3127                      (564) 999-1781  <a href="mailto:brian.tinney@ofm.wa.gov">brian.tinney@ofm.wa.gov</a></p>

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status																					
2021	002	<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 the Child Nutrition Cluster program.</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>10.553</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>10.553 COVID-19</td> <td></td> </tr> <tr> <td>10.555</td> <td></td> </tr> <tr> <td>10.555 COVID-19</td> <td></td> </tr> <tr> <td>10.556</td> <td></td> </tr> <tr> <td>10.556 COVID-19</td> <td></td> </tr> <tr> <td>10.559</td> <td></td> </tr> <tr> <td>10.559 COVID-19</td> <td></td> </tr> <tr> <td>10.579</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>In response to prior year’s audit finding, the Office:</p> <ul style="list-style-type: none"> <li>• Developed and implemented a new Child Nutrition Programs Agreement template in December 2019. The template includes information and attestation to suspension and debarment requirements.</li> <li>• Updated the internal process for review and approval of program applications.</li> </ul> <p>In September 2020, at the request of the U.S. Department of Agriculture (USDA), implementation of the new agreement template was paused to address the civil rights assurance statement in the agreement.</p> <p>The Office received clarification from USDA on June 7, 2021, and Child Nutrition Services subsequently resumed collection of permanent agreements. The Office continues to send, receive, and process permanent agreements, and expects to conclude in December 2022.</p> <p>The conditions noted in this finding were previously reported in findings 2020-003 and 2019-004.</p> <p>June 2022</p> <p>Leanne Eko              Director, Child Nutrition Services              PO Box 47200              Olympia, WA 98504              (360) 725-0410  <a href="mailto:Leanne.eko@k12.wa.us">Leanne.eko@k12.wa.us</a></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		10.579	
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Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status																					
2021	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 accountability of USDA-donated foods.</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>10.553</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>10.553 COVID-19</td> <td></td> </tr> <tr> <td>10.555</td> <td></td> </tr> <tr> <td>10.555 COVID-19</td> <td></td> </tr> <tr> <td>10.556</td> <td></td> </tr> <tr> <td>10.556 COVID-19</td> <td></td> </tr> <tr> <td>10.559</td> <td></td> </tr> <tr> <td>10.559 COVID-19</td> <td></td> </tr> <tr> <td>10.579</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress.</p> <p>The Office has taken the following corrective actions to strengthen internal controls over accounting for USDA-donated foods:</p> <ul style="list-style-type: none"> <li>• Implemented the internal policies and procedures established in August 2020 for the USDA-donated foods reconciliation process.</li> <li>• Established adequate internal controls to ensure physical inventory is reconciled with inventory records. Annual physical inventory will be conducted in June at each warehouse. The Office will follow up on any discrepancies identified to ensure the system accurately reflects the current physical inventory.</li> </ul> <p>In September 2021, the Office completed 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>In May 2022, the Office posted a Request for Proposal for the procurement of a new/updated electronic food distribution system.</p> <p>By November 2023, the new system is expected to launch.</p> <p>The conditions noted in this finding were previously reported in findings 2020-004 and 2019-005.</p> <p>Estimated November 2023</p> <p>Leanne Eko                      Director, Child Nutrition Services                      PO Box 47200                      Olympia, WA 98504                      (360) 725-0410  <a href="mailto:Leanne.eko@k12.wa.us">Leanne.eko@k12.wa.us</a></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		10.579	
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Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	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 Department of Health did not have adequate internal controls over and did not comply with requirements to ensure provider payments were allowable and met cost principles for the Special Supplemental Nutrition Program for Women, Infants and Children.</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;">\$6,711,342</td> </tr> <tr> <td style="text-align: right;">10.557 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially agrees with the finding.</p> <p>As a result of the Department’s review, there were only five payments/exceptions that did not contain any support from the subrecipient, for a revised total known questioned costs of \$273,614.</p> <p>To address the control weakness identified, an additional control was implemented. In July 2021, the program hired a quality assurance position to create another layer of review of A19 payment requests. This position reviews payment documentation to ensure compliance with the Department’s internal policies.</p> <p>The Department respectfully disagrees with the number of exceptions and questioned costs identified. While the level of support did not meet our internal policies, which are held to a higher standard than federal requirements, the totality of our subrecipient monitoring processes and level of documentation received from the subrecipient accounting system provided assurance that many of the provider payments in question met federal cost principles for allowability.</p> <p>By December 2022, the Department will consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.</p> <p>Estimated December 2022</p> <p>Jeff Arbuckle                      External Audit Manager                      PO Box 47890                      Olympia, WA 98504-7890                      (360) 701-0798  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$6,711,342	10.557 COVID-19	
<u>CFDA #</u>	<u>Amount</u>								
10.557	\$6,711,342								
10.557 COVID-19									

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status						
2021	005	<p>Finding: 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> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>17.225</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>17.225 COVID-19</td> <td></td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department has addressed the staffing shortages in the Benefit Accuracy Measurement (BAM) program and the unit is currently fully staffed.</p> <p>The Department anticipates the new staff will complete internal training and the National Association of State Workforce Agencies training within twelve months after their hire date.</p> <p>Historically, the BAM unit has been challenged to maintain full levels of staffing. Staff turnover, long training requirements, and unique skill sets make these positions difficult to maintain. While fully staffed, the Department will have sufficient resources to ensure case reviews are conducted in a timely manner in accordance with federally mandated timelines.</p> <p>The conditions noted in this finding were previously reported in finding 2020-011.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Jay Summers                      External Audit Manager                      PO Box 9046                      Olympia, WA 98507                      (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	17.225	\$0	17.225 COVID-19	
<u>CFDA #</u>	<u>Amount</u>							
17.225	\$0							
17.225 COVID-19								

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2021	006	<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 fiscal monitoring requirements to ensure subrecipients of the Workforce Innovation and Opportunity Act program only used funds for allowable purposes.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><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>No corrective action taken</p> <p>Employment Security Department (ESD) does not concur with this finding.</p> <p>The State Auditor’s Office recommended the Department strengthen its monitoring of Local Workforce Development Boards (LWDBs) to ensure they are using federal funds only for allowable purposes. The Department believes it has established strong procedures for monitoring LWDBs, which include mandatory annual onsite monitoring and a risk-based assessment process.</p> <p>During monitoring visits of the Department, the U.S. Department of Labor also cited the Department’s practices in subrecipient monitoring as promising. In March 2022, prior to this finding being issued, the Department received the Final Determination Letter for the fiscal year 2020 audit findings. The grantor confirmed that the Department provided adequate supporting documentation of the monitoring and risk assessments process for LWDBs and determined that finding 2020-013 was resolved.</p> <p>The conditions noted in this finding were previously reported in findings 2020-013 and 2019-012.</p> <p>Not applicable</p> <p>Jay Summers                      External Audit Manager                      PO Box 9046                      Olympia, WA 98507                      (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></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 Status									
2021	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 Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure it submitted complete and accurate quarterly performance reports for the Workforce Innovation and Opportunity 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>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 Act (WIOA) grant.</p> <p>The Department:</p> <ul style="list-style-type: none"> <li>• Updated the scripts in the Participant Individual Record Layout (PIRL) reporting system to reflect zero blank elements and only allowable values.</li> <li>• Executed a Workforce Integrated Technology Replacement Project that focuses on improving case management and data management internal controls. The Department estimates the project will be completed by December 2024.</li> <li>• Initiated and is in the process of a statewide implementation of the U.S. Department of Labor (DOL) Quarterly Report Analysis data integrity and data quality internal controls system.</li> </ul> <p>The Department will:</p> <ul style="list-style-type: none"> <li>• Continue to execute the Data Element Validation policy update for the PIRL report per DOL expectations.</li> <li>• Continue to provide technical assistance, training, and one-on-one coaching for the local areas, which cover WIOA Title I and WIOA Title III, PIRL reporting, data management, validation, quality, and integrity systems and processes.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2020-012.</p> <p>Estimated December 2024</p> <p>Jay Summers                      External Audit Manager                      PO Box 9046                      Olympia, WA 98507                      (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></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 Status											
2021	008	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Washington State Department of Transportation did not have adequate internal controls over and did not comply with requirements to conduct program monitoring of subrecipients of the Highway Planning and Construction Cluster.</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>20.205</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>20.205 COVID-19</td> <td></td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.224</td> <td></td> </tr> </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>In response to prior years' audit findings, the Department took the following corrective actions:</p> <ul style="list-style-type: none"> <li>• In September 2021, the Department received concurrence from the Federal Highway Administration (FHWA) for a risk-based monitoring approach for Project Management Reviews (PMRs) for both the 2020 and 2021 calendar years. This includes:                         <ul style="list-style-type: none"> <li>○ Performing a PMR once a project is substantially complete or complete.</li> <li>○ Not performing a PMR on projects with minimal risk.</li> </ul> </li> <li>• In June 2021, the Local Agency Guidelines (LAG) Manual was updated to reflect changes to the Project Reviews section. The changes included the selection of projects for PMRs based upon assigned risk level and the option to complete PMRs via an electronic file review.</li> </ul> <p>FHWA is currently working to modify the Stewardship and Oversight (S&amp;O) Agreement template, which would allow the Department to update language in the agreement to align with standards and/or best practices, including those for PMRs. Since the update of the modified agreement template is taking FHWA longer than anticipated, the Department is seeking an extension of the concurrence memo with FHWA's Washington Division to allow completion of PMRs on a risk-based schedule.</p> <p>The Department has a formal request pending with FHWA to allow a change in Local Programs PMR process that will supersede the language in the S&amp;O Agreement. Once approved, Local Programs will:</p> <ul style="list-style-type: none"> <li>• Design and implement a risk-based approach to completing PMRs.</li> <li>• Update the LAG to reflect the risk-based approach to complete PMRs.</li> <li>• Communicate changes to policies and procedures to Local Program staff and stakeholders.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.205 COVID-19		20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>												
20.205	\$0												
20.205 COVID-19													
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20.224													

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	008 (cont'd)	<p>The conditions noted in this finding were previously reported in finding 2020-016 and 2019-015.</p> <p>Completion Date: Estimated December 2022</p> <p>Agency Contact: Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2021	009	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Washington State 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="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">20.205</td> <td data-bbox="1003 615 1029 642">\$0</td> </tr> <tr> <td data-bbox="673 646 873 674">20.205 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 678 748 705">20.219</td> <td></td> </tr> <tr> <td data-bbox="673 709 748 737">20.224</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</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"> <li>• As of June 2019, established a risk assessment program to inform required monitoring activities.</li> <li>• Developed a risk assessment form to document assessments performed.</li> <li>• Communicated information on the risk assessment program to appropriate headquarters and regional staff.</li> <li>• Reviewed initial risk assessment forms completed by regional staff to ensure they were completed properly.</li> <li>• As of June 2022, updated the risk assessment form to allow documentation of multiple obligations during a project's phase.</li> </ul> <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"> <li>• 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.</li> <li>• Work with regional management to modify staff's position descriptions to include performing required monitoring activities, such as completing risk assessments timely. This is in process and will take place as part of the annual performance evaluation cycles with the regional Local Program's engineers over the next year.</li> <li>• Communicate changes to the risk assessment approach to appropriate Local Program's staff and stakeholders.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2020-014, 2019-016 and 2018-012.</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.205 COVID-19		20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>												
20.205	\$0												
20.205 COVID-19													
20.219													
20.224													

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	009 (cont'd)	Completion Date: June 2022  Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a>



Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2021	010	<p>Finding: The Washington State Department of Transportation did not have adequate internal controls over and did not comply with requirements to issue management decisions for audit findings to subrecipients of the Highway Planning and Construction Cluster.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="665 577 1088 735"> <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>20.205 COVID-19</td> <td></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 subrecipient monitoring.</p> <p>The Department’s Local Programs Division had a different understanding of the requirement to issue Management Decision Letters (Decision Letters). The Division typically issues Decision Letters to subrecipients that receive single audit findings related to WSDOT federal grant awards. For the subrecipients in question, the Division assessed risk of noncompliance and elected to forgo a formal Decision Letter since the subrecipient’s response in the audit report reflected corrective action was complete. The Department understands the State Auditor’s Office’s (SAO) recommendation to issue Decision Letters for all subrecipient single audit findings related to federal grant awards by the Department.</p> <p>The Department will:</p> <ul style="list-style-type: none"> <li>• Review subrecipient single audit findings for fiscal year 2020 that were received during fiscal year 2022 and ensure the Local Programs Division issues all required Decision Letters.</li> <li>• Continue to review all single audits issued for subrecipient agencies and send Decision Letters based on SAO recommendations.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2020-015 and 2019-017.</p> <p>Completion Date: Estimated December 2022</p> <p>Agency Contact: Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.205 COVID-19		20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>											
20.205	\$0											
20.205 COVID-19												
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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2021	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 Washington State Department of Transportation did not have adequate internal controls over and did not comply with quality assurance program requirements to ensure materials conformed to approved plans and specifications, and that only qualified personnel performed testing for projects funded by the Highway Planning and Construction Cluster.</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>20.205</td> <td>\$0</td> </tr> <tr> <td colspan="2">20.205 COVID-19</td> </tr> <tr> <td colspan="2">20.219</td> </tr> <tr> <td colspan="2">20.224</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department is committed to ensuring that our grant programs comply with federal regulations related to quality assurance (QA) requirements, safeguarding materials, and ensuring workmanship conform to approved plans and specifications through testing, inspections, or certifications.</p> <p>To address the audit recommendations, the Department’s Construction Division will examine current policies and procedures/practices related to the audit issues.</p> <p>The Department will:</p> <ul style="list-style-type: none"> <li>• Update policies and procedures, including the Department’s Construction Manual (M46-01), as needed to ensure staff practices meet federal regulations. Update will also include other clarifications needed to address practices and documentation to evidence materials testing, inspections, certification, and acceptance.</li> <li>• Obtain approval of updates to the Construction Manual from the Federal Highway Administration.</li> <li>• Communicate changes in policies and procedures to Division staff and stakeholders.</li> <li>• Provide training to the Project Engineering Office to emphasize QA program requirements.</li> </ul> <p>Similar conditions noted in this finding were previously reported in findings 2020-017 and 2019-019.</p> <p>Estimated June 2023</p> <p>Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.205 COVID-19		20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>												
20.205	\$0												
20.205 COVID-19													
20.219													
20.224													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status				
2021	012	<p>Finding: The Department of Social and Health Services did not have adequate internal controls to ensure payments were allowable and properly supported, and did not comply with federal requirements to conduct fiscal monitoring of subrecipients for the Coronavirus Relief Fund.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.019 COVID-19</td> <td style="text-align: right;">\$0</td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department does not concur with the auditor’s assertion that only “high-level” supporting documentation was required for subrecipient payments to ensure the expenditures met the Coronavirus Relief Funds (CRF) allowability requirements. The subrecipient performed eligibility determination which included verification of immigration status and self-attestations that the client had not received a federal stimulus payment or unemployment benefits. The subrecipient then provided the Department with a list of eligible clients and supporting documentation. To protect client confidentiality, the subrecipient assigned each client a unique client identifier with personal identifying information redacted.</p> <p>When the Department approved subrecipient payments, required supporting documentation were reviewed which included the unique client identifier, some demographic information, and the check number. To ensure the expenditures met CRF’s allowability requirements, the unique client identifier was cross-matched to the list of eligible clients.</p> <p>The Department concurs that there was no documentation to support that fiscal monitoring for one of the subrecipients had occurred. The Department did request the required information from the subrecipient to review its eligibility determinations but found the subrecipient to be noncompliant with the request.</p> <p>By December 2022, the Department will update subrecipient monitoring procedures to:</p> <ul style="list-style-type: none"> <li>• Ensure contracts and monitoring plans clearly identify the required supporting documentation to be provided to the Department.</li> <li>• Establish procedures for corrective action in situations of noncompliance with contract requirements and monitoring plans.</li> <li>• Include language in the contract covering expectations for the subrecipient to provide adequate information prior to reimbursement.</li> </ul> <p>Completion Date: Estimated December 2022</p>	<u>CFDA #</u>	<u>Amount</u>	21.019 COVID-19	\$0
<u>CFDA #</u>	<u>Amount</u>					
21.019 COVID-19	\$0					

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	012 (cont'd)	Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	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 Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to conduct fiscal monitoring of subrecipients and ensure payments were allowable and properly supported for the Coronavirus Relief Fund.</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>21.019 COVID-19</td> <td>\$4,124,518</td> </tr> </table> <p>Corrective action in progress</p> <p><b>Rental Assistance Program</b></p> <p>In response to the finding, the Department is implementing procedures to strengthen internal controls to ensure compliance with the subrecipient fiscal monitoring requirements and that payments are allowable and properly supported. This includes:</p> <p>The Homelessness Assistance Unit managing director will:</p> <ul style="list-style-type: none"> <li>• Update the unit reimbursement procedures to include a requirement for specific back-up documentation to accompany payment requests.</li> <li>• Cross walk updated procedures with 2 CFR 200.332 to identify any additional requirements for pass-through entities.</li> <li>• Review the updated procedures with the Department’s internal control officer for review and feedback.</li> <li>• Audit the process during the next contracting cycle to ensure the procedure was followed.</li> </ul> <p>The Federal Team manager will train current staff on the updated procedures and include the training when onboarding new staff.</p> <p><b>Local Government Assistance Program</b></p> <p>The Local Government Assistance Program maintains that strong internal controls are in place. With the exception of the error identified during the audit, the program monitored and approved thousands of expenditures for approximately \$406 million worth of services provided to Washington state citizens. The Program will continue to ensure current processes have adequate controls in place to verify expenditures reimbursed are eligible, allowable, and within the period of performance.</p> <p>For both programs, the Department is committed to complying with grant requirements. Since the Department received Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) funding through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the Office of Financial Management.</p> <p>Estimated September 2022</p> <p>Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	21.019 COVID-19	\$4,124,518
<u>CFDA #</u>	<u>Amount</u>						
21.019 COVID-19	\$4,124,518						

Office of Financial Management

Agency 105

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	014	<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 Financial Management did not have adequate internal controls over and did not comply with reporting requirements for the Coronavirus Relief Fund.</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>21.019 COVID-19</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Office concurs with the finding.</p> <p>As of May 2022, the Office has implemented corrective actions to strengthen internal controls to ensure compliance with federal reporting requirements for the Coronavirus Relief Fund (CRF). The Office:</p> <ul style="list-style-type: none"> <li>• Transitioned the primary responsibility for the centralized CRF reporting to the Statewide Accounting Division.</li> <li>• Hired a Budget and Grants Coordinator with experience in federal reporting to oversee the reporting process.</li> </ul> <p>The Office is:</p> <ul style="list-style-type: none"> <li>• Closely monitoring all state agency CRF expenditures and reporting timelines to ensure compliance with federal requirements.</li> <li>• Maintaining all documentation submitted by each state agency in an electronic folder.</li> </ul> <p>By October 2022, the Office will perform a full reconciliation of CRF expenditures to ensure the final report contains complete and accurate data.</p> <p>Estimated October 2022</p> <p>Brian Tinney                      Statewide Accounting Assistant Director                      PO Box 43127                      Olympia, WA 98504                      (564) 999-1781  <a href="mailto:brian.tinney@ofm.wa.gov">brian.tinney@ofm.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	21.019 COVID-19	\$0
<u>CFDA #</u>	<u>Amount</u>						
21.019 COVID-19	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	015	<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 subawards contained all required information and subrecipients received risk assessments for the Coronavirus Relief Fund.</p> <table border="0" data-bbox="665 577 1096 640"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>21.019 COVID-19</td> <td></td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>The Washington COVID-19 Immigrant Relief Fund was a new program administered at the request of the Governor’s Office with a budget of \$40 million and an expedited timeline for implementation due to the pandemic. In response to the Governor’s request, the Department’s Office of Refugee and Immigrant Assistance (ORIA), under the Community Services Division (CSD), partnered directly with the Department’s Central Contracts and Legal Services (CCLS) to ensure the contract was legally and technically appropriate.</p> <p>ORIA did not utilize CSD’s internal contracts unit for contract monitoring and as a result, the program did not clearly identify the Washington COVID-19 Immigrant Relief Fund subawards as subrecipients, did not include all the required subrecipient special terms and conditions in the subawards, and did not complete risk assessments on the subrecipients.</p> <p>By August 2022, the ORIA program will:</p> <ul style="list-style-type: none"> <li>• Work with the CSD Contracts Unit, as outlined in the CSD Procedures Handbook, to ensure the appropriate contract template is used and includes all the appropriate subrecipient information.</li> <li>• Establish a checklist for new program staff to follow that aligns with the CSD Procedures Handbook and includes identifying subawards as subrecipients, requiring subrecipient information in the subaward, and creating risk assessments in order to develop monitoring plans.</li> <li>• Work with the CSD Contracts Unit, which has written procedures and processes in place, to ensure the program completes a risk assessment and obtains a copy for retention.</li> </ul> <p>By August 2022, the CSD Contracts Unit will add a new field in their Contract Action Request Ticket System (CARTS) for the program manager to indicate if the contract requires an indication of subrecipient status. This will assist the CSD Contracts Unit to identify upfront the subrecipient requirements and ensure subrecipient language is included in the contract.</p> <p>By December 2022, ORIA’s Office Chief will ensure all ORIA staff complete the subrecipient monitoring training recommended by the CSD Contracts Unit related to:</p> <ul style="list-style-type: none"> <li>• Subrecipient and contractor determinations (2 CFR 200.331)</li> </ul>		<u>CFDA #</u>	<u>Amount</u>	21.019 COVID-19		\$0
	<u>CFDA #</u>	<u>Amount</u>							
21.019 COVID-19		\$0							

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	015 (cont'd)	<ul style="list-style-type: none"> <li>• Subrecipient information required to be included in the contract (2 CFR 200.332(a))</li> <li>• Conducting a risk assessment for each subrecipient for the purpose of determining the appropriate level of subrecipient monitoring (2 CFR 200.332(b))</li> </ul> <p>Completion Date: Estimated December 2022</p> <p>Agency Contact: Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>



Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	016	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Coronavirus Relief Fund received risk assessments.</p> <table border="0" data-bbox="667 548 1096 611"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.019 COVID-19</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p><b>Small Business Assistance Program</b></p> <p>The Office of Economic Development and Competitiveness (OEDC), Small Business Assistance Program has developed strict procedures moving forward to assess risk and monitor subrecipients to ensure compliance with risk assessments and subrecipient monitoring.</p> <p>In response to the finding, the OEDC:</p> <ul style="list-style-type: none"> <li>• Completed new risk assessments for the 37 Associated Development Organizations that had an assessment originally completed in 2017.</li> <li>• Received a risk assessment from a new recipient that was contracted to provide the services to obtain documentation and disburse funding.</li> <li>• Evaluated current subrecipient monitoring procedures and implemented the following:                         <ul style="list-style-type: none"> <li>○ Perform desk monitoring on a monthly/quarterly basis based on the length of the contract and level of risk assessed.</li> <li>○ Perform onsite monitoring prior to final payment and closeout of all federally funded contracts to ensure subrecipients meet all federal compliance requirements.</li> </ul> </li> <li>• Established a process to review all federal award documents and subrecipient procedures based on the funding received to ensure compliance with applicable federal requirements.</li> </ul> <p>The OEDC also established new procedures for the OEDC contracting team to require a new risk assessment be completed prior to execution of new federally awarded contracts or initiating any reimbursement of funding. The contracting team:</p> <ul style="list-style-type: none"> <li>• Developed a contract checklist to ensure leadership has reviewed the risk assessment prior to contract execution. This review includes level of risk assessed, mitigation requirements, frequency of desk auditing, and the date onsite monitoring will occur.</li> <li>• Participated in five hours of training on desk monitoring and onsite monitoring.</li> <li>• Developed new onsite and desk monitoring forms based on federal requirements, which will be used for all subrecipient monitoring.</li> </ul> <p>The OEDC has registered two staff who primarily work on federally funded contracts to attend the upcoming Federal Acquisition Regulations System</p>	<u>CFDA #</u>	<u>Amount</u>	21.019 COVID-19	\$0
<u>CFDA #</u>	<u>Amount</u>						
21.019 COVID-19	\$0						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	016 (cont'd)	<p>training. Upon completion of the training, the two staff will serve as OEDC contract team leads to provide internal training, as well as assisting with updating current procedures as needed.</p> <p>Corrective action was completed for the Small Business Assistance Program in April 2022.</p> <p><b>Rental Assistance Program</b></p> <p>In response to the reported deficiencies, the Department is implementing procedures to strengthen internal controls to ensure the program complies with the subrecipient risk assessment requirements.</p> <p>The Federal Team Manager will:</p> <ul style="list-style-type: none"> <li>• Update the unit risk assessment procedures to include a requirement that the risk assessment form must be completed prior to contract execution.</li> <li>• Crosswalk the new procedures and the updated risk assessment form with CFR 200.332 to identify requirements for pass-through entities.</li> <li>• Review the procedure and form with the Department's central contract office.</li> <li>• Provide training to current staff and new hires on the new procedures and form.</li> </ul> <p>The Homelessness Assistance Unit Managing Director will audit the process during the next contracting cycle to ensure the procedures are followed and the form contains the required elements.</p> <p>Corrective action for the Rental Assistance Program is expected to be completed in September 2022.</p> <p>Completion Date: Estimated September 2022</p> <p>Agency Contact: Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>

Department of Corrections

Agency 310

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	017	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Corrections did not have adequate internal controls over and did not comply with requirements to ensure it used State and Local Fiscal Recovery Funds for allowable purposes and for costs incurred within the period of performance.</p> <table border="0" data-bbox="667 583 1477 646"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.027 COVID-19</td> <td>\$17,380,061</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs that the questioned costs identified by the auditors occurred prior to the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) start date of March 3, 2021.</p> <p>The Department has processes in place to ensure there is accurate documentation to support costs charged to federal grants. However, the Department was not aware that the period of performance of the grant was specified in the US Treasury Interim Final Rule which was issued on May 17, 2021.</p> <p>In May 2022, when the State Auditor’s Office shared the period of performance exceptions for the audit, the Department realized costs incurred from July 1, 2020, through March 2, 2021, were outside the grant’s period of performance. The Department immediately reviewed active grants to ensure costs charged to the grant were incurred within the grant period.</p> <p>The Department is committed to ensuring compliance with federal grant requirements. In response to this audit finding, the Department will:</p> <ul style="list-style-type: none"> <li>• Review internal processes that identify eligible costs and ensure all applicable federal guidance is reviewed and documented in the grant files.</li> <li>• Review documentation requirements for each grant and ensure only eligible costs that occur within the period of performance are transferred.</li> <li>• Review record retention practices to improve organization of grant documentation for more effective responses to audit requests.</li> </ul> <p>The review will result in a more robust planning and documentation process for federal grants. Since the Department has had insignificant federal grant funding prior to the Coronavirus Relief Funds and the CSLFRF, this work will strengthen our systems of internal control and compliance with federal regulations.</p> <p>Since the Department received CSLFRF funding through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the Office of Financial Management.</p> <p>Estimated October 2022</p>	<u>CFDA #</u>	<u>Amount</u>	21.027 COVID-19	\$17,380,061
<u>CFDA #</u>	<u>Amount</u>						
21.027 COVID-19	\$17,380,061						

Department of Corrections

Agency 310

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	017 (cont'd)	Agency Contact: Anita Kendall Senior Director, Business Services PO Box 41106 Olympia, WA 98504-1106 (360) 480-7915 <a href="mailto:Anita,kendall@doc.wa.gov">Anita,kendall@doc.wa.gov</a>

Department of Agriculture

Agency 495

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	018	<p>Finding: The Department of Agriculture did not have adequate internal controls over and did not comply with federal requirements for procurement or suspension and debarment.</p> <p>Questioned Costs: <u>CFDA #</u> 21.027 COVID-19 <u>Amount</u> \$10,528,205</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department is committed to ensuring grant programs comply with federal regulations regarding procurement and suspension and debarment.</p> <p>In response to the audit finding, the Department is taking the following corrective actions to address the audit recommendations:</p> <ul style="list-style-type: none"> <li>• Effective with the fiscal year 2023 contract period, the federal suspension and debarment language will be added to each contract and referenced in each amendment.</li> <li>• Contractors will be required to include suspension and debarment language in all lower tier agreements.</li> <li>• Program staff will check the federal System for Award Management (SAM.gov) prior to the contract execution date. The contractor verification documentation will be maintained in each contract file.</li> <li>• Review and update policies as needed to ensure procurement of goods and services comply with state and federal policies and procedures.</li> <li>• By June 30, 2023, develop agency policies and procedures for procurement and suspension and debarment, and provide training to staff on the federal requirements.</li> </ul> <p>Due to the audit finding being issued late in the fiscal year 2022 audit cycle, the Department was not able to fully implement corrective actions during the 2022 audit period. The Department anticipates full compliance with the procurement and suspension and debarment requirement by fiscal year 2023.</p> <p>Since the Department received Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) funding through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the Office of Financial Management.</p> <p>Completion Date: Estimated June 2023</p> <p>Agency Contact: Natasha Roberts                      Chief Financial Officer                      PO Box 42560                      Olympia, WA 98504-2560                      360-870-6217  <a href="mailto:nroberts@agr.wa.gov">nroberts@agr.wa.gov</a></p>

Department of Agriculture

Agency 495

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	019	<p>Finding: The Department of Agriculture did not have adequate internal controls over and did not comply with federal requirements to ensure it issued all required subawards, included all required information in the subawards issued, and performed risk assessments for subrecipients of the Coronavirus State and Local Fiscal Recovery Funds.</p> <p>Questioned Costs: <u>CFDA #</u> 21.027 COVID-19      <u>Amount</u> \$3,371,121</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department is committed to ensuring grant programs comply with federal regulations regarding issuing subawards and performing risk assessments.</p> <p>In response to the audit finding, the Department is taking the following corrective actions to address the audit recommendations:</p> <ul style="list-style-type: none"> <li>• By September 30, 2022, update current federal contracts that will be active in fiscal year 2023 to include:                             <ul style="list-style-type: none"> <li>○ The 14 federal subaward elements as referenced in 2 CFR 200.332.</li> <li>○ Subrecipient or contractor designation.</li> <li>○ A link to the 2022 Compliance Supplement for the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF).</li> </ul> </li> <li>• For fiscal year 2023 contracts, perform risk assessments for each contractor by September 30, 2022. All future contracts will have a risk assessment completed when reviewing the application and/or prior to contracting and establishing risk-based monitoring processes.</li> <li>• By June 2023:                             <ul style="list-style-type: none"> <li>○ Develop agency policies and procedures for subawards and risk assessments and provide training to staff on the requirements.</li> <li>○ Implement process to perform risk assessments of subrecipients and evaluate the results to determine the required level of monitoring for each subrecipient in accordance with federal requirements, policies, and processes.</li> </ul> </li> </ul> <p>Due to the audit finding being issued late in the fiscal year 2022 audit cycle, the Department was not able to fully implement corrective action during the 2022 audit period. The Department anticipates full compliance with all required internal controls on subawards, including risk assessments, by the end of fiscal year 2023.</p> <p>Since the Department received CSLFRF funding through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the Office of Financial Management.</p> <p>Completion Date: Estimated June 2023</p>

**Department of Agriculture**

**Agency 495**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>	
2021	019 (cont'd)	Agency Contact:	Natasha Roberts Chief Financial Officer PO Box 42560 Olympia, WA 98504-2560 360-870-6217 <a href="mailto:nroberts@agr.wa.gov">nroberts@agr.wa.gov</a>

Washington State University

Agency 365

Fiscal Year	Finding Number	Finding and Corrective Action Status			
2021	020	<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="474 583 613 640">Questioned Costs:</td> <td data-bbox="673 583 771 793"> <u>CFDA #</u>                      84.007                      84.033                      84.038                      84.063                      84.268                      84.379                 </td> <td data-bbox="1003 583 1096 640"> <u>Amount</u>                      \$0                 </td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: In response to prior year's audit finding, the University revised and improved the tools and processes for conducting information security risk assessments.</p> <p>The University:</p> <ul style="list-style-type: none"> <li>• Used the refined tools to perform comprehensive assessments of risks against the control environment.</li> <li>• Maintained documentation to support both the results of the assessment and the activities implemented to monitor and assess threats to information security.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2020-021.</p> <p>Completion Date: March 2022</p> <p>Agency Contact: Heather Lopez                      Chief Audit Executive                      PO Box 64122                      Pullman, WA 99164-1221                      (509) 335-2001  <a href="mailto:hlopez@wsu.edu">hlopez@wsu.edu</a></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			



Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	021	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</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" data-bbox="667 548 1096 611"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>84.010</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>It is important to note the unusual circumstances of the statewide assessment during the spring of 2021. General assessments on mathematics, language arts, and science were deferred to a fall test administration. The other alternate assessment allowed the option for either a spring or fall timeframe. Therefore, this audit period only covered part of the test administration, with the remainder of the testing completed in the fall of 2021.</p> <p>The Office monitors and ensures all school districts implement school testing security measures. All districts are required to submit a District Administration and Security Report (DASR) at the conclusion of the testing cycle to document the security training and that protocols have been followed. Monitoring has been in place and ongoing. During the 2020-21 school year, which fell within this audit period, the Office communicated broadly and regularly regarding the DASR requirement, and followed up with due diligence on districts that had not submitted their reports.</p> <p>It should be noted that collection of DASRs and district monitoring/audits are separate activities due to the nature and timing of each activity. DASR submission is an activity that is completed at the end of a school district's test administration. For most districts in the State, DASRs are completed in June after spring testing. The other alternative assessment also concluded in June 2021. In the last two weeks of June, the Office had begun follow-up with districts that had not yet submitted DASRs.</p> <p>The Office originally planned to implement new onsite and desk monitoring protocols of school districts in the spring of 2020, but full implementation has been delayed due to the pandemic. Beginning with the spring 2022 assessments, the Office has resumed onsite and desk monitoring of a rotating sample of districts.</p> <p>The Office will continue to:</p> <ul style="list-style-type: none"> <li>• Regularly communicate with districts regarding the DASR requirements.</li> <li>• Send follow-up communications if completed submissions are not timely.</li> <li>• Provide districts with all required training materials to help ensure appropriate protocols are in place for the security of the tests.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2020-026.</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 Status
2021	021 (cont'd)	Completion Date: Estimated July 2023  Agency Contact: Christopher Hanczrik Director, Assessment Operations and Select Assessments PO Box 47200 Olympia, WA 98504 (360) 485-3580 <a href="mailto:Christopher.Hanczrik@k12.wa.us">Christopher.Hanczrik@k12.wa.us</a>

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	022	<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 programs.</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 complete</p> <p>In response to prior year’s audit finding, the Office took the following corrective actions to improve subrecipient monitoring:</p> <ul style="list-style-type: none"> <li>• Implemented a monthly expenditure reporting process for the Local Education Agencies (LEAs).</li> <li>• Provided instructions to LEAs within the grant application and included in Special Education Monthly Updates.</li> <li>• Used the fiscal risk assessment results to identify LEAs for onsite and desk reviews.</li> </ul> <p>Onsite and desk reviews are being accomplished during the 2021-22 school year, with final monitoring of selected LEAs to be completed by December 2022.</p> <p>The Office’s Operations Division will coordinate with the Washington Integrated System of Monitoring team to monitor LEAs during the 2022-23 school year through onsite and desk reviews.</p> <p>The conditions noted in this finding were previously reported in finding 2020-028.</p> <p>June 2022</p> <p>Tania May                      Executive Director, Special Education                      P.O. Box 47200                      Olympia, WA 98504                      (360) 725-6075  <a href="mailto:Tania.may@k12.wa.us">Tania.may@k12.wa.us</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.027	\$0	84.173	
<u>CFDA #</u>	<u>Amount</u>								
84.027	\$0								
84.173									

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2021	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 Office of Superintendent of Public Instruction did not have adequate internal controls over requirements to perform risk assessments for subrecipients of the Special Education program.</p> <table border="0" data-bbox="667 548 1096 640"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>84.027</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>84.173</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Office has taken the following corrective actions to strengthen internal controls over performing risk assessments for subrecipients.</p> <p>In April 2022, the Office:</p> <ul style="list-style-type: none"> <li>• Revised and expanded the form package Educational Service Districts (ESDs) are required to submit as part of yearend reporting to include documentation related to the activities identified in the Coordinated Services Agreement (CSA), and factors for timely completion of form package and submission of yearend reporting. This included:                             <ul style="list-style-type: none"> <li>○ Providing documentation that supports the implementation of the approved CSA activities.</li> <li>○ Submitting fiscal year expenditure report to the Office for review to determine if expenditures were allowable and in alignment with the ESD's approved CSA.</li> <li>○ Providing list of contractor names and services received in the yearend reporting package. This information will be utilized by the Office in selecting contracts for review as part of the ESDs' risk assessment process.</li> </ul> </li> <li>• Updated fiscal/program monitoring guidance to reflect the above changes.</li> </ul> <p>In June 2022, the Office provided professional development/training to ESDs on the new process.</p> <p>The Office also plans on implementing a revised process to review all submitted documentation for compliance in the 2022-2023 school year.</p> <p>In progress</p> <p>Tania May                      Executive Director of Special Education                      600 Washington Street SE                      Olympia, WA 98504                      (360) 725-6075  <a href="mailto:Tania.May@k12.wa.us">Tania.May@k12.wa.us</a></p>		<u>CFDA #</u>	<u>Amount</u>	84.027		\$0	84.173		
	<u>CFDA #</u>	<u>Amount</u>										
84.027		\$0										
84.173												

Washington State University

Agency 365

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	024	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>Washington State University did not establish adequate internal controls over and did not comply with federal requirements to monitor its third-party servicer for compliance with Federal Perkins Loan Program recordkeeping and record retention requirements.</p> <table border="0" data-bbox="667 577 1096 640"> <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;">84.038</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The University has established the following procedures to monitor ECSI, the third-party service provider, to ensure compliance with Perkins Loan recordkeeping and record retention requirements:</p> <ul style="list-style-type: none"> <li>• Request the Service Organization Controls (SOC) compliance audit report from ECSI in August/September each year for review of compliance with federal requirements.</li> <li>• Review and confirm that ECSI is in compliance with regulatory requirements, and sign and date the SOC audit report.</li> </ul> <p>Additionally, the University:</p> <ul style="list-style-type: none"> <li>• Assigned the Bursar’s Collection Manager to be responsible for overseeing the monitoring process, with the Bursar as the backup.</li> <li>• Provided training to staff who manage these duties and will continue to evaluate and provide training as needed to address changes in personnel or requirements.</li> <li>• Requested and reviewed the 2021 SOC report and noted no exceptions.</li> </ul> <p>January 2022</p> <p>Heather Lopez                      Chief Audit Executive                      PO Box 64122                      Pullman, WA 99164-1221                      (509) 335-2001  <a href="mailto:hlopez@wsu.edu">hlopez@wsu.edu</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.038	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.038	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2021	025	<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 it monitored Education Stabilization Fund program subrecipients and that payments to them were allowable and adequately supported.</p> <table border="0"> <thead> <tr> <th data-bbox="669 583 812 611"><u>CFDA #</u></th> <th data-bbox="1003 583 1094 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="669 615 812 642">84.425D COVID-19</td> <td data-bbox="1003 615 1032 642">\$0</td> </tr> <tr> <td data-bbox="669 646 812 674">84.425R COVID-19</td> <td></td> </tr> <tr> <td data-bbox="669 678 812 705">84.425U COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>In response to the audit recommendations, the Office included the Elementary and Secondary School Emergency Relief (ESSER) programs in the fiscal subrecipient monitoring plan for the current cycle. The reviews were performed in the 2021-22 school year and included a review of 2019-20 and 2020-21 school year expenditures for these programs.</p> <p>The Office will continue to include new and existing federal awards for the ESSER programs in future fiscal subrecipient monitoring plans, through the end of the respective grant periods.</p> <p>January 2022</p> <p>Amy Harris              Director of Federal Fiscal Policy and Grants Management              PO Box 47200              Olympia, WA 98504              (360) 688-0485  <a href="mailto:Amy.Harris@k12.wa.us">Amy.Harris@k12.wa.us</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.425D COVID-19	\$0	84.425R COVID-19		84.425U COVID-19	
<u>CFDA #</u>	<u>Amount</u>										
84.425D COVID-19	\$0										
84.425R COVID-19											
84.425U COVID-19											

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2021	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 requirements to perform risk assessments for subrecipients of the Education Stabilization Fund programs.</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>84.425D COVID-19</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>84.425R COVID-19</td> <td></td> </tr> <tr> <td>84.425U COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>When the risk assessment was developed for the fiscal year 2021 audit period, the Office was not aware that the Education Stabilization Fund programs were required to be included in the risk assessment. Upon discovering the requirement, these federal awards were included in the risk assessment and the results did not indicate material issues.</p> <p>The Office has taken the following corrective actions:</p> <ul style="list-style-type: none"> <li>• Updated the risk assessment to include the Education Stabilization Fund programs.</li> <li>• Modified the risk assessment process to incorporate new and high-risk federal awards for the year they are awarded to determine the appropriate level of monitoring for each subrecipient.</li> </ul> <p>The Office will continue to:</p> <ul style="list-style-type: none"> <li>• Improve internal controls to ensure risk assessments are performed for each subaward issued.</li> <li>• Document the results of each completed risk assessment for management evaluation to demonstrate compliance with federal requirements.</li> </ul> <p>February 2022</p> <p>Jason Miller                      Executive Director, Elementary Education, Early Learning, Special Programs &amp; Federal Accountability                      PO Box 47200                      Olympia, WA 98504                      (360) 764-6079  <a href="mailto:Jason.Miller@k12.wa.us">Jason.Miller@k12.wa.us</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.425D COVID-19	\$0	84.425R COVID-19		84.425U COVID-19	
<u>CFDA #</u>	<u>Amount</u>										
84.425D COVID-19	\$0										
84.425R COVID-19											
84.425U COVID-19											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	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 Department of Social and Health Services did not have adequate internal controls over Random Moment Time Samples and did not comply with some Public Assistance Cost Allocation Plan requirements.</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>93.558</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>As of January 2021, the Department completed the following corrective actions in response to prior years' findings:</p> <ul style="list-style-type: none"> <li>• Implemented a process to ensure monthly staff reconciliations are performed when key personnel are out of the office.</li> <li>• Developed standard guidelines and procedures for updating the eligible staff list in Barcode.</li> <li>• Reviewed the Public Assistance Cost Allocation Plan with the Random Moment Time Sample (RMTS) auditors to ensure they are aware of when it is appropriate to modify an RMTS sample during an audit.</li> </ul> <p>In February 2021, the Department:</p> <ul style="list-style-type: none"> <li>• Implemented a process to conduct monthly reviews on a subset of the staff on the reconciliation report to ensure the RMTS coordinators are properly updating the eligible staff list in Barcode.</li> <li>• Updated current guidance to provide additional examples to staff on types of activities that are appropriate for each selection.</li> </ul> <p>As of February 2021, the Department implemented all the above corrective actions necessary to resolve the audit issues. The exceptions identified by the auditor occurred before February 2021.</p> <p>The Department also completed a one-time review of a subset of RMTS samples in June 2021 to conduct root cause analysis and determine whether additional training, procedure changes, or system changes are needed.</p> <p>The conditions noted in this finding were previously reported in findings 2020-006 and 2019-008.</p> <p>February 2021</p> <p>Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$0						



Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	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 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 paid with Temporary Assistance for Needy Families funds were allowable and properly supported.</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;">93.558</td> <td style="text-align: right;">\$119,917,902</td> </tr> </table> <p>Corrective action in progress</p> <p>The Working Connections Child Care (WCCC) program was previously managed by the Department of Social and Health Services (DSHS) and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other grant requirements.</p> <p>The Department allocated the Temporary Assistance for Needy Families (TANF) and Child Care Development Fund grants to eligible clients and allowable activities in compliance with federal regulations outlined in 45 CFR 98.67. The Department’s grant adjustments were processed based on eligible clients and allowable activities. However, the adjustments did not include child-level data as suggested in the federal regulations contained in 2 CFR 200.</p> <p>In response to the auditor’s recommendations, the Department will:</p> <ul style="list-style-type: none"> <li>• Update the service level agreement language with DSHS. This will include additional internal control language related to TANF expenditures to ensure the Department follows the agreed upon Payment Allocating Model process and that payments are traceable to the expenditure level.</li> <li>• Review options available for processing adjustments to include transaction-level data that is sufficient to comply with federal regulations.</li> </ul> <p>Estimated December 2022</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$119,917,902
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$119,917,902						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	029	<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 reduce or deny assistance to recipients of the Temporary Assistance for Needy Families grant who did not cooperate with the child support program.</p> <table border="0" data-bbox="672 611 1096 674"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.558</td> <td style="text-align: right;">\$142</td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with this audit finding.</p> <p>While one out of 12 referred cases of child support noncooperation did not have Temporary Assistance for Needy Families (TANF) assistance properly reduced, the Department does not concur with the State Auditor’s Office (SAO) determination that a total population of 12 cases has a direct and material effect on the program.</p> <p>The Department’s concern is around the SAO’s objectivity in evaluating and reaching its audit conclusion. When the Department questioned the direct and material effect of 12 non-cooperation cases on the program, the SAO stated:</p> <p style="padding-left: 40px;"><i>“For the TANF non-cooperation requirement, the team learned through meetings with staff that the (IV-D) program significantly changed its approach during the pandemic in how it chose to refer cases to CSD. With this significant procedural change along with the knowledge that DSHS staffing was negatively impacted by the COVID-19 pandemic, the team felt there was an increased risk to meeting federal requirements despite the prior years of no significant audit issues. These factors made the team consider the requirement material to the program and I [SAO management] agree with that assessment.”</i></p> <p>In response to the pandemic, the child support program implemented a Policy Clarification Memo changing the process on how the non-cooperation cases are determined. This policy change reduced the number of non-cooperation cases the child support program sent to the TANF program during the fiscal year. Although this is not relevant in determining if the TANF program complied with federal requirements and took appropriate actions upon receipt of the non-cooperation case, it did address the SAO’s questions about the decrease in non-cooperation cases received by the TANF program. However, once the SAO learned that the decrease was not caused by any programmatic errors in the electronic notification process between the two programs, it did not objectively evaluate the likelihood of the small number of non-cooperation cases received to have a direct and material effect on the program.</p> <p>In addition, contrary to statements made in an email communication from SAO, the Department’s TANF program never stated that staffing was negatively impacted by the COVID-19 pandemic or that it affected the</p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$142
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$142						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	029 (cont'd)	<p>program’s ability to process non-cooperation notices. Public confidence is maintained by auditors’ integrity which includes performing their work with an attitude that is objective and fact based.</p> <p>The Department also does not concur that adequate internal controls were not in place. When a non-cooperation case is received and good cause is not applicable, the worker takes action by updating the case status as “not cooperating” in the Automated Client Eligibility System which subsequently triggers a reduction in TANF assistance. The system has controls in place to alert the worker when there is no change to the client’s benefit amount, which should prompt the worker to review the coding of the case.</p> <p>The worker who processed the single non-cooperation case in question was in-training at the time the error was made and did not have the full understanding that benefits should be reduced as a result of non-cooperation. Therefore, action was not taken to review the coding when prompted by the system alerts.</p> <p>As of April 2022, the Department:</p> <ul style="list-style-type: none"> <li>• Correctly coded the TANF program case as “not cooperating” which appropriately reduced the TANF assistance.</li> <li>• Processed an overpayment for the appropriate amount and sent an overpayment letter to the impacted household.</li> </ul> <p>As of May 2022, the Department’s WorkFirst Program Manager alerted the staff who processed the case and the supervisor about the error and provided resource tools for training.</p> <p>As of July 2022, the Department sent draft revisions of manual language to the TANF policy team for review to ensure procedures are up to date.</p> <p>By September 2022, the Department will issue a statewide policy announcement to address the correct coding of noncooperation notices in the eligibility system.</p> <p>Completion Date: June 2022</p> <p>Agency Contact: Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	030	<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 improperly charged \$224,752 for the Child Support Enforcement and Child Support Enforcement Research programs.</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>93.563</td> <td style="text-align: right;">\$224,752</td> </tr> <tr> <td>93.564</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the audit finding.</p> <p>The Department concurs two bases originally intended to be used for administrative costs were inadvertently omitted from the Public Assistance Cost Allocation Plan (PACAP). Upon discovery of this error, the Department updated the PACAPs for state fiscal years 2021 and 2022 to include those bases for the Child Support Enforcement and the Child Support Enforcement Research Programs and resubmitted to the federal grantor.</p> <p>To strengthen internal controls, the Department implemented a quarterly review of all administrative expenditures, effective October 10, 2021, to confirm all bases are included in the PACAP.</p> <p>The Department does not concur that funds were improperly charged to the Child Support Enforcement and Child Support Enforcement Research Programs. This was strictly a technical error in the PACAP and the funds were used for their authorized purpose.</p> <p>If the grantor contacts the Department regarding the questioned costs, the Department will discuss the manner in which funds were used and will take additional action if appropriate.</p> <p>In progress</p> <p>Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.563	\$224,752	93.564	
<u>CFDA #</u>	<u>Amount</u>								
93.563	\$224,752								
93.564									

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2021	031	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act.</p> <table border="0" data-bbox="667 548 1096 640"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.568</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.568 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Low-Income Home Energy Assistance Program (LIHEAP) has added all current awards to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System and data entry for the sub-awardees was completed as of April 15, 2022.</p> <p>In response to the finding, the Department implemented the following procedures to strengthen internal controls and to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> <li>• Vetted award letters and funding allocations through the budget team and assistant director before issuing subawards to the LIHEAP network.</li> <li>• Added the FFATA reporting requirements to the obligation process for contracting funds, which includes an obligation memo that outlines the amounts the program intends to pass through to subrecipients and contractors.</li> <li>• Designated the LIHEAP program manager to be responsible for performing the FFATA reporting duties.</li> <li>• Established a procedure to monitor subawards upon receiving an award letter from the federal grantor, including reviewing incoming amendments and determining if the threshold for FFATA reporting has been reached.</li> <li>• Implemented a process to ensure prepared reports are reviewed and approved by the Community Economic Opportunities Unit managing director to ensure accuracy, prior to the program manager submitting them in the FFATA system.</li> <li>• Stipulated the due date of report submission to be 30 days after the assistant director signs the obligation memo to ensure that the program meets FFATA reporting deadlines.</li> </ul> <p>The Department will provide training to program staff before the annual technical assistance and training conference for sub grantees. The training will consist of a FFATA requirement overview and walkthrough of the Department’s internal FFATA reporting procedures.</p> <p>The Department will review the FFATA procedures on an annual basis to ensure compliance with current federal requirements.</p> <p>In progress</p>		<u>CFDA #</u>	<u>Amount</u>	93.568		\$0	93.568 COVID-19		
	<u>CFDA #</u>	<u>Amount</u>										
93.568		\$0										
93.568 COVID-19												

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	031 (cont'd)	Agency Contact: Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2021	032	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with reporting requirements for the Low-Income Home Energy Assistance Program.</p> <table border="0" data-bbox="667 548 1096 640"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.568</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.568 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>In a typical program year, October 1 thru September 30, the Low-Income Home Energy Assistance Program (LIHEAP) receives awards from one funding source. Six months into the program year, in April 2020, the Department received additional funds from additional sources. Since all LIHEAP database updates and changes were already made prior to the beginning of the program year, the additional funds were required to be tracked separately from the regular LIHEAP allotment.</p> <p>In order to distribute the funds to those in need, the Department made a program decision to track the funds in the Contract Management System (CMS) for the remaining six months of the 2020 LIHEAP program year. As a result, the funds were tracked with a combination of data from CMS and the LIHEAP database. In addition, during this time period, the database developer retired and the documentation for the Household Report was not saved.</p> <p>The Department made the following changes to the LIHEAP database for LIHEAP transactions for the 2021 program year. The changes were implemented on October 1, 2020, which included:</p> <ul style="list-style-type: none"> <li>• Adding contract numbers to the LIHEAP database.</li> <li>• Requiring all contractors to enter the contract number for every payment.</li> <li>• Adding reporting criteria to Household Report.</li> </ul> <p>The United States Department of Health and Human Services (HHS) provided annual training to update grantees on changes made to the reporting documents and procedures for reporting.</p> <p>The Department also established the following reporting process to be completed by the LIHEAP Team:</p> <ul style="list-style-type: none"> <li>• Program Manager pulls the necessary reports.</li> <li>• Managing Director (MD) reviews reports before submittal.</li> <li>• Program Manager submits reports once MD approval is received.</li> <li>• Program Manager receives notice that the report has been accepted by the funder.</li> <li>• Program Manager saves a copy of the report, documentation, and acceptance.</li> </ul>		<u>CFDA #</u>	<u>Amount</u>	93.568		\$0	93.568 COVID-19		
	<u>CFDA #</u>	<u>Amount</u>										
93.568		\$0										
93.568 COVID-19												

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	032 (cont'd)	<p>The Program Manager is working with the HHS contractor APPRISE to revise the reporting submission.</p> <p>Completion Date: Estimated August 2022</p> <p>Agency Contact: Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>



Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2021	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 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> <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>93.575</td> <td>\$271,353,409</td> </tr> <tr> <td>93.575 COVID-19</td> <td></td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department allocated the CCDF grants to eligible clients and allowable activities in compliance with federal regulation outlined in 45 CFR 98.67. The Department’s grant adjustments were processed based on eligible clients and allowable activities. However, the adjustments did not include child-level data as suggested in the federal regulations contained in 2 CFR 200.</p> <p>In response to the auditor’s recommendations, the Department will review options available for processing adjustments to include transaction-level data that is sufficient to comply with federal regulations.</p> <p>The conditions noted in this finding were previously reported in findings 2020-038, 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>Estimated December 2022</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$271,353,409	93.575 COVID-19		93.596	
<u>CFDA #</u>	<u>Amount</u>										
93.575	\$271,353,409										
93.575 COVID-19											
93.596											

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2021	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 Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payroll charges paid by the Child Care and Development Fund cluster were allowable and properly supported.</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;">\$21,708,066</td> </tr> <tr> <td style="text-align: right;">93.575 COVID-19</td> <td></td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> </table> <p>Corrective action complete</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>As of October 2021, the Department has completed fiscal year 2021 payroll certifications.</p> <p>The conditions noted in this finding were previously reported in findings 2020-037, 2019-036 and 2018-033.</p> <p>October 2021</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$21,708,066	93.575 COVID-19		93.596	
<u>CFDA #</u>	<u>Amount</u>										
93.575	\$21,708,066										
93.575 COVID-19											
93.596											

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Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2021	035	<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 client eligibility requirements for the child care services funded with the Child Care and Development Fund.</p> <table border="0" data-bbox="667 548 1096 667"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td></td> <td style="text-align: center;">\$32</td> </tr> <tr> <td>93.575 COVID-19</td> <td></td> <td></td> </tr> <tr> <td>93.596</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>In response to the finding, the Department established the overpayment for \$32 and referred it to the Office of Financial Recovery for collection.</p> <p>During the audit period, the Department continued to improve processes and internal controls by implementing the following:</p> <ul style="list-style-type: none"> <li>• In July 2020:                     <ul style="list-style-type: none"> <li>○ Created 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.</li> <li>○ Performed continued quality improvement reviews for procedural modifications related to household composition changes that were implemented late in the fiscal year to address the prior year's audit finding.</li> </ul> </li> <li>• In August 2020, replaced the Audit 99 auditing system with an updated audit platform that includes a database for root cause analysis.</li> <li>• In January 2021, began conducting monthly audit calibration meetings with all lead workers and internal audit staff to ensure agency audit standards are consistently followed.</li> <li>• In April 2021:                     <ul style="list-style-type: none"> <li>○ Hired a Quality Assurance Administrator to facilitate program integrity efforts based on audit findings and program needs.</li> <li>○ Verified lead workers conduct coaching and auditing based on program needs to ensure consistency and compliance with program rules.</li> </ul> </li> <li>• In May 2021:                     <ul style="list-style-type: none"> <li>○ Established a centralized audit team to conduct program audits following the requirements of the statewide single audit in accordance with the Uniform Guidance.</li> </ul> </li> </ul>		<u>CFDA #</u>	<u>Amount</u>	93.575		\$32	93.575 COVID-19			93.596		
	<u>CFDA #</u>	<u>Amount</u>													
93.575		\$32													
93.575 COVID-19															
93.596															

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Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	035 (cont'd)	<p>The Department has continued to simplify rules for workers to establish eligibility and for families to be approved for child care. The Fair Start for Kids Act, which was enacted in October 2021, included several components to simplify the rules and expand eligibility:</p> <ul style="list-style-type: none"> <li>• Increased the income threshold to 60% of State Median Income (SMI) for applications and 65% of SMI for reapplications.</li> <li>• Created four copayment amounts based on a consumer's household income range.</li> <li>• Standardized the provider payment rates to be paid at the State rate only.</li> </ul> <p>In addition, the Department will continue to improve processes and internal controls, as follows:</p> <ul style="list-style-type: none"> <li>• Create and deliver staff training, including an annual refresher course, on using data systems and performing income calculations, specifically the Division of Child Supports (SEMS) system and Employment Security Division systems.</li> <li>• Add language to the Consumer's Rights and Responsibilities Form to include the fraud penalty notice and the fraud reporting hotline number.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2020-039, 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017 and 2012-30.</p> <p>Completion Date: Estimated September 2022</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

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Fiscal Year	Finding Number	Finding and Corrective Action Status								
2021	036	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls and did not comply with matching, level of effort, and earmarking requirements for the Child Care and Development Fund Cluster.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 573 1101 693"> <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;">\$171,849</td> </tr> <tr> <td style="text-align: right;">93.575 COVID-19</td> <td></td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department allocated the CCDF grants to eligible clients and allowable activities in compliance with federal regulation outlined in 45 CFR 98.67. The Department’s grant adjustments for the Direct Services earmark were processed based on eligible clients and allowable activities. However, the adjustments did not include child-level data as suggested in the federal regulations contained in 2 CFR 200.</p> <p>The audit period covered expenditures related to grant award years 2018, 2019, 2020, and 2021. It should be noted that level of effort and other earmarking expenditures were not affected by journal vouchers processed for child care expenditures paid through the Social Service Payment System. We disagree with the auditors’ assertion that these compliance areas could not be audited due to those JVs being processed, as noted in the Effect of Condition section of the finding.</p> <p>To address the audit recommendations, the Department will:</p> <ul style="list-style-type: none"> <li>• Establish written procedures for matching, level of effort, and earmarking requirements, and for fiscal monitoring of these areas.</li> <li>• Review options available for processing adjustments to include transaction-level data that is sufficient to comply with federal regulations.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2020-040.</p> <p>Completion Date: Estimated July 2023</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$171,849	93.575 COVID-19		93.596	
<u>CFDA #</u>	<u>Amount</u>									
93.575	\$171,849									
93.575 COVID-19										
93.596										

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Fiscal Year	Finding Number	Finding and Corrective Action Status									
2021	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 period of performance requirements for the Child Care and Development Fund.</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>93.575</td> <td style="text-align: right;">\$4,039</td> </tr> <tr> <td>93.575 COVID-19</td> <td></td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department allocated the CCDF grants to eligible clients and allowable activities in compliance with federal regulation outlined in 45 CFR 98.67. The Department’s grant adjustments were processed based on eligible clients and allowable activities. However, the adjustments did not include child-level data as suggested in the federal regulations contained in 2 CFR 200.</p> <p>In state fiscal year 2022, the Department processed corrections for all expenditures identified as questioned costs, as allowed per federal regulations.</p> <p>To address the audit recommendations, the Department will:</p> <ul style="list-style-type: none"> <li>• Establish written procedures for complying with federal period of performance requirements and fiscal monitoring of these areas.</li> <li>• Review options available for processing adjustments to include transaction-level data that is sufficient to comply with federal regulations.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2020-041.</p> <p>Estimated July 2023</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$4,039	93.575 COVID-19		93.596	
<u>CFDA #</u>	<u>Amount</u>										
93.575	\$4,039										
93.575 COVID-19											
93.596											

Department of Children, Youth, and Families

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Fiscal Year	Finding Number	Finding and Corrective Action Status													
2021	038	<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 financial reporting requirements for the Child Care and Development Fund Cluster.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.575</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.575 COVID-19</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department allocated the CCDF grants to eligible clients and allowable activities in compliance with federal regulation outlined in 45 CFR 98.67. The Department's grant adjustments were processed based on eligible clients and allowable activities. However, the adjustments did not include child-level data as suggested in the federal regulations contained in 2 CFR 200.</p> <p>In response to the auditor's recommendations, the Department will review options available for processing adjustments to include transaction-level data that is sufficient to comply with federal regulations and supports the ACF-696 reporting requirements.</p> <p>Estimated December 2022</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>		<u>CFDA #</u>	<u>Amount</u>		93.575	\$0		93.575 COVID-19			93.596	
	<u>CFDA #</u>	<u>Amount</u>													
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Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2021	039	<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 health and safety requirements for the Child Care and Development Fund 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;">93.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.575 COVID-19</td> <td></td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>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.</p> <p>In September 2020, in response to the COVID-19 pandemic, the grantor approved the revised CCDF State Plan to allow the Department to conduct annual, announced virtual monitoring visits of licensed providers rather than typical unannounced onsite visits.</p> <p>In July 2021, the Department consulted with the grantor on accepting email and verbal confirmation in lieu of signature on the health and safety agreement for Family, Friends &amp; Neighbors providers. The CCDF State Plan was subsequently updated to reflect this change and the signature requirement was removed.</p> <p>The Department will continue to implement system changes and enhancements in WA Compass to assist with reporting on monitoring visits and health and safety rechecks.</p> <p>The conditions noted in this finding were previously reported in findings 2020-042, 2019-039, 2018-035, 2017-025, 2016-022 and 2015-024.</p> <p>Estimated September 2022</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$0	93.575 COVID-19		93.596	
<u>CFDA #</u>	<u>Amount</u>										
93.575	\$0										
93.575 COVID-19											
93.596											



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Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	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 to ensure payments to providers for travel and family visits were allowable and adequately supported for the Foster Care 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>93.658</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.658 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department is committed to strengthening internal controls and complying with grant requirements.</p> <p>In response to the auditor’s recommendations, the Department will work with the Financial and Business Services Division and Foster Care Program to review the fiscal monitoring procedures to ensure payments to providers for travel and family visits are allowable and adequately supported.</p> <p>Estimated December 2022</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$0	93.658 COVID-19	
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93.658	\$0								
93.658 COVID-19									

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Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	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 and did not comply with federal requirements to ensure indirect costs charged to the Foster Care program were allowable.</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;">93.658</td> <td style="text-align: right;">\$16,289,333</td> </tr> <tr> <td style="text-align: right;">93.658 COVID-19</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>As of July 1, 2018, the Legislature created the Department of Children, Youth, and Families (DCYF) by combining the Department of Social and Health Services Children’s Administration and the Department of Early Learning. The new agency assumed the responsibilities of managing the Foster Care program and created a Public Assistance Cost Allocation Plan (PACAP) to comply with federal regulations.</p> <p>During the time period when the original PACAP was established, the Cost Allocation and Grants Unit was under resourced due to vacancies and a hiring freeze. The six bases used to allocate costs to the program were inadvertently omitted on the submitted plan.</p> <p>As a newly established agency, the Department continues to work on documenting and refining internal control processes and procedures. As of June 2022, the Department:</p> <ul style="list-style-type: none"> <li>• Verified all bases were included in the PACAP.</li> <li>• Updated and resubmitted the SFY21 PACAP to the Department of Health and Human Services.</li> </ul> <p>June 2022</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$16,289,333	93.658 COVID-19	
<u>CFDA #</u>	<u>Amount</u>								
93.658	\$16,289,333								
93.658 COVID-19									

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Fiscal Year	Finding Number	Finding and Corrective Action Status										
2021	042	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.658</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.658 COVID-19</td> <td></td> </tr> <tr> <td>93.659</td> <td></td> </tr> <tr> <td>93.659 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>As stated in 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 headquarters’ 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 RMTS instructions that are included in 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 findings 2020-044 and 2019-044.</p> <p>Completion Date: Not applicable</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$0	93.658 COVID-19		93.659		93.659 COVID-19	
<u>CFDA #</u>	<u>Amount</u>											
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	043	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:  Agency Contact:	The Department of Children, Youth, and Families improperly charged \$1,850 in benefits to the Foster Care Title IV-E program.  <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;">93.658</td> <td style="text-align: right;">\$1,850</td> </tr> <tr> <td colspan="2">93.658 COVID-19</td> </tr> </table> Corrective action complete  The Department concurs with the finding.  In April 2022, the Department: <ul style="list-style-type: none"> <li>• Updated the source of funds in the FamLink application for the child identified in the audit exception to ensure future payments would be made with state funds.</li> <li>• Researched all payments made on behalf of the child and returned the federal portion to the grantor.</li> </ul> April 2022  Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$1,850	93.658 COVID-19	
<u>CFDA #</u>	<u>Amount</u>								
93.658	\$1,850								
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Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	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 of Children, Youth, and Families did not have adequate internal controls over its process to allocate the Adoption Assistance program expenditures to federal grants.</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;">93.659</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.659 COVID-19</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>In October 2020, the Department took the following corrective actions in response to the prior year’s audit finding:</p> <ul style="list-style-type: none"> <li>• Implemented processes for additional approval authorities to ensure cost allocation edit forms are reviewed and approved by management.</li> <li>• Established a workflow for segregating duties to strengthen internal controls over processing cost allocation edit forms.</li> </ul> <p>The three instances noted by the auditor during the current audit were all changes made on one edit form entered in September 2020, prior to the new processes and workflow being implemented. All other samples reviewed by the auditors were processed after October 2020 and substantiated the required documentation of review and approval per the new process.</p> <p>The conditions noted in this finding were previously reported in finding 2020-045.</p> <p>October 2020</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.659	\$0	93.659 COVID-19	
<u>CFDA #</u>	<u>Amount</u>								
93.659	\$0								
93.659 COVID-19									

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	045	<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 level of effort requirements for the Adoption 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>93.659</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td colspan="2">93.659 COVID</td> </tr> </table> <p>Corrective action in progress</p> <p>To address the audit finding and recommendations, the Department took the following corrective actions:</p> <ul style="list-style-type: none"> <li>• In February 2022, hired a new position to manage the adoption savings program.</li> <li>• In May 2022:                         <ul style="list-style-type: none"> <li>○ Corrected the federal fiscal year 2020 annual adoption savings report and submitted to the Administration for Children and Families (ACF).</li> <li>○ Reviewed ACF’s reporting instructions and guidance with staff involved in the preparation and submission of the financial report.</li> <li>○ Reviewed written procedures for tracking and monitoring adoption savings expenditures to ensure compliance with level of effort requirements.</li> <li>○ Established meetings with impacted staff prior to and after the submission of the financial report to improve processes between program and fiscal staff in monitoring and verifying adoption savings expenditures.</li> </ul> </li> </ul> <p>The Department will continue to take the necessary steps to improve internal controls and accuracy in reporting adoption savings spending.</p> <p>In progress</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.659	\$0	93.659 COVID	
<u>CFDA #</u>	<u>Amount</u>								
93.659	\$0								
93.659 COVID									

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	046	<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 clients were eligible for the Children's Health Insurance Program.</p> <table border="0" data-bbox="673 514 1096 609"> <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;">93.767</td> <td style="text-align: right;">\$10,244</td> </tr> <tr> <td colspan="2" style="text-align: right;">93.767 COVID-19</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority partially concurs with the finding.</p> <p>For the one instance where a client did not have a valid Social Security Number (SSN), the Authority is consulting with the Department of Social and Health Services to understand the system issue that caused the absence of an alert on the case when the SSN verification needed follow-up.</p> <p>The Authority concurs there were expenditures for two clients that needed to be moved from federal to state funding when Children's Health Insurance Program (CHIP) coverage had ended during their postpartum period. However, due to staff turnover on the finance team, the journal vouchers were not processed timely. The Authority will follow up to confirm the journal vouchers are complete and will work to ensure adequate internal processes are in place when staff turnover occurs.</p> <p>The Authority does not concur that one client who aged out of the program should be removed from services. Over the course of the public health emergency, the policy guidance changed several times. The Authority believes that the policy to hold clients in the program could be supported by the CHIP disaster state plan or a 1115 waiver. The Authority will work with the federal partners to understand the rules and obtain proper guidance about claiming CHIP federal dollars when youth age out of the program.</p> <p>The Authority will consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.</p> <p>Estimated December 2022</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.767	\$10,244	93.767 COVID-19	
<u>CFDA #</u>	<u>Amount</u>								
93.767	\$10,244								
93.767 COVID-19									

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status														
2021	047	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal provider eligibility requirements for the Medicaid and Children's Health Insurance programs.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.767</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.767 COVID-19</td> <td></td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority concurs with the finding.</p> <p>The Authority will:</p> <ul style="list-style-type: none"> <li>• Strengthen internal controls to ensure providers are adequately screened, licensed, enrolled, and eligible to provide and bill for services.</li> <li>• Update the automated notification system to ensure notifications are sent timely to allow the revalidations to be completed within the five-year deadline.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2020-046, 2019-048, 2018-042, 2017-033 and 2016-035. The auditors determined 2016-035 resolved.</p> <p>Completion Date: Estimated June 2023</p> <p>Agency Contact: Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.767	\$0	93.767 COVID-19		93.775		93.777		93.778		93.778 COVID-19	
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Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status															
2021	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 did not have adequate internal controls over and did not comply with managed care financial audit requirements.</p> <table border="0"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.767</td> <td>\$0</td> </tr> <tr> <td>93.767 COVID-19</td> <td></td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Authority implemented policies and procedures and established a process to:</p> <ul style="list-style-type: none"> <li>• Collect audited financial reports annually from managed care organizations.</li> <li>• Conduct audits of encounter and financial data no less than once every three years.</li> </ul> <p>Additionally, the Authority amended managed care contract language to include the following:</p> <ul style="list-style-type: none"> <li>• Required managed care organizations to submit audited financial reports annually, beginning in fiscal year 2023.</li> <li>• Directed managed care organizations to follow the required timing and procedures for submitting audited financial reports.</li> <li>• Failure to submit reports is sanctionable.</li> </ul> <p>The Authority also conducted an encounter validation audit and has begun a financial report validation audit.</p> <p>In progress</p> <p>Kari Summerour                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.767	\$0	93.767 COVID-19		93.775		93.777		93.778		93.778 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 Status										
2021	049	<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> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1149 737"> <thead> <tr> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td style="text-align: right;">\$251,573,081</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: While the Department partially concurs with the finding and related questioned costs of \$182,599, we respectfully dispute the remaining questioned costs (\$251,390,482) identified in the finding.</p> <p>The State Auditor’s Office (SAO) did not question all the costs from the first half of fiscal year 2021 that were associated with the 54 providers subject to the Developmental Disabilities Administration (DDA) payroll verification review. The Department agrees that the questioned costs determined by SAO for these 54 providers are reasonable.</p> <p>DDA has numerous internal controls in place which provide sufficient assurance that the services paid for were provided. These include:</p> <ul style="list-style-type: none"> <li>• Medicaid service verifications,</li> <li>• Allowable costs payment reconciliations,</li> <li>• Payroll verification processes,</li> <li>• Quality assurance reviews,</li> <li>• Duplicate payment reports,</li> <li>• Residential Care Services (RCS) certification processes,</li> <li>• Contract monitoring,</li> <li>• Reconciliation processes for rates, cost reports, and settlements, and</li> <li>• Segregation of duties and other verification and approval processes.</li> </ul> <p>SAO is questioning all costs associated with the 78 providers who did not receive a payroll verification review in the first half of the fiscal year and all reimbursements from the second half of the fiscal year. The DDA strongly disagrees that all these costs should be questioned.</p> <p>During the fiscal year, DDA had the same internal controls in place, performing provider payroll verifications in exactly the same way in the second half as the first half of the fiscal year. The reason why SAO did not consider the internal controls for the second half of the fiscal year is due to the timing of the audit cycle, rather than questioning the adequacy of the controls. DDA reconciles payments on a calendar year basis while SAO audits on a fiscal year basis and does not consider activities that fall outside of the audit period. Based on this understanding, DDA asserts that the questioned costs for this audit should amount to no more than \$182,599.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$251,573,081	93.777		93.778		93.778 COVID-19	
<u>CFDA #</u>	<u>Amount</u>											
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93.778 COVID-19												

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	049 (cont'd)	<p>DDA has followed all requirements, including reconciling the settlement amounts that were issued to providers in the cost report settlement process. DDA has made significant changes to its processes and is interested in partnering with SAO to resolve disagreements. Unfortunately, SAO did not choose a more collaborative approach aimed at assisting DDA in its quality improvement efforts.</p> <p>DDA strongly believes its current oversight and monitoring activities provide adequate assurance that services received by clients meet the certification standards for supported living providers. DDA continues its efforts to bring quality services to clients who receive habilitative residential supports and intends to submit a request to CMS that the questioned costs imposed by the SAO be rescinded.</p> <p>To address the portion of the finding with which we concur, the Department will continue to utilize numerous oversight and monitoring strategies consistent with the assurances in the waiver application. Additionally,</p> <ul style="list-style-type: none"> <li>• By September 2022, hire additional staff for each of the three regions to conduct onsite quality assurance reviews and confirm providers are delivering support as outlined in individual person-centered service plans.</li> <li>• By October 2022, communicate with the federal grantor regarding the Department’s processes and the questioned costs identified in the finding.</li> <li>• By December 2022, review and amend the cost report instructions.</li> <li>• By December 2022, reconcile provider payments to assure they accurately reflect the days of service provided to individual clients. This process will be performed again by June 2023.</li> <li>• By January 2023, request legislation to add additional staff to complete a higher percentage of payroll verifications, with the goal of conducting payroll verifications on fifty percent of the providers by April 2023.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2020-051, 2019-054, 2018-058, 2017-044, 2016-041, 2016-045, 2015-049, 2015-052, 2014-041, 2014-042, 2013-036, 2013-038 and 2012-039. The auditors determined findings 2016-041, 2015-052, 2014-041 and 2013-038 were resolved in fiscal year 2018.</p> <p>Completion Date: Estimated April 2023</p> <p>Agency Contact: Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2021	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 ensure it performed procedures to safeguard against unnecessary utilization of care and services for the Medicaid 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>93.775</td> <td>\$0</td> </tr> <tr> <td>93.777</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 Health Care Authority partially concurs with the finding.</p> <p>The Authority agrees that adequate internal controls are necessary to ensure compliance with utilization control and program integrity requirements. The Authority will evaluate its current processes and procedures related to utilization control requirements and update as needed to ensure effective monitoring of the Department’s statewide surveillance and utilization control program.</p> <p>The Authority is implementing the Surveillance and Utilization Review System, a new fraud and abuse detection system which will include the capability to generate automated alerts.</p> <p>The Authority disagrees that the Medicaid state plan needs to be updated. The current plan includes methods and procedures that are sufficient to safeguard against unnecessary utilization of care and services.</p> <p>Similar conditions noted in this finding were previously reported in findings 2020-047, 2020-048, 2019-052, 2019-053 and 2018-047.</p> <p>Estimated May 2023</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778		93.778 COVID-19	
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Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2021	051	<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"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.777</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 Authority has implemented internal controls to ensure compliance with federal requirements over inpatient hospital facility audits.</p> <ul style="list-style-type: none"> <li>• In May 2021, the Authority implemented a procedure to determine when audits of cost reports are deemed necessary.</li> <li>• Effective February 2022, the State Plan was amended to reflect that, while audits may be performed by the Authority as it deems necessary, there is not a requirement to do so.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2020-049.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778		93.778 COVID-19	
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Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2021	052	<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 recoveries of fraudulent overpayments on the CMS-64 report.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$78,774</td> </tr> <tr> <td>93.777</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 Authority concurs with the finding.</p> <p>The Authority will establish a process to ensure information concerning the status of Medicaid Fraud Control Unit (MFCU) cases is communicated timely to the Authority from the Attorney General's Office. This will help ensure recoveries of fraudulent overpayments are reported on the CMS-64 report appropriately and any federal share is returned timely to the Centers for Medicaid and Medicare Services (CMS).</p> <p>The Authority will also work with CMS to return the federal share of unrecovered settlement amounts and report them accurately on the CMS-64. The Authority believes the questioned cost amount identified by the auditor is incorrect and should total \$78,550.</p> <p>The conditions noted in this finding were previously reported in finding 2020-050.</p> <p>Estimated October 2022</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$78,774	93.777		93.778		93.778 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 Status										
2021	053	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure it complied with nursing home survey statement of deficiencies and plan of corrections timelines.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 735"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially agrees with the finding.</p> <p>The Department agrees that it was not in compliance with the procedures outlined in Management Bulletin 15-081, which stated staff will provide the Statement of Deficiency (SOD) report to the field manager and the field manager will review for any SODs that are not sent out within ten working days. However, since the implementation of the Electronic Plan of Correction (ePOC) system in April 2017, Management Bulletin 15-081 is no longer applicable.</p> <p>The implementation of the ePOC application for nursing homes at the Residential Care Services has strengthened internal controls and increased efficiency. The ePOC application:</p> <ul style="list-style-type: none"> <li>• Automated the distribution of the federal SOD via a secure website created by the Centers for Medicare and Medicaid Services.</li> <li>• Eliminated the need for staff to provide the SOD report to the field manager.</li> <li>• Automatically sends e-mail notifications daily to the regional administrator, field manager, and support staff when nine days past the exit date in the Automated Survey Processing Environment (ASPEN) and a SOD has not been sent to the nursing facility.</li> </ul> <p>The federal application thus made it unnecessary for a staff member to distribute the SODs. Even though the procedures outlined in the management bulletin were outdated during the fiscal year under audit, two of the three regions were still following the bulletin as a “double-check.”</p> <p>The Department does not agree with the auditors’ conclusion that internal controls were inadequate for compliance with home survey SOD and POC timelines. No exceptions were identified during the audit compliance testing.</p> <p>As of June 30, 2022, Management Bulletin 15-081 was rescinded. Field Managers will continue to follow up on all ePOC e-mail notifications to ensure compliance with deadlines.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		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 Status
2021	053 (cont'd)	The conditions noted in this finding were previously reported in finding 2020-054.  Completion Date: In progress  Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status																
2021	054	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</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 requirements to ensure timely investigation of complaints of client abuse and neglect at Medicaid residential facilities.</p> <table border="0" data-bbox="667 577 1096 735"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> <td></td> </tr> <tr> <td>93.778</td> <td></td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that not all complaint investigations were initiated within the required timeframes. However, the Department does not agree that noncompliance was due to inadequate internal controls. Residential Care Services (RCS) has effectively used current internal controls since fiscal year 2017 when we received the State Auditor’s Office Stewardship Award related to this audit area.</p> <p>Compliance with required investigation timeframes decreased due to an increase of almost 3,200 complaints from the previous fiscal year that were assigned for investigation. In addition, the effects of the COVID-19 pandemic increased staff vacancy rates to 24% due to exposure, illness, and staff resignation caused by vaccination mandates.</p> <p>In general, a 2-day response is required for allegation of a life-threatening situation that has caused, or is at risk of causing, substantial harm of such consequence that urgent intervention is necessary. The Department assigned all COVID-19 complaints related to the pandemic to the 2-day response category in the Tracking Incidents of Vulnerable Adults case management system, which further impacted workload.</p> <p>Since all COVID infection activities are categorized using the 2-day priority system for tracking purposes, it appeared the Department was out of compliance with intakes of immediate jeopardy cases. As of July 2022, 2-day immediate jeopardy intakes related to abuse and neglect were in compliance. Once the state of emergency rules are lifted, the Department will use the system for abuse and neglect immediate jeopardy intake tracking only, as it was intended.</p> <p>RCS will continue to use current internal controls to ensure timely investigation of complaints of client abuse and neglect at Medicaid residential facilities. Additional staff will be hired and trained to fill the vacant positions. The Department anticipates:</p> <ul style="list-style-type: none"> <li>• Compliance with immediate jeopardy related to COVID activities case intakes by December 2022.</li> <li>• Compliance with non-immediate jeopardy case intakes by June 2023.</li> </ul>		<u>CFDA #</u>	<u>Amount</u>	93.775		\$0	93.777			93.778			93.778 COVID-19		
	<u>CFDA #</u>	<u>Amount</u>																
93.775		\$0																
93.777																		
93.778																		
93.778 COVID-19																		

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	054 (cont'd)	Completion Date: Estimated June 2023  Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	055	Finding:  Questioned Costs:  Status:  Corrective Action:          Completion Date:  Agency Contact:	The Health Care Authority improperly charged \$100,000 to the Block Grants for Prevention and Treatment of Substance Abuse.  <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;">\$100,000</td> </tr> </table> Corrective action complete  In response to the audit finding, the Authority will: <ul style="list-style-type: none"> <li>• Establish a new process and internal controls for review of payments and the grant closure date to ensure payments to providers and contracts meet the period of allowability.</li> <li>• Communicate the new process to all management, contract managers, and contract specialists.</li> <li>• Update all contract terms and conditions to include specific billing timeline language, in accordance with the new policies.</li> </ul> A notification has been provided to all contracted providers to inform them about the upcoming changes to program policies and contract terms. The Authority will work with the grantor on resolution of the questioned costs.  June 2022  Kendra Thomas Internal Audit Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-1669 <a href="mailto:Kendra.thomas@hca.wa.gov">Kendra.thomas@hca.wa.gov</a>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$100,000
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$100,000						

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	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 did not have adequate internal controls over and did not comply with requirements to ensure it met the earmarking requirement 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;">\$684,129</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority performs accounting adjustments as part of the grant reconciliation process. The exception identified in the finding was the result of adjustments not being performed timely due to staffing and workload issues, which the Authority hopes will be corrected with the current fully-staffed level. When the final SF-425 Federal Financial Report was submitted to the federal grantor, it properly reported the administrative expenditures.</p> <p>The Authority will re-evaluate the internal controls in place over the SF-425 reporting and earmarking requirement to address the timeliness issue. The Authority does not agree with or plan on repaying the questioned costs and will work with the federal grantor to determine resolution of this issue.</p> <p>Estimated March 2023</p> <p>Kendra Thomas                      Internal Audit Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-1669  <a href="mailto:Kendra.thomas@hca.wa.gov">Kendra.thomas@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$684,129
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$684,129						

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	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 requirements to ensure payments made under the Block Grants for Prevention and Treatment of Substance Abuse program met the period of performance.</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;">\$54,385</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority will improve internal controls for payments made under the Block Grant programs to ensure:</p> <ul style="list-style-type: none"> <li>• Account coding is correctly applied to payments for the correct grant period.</li> <li>• Payments are made only for allowable activities and within the appropriate period of performance.</li> <li>• Accounting adjustments are reviewed and approved for compliance with program and period of performance requirements.</li> <li>• Staff do not charge costs to a grant after it has closed.</li> </ul> <p>The Authority will work with the grantor on resolution of the questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2020-059.</p> <p>Estimated December 2022</p> <p>Kendra Thomas                      Internal Audit Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-1669  <a href="mailto:kendra.thomas@hca.wa.gov">kendra.thomas@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$54,385
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$54,385						

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	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 Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act.</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 is working on finalizing formal policies and procedures across divisions to ensure there are established internal controls over the Federal Funding Accountability and Transparency Act (FFATA) reporting.</p> <p>A workgroup was established and has begun meeting to finalize the criteria for when FFATA reports are required. The policies, procedures, and requirements will be disseminated to applicable staff when complete. The Authority plans to initiate this process for all contracts beginning after July 1, 2022.</p> <p>The Authority will implement the following procedures to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> <li>• Contract Management will include a FFATA form as the last attachment in all contracts and will ensure it is complete prior to forwarding it to Grants Accounting.</li> <li>• Grants Accounting will enter agency information into the FFATA Subaward Reporting System (FSRS).</li> <li>• Management will run a report twice per month to reconcile the contracts entered into FSRS against all newly executed contracts to ensure FFATA reports are complete.</li> <li>• All staff involved in this process will receive training on the new policies and procedures</li> </ul> <p>Estimated May 2023</p> <p>Kendra Thomas                      Internal Audit Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-1669  <a href="mailto:kendra.thomas@hca.wa.gov">kendra.thomas@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	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 over and did not comply with the reporting 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 complete</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority agrees that the exceptions identified by the auditors were caused by account coding being erroneously opened and charges were processed. The authority disagrees that it resulted in inaccurate reporting and will work with staff to update processes to ensure the incorrect account coding will not be used for future reporting.</p> <p>The Authority maintains that the expenditure amounts reported on the SF-425 federal financial reports for the Substance Abuse Prevention and Treatment Block Grant are accurate, allowable, and supported by accounting records. 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.</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>The conditions noted in this finding were previously reported in finding 2020-062.</p> <p>June 2022</p> <p>Kendra Thomas                      Internal Audit Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-1669  <a href="mailto:kendra.thomas@hca.wa.gov">kendra.thomas@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	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 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><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.959</td> <td>\$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 conducted training to applicable staff in the fall of 2021 and is continuing to identify additional staff for the training.</p> <p>The conditions noted in this finding were previously reported in finding 2020-064.</p> <p>In progress</p> <p>Kendra Thomas                      Internal Audit Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-1669  <a href="mailto:Kendra.thomas@hca.wa.gov">Kendra.thomas@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						



Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	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 subrecipient monitoring requirements for the Block Grants for Prevention and Treatment of Substance Abuse 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;">93.959</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Authority has already taken the following steps to address audit recommendations from prior year’s audit:</p> <ul style="list-style-type: none"> <li>• Established a multi-divisional subrecipient monitoring workgroup to develop internal controls and monitoring procedures for subrecipients.</li> <li>• Developed and is finalizing a consistent and uniform process across all units to track and monitor desk and site visits for subrecipients.</li> </ul> <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"> <li>• Established protocols to complete monitoring activities with each Indian Nation on a biennial basis.</li> <li>• Obtained consent from each Indian Nation in March 2021 for the monitoring tools developed.</li> <li>• Sent formal monitoring requests to each Indian Nation in April 2021.</li> <li>• Scheduled desk monitoring beginning in June 2021, which occurred within the fiscal year 2021 audit period.</li> </ul> <p>The Authority conducted monitoring on a majority of the subrecipients with the issues identified in the audit. Unfortunately, the monitoring work was not considered by the State Auditor’s Office (SAO) due to review of this compliance area being performed late into the audit. Also, the staff who maintained the documentation was out due to illness at the time SAO requested the documentation; it was later provided but after the date. Going forward, the Authority’s Internal Audit staff will include multiple staff members in the audit requests to ensure documentation is provided timely.</p> <p>The conditions noted in this finding were previously reported in finding 2020-065.</p> <p>June 2022</p> <p>Kendra Thomas                      Internal Audit Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-1669  <a href="mailto:kendra.thomas@hca.wa.gov">kendra.thomas@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	062	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:  Agency Contact:	The Employment Security Department did not have adequate internal controls to ensure it submitted accurate weekly reports for the Presidential Declared Disaster Assistance to Individuals and Households program.  <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;">97.050 COVID-19</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action not taken  The Department agrees the State Auditor’s Office recommendation would improve internal controls. However, the weekly program status report is no longer required as the grant is in its closeout phase. We consider this issue resolved.  Not applicable  Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507 (360) 529-6718 <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a>	<u>CFDA #</u>	<u>Amount</u>	97.050 COVID-19	\$0
<u>CFDA #</u>	<u>Amount</u>						
97.050 COVID-19	\$0						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
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="667 577 1477 640"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.019 COVID-19</td> <td>\$40,095,634</td> </tr> </table> <p>Corrective action complete</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:</p> <ul style="list-style-type: none"> <li>• Reversed the October 2020 accounting journal voucher adjustment totaling \$40.6 million.</li> <li>• Reviewed fiscal year 2020 expenditures to ensure charges were allowable and transferred allowable expenditures to the CRF grant.</li> </ul> <p>February 2022</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	21.019 COVID-19	\$40,095,634
<u>CFDA #</u>	<u>Amount</u>						
21.019 COVID-19	\$40,095,634						

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status					
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 COVID-19</td> <td style="text-align: right;">\$451,726</td> </tr> </table> Corrective action complete  The Department concurs with the finding and is committed to ensuring that grant programs comply with federal regulations related to period of performance.  FEMA expanded the scope of eligible reimbursements to include all allowable expenditures from the beginning of the COVID-19 response. The Coronavirus Relief Fund (CRF) expenditures incurred outside the period of performance were subsequently included in the FEMA recovery calculation. The Department also worked with the Office of Financial Management to reduce the CRF expenditures on the fiscal year 2021 Schedule of Expenditures of Federal Awards.  February 2022  Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a>	<u>CFDA #</u>	<u>Amount</u>	21.019 COVID-19	\$451,726
<u>CFDA #</u>	<u>Amount</u>						
21.019 COVID-19	\$451,726						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status							
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="667 552 1125 615"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>21.019 COVID-19</td> <td></td> <td style="text-align: right;">\$8,681,008</td> </tr> </table> <p>Corrective action not 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"> <li>• Necessary expenditures incurred due to COVID-19;</li> <li>• Not accounted for in the budget most recently approved as of March 27, 2020; and</li> <li>• Incurred during the period between March 1, 2020, and December 30, 2020.</li> </ul> <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 Status
2020	020 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 4804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
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: <u>CFDA #</u> 84.126 <u>Amount</u> \$13,143</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>The Department contacted the U.S. Department of Education in April 2022 regarding the questioned costs and has not received any request for repayment.</p> <p>The Division of Vocational Rehabilitation will take the following corrective actions:</p> <ul style="list-style-type: none"> <li>• By September 2022, develop a process to monitor the approval of client services.</li> <li>• By December 2022:                         <ul style="list-style-type: none"> <li>○ Develop training for staff to reinforce understanding of existing federal requirements for the authorizations of client service purchases.</li> <li>○ Implement a process improvement regarding the timing and types of approval required for vocational rehabilitation services.</li> <li>○ Review existing policies and procedures with a focus on changes to clients' plans for employment.</li> <li>○ Implement improvements to existing supervisory review protocols.</li> </ul> </li> </ul> <p>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.</p> <p>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  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status															
2020	053	<p>Finding: 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"> <tr> <td data-bbox="483 583 610 611">Questioned</td> <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="483 615 553 642">Costs:</td> <td data-bbox="672 615 748 642">93.775</td> <td data-bbox="1003 615 1032 642">\$0</td> </tr> <tr> <td></td> <td data-bbox="672 646 748 674">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 678 954 705">93.777 COVID-19</td> <td data-bbox="889 678 954 705">93.778</td> </tr> <tr> <td></td> <td data-bbox="672 709 873 737">93.778 COVID-19</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: 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>As of July 2021, the field manager and administrative staff began 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>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.775	\$0		93.777			93.777 COVID-19	93.778		93.778 COVID-19	
Questioned	<u>CFDA #</u>	<u>Amount</u>															
Costs:	93.775	\$0															
	93.777																
	93.777 COVID-19	93.778															
	93.778 COVID-19																



Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
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="672 579 764 611"><u>CFDA #</u></td> <td data-bbox="1003 579 1096 611"><u>Amount</u></td> </tr> <tr> <td data-bbox="672 613 748 644">93.788</td> <td data-bbox="1003 613 1032 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 fiscal year 2020 audit, the workgroup had developed and approved an effective agency-wide subrecipient risk assessment process. The workgroup established internal controls and monitoring procedures, and also developed a risk assessment and monitoring plan (RAMP) form that is used in contracting with subrecipients.</p> <p>The Authority completed initial staff training in December 2021. Ongoing training is provided to the contact managers who are required to complete a RAMP form on active subrecipient contracts. Contracts will not be signed by the Authority without the RAMP form completed and provided to the Office of Contracts and Procurement.</p> <p>The risk assessment process has been fully implemented across the agency. The grant closed in April 2020 and no additional expenditures will be charged to the grant.</p> <p>The conditions noted in this finding were previously reported in finding 2019-066.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></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 Status							
2019	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 matching requirements for the Child Care and Development Fund.</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>93.575</td> <td style="text-align: right;">\$440,578</td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with the finding.</p> <p>The Department works closely with the Department of Social and Health Services (DSHS) and maintains that both agencies have adequate internal controls in place to ensure compliance with matching requirements of the Child Care and Development Fund grant. There has been no audit exception in this compliance area reported by the State Auditor’s Office (SAO) in previous audits.</p> <p>Due to miscommunication between DSHS and SAO on the request for information during audit testing, the Department did not have sufficient time to provide the level of details needed for clear and convincing evidence that the Department complied with the requirement and met the required state match.</p> <p>In September 2020, the Department received the appropriate documentation from DSHS to submit to the U.S. Department of Health and Human Services (HHS), and is currently waiting for a response. The documentation supports the amount of state match reported by the Department.</p> <p>If HHS contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>Not applicable</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$440,578	93.596	
<u>CFDA #</u>	<u>Amount</u>								
93.575	\$440,578								
93.596									

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2019	038	<p>Finding:</p> <p>Questioned</p> <p>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 \$4,212,863 to the Child Care and Development Fund 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;">93.575</td> <td style="text-align: right;">\$4,212,863</td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>During the audit period, grant reconciliations were not performed timely because the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees.</p> <p>Since then, the Department has prioritized reconciliations of the Child Care and Development Fund grants. Based on these reconciliations, the Department has identified and made corrections to expenditures to comply with the period of performance requirements. However, these corrections were made outside of the audit period and therefore were not taken into consideration when the auditors concluded audit work and issued this finding.</p> <p>It should also be noted that due to the late timing of the auditors' request for and review of financial records, the Department was not given sufficient time to complete verification of \$6,591 and concur if this amount was actually charged to the incorrect grant period.</p> <p>In response to the audit recommendations, the Department:</p> <ul style="list-style-type: none"> <li>• Strengthened internal controls to ensure grant expenditures are obligated and liquidated within the grant period of performance.</li> <li>• Completed journal voucher corrections of expenditures identified as charged to the incorrect grant period.</li> </ul> <p>If the federal grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>In progress</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$4,212,863	93.596	
<u>CFDA #</u>	<u>Amount</u>								
93.575	\$4,212,863								
93.596									

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	047	<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 a state law requirement to perform semi-annual data sharing with health insurers.</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;">97.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>This finding is based on a specific data exchange method in which most insurance carriers have chosen not to participate and which the Authority has no legal authority to enforce. The auditor recommended the Authority seek and obtain the legal authority through legislation. While it is not within the Authority’s scope of responsibilities to regulate insurance companies, several other methods of data sharing are regularly employed to achieve the goal of identifying third party liability.</p> <p>After an unsuccessful attempt in 2019, the Authority again drafted legislation for the 2020 legislative session. House Bill 2677 was a technical correction that modified existing state law to more appropriately align with state practices.</p> <p>The legislation unanimously passed both the House of Representatives and Senate and was signed into law by the governor on March 27, 2020. Corrective action was resolved through the enactment of this law, which was effective June 11, 2020.</p> <p>The conditions noted in this finding were previously reported in findings 2018-041, 2017-031, 2016-028, 2015-030, 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19 and 08-25.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      P.O. Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.summerour@hca.wa.gov">Kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$0										
93.777											
93.778											

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	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 to ensure Medicaid expenditures for Children’s Health Insurance Program Funds were allowable.</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;">97.775</td> <td style="text-align: right;">\$4</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority does not concur with the description or effect of condition of the finding.</p> <p>The auditors determined that the Authority does not conduct a post-eligibility review for coverage under the Children’s Health Insurance Program (CHIP) when a household’s income is below 133 percent of the federal poverty level. There is no such requirement in our federally approved verification plan, and the Authority does not agree that a significant deficiency in internal control exists.</p> <p>The condition that led to the \$4 in unallowable claims for additional CHIP funds was corrected in July 2017.</p> <p>The Authority will consult with the grantor regarding the resolution of the questioned costs.</p> <p>The conditions noted in this finding were previously reported in findings 2018-048, 2017-038, 2016-034, 2015-039, and 2014-037. The auditors determined 2014-037 as resolved.</p> <p>Not Applicable</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.summerour@hca.wa.gov">Kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$4	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$4										
93.777											
93.778											

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	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 made improper Medicaid payments to clients that were not eligible for the Modified Adjusted Gross Income Medicaid 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;">97.775</td> <td style="text-align: right;">\$1,589</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority concurs with the finding and will work with the federal grantor to resolve the questioned costs.</p> <p>As of May 2020, the Authority completed a system change request to correct the claims reported under the Medicaid grant instead of the Children’s Health Insurance Program (CHIP). Since the correction resulted in a higher federal participation rate for the claims under CHIP, there are no federal funds to return.</p> <p>The Authority will continue to ensure post eligibility reviews are completed according to the Authority’s policies and procedures.</p> <p>June 2022</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$1,589	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$1,589										
93.777											
93.778											

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	051	<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 suspension and debarment requirements for Medicaid medical fee-for-service providers.</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;">97.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority is taking corrective actions to improve internal controls and compliance with the suspension and debarment requirements.</p> <p>By December 2022, the Authority will fully implement the Automated Provider Screening process to conduct the following monthly database checks for medical providers:</p> <ul style="list-style-type: none"> <li>• Excluded Parties List System</li> <li>• Federal System for Award Management</li> </ul> <p>The Authority will also continue to monitor Managed Care Organizations' compliance with their contractual requirements to perform these monthly checks.</p> <p>The conditions noted in this finding were previously reported in findings 2018-046 and 2017-037.</p> <p>Estimated December 2022</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.summerour@hca.wa.gov">Kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$0										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	055	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, made improper Medicaid payments to individual providers when clients were hospitalized or admitted to long-term care facilities.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1104 703"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$394,288</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>Currently, Medicaid claims are processed in two separate payment systems, specifically:</p> <ul style="list-style-type: none"> <li>• ProviderOne system for hospitals and long-term care (LTC) facilities where delay in submitting claims is typical, sometimes several months after services have been delivered.</li> <li>• IPOne system for individual providers where claims are generally submitted shortly after services are provided.</li> </ul> <p>Due to different claim requirements in two payment systems, it is currently impossible to establish an automated process to prevent personal care providers from claiming unallowable costs when clients were hospitalized or in an LTC facility. The Department can only detect duplicate payments after both payments have been made.</p> <p>The Department has the following mitigating controls in place:</p> <ul style="list-style-type: none"> <li>• As of November 2018, developed a report to identify payments made to all providers for in-home personal care services and mileage while a client was either hospitalized or admitted to an LTC facility.</li> <li>• As of March 2019, implemented a process to review claims made in the prior month and identify potentially unallowable claims. If determined unallowable, these claims are flagged for overpayments.</li> <li>• As of January 2020, a functionality was implemented in IPOne to allow the Department to process overpayments.</li> </ul> <p>As of December 2020, the Department returned the questioned costs to the Department of Health and Human Services for the unallowable claims.</p> <p>As of December 2021, the Department began sending written reminders to all individual providers that claiming in-home personal care hours is prohibited while a client is either hospitalized or admitted into an LTC facility.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$394,288	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$394,288									
93.777										
93.778										



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	055 (cont'd)	<p>The conditions noted in this finding were previously reported in findings 2018-050 and 2016-048 which the auditors considered resolved in fiscal year 2020.</p> <p>Completion Date: December 2021</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2019	057	<p>Finding: 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 requirements to ensure Medicaid Community First Choice client service plans were properly approved.</p> <table border="0" data-bbox="483 583 1128 709"> <tr> <td data-bbox="483 583 613 611">Questioned</td> <td data-bbox="673 583 771 611"><u>CFDA #</u></td> <td data-bbox="1003 583 1101 611"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 611 560 638">Costs:</td> <td data-bbox="673 611 755 638">93.775</td> <td data-bbox="1003 611 1128 638">\$2,191,213</td> </tr> <tr> <td></td> <td data-bbox="673 638 755 665">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 665 755 693">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department agrees that a person-centered service plan should be signed by the Department, client, and provider responsible for its implementation.</p> <p>However, the Department disagrees that:</p> <ul data-bbox="706 1003 1474 1360" style="list-style-type: none"> <li>• A lack of required signatures on the service plan should result in questioned costs when the client is eligible for the services and the provider is qualified to deliver services. The Centers for Medicare &amp; Medicaid Services (CMS) has also provided guidance to the Department that services should not be terminated if required signatures cannot be obtained.</li> <li>• A service plan that is not signed by a client, a provider, or the Department within 60 days should be considered an exception. The 60-day timeline in the state law outlines an administrative option that could be utilized by the Department to terminate services when deemed necessary.</li> </ul> <p>The Department also has concerns over the objectives of the additional reviews performed in the fiscal year 2019 audit, as follows:</p> <ul data-bbox="706 1476 1474 1770" style="list-style-type: none"> <li>• The auditors significantly broadened the scope of the audit by including interim assessments, which increased the number of asserted exceptions compared to when only full assessments were included.</li> <li>• The auditors performed follow-up testing on the 59 exceptions previously reported in the fiscal year 2018 audit finding. The auditors subsequently took exceptions on the client service plans that were still not complete for part or all of the current audit period and assigned questioned costs to the current audit finding.</li> </ul> <p>The Department does not agree that re-testing of the prior year's audit exceptions is valid. By performing audit testing on outdated client service plans included in the prior year's audit, the auditor's approach essentially disregarded the Department's good faith effort in attempting to remediate exceptions from the prior audit.</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.775	\$2,191,213		93.777			93.778	
Questioned	<u>CFDA #</u>	<u>Amount</u>												
Costs:	93.775	\$2,191,213												
	93.777													
	93.778													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	057 (cont'd)	<p>As of June 2019, the Department:</p> <ul style="list-style-type: none"> <li>• Revised policies and procedures to require providers' signatures on person-centered service plans.</li> <li>• Issued a management bulletin to communicate the updated policies and procedures, and address the use of electronic signature technology in the field.</li> <li>• Created a mechanism for case managers to collect signatures on an electronic signature pad. The Department will continue to work with field staff to encourage the use of this technology.</li> <li>• Conducted numerous meetings with the directors of Area Agency on Aging to discuss policy changes on service summary signatures and staffing issues caused by the increased workload.</li> </ul> <p>The Department currently included reviewing compliance with signature requirements on client service plans as part of the formal quality assurance (QA) reviews. However, the outcomes of these enhanced QA activities were not reflected in the fiscal year 2019 audit period.</p> <p>The Department has continued to implement process improvement plans. As of March 2021, statewide compliance results met proficiency goals.</p> <p>As of June 2021, the Department:</p> <ul style="list-style-type: none"> <li>• Provided additional training to staff on relevant federal regulations and state policies.</li> <li>• Established guidance on the appropriate use of interim assessments.</li> <li>• Submitted a request in the Governor's budget and received:                         <ul style="list-style-type: none"> <li>○ Additional staff to collect signed service plans.</li> <li>○ An information technology enhancement that will reduce, but not eliminate, the manual effort necessary to collect signed service plans.</li> </ul> </li> </ul> <p>As of December 2021, the Department began utilizing electronic voice signature collecting technology.</p> <p>The Department is awaiting a response from CMS to determine if person-centered service plans that are missing signatures should result in an unallowable payment. If necessary, the Department will:</p> <ul style="list-style-type: none"> <li>• Identify associated costs related to any unallowable payments.</li> <li>• Work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be repaid.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2018-059 and 2017-045.</p> <p>Completion Date: In progress</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	057 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	058	<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 Community First Choice client service plans were properly approved.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1128 703"> <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;">93.775</td> <td style="text-align: right;">\$2,169,725</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department agrees that a person-centered service plan should be signed by the Department, client, and provider responsible for its implementation.</p> <p>However, the Department disagrees that:</p> <ul style="list-style-type: none"> <li>• A lack of required signatures on the service plans should result in questioned costs when the client is eligible for the services and the provider is qualified to deliver services. The Centers for Medicare &amp; Medicaid Services (CMS) has also provided guidance to the Department that services should not be terminated if required signatures cannot be obtained.</li> <li>• A service plan that is not signed by a client, a provider, or the Department within 60 days should be considered an exception. The 60-day timeline in the state law outlines an administrative option that could be utilized by the Department to terminate services when deemed necessary.</li> </ul> <p>The Department also has the following concerns over the objectives of the additional reviews performed in the fiscal year 2019 audit, as follows:</p> <ul style="list-style-type: none"> <li>• The auditors performed follow-up testing on the exceptions previously reported in the fiscal year 2018 audit finding. The auditors subsequently took exceptions on the client service plans that were still not complete for part or all of the current audit period and assigned questioned costs to the current audit finding.</li> <li>• The Department does not agree that re-testing of the prior year's audit exceptions is valid. By performing audit testing on outdated client service plans included in the prior year's audit, the auditor's approach essentially disregarded the Department's good faith effort in attempting to remediate exceptions from prior audit.</li> </ul> <p>Currently, the Department has the following quality assurance process in place to monitor compliance in obtaining required signatures on person-centered service plans:</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$2,169,725	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$2,169,725									
93.777										
93.778										

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	058 (cont'd)	<ul style="list-style-type: none"> <li>• The Quality Compliance Coordination team reviews a statewide sample for required signatures or documented attempts to obtain signatures.</li> <li>• The review measures statewide proficiency for obtaining required signatures in an established annual cycle. If the review finds a proficiency rate below 86 percent, the Department will implement a quality improvement plan to improve statewide performance.</li> <li>• Case manager supervisors monitor compliance by ensuring all case managers meet the requirement of obtaining signatures through all available department-approved options.</li> </ul> <p>The Department will continue to work towards implementing the electronic signature option.</p> <p>The Department and the State Health Care Authority sent communications to CMS for guidance on whether person-centered service plans that missing signatures should result in unallowable payments. If necessary, the Department will work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be reimbursed. As of June 2021, the Department is still awaiting a response.</p> <p>The conditions noted in this finding were previously reported in finding 2018-060, 2017-046, and 2016-043.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	060	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure Medicaid payments to home care agencies were allowable.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 548 1096 674"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>Area Agencies on Aging (AAA) monitor home care agencies (HCAs) for contractual compliance in many areas, including verification of time and task performance. In response to the prior year’s audit finding, the Department modified the tool provided to AAAs for more effectively monitoring HCAs’ compliance with electronic timekeeping contractual requirements.</p> <p>The Aging and Long-Term Support Administration State Unit on Aging (SUA) reviews a random sample of HCAs to determine if the AAA monitored and reviewed compliance with the electronic time keeping requirements as outlined in the HCA Monitoring Tool.</p> <p>The Department maintains that the monitoring by the AAA and SUA is adequate to provide assurance that Medicaid payments to home care agencies were allowable.</p> <p>Additionally, the fiscal year 2019 audit did not identify any exceptions related to electronic time keeping compliance, which provided further evidence that the current internal controls implemented by the Department are working as intended.</p> <p>The conditions noted in this finding were previously reported in finding 2018-054.</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  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$0									
93.777										
93.778										

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2018	049	<p>Finding: The Health Care Authority made improper payments for Medicaid managed care recipients with Medicare insurance coverage.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>97.775</td> <td style="text-align: right;">\$3,762,678</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority has implemented the following corrective actions:</p> <ul style="list-style-type: none"> <li>• As of March 2016, developed an algorithm to identify Per Member Per Month (PMPM) premium payments for clients enrolled in Medicare.</li> <li>• As of June 2018, went live with the enhancements to the ProviderOne system to automate recoupment of PMPM premiums for clients who are retro-enrolled in Medicare.</li> <li>• Ran the new algorithm for the period from the last algorithm run in November 2017 to the system enhancement in June 2018, and identified all PMPM premium duplicate payments.</li> </ul> <p>As of August 2019, the Authority completed the work to recoup the duplicate payments, and will follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in findings 2017-039. The auditors considered this finding unresolved due to outstanding questioned costs in fiscal year.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$3,762,678	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
97.775	\$3,762,678									
93.777										
93.778										



Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2017	032	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority overpaid a tribe for Medicaid chemical dependency treatments.</p> <table border="0" data-bbox="667 520 1122 646"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775</td> <td style="text-align: center;">\$3,909,517</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority submits an annual State Plan to the Centers for Medicare and Medicaid Services (CMS) for approval. The plan includes tribal health care facilities that deliver health care services to Medicaid-eligible clients. In August 2017, the State Auditor’s Office published a whistleblower investigation (report number 1019566) that reported the Authority overpaid a tribe for chemical dependency treatments.</p> <p>Since the language in the State Plan is not conclusive and more than one tribe has challenged the conclusions in the whistleblower report, the Authority requested guidance from CMS in September 2017 on whether the payments identified in the audit report are overpayments.</p> <p>The Authority also requested an amendment to the State Plan to provide clear language that would prospectively preclude the primary type of findings published in the whistleblower investigation and that is consistent with language approved by CMS for other states’ tribal health programs. CMS approved the requested amendment effective September 29, 2017.</p> <p>On January 29, 2018, CMS directed the Authority to Section 4320 of the State Medicaid Manual issued by the Health Care Financing Administration (predecessor agency to CMS). In particular, paragraph C of the Section states:</p> <p style="text-align: center;"><i>“If a State elects to cover clinic services, it may choose the type of clinics or clinic services that are covered, provided that the services constitute medical or remedial care.”</i></p> <p>In light of this CMS guidance and various mitigating factors, the Authority determined it would be inappropriate to seek recovery of payments based solely on service rendered by a provider not listed in the State Plan, which was in effect prior to the amendment in September 2017.</p> <p>The Authority has contacted CMS on multiple occasions to determine if the audit finding is closed. As of June 2020, the Authority resubmitted the supporting information to CMS, requested the finding be closed, and the questioned costs be resolved.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$3,909,517		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>													
	93.775	\$3,909,517													
	93.777														
	93.778														

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	032 (cont'd)	<p>If the U.S. Department of Health and Human Services determines the payments identified in the audit are in fact overpayments, the Authority will follow the normal audit resolution process to resolve the questioned costs.</p> <p>The auditors considered this finding unresolved due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	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 Health Care Authority overpaid Medicaid hospitals for outpatient services.</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;">93.775</td> <td style="text-align: right;">\$118,679</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority agrees that some claims were missed during the original mass adjustment of claims affected by incorrect Enhanced Ambulatory Patient Group (EAPG) weight assignment in the ProviderOne system.</p> <p>As of November 2017, the Authority identified all the missed claims and processed the majority of the adjustments.</p> <p>As of January 2018, the Authority completed the processing of the remaining two percent of the claims that did not get adjusted in November 2017. All corrections had been completed at that time and there were no outstanding questioned costs.</p> <p>Since federal funds overpayments were normally returned through the quarterly reporting process, the Authority is working with the Center for Medicare and Medicaid Services in order to appropriately reflect the resolution of the questioned costs.</p> <p>The auditors considered this finding unresolved due to outstanding questioned costs.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$118,679	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$118,679										
93.777											
93.778											

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	040	Finding:  Questioned Costs:  Status:  Corrective Action:          Completion Date:  Agency Contact:	The Health Care Authority made improper Medicaid pharmacy fee-for-service payments for clients enrolled in managed care.  <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;">\$111,756</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> Corrective action not taken  The Authority does not concur with the finding.  The pharmacy claims selected under this review were appropriately paid with the client being covered under the fee-for-service program at the time of claim submission and payment. The Authority does not recoup pharmacy payments for appropriately billed and paid services when the client's enrollment retroactively changes from fee-for-service to managed care.  The Authority received informal guidance from Centers for Medicare and Medicaid Services (CMS) stating that this cost/benefit approach is appropriate. The Authority has since requested official guidance from CMS on multiple occasions.  As of June 2021, the Authority has not received definitive guidance. The auditors considered this finding unresolved due to outstanding questioned costs.  Not applicable  Kari Summerour, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$111,756	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$111,756										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2017	048	<p>Finding: 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 requirements to ensure Adult Family Home providers had proper background checks.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 703"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775</td> <td style="text-align: center;">\$98,399</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department partially concurs with this finding.</p> <p>The Department agrees that one background check was not renewed timely. As of November 2017, the Department implemented an internal reporting tool which alerts staff to send a reminder notice to a provider when the current background check of an employee is expiring in 60 days. If the provider does not complete the background check by the required due date, a complaint investigation will be initiated.</p> <p>The Department does not concur with the two exceptions regarding the missing national fingerprint background check for the two providers. The providers in question had both applied in 2011, which was prior to WAC 388-76-10165 becoming effective and requiring a fingerprint check.</p> <p>The Department also does not agree the findings should be tied to questioned costs. The auditors did not identify any providers who had a disqualifying crime or negative action. While the one Adult Family Home in question was out of compliance with the licensing requirements of WAC 388-76 by not having current background check results on file, and is therefore subject to corrective action and sanctions by the Department, the provider was not unqualified to provide Medicaid paid services. Thus, the payments to the provider were proper.</p> <p>Additionally, the Department is unable to comment on or validate the auditor's statement of noncompliance with background check issues related to the Adult Family Home employees because the auditor had failed to provide any data to substantiate this part of the finding.</p> <p>In July 2018, the Department sent a letter to the Centers for Medicare and Medicaid Services (CMS) to request an opinion as to whether the questioned costs need to be repaid. In October 2018, the Department held a telephone conference with CMS, the auditors, and the State Health Care Authority (HCA) to discuss the questioned costs. As of June 2020, neither the Department nor HCA has received any correspondence from CMS regarding its opinion or determination.</p> <p>The conditions noted in this finding were previously reported in findings</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$98,399		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$98,399												
	93.777													
	93.778													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	048 (cont'd)	2016-044, 2015-051, 2014-048, and 2013-037. The auditors considered finding 2013-037 as resolved in fiscal year 2018.  Completion Date: June 2022  Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2017	050	<p data-bbox="483 426 1468 514">Finding: The Department of Social and Health Services, Aging and Long-Term Care Administration and Developmental Disabilities Administration, made improper overtime payments to Medicaid individual providers.</p> <table border="0" data-bbox="483 548 1094 674"> <tr> <td data-bbox="483 548 610 575">Questioned</td> <td data-bbox="672 548 764 575"><u>CFDA #</u></td> <td data-bbox="1003 548 1094 575"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 579 553 606">Costs:</td> <td data-bbox="672 579 748 606">93.775</td> <td data-bbox="1003 579 1079 606">\$9,778</td> </tr> <tr> <td></td> <td data-bbox="672 611 748 638">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 642 748 669">93.778</td> <td></td> </tr> </table> <p data-bbox="483 707 980 735">Status: Corrective action in progress</p> <p data-bbox="483 768 1203 829">Corrective Action: The Department does not concur with the finding.</p> <p data-bbox="672 833 1468 959">The Department uses the Comprehensive Assessment Reporting Evaluation (CARE) tool, approved by the Centers for Medicare and Medicaid Services (CMS), to assess client needs and to allocate the number of hours of personal care and respite the client is eligible to receive.</p> <p data-bbox="672 993 1468 1119">Payments were made to qualified providers for services the client was authorized to receive. All hours paid to the individual providers were allowable as no payments were made in excess of the CARE generated allowable hours.</p> <p data-bbox="672 1152 1468 1404">The Department's process complies with CMS's directive outlined in the information bulletin published by the U.S. Department of Health and Human Services in July 2014. The directive required that any processes developed by States must comply with the Fair Labor Standards Act (FLSA). The Department protects clients' access to eligible services and supports from a provider of their choice through their person-centered service plan. In addition, overtime costs paid under FLSA can be reimbursed as a reasonable cost related to the delivery of Medicaid services.</p> <p data-bbox="672 1438 1468 1625">The Department cannot prevent the provider from being paid more than their work week limit because labor law requires payment for all hours worked. Providers must therefore be allowed to claim and be paid for hours worked. However, the Department does follow the post-payment procedure outlined in WAC 388-114-0120 to address claims that exceed a provider's work week limit.</p> <p data-bbox="672 1659 1468 1879">With the passage of Engrossed Second Substitute House Bill 1725 (ESSHB 1725), the Legislature imposed work week limits on individual providers. The statute also directed the Department not to impose work week limits on individual providers until the Department conducted a review of the plan of care for the clients served by the individual provider. These reviews were not completed until July 2016, and five of the payments found by the auditors to be unallowable were made prior to this time.</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.775	\$9,778		93.777			93.778	
Questioned	<u>CFDA #</u>	<u>Amount</u>												
Costs:	93.775	\$9,778												
	93.777													
	93.778													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	050 (cont'd)	<p>The rules adopted as a result of ESSHB 1725 have a mechanism for terminating individual providers if they repeatedly exceed their work week limit. Regardless of whether the individual provider exceeds their work week limit, payment for all hours worked is required. The Department adheres to specific actions before stopping a payment to an individual provider who works more than the work week limit.</p> <p>The restrictions imposed on the individual provider by these statutory limits and associated rules have no relation to the client's benefit, which is reflected as authorized hours.</p> <p>The Department also notes that the calculation of the questioned costs was incorrect. The provision of the hours themselves are not in question, only the payment of overtime for these hours. The cost of overtime is the difference between the individual provider's base rate of pay and one and a half times of the base rate. Therefore, questioned costs should be calculated only on the overtime cost.</p> <p>The Department will continue to:</p> <ul style="list-style-type: none"> <li>• Follow procedures to identify providers who have excess claims over the work week limit.</li> <li>• Issue necessary contract actions according to Department policy.</li> </ul> <p>In July 2018, the Department sent a letter to the Centers for Medicare and Medicaid Services (CMS) to request an opinion as to whether the questioned costs need to be repaid. In October 2018, the Department held a telephone conference with CMS, the auditors, and the State Health Care Authority (HCA) to discuss the questioned costs. In March 2019, the Department followed up with CMS requesting a decision. As of June 2021, neither the Department nor HCA has received any correspondence from CMS regarding its opinion or decision.</p> <p>If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action. The auditors considered this finding unresolved due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>



Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2016	032	<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 establish adequate internal controls and did not comply with requirements to ensure it sought reimbursement for all eligible Medicaid outpatient prescription drug rebate claims.</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;">93.775</td> <td style="text-align: right;">\$273,598</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>In response to the audit finding, the Authority has implemented the following corrective actions:</p> <ul style="list-style-type: none"> <li>• As of September 2016, identified and corrected the system issue concerning the Medicaid eligibility code.</li> <li>• As of February 2017, corrected the system issue concerning the managed care plan coding errors.</li> </ul> <p>The Authority has also strengthened its review process by:</p> <ul style="list-style-type: none"> <li>• Preparing a checklist of steps for staff to consider when a new code is added to the ProviderOne System.</li> <li>• Implementing quarterly monitoring reports designed to validate the completeness and accuracy of each invoicing cycle.</li> </ul> <p>On May 31, 2017, the Authority invoiced the unclaimed rebates identified by the auditors.</p> <p>The Authority and U.S. Department of Health and Human Services have discussed the resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in findings 2015-034 and 2014-031 which the auditors determined to be resolved. The auditors considered this finding unresolved due to outstanding questioned costs.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$273,598	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$273,598										
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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2016	047	<p>Finding: Medicaid funds were overpaid to a supported living agency that contracted with the Department of Social and Health Services, Developmental Disabilities Administration.</p> <p>Questioned Costs:</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775</td> <td style="text-align: center;">\$1,258,250</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with finding.</p> <p>The Department processed the payment notice to the Department’s Office of Financial Recovery (OFR) in February 2017.</p> <p>Per federal rules, the Department is not required to refund the federal share of an overpayment made to a provider to the extent that the Department is unable to recover the overpayment because the provider has been determined bankrupt.</p> <p>The provider in question filed for bankruptcy in March 2019. The Department worked with OFR to follow the federal and state rules for financial recovery that pertains to bankruptcy proceedings, and submitted the required information received from the bankruptcy court for the amount owed.</p> <p>As of March 2019, the Department forwarded all court records to the U.S. Department of Health and Human Services (HHS).</p> <p>As of June 2021, the Department has not received any communication from HHS confirming the status of the questioned costs. The auditors considered this finding unresolved due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$1,258,250		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$1,258,250												
	93.777													
	93.778													

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2015	037	Finding:  Questioned Costs:  Status:  Corrective Action:   Completion Date:  Agency Contact:	The Health Care Authority overpaid Medicaid providers for dental services.  <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;">93.775</td> <td style="text-align: right;">\$25,945</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">ARRA and non-ARRA</td> </tr> </table> Corrective action complete  The Authority has recouped the unallowable claims paid to dental providers.  The Authority will follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs.  The conditions noted in this finding were previously reported in finding 2014-033 and 2013-027, and 12-53, which the auditors considered resolved.  June 2022  Kari Summerour, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$25,945	93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$25,945										
93.777											
93.778	ARRA and non-ARRA										

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2015	040	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure in-home care providers paid by Medicaid had proper background checks.</p> <table border="0" data-bbox="483 583 1096 735"> <tr> <td data-bbox="483 583 613 613">Questioned Costs:</td> <td data-bbox="673 583 771 613"><u>CFDA #</u></td> <td data-bbox="1003 583 1096 613"><u>Amount</u></td> </tr> <tr> <td></td> <td data-bbox="673 613 755 642">93.775</td> <td data-bbox="1003 613 1096 642">\$26,138</td> </tr> <tr> <td></td> <td data-bbox="673 642 755 672">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 672 933 701">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department reviewed the six providers identified by the auditors to verify that the providers had no disqualifying crimes at any point in their employment. The providers were subjected to an initial Character, Competence and Suitability (CCS) review during the contracting process. There is no RCW or WAC that states that an individual provider becomes unqualified if a new CCS review is not completed at each bi-annual background check when there are no new crimes and they care for the same client, which is the case for these six providers.</p> <p>The Department continues to strengthen processes to ensure CCS reviews are completed and adequately documented in accordance with Department policy. Clarification was provided to field offices via management bulletin on March 30, 2015, providing clear direction on required forms and frequency of completion for CCS reviews.</p> <p>Annually, the Assisted Long-Term Services Administration's Quality Assurance (QA) unit selects a sample of individual provider files for monitoring at each field office and reviews the files for background checks. In 2015, a total of 386 files were reviewed by the QA unit. In addition to these reviews, field office supervisors are required to complete quality assurance reviews on individual provider files. In 2015, a total of 1,293 files were reviewed by supervisors. Overall, internal quality assurance reviews showed 97 percent proficiency. This process will continue and will assist in evaluating compliance with the Department's policies and processes to identify potential changes.</p> <p>The Department has sent numerous communications to the U.S. Department of Health and Human Services regarding resolution of the questioned costs, but is still awaiting a response.</p> <p>The conditions noted in this finding were previously reported in findings 2014-049, 2013-040, 12-41, and 11-34, which the auditors determined to be resolved.</p>	Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>		93.775	\$26,138		93.777			93.778 ARRA and non-ARRA	
Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$26,138												
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	93.778 ARRA and non-ARRA													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2015	040 (cont'd)	Completion Date: June 2022  Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2014	048	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Medicaid Adult Family Home providers to ensure all providers, caregivers and resident managers who are employed directly or by contract have proper background checks.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u>                      93.775 \$1,082,213                      93.777                      93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: In response to the fiscal year 2013 audit the Department implemented several processes that continued through the fiscal year 2014 audit and remain ongoing.</p> <p>The Department is providing training to staff on standard operating procedures for inspections which includes reviewing background checks on all caregivers, representatives and resident managers who are employed directly or by contract.</p> <p>Additionally, the Department is continuing to strengthen its monitoring of Adult Family Home (AFH) staff background checks through the Department’s standard facility licensing, annual facility survey and investigatory business protocols. During AFH inspections, the Department reviews background checks for all employees working at the facility to ensure disqualified caregivers do not have access to vulnerable adults.</p> <p>The Department will take action on questioned costs as requested by Center for Medicare and Medicaid Services.</p> <p>The conditions noted in this finding were previously reported in finding 2013-037, which the auditors considered resolved.</p> <p>Completion Date: June 2022</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>