



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

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

May 9, 2024

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 corrective action plans for the following audit findings in the fiscal year 2023 Single Audit report.

Finding Number	State Agency	Corrective Action Plans Page Number	Schedule of Findings Page Number
2023-001	State of Washington	G - 9	E - 21
2023-002	Office of Superintendent of Public Instruction	G - 10	E - 25
2023-003	Office of Superintendent of Public Instruction	G - 11	E - 29
2023-004	Office of Superintendent of Public Instruction	G - 12	E - 32
2023-005	Office of Superintendent of Public Instruction	G - 13	E - 36
2023-006	Employment Security Department	G - 14	E - 39
2023-007	Employment Security Department	G - 15	E - 46
2023-008	Employment Security Department	G - 16	E - 50
2023-009	Employment Security Department	G - 17	E - 55
2023-010	Employment Security Department	G - 18	E - 61

Finding Number	State Agency	Corrective Action Plans Page Number	Schedule of Findings Page Number
2023-011	Employment Security Department	G - 20	E - 73
2023-012	Department of Transportation	G - 21	E - 77
2023-013	Department of Transportation	G - 22	E - 80
2023-014	Department of Transportation	G - 24	E - 90
2023-015	Department of Transportation	G - 26	E - 98
2023-016	Department of Transportation	G - 27	E - 102
2023-017	Department of Commerce	G - 28	E - 107
2023-018	Department of Commerce	G - 29	E - 111
2023-019	Department of Commerce	G - 30	E - 116
2023-020	Department of Commerce	G - 31	E - 120
2023-021	Department of Commerce	G - 32	E - 124
2023-022	Housing Finance Commission	G - 33	E - 127
2023-023	Housing Finance Commission	G - 34	E - 130
2023-024	Housing Finance Commission	G - 35	E - 134
2023-025	Housing Finance Commission	G - 36	E - 139
2023-026	Office of Financial Management	G - 37	E - 143
2023-027	Department of Commerce	G - 38	E - 149
2023-028	Department of Commerce	G - 39	E - 156
2023-029	Department of Social and Health Services	G - 40	E - 164
2023-030	Office of Financial Management	G - 42	E - 172
2023-031	Department of Commerce	G - 43	E - 180

Finding Number	State Agency	Corrective Action Plans Page Number	Schedule of Findings Page Number
2023-032	Department of Commerce	G - 44	E - 185
2023-033	Office of Superintendent of Public Instruction	G - 45	E - 189
2023-034	Office of Superintendent of Public Instruction	G - 46	E - 193
2023-035	Office of Superintendent of Public Instruction	G - 48	E - 198
2023-036	Office of Superintendent of Public Instruction	G - 49	E - 201
2023-037	Office of Financial Management	G - 50	E - 205
2023-038	Office of Superintendent of Public Instruction	G - 51	E - 210
2023-039	Department of Social and Health Services	G - 52	E - 214
2023-040	Department of Social and Health Services	G - 53	E - 219
2023-041	Department of Social and Health Services	G - 54	E - 223
2023-042	University of Washington	G - 55	E - 227
2023-043	University of Washington	G - 56	E - 232
2023-044	Department of Health	G - 58	E - 237
2023-045	Department of Health	G - 60	E - 247
2023-046	Department of Health	G - 61	E - 251
2023-047	Department of Health	G - 62	E - 260
2023-048	Department of Health	G - 63	E - 264
2023-049	Department of Health	G - 64	E - 268
2023-050	Department of Health	G - 65	E - 272
2023-051	Department of Children, Youth, and Families	G - 67	E - 278
2023-052	Department of Social and Health Services	G - 68	E - 285

Finding Number	State Agency	Corrective Action Plans Page Number	Schedule of Findings Page Number
2023-053	Department of Social and Health Services	G - 70	E - 289
2023-054	Department of Social and Health Services	G - 72	E - 294
2023-055	Department of Commerce	G - 74	E - 300
2023-056	Department of Commerce	G - 76	E - 306
2023-057	Department of Commerce	G - 77	E - 310
2023-058	Department of Children, Youth, and Families	G - 79	E - 315
2023-059	Department of Children, Youth, and Families	G - 81	E - 322
2023-060	Department of Children, Youth, and Families	G - 82	E - 330
2023-061	Department of Children, Youth, and Families	G - 84	E - 337
2023-062	Department of Children, Youth, and Families	G - 86	E - 345
2023-063	Department of Children, Youth, and Families	G - 88	E - 352
2023-064	Department of Children, Youth, and Families	G - 89	E - 356
2023-065	Department of Children, Youth, and Families	G - 91	E - 367
2023-066	Department of Children, Youth, and Families	G - 92	E - 370
2023-067	Department of Children, Youth, and Families	G - 94	E - 374
2023-068	Department of Children, Youth, and Families	G - 95	E - 378
2023-069	Department of Children, Youth, and Families	G - 97	E - 384
2023-070	Department of Children, Youth, and Families	G - 98	E - 389
2023-071	Department of Children, Youth, and Families	G - 99	E - 394
2023-072	Department of Children, Youth, and Families	G - 100	E - 399
2023-073	Health Care Authority	G - 101	E - 404

Finding Number	State Agency	Corrective Action Plans Page Number	Schedule of Findings Page Number
2023-074	Health Care Authority	G - 103	E - 410
2023-075	Health Care Authority	G - 104	E - 424
2023-076	Department of Health	G - 105	E - 429
2023-077	Department of Social and Health Services	G - 106	E - 436
2023-078	Department of Social and Health Services	G - 108	E - 444
2023-079	Department of Social and Health Services	G - 109	E - 452
2023-080	Department of Social and Health Services	G - 110	E - 458
2023-081	Health Care Authority	G - 112	E - 467
2023-082	Health Care Authority	G - 113	E - 474
2023-083	Department of Social and Health Services	G - 114	E - 482
2023-084	Health Care Authority	G - 115	E - 487
2023-085	Health Care Authority	G - 116	E - 496
2023-086	Health Care Authority	G - 117	E - 499
2023-087	Health Care Authority	G - 118	E - 503

The state's corrective action plan is a compilation of the corrective action plan information provided to us by the applicable state agencies. The corrective action plan document is prepared in conjunction with the 2023 Single Audit.

We appreciate the efforts of the Washington State Auditor's Office in completing the Single Audit for the state for fiscal year 2023. If you have any questions regarding the corrective action plans, 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 Plan					
2023	001	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The State lacked adequate internal controls over financial reporting to ensure accurate recording and monitoring of financial activity in its financial statements.</p> <table border="0"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>N/A</td> <td>\$0</td> </tr> </table> <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>Health Care Authority</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 2023, the Authority requested funding from the legislature for fiscal year 2025, to contract for the additional SOC2 audit report to resolve the audit finding. The decision package was not funded. The Authority will again submit a decision package for fiscal year 2026. If the decision package is approved, the contract would be amended in July 2025 and audits would begin on a yearly basis.</p> <p><i>Completion: Estimated July 2025</i></p> <p>Employment Security Department</p> <p>During fiscal year 2024, the Department provided additional accounting training to staff specifically for financial statement reporting. The increase in knowledge and skills will allow for proper calculation and detection of errors in the allowance for uncollectable receivables related to claimant overpayments.</p> <p><i>Completion: May 2024</i></p> <p>Estimated July 2025</p> <p>Sara Rupe Deputy Statewide Accounting Director PO Box 43127 Olympia, WA 98504-3127 (360) 974-9252 sara.rupe@ofm.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	N/A	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
N/A	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	002	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with required monitoring of subrecipients of the Child and Adult Care Food Program. <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">10.558</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action complete The Office has established and implemented the following internal controls to ensure subrecipients are monitored according to program requirements: <ul style="list-style-type: none"> • A procedure where the program supervisor and program director assign and track the monitoring activities that have been assigned to staff. • A procedure utilizing a data dashboard to track subrecipient review progress and completion. November 2023 Chaundi Barbosa CACFP Director PO Box 47200 Olympia, WA 98504-7200 (360) 764-0411 Chaundi.Barbosa@k12.wa.us	<u>Assistance Listing #</u>	<u>Amount</u>	10.558	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
10.558	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	003	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with requirements to ensure it communicated federal award identification elements to subrecipients of the Child and Adult Care Food Program. <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">10.558</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action in progress In response to the audit finding, the Office: <ul style="list-style-type: none"> • Will establish policies and procedures and internal controls to communicate federal award information and requirements to all subrecipients. • Is consulting with the U.S. Department of Agriculture for additional guidance on communicating subaward information for programs that are reimbursement based. Estimated August 2024 Leanne Eko Chief Nutrition Officer PO Box 47200 Olympia, WA 98504-7200 (360) 725-0410 Leanne.eko@k12.wa.us	<u>Assistance Listing #</u>	<u>Amount</u>	10.558	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
10.558	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	004	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have internal controls over and did not comply with requirements to verify single audits were completed for all subrecipients of the Child and Adult Care Food Program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">10.558</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Office will implement internal controls to ensure all subrecipients requiring a single audit are identified and follow up on any program-related findings that require a management decision. Internal controls will include:</p> <ul style="list-style-type: none"> • Updating procedures on maintaining the subrecipient audit tracking log. • Implementing a training plan for the Child Nutrition Services fiscal team, which includes cross training and completing the State Auditor’s Office subrecipient monitoring training. <p>The Office will follow up with the subrecipient identified in the audit to ensure it obtains its required single audit.</p> <p>Estimated August 2024</p> <p>Debbie Libra Fiscal & Claims Supervisor PO Box 47200 Olympia, WA 98504-7200 (564) 233-8620 Debbie.libra@k12.wa.us</p>	<u>Assistance Listing #</u>	<u>Amount</u>	10.558	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
10.558	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	005	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and was not compliant with requirements to perform risk assessments for subrecipients of the Child and Adult Care Food Program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">10.558</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Office has established and implemented the following internal controls to ensure subrecipients are monitored according to program requirements:</p> <ul style="list-style-type: none"> • Conduct a risk assessment annually on approved subrecipients during each renewal cycle. • Utilize the risk assessment results, Washington Integrated Nutrition System data, and USDA program specific guidance to determine how subrecipients will be monitored in the coming year. • Follow a risk assessment process to identify and track the monitoring status of each subrecipient. <p>November 2023</p> <p>Chaundi Barbosa CACFP Director PO Box 47200 Olympia, WA 98504-7200 (360) 764-0411 Chaundi.Barbosa@k12.wa.us</p>	<u>Assistance Listing #</u>	<u>Amount</u>	10.558	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
10.558	\$0						

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	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 made improper payments to ineligible beneficiaries of the Unemployment Insurance program.</p> <table border="0"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>17.225</td> <td>\$603</td> </tr> <tr> <td>17.225 COVID-19</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with the finding.</p> <p>The State Auditor’s Office (SAO) made the assertion that the Department incorrectly interpreted guidance in the Unemployment Insurance Program Letter (UIPL) No. 16-20 requiring claimants to provide proof of employment to receive Pandemic Unemployment Assistance (PUA) payments. However, the section cited by SAO was paragraph b(ii) which only lays out the requirements for establishing the respond-by dates for providing documentation for review. The deadline for responses is different depending on whether the PUA claim was filed before January 31, 2021, or on/after that date. This paragraph does not establish the requirements for payment or non-payment of PUA weeks.</p> <p>In our finding response, the Department cited section C.2 of the UIPL, which states:</p> <p><i>If, in that timeframe, the individual fails to provide documentation or fails to show good cause to have the deadline extended, an overpayment must be established for all of the weeks paid beginning with the week ending January 2, 2021. This is because the individual cannot be deemed ineligible for a week of unemployment ending before the date of enactment solely for failure to submit documentation.</i></p> <p>Therefore, the three cases identified by SAO should not be exceptions under this guidance.</p> <p>Further, the Department received guidance from the U.S. Department of Labor on January 11, 2021, which confirmed the proper methodology used by the Department.</p> <p>Not Applicable</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	17.225	\$603	17.225 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
17.225	\$603								
17.225 COVID-19									

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	007	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 financial reports for the Unemployment Insurance program. <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">17.225</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">17.225 COVID-19</td> <td></td> </tr> </table> Corrective action complete The Department has implemented procedures to ensure the ETA 9130 and ETA 2112 reports have a secondary review by management prior to submission to the federal grantor. Additionally, documentation of the review and submission will be maintained. February 2024 Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov	<u>Assistance Listing #</u>	<u>Amount</u>	17.225	\$0	17.225 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
17.225	\$0								
17.225 COVID-19									

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	008	<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 to ensure it submitted accurate monthly reports for the Unemployment Insurance program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>Assistance Listing #</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>Corrective action complete</p> <p>In response to the prior year’s finding, the Department immediately implemented the secondary review of the monthly ETA 9055 performance reports. However, the auditor’s recommendation and the Department’s implementation occurred after state fiscal year 2023 had begun.</p> <p>The Department expects adequate internal controls to be in place and functioning for fiscal year 2024 and onward.</p> <p>The conditions noted in this finding were previously reported in finding 2022-005.</p> <p>May 2023</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	17.225	\$0	17.225 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
17.225	\$0								
17.225 COVID-19									

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	009	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with federal requirements to conduct case reviews for the Benefit Accuracy Measurement program of the Unemployment Insurance program in a timely manner.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>17.225</td> <td>\$0</td> </tr> <tr> <td>17.225 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>Historically, the Benefit Accuracy Measurement (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.</p> <p>During the prior audit period, the Department was in a hiring freeze for Unemployment Insurance administrative funding, furthering the challenge to fully staff the unit and meet program requirements. The hiring freeze was lifted in April 2023 and the unit began filling vacant positions in May 2023. Due to the lengthy training timelines for new positions, the Department anticipated the unit would not meet federally mandated performance measures for case reviews for state fiscal year 2023.</p> <p>The Department continues to partner and frequently communicate with the U.S. Department of Labor (USDOL) Regional Offices to discuss staffing and training models. The Quality Assurance Manager and the Case Review Supervisor are committed to routinely monitor caseload, workload, and the overall assurance of meeting the BAM operations performance goals and measures as set forth by USDOL.</p> <p>The conditions noted in this finding were previously reported in findings 2022-006, 2021-005, and 2020-011.</p> <p>Estimated March 2025</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	17.225	\$0	17.225 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
17.225	\$0								
17.225 COVID-19									

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
2023	010	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure it profiled all claimants under the Unemployment Insurance program to identify people likely to need reemployment services and ensure staff providing those services received required training.</p> <table border="0" data-bbox="673 613 1096 703"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>17.225</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>17.225 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the recommendation to review the calculation of the profile score within the Unemployment Tax and Benefit (UTAB) system. The Department will explore a plan and review resource allocations to more effectively validate the profile score to ensure that coefficient values are correctly determined and assigned by the UTAB system.</p> <p>The Department partially concurs with the recommendation to reconcile the UTAB and Reemployment Appointment Scheduler (RAS) interface. There is currently a process in place to notify the RAS team if a record fails at the time of data transmission between UTAB and RAS. The Department will review its processes to verify the complete UTAB exit file was successfully received by RAS.</p> <p>The Department does not concur with the recommendation to implement additional internal controls over the claimant profiling process. The Department has coordinated closely with the U.S. Department of Labor (USDOL) to conduct the randomized control trial (RCT) to evaluate the Reemployment Services and Eligibility Assessments (RESEA). The Department has written approval from USDOL to utilize this method concurrently with the program’s established process. All program-eligible applicants are scored and provided a risk profile score based on both established standards and a random score for the purposes of carrying out the RCT.</p> <p>The Department does not concur with the recommendation to ensure all employees receive the required RESEA training before providing reemployment screening services to claimants. The Department has internal controls in place to ensure training requirements are met and staff are not granted access to schedule appointments for RESEA services without first receiving the required training.</p> <p>The exceptions noted by the auditors relate to the annual refresher training. In the fall of 2022, the Department implemented procedures to formally track the refresher training completed by RESEA staff. The audit exceptions identified were for two staff not currently providing RESEA services to clients. These individuals will receive the refresher training prior to providing RESEA services going forward.</p>		<u>Assistance Listing #</u>	<u>Amount</u>	17.225		\$0	17.225 COVID-19		
	<u>Assistance Listing #</u>	<u>Amount</u>										
17.225		\$0										
17.225 COVID-19												

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	010 (cont'd)	Completion Date: Estimated April 2025 Agency Contact: Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2023	011	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act for the Workforce Innovation and Opportunity grant.</p> <table border="0"> <thead> <tr> <th data-bbox="670 583 971 611"><u>Assistance Listing #</u></th> <th data-bbox="1000 583 1089 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 615 971 642">17.258</td> <td data-bbox="1000 615 1089 642">\$0</td> </tr> <tr> <td data-bbox="670 646 971 674">17.259</td> <td></td> </tr> <tr> <td data-bbox="670 678 971 705">17.278</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The Department has implemented procedures to ensure the Federal Funding Accountability and Transparency Act (FFATA) reports are completed timely, and documentation of the review and submission to the federal agency is maintained. The Department:</p> <ul style="list-style-type: none"> • Established new credentials within the federal reporting system which will allow the Department to provide verification of the timeliness of the reports. • Updated the process to require completing and saving supporting documentation for the reports prior to entering data into the federal system separately by the Grants Manager. • Expanded training on the federal FFATA requirements and system to additional staff within the Grants Management Unit to ensure adequate coverage. <p>January 2024</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	17.258	\$0	17.259		17.278	
<u>Assistance Listing #</u>	<u>Amount</u>										
17.258	\$0										
17.259											
17.278											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	012	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The 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 program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">20.205</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Washington State Department of Transportation (WSDOT) is committed to ensuring our grant programs comply with federal regulations regarding required risk assessments.</p> <p>Risk assessments for subrecipients under the Federal Highway Administration grant programs are the responsibility of WSDOT's Regional Local Programs Engineers, located in the six WSDOT regions. The Department has attempted to complete a risk assessment at each phase of a project, however, staff turnover contributed to the lack of consistency and timeliness in completing these assessments.</p> <p>To help ensure consistency, the Department has updated position descriptions for Local Programs Engineers to reflect this requirement. The Department will:</p> <ul style="list-style-type: none"> • Continue to communicate with Regional Local Programs Engineers to ensure risk assessments are performed and properly documented in accordance with the risk assessment program guidelines. • Continue to communicate with regional management to ensure required monitoring activities by staff are tracked, and the status of these activities are reported as part of annual performance evaluations. <p>Estimated June 2024</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	20.205	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
20.205	\$0						

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	013	<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 collect certified payrolls from contractors on projects funded by the Highway Planning and Construction program.</p> <table border="0" data-bbox="673 577 1096 640"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>20.205</td> <td></td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>In April 2019 and July 2020, the Department received management decision letters from the Federal Highway Administration (FHWA) in response to similar findings for the fiscal years 2018 and 2019, respectively, which stated:</p> <ul style="list-style-type: none"> • FHWA approved the Department’s Construction Manual and Standard Specifications and confirmed that documented procedures contain the necessary controls to ensure reasonable compliance with 29 CFR 5.5 and the Davis-Bacon and Related Acts. • FHWA agreed that current processes in place are reasonable and satisfy the intent of the Department of Labor’s certified payroll requirements. • FHWA considers this finding to be resolved. <p>The Department continues to strive for improvements in this area. To further address the audit recommendations, the Department is planning on taking the following actions by December 2024:</p> <ul style="list-style-type: none"> • Update the Construction Manual to include language for certified payroll collection requirements when no work is performed on federal projects. • Review and update the Construction Manual, as needed, to clarify the authority to withhold payments regarding federal wage administration. • Standardize the required frequency of checking for certified payroll collection and the methods to document tracking. • Define “timely,” given the circumstances surrounding weekly collection of certified payrolls and sanctions on a monthly pay estimate, including: <ul style="list-style-type: none"> ○ Defining the timeline when the Department must communicate overdue certified payroll to the contractor and the allowable methods of that communication. ○ Defining the timeline for determining when the Department must consider imposing sanctions on the contractor after a certified payroll is overdue. ○ Defining the minimum required documentation that sanctions (e.g., partial deferral of payment) were considered against the contractor regarding an overdue certified payroll. 		<u>Assistance Listing #</u>	<u>Amount</u>	20.205		\$0
	<u>Assistance Listing #</u>	<u>Amount</u>							
20.205		\$0							

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	013 (cont'd)	<ul style="list-style-type: none"> • Communicate any changes to the Construction Manual to appropriate construction staff and partners. • Continue to work with our federal grantor, FHWA, for any further actions needed to resolve this finding. <p>Completion Date: Estimated December 2024</p> <p>Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	014	<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 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" data-bbox="667 615 1096 674"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>20.205</td> <td></td> <td style="text-align: center;">\$0</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 and safeguarding that materials and workmanship conform to approved plans and specifications through testing, inspections, or certifications. The Department has worked closely with the Federal Highway Administration (FHWA) on our QA program and continues to receive feedback on the strength of our program.</p> <p>The Department has been working towards replacement of the Record of Materials (ROM) legacy system; therefore, it was not practical to modify the system to help correct issues previously reported in the fiscal year 2022 audit. During fiscal year 2023, the Department eliminated the practice requiring updates to the ROM within 30 days of payment and instead relied on the required documentation as evidence of proper materials acceptance. Due to the timing of implementation, these changes were not fully reflected in the current year’s audit.</p> <p>In January 2023, as a result of recommendations from the fiscal year 2022 audit, the Department modified its practice related to how tester data is reviewed and entered into the tester certification tracking system. All offices now funnel tester data to the Headquarters Quality Assurance Program for review and entry. These procedure changes were communicated to appropriate staff and are reflected in the Construction Manual, which was reviewed and approved by FHWA. The Department is also assessing replacement of additional software legacy programs associated with the QA program.</p> <p>The Department will continue to improve the QA program while waiting for the new software programs to be fully developed. To address the audit recommendations, the Department’s Construction Division will examine current policies and procedures/practices related to the audit issues. The Department will:</p> <ul style="list-style-type: none"> • Update policies and procedures, including the Department’s Construction Manual (M46-01), as needed to ensure staff practices meet federal regulations. Updates will also include other clarifications to address documentation and evidence of compliance, and a reasonable level of controls regarding materials testing, inspections, certification, acceptance, and tester certifications. 		<u>Assistance Listing #</u>	<u>Amount</u>	20.205		\$0
	<u>Assistance Listing #</u>	<u>Amount</u>							
20.205		\$0							

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	014 (cont'd)	<ul style="list-style-type: none"> • Obtain approval of updates to the Construction Manual from the FHWA. • Communicate changes in policies and procedures to division staff and stakeholders. • Provide training to Project Engineering Office staff to emphasize QA program requirements. <p>The conditions noted in this finding were previously reported in findings 2022-011, 2021-011, 2020-017 and 2019-019.</p> <p>Completion Date: Estimated June 2024</p> <p>Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	015	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Washington State Department of Transportation did not have adequate internal controls over and did not comply with cash management requirements for the Formula Grants for Rural Areas program.</p> <table border="0" data-bbox="667 546 1096 609"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>20.509</td> <td>\$41,555</td> </tr> </table> <p>Corrective action complete</p> <p>The audit identified a payment that was entered into the Electronic Clearing House Operation (ECHO) system with incorrect project information. The Department has since implemented additional controls to help ensure the draws of program funds are timely and accurate and are drawn for the correct program.</p> <p>To address the audit recommendations, the Department:</p> <ul style="list-style-type: none"> • Assigned Project Support and Receivable (PS&R) staff to submit Public Transportation ECHO draws. Two additional staff have been identified as backup in this process to ensure draws are processed timely. • Rescheduled the entry of draw information into the ECHO system to the morning to allow for timely corrections as needed. • Updated the ECHO system to allow automatic confirmation email for payments entered into the system. <p>Additionally,</p> <ul style="list-style-type: none"> • The PS&R Manager will automatically receive draw confirmation emails and conduct a review and check as the draws are being submitted. • Additional checks and balances will be performed by the person entering information into the ECHO system. • The Public Transportation division has a validation process in place for staff to check the amounts with the project. <p>The Department will continue to review procedures regularly and update as required to ensure compliance.</p> <p>The questioned costs identified in the audit have been reimbursed to the incorrectly charged federal program.</p> <p>October 2023</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	20.509	\$41,555
<u>Assistance Listing #</u>	<u>Amount</u>						
20.509	\$41,555						

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	016	<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 subrecipient monitoring requirements for the Formula Grants for Rural Areas program.</p> <table border="0"> <tr> <td data-bbox="667 558 971 590"><u>Assistance Listing #</u></td> <td data-bbox="1003 558 1094 590"><u>Amount</u></td> </tr> <tr> <td data-bbox="667 590 971 621">20.509</td> <td data-bbox="1003 590 1094 621">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Washington State Department of Transportation concurs with the finding.</p> <p>As of October 2023, the Public Transportation Division (PTD) had conducted all five site visits identified in the condition of this finding.</p> <p>The PTD is also planning on implementing the auditor’s recommendations, specifically to:</p> <ul style="list-style-type: none"> • Update the PTD policies and procedures to document the risk-based site visit approach more accurately. This update will clarify how an organization’s risk assessment score impacts the timing and number of administrative and financial site visits. This update will not impact capital reviews and drug and alcohol site visits because PTD staff conduct them every two years regardless of risk assessment scores. • Evaluate new ways for management, supervisors, and staff to monitor site visit completion and established due dates more effectively. Once a new process is developed, management will ensure policies and/or procedures are updated and communicate the new process to impacted staff. <p>Estimated June 2024</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	20.509	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
20.509	\$0						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	017	<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 requirements to ensure payments to subrecipients of the Emergency Rental Assistance program were allowable and properly supported.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">21.023 COVID-19</td> <td style="text-align: right;">\$4,123,486</td> </tr> </table> <p>Corrective action complete</p> <p>The funding for the Emergency Rental Assistance program ended on June 30, 2023. The Department is no longer funding this program.</p> <p>To address the control deficiencies reported in the prior year’s finding, the Department improved internal control processes, resulting in improved compliance.</p> <p>The Department strives to meet all federal requirements and any repayment of questioned costs will be determined through the normal audit resolution process with the U.S. Treasury.</p> <p>The conditions noted in this finding were previously reported in finding 2022-016.</p> <p>July 2023</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.023 COVID-19	\$4,123,486
<u>Assistance Listing #</u>	<u>Amount</u>						
21.023 COVID-19	\$4,123,486						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	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 Commerce did not have adequate internal controls over and did not comply with reporting requirements for the Emergency Rental Assistance program.</p> <table border="0"> <tr> <td data-bbox="665 548 971 579"><u>Assistance Listing #</u></td> <td data-bbox="1003 548 1094 579"><u>Amount</u></td> </tr> <tr> <td data-bbox="665 579 971 611">21.023 COVID-19</td> <td data-bbox="1003 579 1094 611">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>In November 2023, the Homelessness Assistance Unit implemented the following procedures to strengthen internal controls and ensure compliance with reporting requirements for federal programs:</p> <ul style="list-style-type: none"> • Monthly expenditures are reviewed and approved by the program coordinator and federal team manager before being submitted into the federal reporting system. The expenditure approval is documented via email. • Annual report data is reviewed and approved by the federal team manager and documented via email. • Annual federal reports are submitted to the required federal department and are saved and posted to the Commerce webpage. <p>Funding for this program ended June 30, 2023. The Department will follow these updated procedures for other federal programs with similar reporting requirements.</p> <p>The conditions noted in this finding were previously reported in finding 2022-017.</p> <p>November 2023</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.023 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.023 COVID-19	\$0						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	019	<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 reporting requirements for the Emergency Rental Assistance program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.023 COVID-19</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department has implemented procedures to strengthen internal controls and eliminate possible errors to ensure required approval of quarterly financial reports (SF-425) is documented within the Contracts Management System (CMS).</p> <p>The Accounting Department is responsible for the completion of the SF-425. Accounting management staff, or their delegate, utilize a newly created tracking log to document the date approval is submitted within CMS. The documentation of approval confirms the completion of management review prior to submission of the report.</p> <p>Funding for this program ended June 30, 2023. The Department will follow these updated procedures for other federal programs with similar reporting requirements.</p> <p>The conditions noted in this finding were previously reported in finding 2022-017.</p> <p>October 2023</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.023 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.023 COVID-19	\$0						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	020	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Emergency Rental Assistance program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.023 COVID-19</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The U.S. Department of Treasury funding for this federal program ended June 30, 2023. As a result of a similar finding issued in fiscal year 2022, the Department has implemented procedures to strengthen internal controls to ensure compliance with the subrecipient fiscal monitoring requirements and confirm expenditures are allowable and properly supported.</p> <p>In fiscal year 2023, the program hired a new employee to assist with program monitoring duties.</p> <p>As of January 2024, the Department implemented the following procedures:</p> <ul style="list-style-type: none"> • Increased the number of client files reviewed during program monitoring from five to ten for each grantee. • Expanded monthly monitoring to include the collection and review of specific back-up documentation to accompany all payment requests to ensure payments are allowable and properly supported. <p>January 2024</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.023 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.023 COVID-19	\$0						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	021	<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 federal requirements to ensure subawards for the Emergency Rental Assistance program contained the correct federal award identification elements.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.023 COVID-19</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>During 2022, the Department identified the need to determine subrecipient and contractor classifications on the face sheet of all contracts. The Department implemented the following actions:</p> <ul style="list-style-type: none"> • Added a check box to all federal contract template face sheets to designate whether a contract is issued to a subrecipient or contractor. • Added all federal subaward required data elements to the face sheet. <p>The Department followed these updated procedures until the program ended June 30, 2023.</p> <p>October 2022</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525-2525 Olympia, WA 98504 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.023 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.023 COVID-19	\$0						

Housing Finance Commission

Agency 148

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	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 Housing Finance Commission did not have adequate internal controls over eligibility requirements for the Homeowner Assistance Fund program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.026 COVID-19</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Commission will take the following corrective actions to strengthen controls over eligibility requirements for the Homeowner Assistance Fund (HAF) program:</p> <ul style="list-style-type: none"> • Select an increased percentage of approved, denied, and withdrawn HAF applications that have previously been reviewed by the contractor, as part of the Quality Control process, for a secondary review by program staff. • Review a selection of HAF applications independent of the Quality Control process performed by the contractor. • Review a selection of approved HAF applications prior to disbursing funds to confirm eligibility determinations are proper. <p>Estimated June 2024</p> <p>Lucas Loranger Senior Finance Director 1000 Second Ave, Suite 2700 Seattle, WA 98104-3601 (206) 464-7139 Lucas.Loranger@wshfc.org</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.026 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.026 COVID-19	\$0						

Housing Finance Commission

Agency 148

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	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 Housing Finance Commission did not have adequate internal controls over earmarking requirements for the Homeowner Assistance Fund program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.026 COVID-19</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Commission will take the following corrective actions to strengthen controls over earmarking requirements for the Homeowner Assistance Fund (HAF) program:</p> <ul style="list-style-type: none"> • Develop a system to track and monitor expenditures in relation to overall program expenditures to ensure earmarking requirements are within allowable parameters. • Select an increased percentage of approved, denied, and withdrawn HAF applications that have previously been reviewed by the contractor, as part of the Quality Control process, for a secondary review by program staff. • Review a selection of HAF applications independent of the Quality Control process performed by the contractor. • Review a selection of approved HAF applications prior to disbursing funds to confirm eligibility determinations are proper. <p>Estimated June 2024</p> <p>Lucas Loranger Senior Finance Director 1000 Second Ave, Suite 2700 Seattle, WA 98104-3601 (206) 464-7139 Lucas.Loranger@wshfc.org</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.026 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.026 COVID-19	\$0						

Housing Finance Commission

Agency 148

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	024	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Housing Finance Commission did not have adequate internal controls over and did not comply with reporting requirements for the Homeowner Assistance Fund program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.026 COVID-19</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>To address the deficiencies identified by the auditors in completing quarterly performance reports, the Commission has taken the following corrective actions to strengthen controls over reporting for the Homeowner Assistance Fund (HAF) program:</p> <ul style="list-style-type: none"> • The Homeownership Division and Finance Division staff will perform regular reconciliation of records to identify any discrepancies and to ensure all records are complete and accurate. • The records maintained by the Finance Division, specifically the general ledgers, are the designated source of financial data for the quarterly and annual reports for the Washington HAF program. • Third parties are required to develop or update the program manual regarding data used for reporting purposes by June 30, 2024. The manual needs to incorporate recommendations of the audit finding. • Any supporting data obtained from a third party needs to be vetted by the third party and the Homeownership Division staff. • Leadership (division manager or above) will perform final review of data as well as the quarterly or annual report to be submitted to the grantor. <p>By June 30, 2024, the Commission will consult with the U.S. Department of the Treasury to determine if revision and resubmission of the reports are necessary to correct amounts reported. The Commission will follow the audit resolution process as determined by the grantor.</p> <p>Estimated June 2024</p> <p>Lucas Loranger Senior Finance Director 1000 Second Ave, Suite 2700 Seattle, WA 98104-3601 (206) 464-7139 Lucas.Loranger@wshfc.org</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.026 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.026 COVID-19	\$0						

Housing Finance Commission

Agency 148

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	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 Housing Finance Commission did not have adequate internal controls over and did not comply with reporting requirements for the Homeowner Assistance Fund program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.026 COVID-19</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>To address the deficiencies identified by the auditors in completing annual performance reports, the Commission has taken the following corrective actions to strengthen controls over reporting for the Homeowner Assistance Fund (HAF) program:</p> <ul style="list-style-type: none"> • Homeownership Division and Finance Division staff will perform regular reconciliation of records to identify any discrepancies and to ensure all records are complete and accurate. • The records maintained by the Finance Division, specifically the general ledgers, are the designated source of financial data for the quarterly and annual reports for the Washington HAF program. • Third parties are required to develop or update a program manual regarding data used for reporting purposes by June 30, 2024. The manual needs to incorporate recommendations of the audit finding. • Any supporting data obtained from a third party needs to be vetted by the third party and the Homeownership Division staff. • Leadership (division manager or above) will perform final review of data as well as the quarterly or annual report to be submitted to the grantor. <p>By June 30, 2024, the Commission will consult with the U.S. Department of the Treasury to determine if revision and resubmission of the reports are necessary to correct amounts reported. The Commission will follow the audit resolution process as determined by the grantor.</p> <p>Estimated June 2024</p> <p>Lucas Loranger Senior Finance Director 1000 Second Ave, Suite 2700 Seattle, WA 98104-3601 (206) 464-7139 Lucas.Loranger@wshfc.org</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.026 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.026 COVID-19	\$0						

Office of Financial Management

Agency 105

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	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 Financial Management did not have adequate internal controls over and did not comply with requirements to ensure Coronavirus State and Local Fiscal Recovery Funds were used for only allowable activities.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.027 COVID-19</td> <td>\$300,000,000</td> </tr> </table> <p>Corrective action not taken</p> <p>The Office does not concur with the audit finding.</p> <p>The state of Washington implemented internal controls and created Fund 706 to track the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) expenditures. The state, through legislation, approved the transfer of \$300 million from the SLFRF account to various state transportation accounts under the revenue loss provision. The Office reaffirms that all expenditures from the transportation accounts that received the SLFRF funds were used to maintain government services.</p> <p>The <i>State Administrative and Accounting Manual</i> requires all state agencies to establish internal controls over payments for goods and services, including ensuring payments are lawful and for proper purposes, reviewing payments to ensure they are supported, as well as documenting the review of all payments. State agencies continued to follow their established internal controls to ensure expenditures from the transportation accounts were proper and allowable for both non-SLFRF and SLFRF funds.</p> <p>The Office will continue to:</p> <ul style="list-style-type: none"> • Work with the U.S. Treasury, through the audit resolution and management decision process, to ensure no questioned costs are required to be repaid. • Document all correspondence with the grantor during the audit resolution process. <p>The conditions noted in this finding were previously reported in finding 2022-018.</p> <p>Not applicable</p> <p>Sara Rupe Deputy Statewide Accounting Director PO Box 43127 Olympia, WA 98504-3127 (360) 974-9252 sara.rupe@ofm.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.027 COVID-19	\$300,000,000
<u>Assistance Listing #</u>	<u>Amount</u>						
21.027 COVID-19	\$300,000,000						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	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 Commerce did not have adequate internal controls over and did not comply with requirements for monitoring subrecipients to ensure payments were allowable, properly supported and met period of performance requirements for the Coronavirus State and Local Fiscal Recovery Funds.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.027 COVID-19</td> <td>\$95,560</td> </tr> </table> <p>Corrective action complete</p> <p>The Department’s Eviction Rental Assistance program which was funded with the Coronavirus State and Local Fiscal Recovery Funds ended in June 2023. During the audit period, the Department implemented procedures to strengthen internal controls to ensure expenditures were allowable, properly supported, and in compliance with the subrecipient fiscal monitoring requirements.</p> <p>The Department’s Homelessness Assistance Unit implemented the following corrective actions:</p> <ul style="list-style-type: none"> • Updated unit reimbursement procedures to include a requirement for supporting documentation that details transaction level expenditure information for direct expenses that reconciles to payment requests. • Provided training to staff on reviewing transaction level supporting documentation to ensure expenditures reconcile with reimbursement requests and are within the period of performance. • Added a review note to each reimbursement request to document the grant coordinator’s review of documentation and reconciliation to payment requests. • Worked with the Department’s internal control officer for review and feedback of the updated procedures. <p>The Department is currently working to standardize a reimbursement documentation process that is in compliance with federal requirements.</p> <p>The Department will discuss any repayment of questioned costs through the normal audit resolution process with the Department of Treasury.</p> <p>The conditions noted in this finding were previously reported in finding 2022-019.</p> <p>April 2024</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.027 COVID-19	\$95,560
<u>Assistance Listing #</u>	<u>Amount</u>						
21.027 COVID-19	\$95,560						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	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 Commerce did not have adequate internal controls over and did not comply with requirements to monitor subrecipients and to ensure payments were allowable, properly supported, and met period of performance requirements for the Coronavirus State and Local Fiscal Recovery Funds.</p> <table border="0" data-bbox="669 615 1133 674"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">21.027 COVID-19</td> <td style="text-align: right;">\$75,251,225</td> </tr> </table> <p>Corrective action in progress</p> <p>The Legislature appropriated Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to the Department’s Energy Division to award assistance to utility service providers to eliminate customer account arrearages. Payments for the program ended in 2022 and the program is no longer funded by the Department.</p> <p>The Department will implement procedures to strengthen internal controls for future programs managed by the Energy Division to ensure payments to subrecipients are adequately supported, allowable, and only reimburse costs incurred during the grant period of performance.</p> <p>As part of the audit resolution process, the Department will:</p> <ul style="list-style-type: none"> • Work with utilities to obtain official client arrearage reports to verify the amounts paid and the period in which they were incurred. • Verify all households served were eligible per U.S. Treasury guidance. • Reconcile all allowable and unallowable expenditures. • Consult with the grantor to discuss the resolution of any questioned costs identified. <p>Estimated July 2024</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.027 COVID-19	\$75,251,225
<u>Assistance Listing #</u>	<u>Amount</u>						
21.027 COVID-19	\$75,251,225						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	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 requirements for monitoring subrecipients to ensure payments were allowable, properly supported and met period of performance requirements for the Coronavirus State and Local Fiscal Recovery Funds.</p> <table border="0" data-bbox="667 611 1477 674"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">21.027 COVID-19</td> <td style="text-align: right;">\$312,659,850</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>The Department’s Office of Refugee and Immigrant Assistance (ORIA) administered this funding through the Washington COVID-19 Immigrant Relief Fund program and contracted with a subrecipient organization to conduct eligibility determinations to approve and disburse funds to undocumented immigrants. This program is now closed, with all subrecipient contracts ended and the final payments sent in early 2023.</p> <p>The Department is taking action to strengthen internal controls over subrecipient monitoring for ORIA’s contracts.</p> <p>By July 2024, the Department will:</p> <ul style="list-style-type: none"> • Complete a review of all active contracts utilizing federal funding to ensure subrecipients are accurately identified. • Explore the feasibility of increasing ORIA and Economic Services Administration accounting staff resources to support the workload increase associated with monitoring subrecipients. <p>By October 2024, the Department will convene a work group with contracts and accounting staff to create effective internal controls and written procedures for fiscal and program monitoring of ORIA’s subrecipient contracts. This will include the following:</p> <ul style="list-style-type: none"> • Verify the subrecipient status for each contract is correctly determined and recorded in the Agency Contracts Database. • Include the required subrecipient language in the contract. • Obtain a copy of the indirect rate certification or cost allocation plan from the subrecipient. • Complete risk assessments. • Create appropriate monitoring plans for each subrecipient. • Conduct fiscal monitoring of each subrecipient to obtain assurance that the use of federal funds complies with federal laws and regulations. • Create corrective action plans when required. 	<u>Assistance Listing #</u>	<u>Amount</u>	21.027 COVID-19	\$312,659,850
<u>Assistance Listing #</u>	<u>Amount</u>						
21.027 COVID-19	\$312,659,850						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	029 (cont'd)	<p>By January 2025, the Department will ensure all ORIA program staff responsible for monitoring receive training on the updated procedures.</p> <p>In addition, the Office of the Secretary will request the Department's Internal Audit and Consultation office conduct an internal audit of ORIA to ensure the program implements strong internal controls, properly accounts for federal funds, and materially complies with federal requirements.</p> <p>The Department does not concur with the questioned costs. The funds were used to assist Washington workers/families who were affected by the COVID-19 pandemic but were unable to access federal stimulus programs and other social support due to their immigration status. Repayment of these funds would only hinder the state's ability to provide critical services to our clients.</p> <p>If the grantor contacts the Department regarding the questioned costs, the Department will discuss this with the Department of Health & Human Services and will take additional action as appropriate.</p> <p>Completion Date: Estimated January 2025</p> <p>Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Office of Financial Management

Agency 105

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	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 Office of Financial Management did not have adequate internal controls over and did not comply with reporting requirements for the Coronavirus State and Local Fiscal Recovery Funds.</p> <table border="0" data-bbox="670 548 1096 611"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.027 COVID-19</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Office has continued to strengthen internal controls for the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) reporting to ensure compliance with the federal requirements.</p> <p>The Office will continue to:</p> <ul style="list-style-type: none"> • Monitor updates to the U.S Treasury’s Project and Expenditure Report User Guide. • Improve the quarterly reporting template and assist state agencies during the reporting process. • Communicate with agencies to remind them of the requirement to maintain adequate supporting documentation for all reports, including quarterly reported obligations. • Ensure reported amounts, including corrections or adjustments made during the reporting period, are properly tracked and documented for the subsequent reporting cycles. • Perform reconciliations of reported expenditures to ensure agency expenditures are accurately reported, allowing for adjustments/ corrections required due to issues with the reporting system. • Ensure reported expenditures and supporting accounting records are adequately reviewed by management before the information is uploaded to the federal reporting system. • Document correspondences with the U.S. Treasury when system errors are identified and resolutions recommended by the grantor, if received. <p>The conditions noted in this finding were previously reported in finding 2022-020.</p> <p>January 2024</p> <p>Sara Rupe Deputy Statewide Accounting Director PO Box 43127 Olympia, WA 98504-3127 (360) 974-9252 sara.rupe@ofm.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.027 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.027 COVID-19	\$0						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	031	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Coronavirus State and Local Fiscal Recovery Funds.</p> <table border="0"> <tr> <td data-bbox="657 552 950 583"><u>Assistance Listing #</u></td> <td data-bbox="998 552 1096 583"><u>Amount</u></td> </tr> <tr> <td data-bbox="657 583 950 615">21.027 COVID-19</td> <td data-bbox="998 583 1096 615">\$0</td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with the audit finding.</p> <p>The Legislature appropriated Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to the Department’s Energy Division to award assistance to utility service providers to eliminate customer account arrearages.</p> <p>The Department maintains that internal controls were in place for the program requirements. A risk assessment was not necessary because all utility providers who applied and served eligible citizens were awarded funding. Payments for the program ended in 2022 and the program is no longer funded by the Department. As a result, the Department does not plan to implement any corrective action.</p> <p>Similar conditions noted in this finding were previously reported in finding 2022-021 for the Emergency Rental Assistance program which was also funded by SLFRF.</p> <p>Not applicable</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.027 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.027 COVID-19	\$0						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	032	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Department of Commerce did not have adequate internal controls over and did not comply with requirements to ensure it communicated federal award identification elements to subrecipients of the Coronavirus State and Local Fiscal Recovery Fund. <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.027 COVID-19</td> <td>\$0</td> </tr> </table> Corrective action complete During 2022, the Department identified the need to determine subrecipient and contractor classifications on the face sheet of all contracts. The Department implemented the following actions: <ul style="list-style-type: none"> • Added a check box to all federal contract template face sheets to designate whether a contract is issued to a subrecipient or contractor. • Added all federal subaward required data elements to the face sheet. October 2022 Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov	<u>Assistance Listing #</u>	<u>Amount</u>	21.027 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.027 COVID-19	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	033	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Office of Superintendent of Public Instruction did not have adequate internal controls to ensure it filed all reports required by the Federal Funding Accountability and Transparency Act for the Title I, Part A program. <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.010</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action complete In response to the audit finding, the Office: <ul style="list-style-type: none"> • Established effective internal controls to ensure all required Federal Funding Accountability and Transparency Act reports are submitted. This includes ensuring Title IA is included in the cross-check of all federal programs after manual entries have been completed in the Subaward Reporting System. • Ensures management monitors reporting of this information monthly to ensure future reports are submitted completely and accurately. October 2023 Michelle Sartain Grants Management Supervisor PO Box 47200 Olympia, WA 98504-7200 (360) 742-2045 Michelle.sartain@k12.wa.us	<u>Assistance Listing #</u>	<u>Amount</u>	84.010	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
84.010	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2023	034	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</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 met the earmarking requirements for the Special Education program.</p> <table border="0"> <thead> <tr> <th data-bbox="670 552 889 579"><u>Assistance Listing #</u></th> <th data-bbox="1000 552 1089 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 583 748 611">84.027</td> <td data-bbox="1000 583 1089 611">\$378,206</td> </tr> <tr> <td data-bbox="670 615 870 642">84.027 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="670 646 748 674">84.173</td> <td></td> </tr> <tr> <td data-bbox="670 678 870 705">84.173 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>When the Special Education program underwent a fiscal leadership transition in 2021, the incoming director identified necessary changes in agency procedures for closing out fiscal year (FY) 2021. The director and budget analyst have been maintaining weekly check-ins since May 2022 to discuss the implementation of proper internal controls.</p> <p>Beginning in FY 2023, the Office has fully implemented processes to ensure spending plans do not exceed the maximum allowable amounts earmarked for administration and other state-level activities.</p> <p>The updated procedures require the director of operations and the budget analyst to perform the following:</p> <ul style="list-style-type: none"> • Review criteria for spending plans at the beginning of the fiscal year. • Review the Grant Award Notice and Grants to States Summary Table and Preschool Grants to States Summary Table. • Review spending plans and update the maximum allowable amounts earmarked for administration and other state-level activities in the spending plan throughout the fiscal year. • Meet weekly to review spending plans and update plans as requests are received. • Review monthly expenditure reports during weekly meetings. <p>These updated procedures have contributed to increased communication and partnership between the director of Operations and the budget analyst. These internal controls provide assurance that the Office will meet earmarking requirements and compliance with federal rules.</p> <p>The Office will consult with the federal grantor to discuss whether the questioned costs identified in the audit should be repaid.</p> <p>The conditions noted in this finding were previously reported in finding 2022-025.</p> <p>March 2024</p>	<u>Assistance Listing #</u>	<u>Amount</u>	84.027	\$378,206	84.027 COVID-19		84.173		84.173 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>												
84.027	\$378,206												
84.027 COVID-19													
84.173													
84.173 COVID-19													

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2023	034 (cont'd)	Agency Contact:	Tania May Assistant Superintendent, Special Education PO Box 47200 Olympia, WA 98504-7200 (360) 725-6075 <u>Tania.may@k12.wa.us</u>

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2023	035	<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 improperly charged \$42,265 to the Special Education Cluster.</p> <table border="0"> <thead> <tr> <th><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>84.027</td> <td>\$42,265</td> </tr> <tr> <td>84.027 COVID-19</td> <td></td> </tr> <tr> <td>84.173</td> <td></td> </tr> <tr> <td>84.173 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>As stated in the finding, the Office has adequate internal controls to comply with period of performance requirements. To address the allowable periods for journal vouchers (corrections), the Office will ensure the correction cycle will align with federally established liquidation periods.</p> <p>In response to the finding, the Office has updated procedures to strengthen internal controls, as follows:</p> <ul style="list-style-type: none"> • Monitor monthly expenditures to ensure the Office stays within the allowable pre-determined threshold and grant award limit. • Complete expenditure corrections within the grant liquidation period. • Liquidate obligations charged to the grant on the last business day of January (or 120 days after the budget period ends). • Request prior approval of late liquidations from the federal grantor as needed. <p>The Office will communicate the corrective action plan with internal stakeholders to ensure compliance with updated process/procedures.</p> <p>The Office will consult with the federal grantor to discuss whether the questioned costs identified in the audit should be repaid.</p> <p>January 2024</p> <p>Amy Kollar Director of Agency Financial Services PO Box 47200 Olympia, WA 98504-7200 (360) 725-6283 Amy.kollar@k12.wa.us</p>	<u>Assistance Listing #</u>	<u>Amount</u>	84.027	\$42,265	84.027 COVID-19		84.173		84.173 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>												
84.027	\$42,265												
84.027 COVID-19													
84.173													
84.173 COVID-19													

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2023	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 Office of Superintendent of Public Instruction did not have adequate internal controls to ensure it performed risk assessments for subrecipients of the Special Education program.</p> <table border="0"> <thead> <tr> <th data-bbox="672 552 971 579"><u>Assistance Listing #</u></th> <th data-bbox="1003 552 1089 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 579 971 609">84.027</td> <td data-bbox="1003 579 1089 609">\$0</td> </tr> <tr> <td data-bbox="672 609 971 638">84.027 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 638 971 667">84.173</td> <td></td> </tr> <tr> <td data-bbox="672 667 971 697">84.173 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>In April 2022, the Office’s Special Education division revised and expanded the form package that Educational Service Districts (ESDs) need to submit as part of year-end reporting. Additionally, ESDs are required to respond to a series of questions and provide applicable documentation for contracts and procurement, time and effort process and reports, documentation for professional development expenditures, and year-end expenditure reports.</p> <p>Based on the results from monitoring activities over year-end reporting, ESDs will be selected for additional monitoring and may be subject to an onsite visit if deemed necessary.</p> <p>In March 2023, the Office finalized the Fiscal Monitoring Procedures Handbook for ESDs. The following corrective actions have been implemented:</p> <ul style="list-style-type: none"> • ESDs were required to upload documentation by February 1, 2024. • The Office completed a review of submitted documents and issued reports to ESDs as of February 29, 2024. The reports identified required or recommended corrective actions. • The Office issued final reports to ESDs within 60 calendar days after documentation was reviewed, as of April 30, 2024. <p>The conditions noted in this finding were previously reported in findings 2022-026 and 2021-023.</p> <p>Tania May Assistant Superintendent, Special Education PO Box 47200 Olympia, WA 98504-7200 (360) 725-6075 Tania.may@k12.wa.us</p>	<u>Assistance Listing #</u>	<u>Amount</u>	84.027	\$0	84.027 COVID-19		84.173		84.173 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>												
84.027	\$0												
84.027 COVID-19													
84.173													
84.173 COVID-19													

Office of Financial Management

Agency 105

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	037	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	<p>The Office of Financial Management did not have adequate internal controls over and did not comply with federal level of effort requirements for the Education Stabilization Fund program.</p> <table border="0"> <thead> <tr> <th data-bbox="651 548 971 575"><u>Assistance Listing #</u></th> <th data-bbox="1003 548 1094 575"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="651 579 971 606">84.425D</td> <td data-bbox="1003 579 1094 606">\$0</td> </tr> <tr> <td data-bbox="651 611 971 638">84.425R</td> <td></td> </tr> <tr> <td data-bbox="651 642 971 669">84.425U</td> <td></td> </tr> <tr> <td data-bbox="651 674 971 701">84.425V</td> <td></td> </tr> <tr> <td data-bbox="651 705 971 732">84.425W</td> <td></td> </tr> </tbody> </table> <p>Corrective action not required</p> <p>The Office does not concur with the audit finding.</p> <p>The Office maintains monthly monitoring details on agency expenditures. The expenditure data has not changed since the close of the fiscal year. The finding was based on preliminary information and data that the auditors obtained in November 2023.</p> <p>In December 2023, the Office submitted updated expenditure data to the Office of Elementary and Secondary Education (OESE) in accordance with OESE guidance to correctly include every budgeted funding source in the maintenance of effort (MOE) calculations. The Office met the MOE requirement for fiscal year 2023; therefore, there is no need for a waiver request.</p> <p>The Office will also continue to work with the Legislature, which is the state-level authority for state appropriations, to ensure the state maintains the MOE requirements.</p> <p>Not applicable</p> <p>Sara Rupe Deputy Statewide Accounting Director PO Box 43127 Olympia, WA 98504-3127 (360) 974-9252 sara.rupe@ofm.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	84.425D	\$0	84.425R		84.425U		84.425V		84.425W	
<u>Assistance Listing #</u>	<u>Amount</u>														
84.425D	\$0														
84.425R															
84.425U															
84.425V															
84.425W															

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	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 Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal reporting requirements for the Education Stabilization Fund program.</p> <table border="0"> <thead> <tr> <th data-bbox="673 546 958 577"><u>Assistance Listing #</u></th> <th data-bbox="998 546 1096 577"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 577 958 609">84.425D</td> <td data-bbox="998 577 1096 609">\$0</td> </tr> <tr> <td data-bbox="673 609 958 640">84.425R</td> <td></td> </tr> <tr> <td data-bbox="673 640 958 672">84.425U</td> <td></td> </tr> <tr> <td data-bbox="673 672 958 703">84.425V</td> <td></td> </tr> <tr> <td data-bbox="673 703 958 735">84.425W</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>Certain data elements missing on the annual Elementary and Secondary School Emergency Relief (ESSER) performance report was not due to lack of internal controls, but rather a result of:</p> <ul style="list-style-type: none"> Late publication of the federal reporting template which did not allow timely collection of cost details from school districts. Non-alignment of reporting time frame with school district fiscal year and the decision against assumptions of state level expenditure for reporting. <p>To address the audit recommendations, the Office is organizing a series of webinars and trainings for school districts, so they are prepared to annually submit required key information directly to the Office for ESSER reporting. Through these training events, the Office’s fiscal team can answer questions and assist districts to ensure timely and accurate reporting and comply with federal requirements.</p> <p>The Office has been having ongoing conversations with the U.S. Department of Education regarding federal reporting on the ESSER funds. At this time, there is no indication that the grantor will request the information to be resubmitted.</p> <p>Estimated June 2024</p> <p>TJ Kelly Chief Financial Officer PO Box 47200 Olympia, WA 98504-7200 (360) 725-6301 Thomas.Kelly@k12.wa.us</p>	<u>Assistance Listing #</u>	<u>Amount</u>	84.425D	\$0	84.425R		84.425U		84.425V		84.425W	
<u>Assistance Listing #</u>	<u>Amount</u>														
84.425D	\$0														
84.425R															
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84.425V															
84.425W															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	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 Social and Health Services 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"> <thead> <tr> <th><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.044</td> <td>\$0</td> </tr> <tr> <td>93.044 COVID-19</td> <td></td> </tr> <tr> <td>93.045</td> <td></td> </tr> <tr> <td>93.045 COVID-19</td> <td></td> </tr> <tr> <td>93.053</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>As of January 2024, the Department:</p> <ul style="list-style-type: none"> Created a subawards and amendments tracking spreadsheet with the required fields and contract information for reports required by the Federal Funding Accountability and Transparency Act (FFATA). Assigned two fiscal staff to ensure FFATA reporting activities are submitted in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS). <p>As of February 2024, the Department:</p> <ul style="list-style-type: none"> Ensured federal fiscal year 2024 funded contracts that were executed in December 2023 for the Office of Aging were entered in FSRS. Added procedures for the Office Chief or designee to review the subawards and amendments tracking spreadsheet monthly for FFATA reporting to ensure federal deadlines are met consistently. <p>By July 2024, the Department will collaborate with the Administration of Community Living to develop a plan to address the FFATA reporting backlog in state fiscal years 2022 and 2023, and to ensure all FFATA reports are entered in FSRS for all previous years.</p> <p>Estimated July 2024</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.044	\$0	93.044 COVID-19		93.045		93.045 COVID-19		93.053	
<u>Assistance Listing #</u>	<u>Amount</u>														
93.044	\$0														
93.044 COVID-19															
93.045															
93.045 COVID-19															
93.053															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	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 Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure it communicated federal award identification elements to subrecipients of the Aging Cluster Programs.</p> <table border="0"> <thead> <tr> <th><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.044</td> <td>\$0</td> </tr> <tr> <td>93.044 COVID-19</td> <td></td> </tr> <tr> <td>93.045</td> <td></td> </tr> <tr> <td>93.045 COVID-19</td> <td></td> </tr> <tr> <td>93.053</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>The Department receives Notices of Award (NOA) from the Administration of Community Living roughly three to four times per award in partial amounts.</p> <p>To reduce the time and effort it takes to issue subaward amendments to the 13 Area Agencies on Aging (AAA), the Department decided to post NOAs on the Department’s intranet used to communicate management bulletins and other documents to the AAAs to make the process more efficient.</p> <p>Unfortunately, the Department did not update subaward language to outline this change in the process.</p> <p>By August 2024, the Department will:</p> <ul style="list-style-type: none"> • Include NOAs, with the required 14 federal identification elements, for each funding source in the initial subaward as an Exhibit D in the contracts. In addition, contract staff will ensure Exhibit D is attached to the initial subaward before the contracts are signed. • Add language to the subaward informing the AAAs that future NOAs will be posted on the Department’s intranet. <p>Estimated August 2024</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.044	\$0	93.044 COVID-19		93.045		93.045 COVID-19		93.053	
<u>Assistance Listing #</u>	<u>Amount</u>														
93.044	\$0														
93.044 COVID-19															
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93.045 COVID-19															
93.053															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	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 Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure subrecipients of the Aging Cluster programs obtained required single audits.</p> <table border="0"> <thead> <tr> <th><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.044</td> <td>\$0</td> </tr> <tr> <td>93.044 COVID-19</td> <td></td> </tr> <tr> <td>93.045</td> <td></td> </tr> <tr> <td>93.045 COVID-19</td> <td></td> </tr> <tr> <td>93.053</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>As of March 2024, the Department:</p> <ul style="list-style-type: none"> • Issued communication and management letters to the two Area Agencies on Aging (AAAs) whose single audits were not submitted to the Federal Audit Clearinghouse (FAC). • Updated the single audit monitoring tracking sheet to document the dates of audit requests, receipts, dates of review, confirmation of FAC receipt, dates of communication with AAAs, dates when management letters are sent, and the AAAs' responses. <p>By July 2024, the Department will:</p> <ul style="list-style-type: none"> • Implement a reminder process for all AAAs to submit single audit reports six months after the subrecipients' fiscal year-end. • Send email reminders until audit reports are received or once AAAs communicate an estimated audit completion date. • Document all communication. <p>By September 2024, the Department will:</p> <ul style="list-style-type: none"> • Review the monitoring tracking sheet nine months after the subrecipients' fiscal year-end to ensure all single audits are received timely. • Follow up monthly on outstanding audit reports and ensure timely issuance of management decision letters. <p>Estimated September 2024</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.044	\$0	93.044 COVID-19		93.045		93.045 COVID-19		93.053	
<u>Assistance Listing #</u>	<u>Amount</u>														
93.044	\$0														
93.044 COVID-19															
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93.045 COVID-19															
93.053															

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	042	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The University of Washington did not 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>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.067</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The University acknowledges that two reports were submitted late, and therefore not in compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements.</p> <p>As of November 2023, the University submitted the two reports in the FFATA Subaward Reporting System and performed a review of all active subawards to ensure no other reports were required.</p> <p>The University is still working on developing automatic internal reports to assist in the identification and review of FFATA-reportable actions. Implementation of this process is expected to occur in the fiscal year 2025.</p> <p>Meanwhile, the University is working toward implementing additional steps to:</p> <ul style="list-style-type: none"> • Strengthen identification of subawards meeting the threshold for FFATA reporting through manual assessment or ad-hoc reports. • Improve tracking of submitted FFATA reports. • Strengthen management’s monitoring process through a secondary review by the leadership team. <p>The automatic reports, once developed, will replace the manual process described above.</p> <p>The conditions noted in this finding were previously reported in finding 2022-029.</p> <p>Estimated December 2024</p> <p>Erick Winger Controller 4300 Roosevelt Way NE Seattle, WA 98105-4718 (206) 543-5322 erickw@uw.edu</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.067	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
93.067	\$0						

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	043	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The University of Washington did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Global AIDS program received required single or program-specific audits, and that it followed up on findings and issued management decisions.</p> <table border="0" data-bbox="667 577 1096 640"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.067</td> <td></td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The University uses an initial certification process to determine whether a subrecipient is subject to the single audit and requests a copy of or link to the online audit report. If the subrecipient is not subject to the single audit, a series of questions are asked and a risk assessment is carried out based on the information gathered.</p> <p>The University does not have an automatic annual process to determine if a subrecipient has received the required single or program-specific audits. Rather, the University relies on the terms of the subaward, which requires the subrecipient to certify that they:</p> <ul style="list-style-type: none"> • Continue to comply with the Uniform Guidance requirements. • Notify the University of adverse findings. • If not subject to the single audit, provide copies of the most recent program audit or other financial statement audit to allow the University to assess internal controls. <p>To address the audit finding, the University updated the initial certification form to allow for a more definitive determination of whether a subrecipient is subject to the single audit. The University will also strengthen internal controls by:</p> <ul style="list-style-type: none"> • Verifying with publicly available information to confirm if the audit requirement is applicable. • Implementing an annual assessment for each active federal subaward utilizing questionnaire and publicly available information to be aware of any findings or questioned costs. • Updating tracking mechanism to document each initial and ongoing assessment. <p>The University will continue to issue written management decisions for all applicable audit findings and ensure subrecipients develop and perform acceptable corrective actions to address all audit recommendations.</p> <p>The conditions noted in this finding were previously reported in finding 2022-030.</p> <p>Estimated December 2024</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.067		\$0
	<u>Assistance Listing #</u>	<u>Amount</u>							
93.067		\$0							

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2023	043 (cont'd)	Agency Contact:	Erick Winger Controller 4300 Roosevelt Way NE Seattle, WA 98105-4718 (206) 543-5322 erickw@uw.edu

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
2023	044	<p>Finding: The Department of Health did not have adequate internal controls to ensure payments to subrecipients were allowable, met cost principles, and were within the period of performance for the Immunization Cooperative Agreements program.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.268</td> <td style="text-align: right;">\$416,027</td> </tr> <tr> <td>93.268 COVID-19</td> <td></td> </tr> </table></p> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>The Department disagrees with the State Auditor’s Office (SAO) assessment of a material weakness in internal controls over the consolidated contract provider payment process for the Immunizations Cooperative Agreements program. The level of documentation received from the subrecipient accounting system provided assurance that the exceptions questioned by SAO met federal cost principles for allowability and period of performance.</p> <p>The Department has established processes in place to ensure payments are allowable and meet cost principles for the program. These include:</p> <ul style="list-style-type: none"> • Program staff maintain detailed budget information for each subrecipient by project area, and as A-19s are submitted, program and accounting staff update budget spreadsheets. When reviewing the support provided by the subrecipient, staff ensure amounts submitted by project are reasonable and align with expectations for the budget period submitted. • Program staff refer to the federal Immunization Program Operations Manual to determine procedures related to allowable costs, purchases, and procurement. • The Fiscal Monitoring Unit provides technical assistance and training to program staff and subrecipients while onsite and at the request of the entities receiving funding. • Program staff provides policy guidance, technical assistance, and training to subrecipients related to program compliance requirements. <p>The program has continued to strengthen processes to ensure supporting documentation aligns with the agency’s documentation matrix for subrecipients in accordance with assigned risk level.</p> <p>The Department is planning on meeting with federal grantors to work through the exceptions and questioned costs identified in the finding.</p> <p>The conditions noted in this finding were previously reported in finding 2022-031.</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.268	\$416,027	93.268 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>							
93.268	\$416,027							
93.268 COVID-19								

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	044 (cont'd)	Completion Date: Not applicable Agency Contact: Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	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 Health did not have adequate internal controls over and did not comply with requirements to ensure it filed accurate and timely reports required by the Federal Funding Accountability and Transparency Act for the Immunization Cooperative Agreements program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.268</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.268 COVID-19</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department agrees with the finding.</p> <p>In response to the prior year’s finding, the Department implemented procedures to ensure Federal Funding Accountability and Transparency Act (FFATA) reports are submitted timely, and management performs and documents review of the reports before submission in the FFATA Subaward Reporting System (FSRS). These include using the signature date of the subaward documents as the obligation date to ensure timely submission of the FFATA reports.</p> <p>Due to the timing of the audit, the above procedures were not in place during all of state fiscal year 2023, which resulted in some of the exceptions noted by the auditors.</p> <p>As stated in the finding’s <i>Cause of Condition</i>, the subaward amendments were submitted late because the transition of the Data Universal Numbering System number to Unique Entity Identifier had caused significant delays for sub-awardees to provide the updated identifier information for reporting in FSRS.</p> <p>The conditions noted in this finding were previously reported in finding 2022-032.</p> <p>October 2022</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.268	\$0	93.268 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.268	\$0								
93.268 COVID-19									

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	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 Department of Health did not have adequate internal controls to ensure payments to subrecipients were allowable, met cost principles, and were within the period of performance for the Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.323</td> <td style="text-align: right;">\$1,735</td> </tr> <tr> <td style="text-align: right;">93.323 COVID-19</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with the finding.</p> <p>The Department disagrees with the State Auditor’s Office (SAO) assessment of a material weakness in internal controls over the consolidated contract provider payment process for the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program. The Department has established processes in place to ensure payments are allowable and meet cost principles for the program. These include:</p> <ul style="list-style-type: none"> • Perform annual review and approval of detailed subrecipient budgets. • Compare invoice amounts to budgeted amounts for reasonableness before payment approval. • Provide subrecipients with regular technical assistance and training on applicable policies related to fiscal and programmatic processes. • Conduct biennial program and fiscal monitoring visits to subrecipients as part of the Department’s monitoring procedures. <p>In addition, the ELC program has monitoring controls in place and evidence of review at the program level. Program staff maintain a detailed spreadsheet that documents review and approval and includes any amounts that need to be withheld until issues with invoice support are resolved. These reviews are to be completed within the 10-day period before payment is released.</p> <p>The Department is planning on meeting with federal grantors to work through the exceptions and questioned costs identified in the finding.</p> <p>The conditions noted in this finding were previously reported in finding 2022-033.</p> <p>Not applicable</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.323	\$1,735	93.323 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.323	\$1,735								
93.323 COVID-19									

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	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 Department of Health did not have adequate internal controls over and did not comply with suspension and debarment requirements for the Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.323</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.323 COVID-19</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>During the COVID-19 pandemic, the Department operated under a competitive procurement waiver in order to expedite funding to critical partners throughout the state. Efforts to accelerate contracts combined with the misperception that Educational Service Districts (ESD) are an extension of the Office of Superintendent of Public Instruction prompted the decision to use an Interagency Agreement, and no suspension and debarment check was performed at the time the contract was signed.</p> <p>This was an isolated occurrence, and the Department has corrected the error moving forward to include the suspension and debarment clause with all ESD contracts.</p> <p>July 2023</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.323	\$0	93.323 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.323	\$0								
93.323 COVID-19									

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	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 Department of Health did not have adequate internal controls over and did not comply with reporting requirements for the Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <table border="0"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.323</td> <td>\$0</td> </tr> <tr> <td>93.323 COVID-19</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>In response to the fiscal year 2022 audit recommendations, the Department implemented procedures to ensure management review and approval of the fiscal report, Case Investigation and Contact Tracing (CICT) report, and the Reopening Schools testing report are documented and retained before submission to the federal grantor.</p> <p>At the beginning of fiscal year 2023, the auditors were still conducting field work for the prior year’s audit. Procedures were not in place at that time when reports were submitted to the Case Risk and Exposure Surveillance Tool and RedCap systems. As a result, corrective actions were not fully implemented during the current audit year.</p> <p>The CICT reporting was discontinued as of August 2023, and the Reopening Schools project ended after July 31, 2023.</p> <p>The conditions noted in this finding were previously reported in finding 2022-034.</p> <p>January 2023</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.323	\$0	93.323 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.323	\$0								
93.323 COVID-19									

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
2023	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 Department of Health did not have adequate internal controls over and did not comply with requirements to ensure subrecipients of the Epidemiology and Laboratory Capacity for Infectious Diseases program received required single audits, and that it appropriately followed up on findings and issued management decisions.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.323</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td colspan="2" style="text-align: center;">93.323 COVID-19</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department will review internal controls to ensure:</p> <ul style="list-style-type: none"> • Timely review of federal subrecipient single audits. • Management decision letters are issued to subrecipients. • Subrecipients take timely and appropriate action on all deficiencies pertaining to the federal award. <p>Management will monitor the control activities to ensure future compliance with the requirements.</p> <p>Estimated December 2024</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>		<u>Assistance Listing #</u>	<u>Amount</u>		93.323	\$0		93.323 COVID-19	
	<u>Assistance Listing #</u>	<u>Amount</u>										
	93.323	\$0										
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Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
2023	050	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with fiscal monitoring requirements for the Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <table border="0" data-bbox="667 548 1096 640"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.323</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.323 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Department has implemented corrective actions to address the prior year’s finding and does not concur with this finding.</p> <p>The State Auditor’s Office (SAO) did not report on the subrecipient review process in its entirety. The Department’s Fiscal Monitoring Unit (FMU) is not an audit department and functions differently than what SAO recommended in the finding. Federal guidance does not require a certain percentage of samples to be selected to ensure adequate review.</p> <p>The Department’s subrecipient monitoring process is comprehensive and involves the steps outlined below:</p> <ul style="list-style-type: none"> • Complete initial risk assessment of subrecipients post contract execution to determine the level of support required from each entity as backup documentation for payment requests. • Program contract managers review supporting documentation prior to payment. • FMU conducts subrecipient monitoring visits to ensure each entity has adequate internal controls to comply with federal requirements. This includes: <ul style="list-style-type: none"> ○ Reviewing at least three months of invoices submitted by subrecipients and judgmentally selecting transactions based on subject matter expertise about DOH, specific programs, and federal guidance. The review includes ensuring adequate supporting documentation is maintained for invoiced amounts, such as timesheets and receipts. ○ Reviewing entity policies, procedures, and history of compliance. ○ Assessing manual and automated internal controls, and applicable cost allocation methodology. ○ Reviewing applicable contracts. <p>Each entity has a consistent internal control structure across all funding types. As such, FMU performs subrecipient monitoring site reviews of the entity, not for a specific grant. The reviewers are required to document all grants received by the entity and select a few transactions from each, if applicable. FMU typically selects to review a quarter of the invoiced amounts. If a grant award is not represented in the invoices selected, FMU will select additional invoices to ensure all awards are included.</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.323		\$0	93.323 COVID-19		
	<u>Assistance Listing #</u>	<u>Amount</u>										
93.323		\$0										
93.323 COVID-19												

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	050 (cont'd)	Similar conditions noted in this finding were previously reported in finding 2022-033. Completion Date: Not applicable Agency Contact: Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	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 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>Assistance Listing #</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;">\$107,338,725</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 implemented grant-level management of all federal funds, including the Temporary Assistance for Needy Families grant. This consisted of making significant grant level adjustments between allowable grant sources to properly spend grant dollars within the allowable period of performance and ensure level of effort and matching requirements were met. The Department’s grant adjustments were processed based on eligible clients and allowable activities.</p> <p>The Department does not currently have the staff to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance recommended by the State Auditor’s Office. In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. Funding was provided to develop and maintain the business process that would allow adjustments to include child-level data beginning July 2024.</p> <p>The conditions noted in this finding were previously reported in findings 2022-035 and 2021-028.</p> <p>Estimated December 2025</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.558	\$107,338,725
<u>Assistance Listing #</u>	<u>Amount</u>						
93.558	\$107,338,725						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	052	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act for the Refugee and Entrant Assistance program.</p> <table border="0" data-bbox="678 583 1096 646"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.566</td> <td></td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the auditor’s findings.</p> <p>The Department will immediately report all first tier subawards, including amendments, totaling \$30,000 or more to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS).</p> <p>By June 2024, to ensure ongoing compliance with the FFATA reporting requirements, the Department will:</p> <ul style="list-style-type: none"> • Establish effective internal controls and written procedures to ensure: <ul style="list-style-type: none"> ○ All first-tier subawards of \$30,000 or more are reported. ○ Grant amendments for initial awards that are below \$30,000 are tracked as soon as the modifications trigger reporting requirements. ○ Reports for submission contain the required data elements. • Implement and communicate the procedures for reporting first tier subawards to the Division of Finance and Financial Resources (DFFR) for inputting into FSRS. • Develop written procedures for inputting subawards appropriately in FSRS and will communicate those procedures to DFFR staff. <p>By July 2024, the Department will:</p> <ul style="list-style-type: none"> • Compile the required data elements for the 29 first tier subawards and the 18 subaward amendments, in addition to any new subawards in fiscal year 2024 that meet the reporting threshold, and report to DFFR for input into FSRS. • Work with DFFR to develop and subsequently implement a process to verify all subawards and subaward amendments have been reported in FSRS. <p>Estimated July 2024</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.566		\$0
	<u>Assistance Listing #</u>	<u>Amount</u>							
93.566		\$0							

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2023	052 (cont'd)	Agency Contact:	Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	053	<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 subrecipients of the Refugee and Entrant Assistance programs received required single audits, and that it followed up on findings and issued management decisions.</p> <table border="0" data-bbox="673 609 1104 682"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.566</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>By September 2024, the Department’s Office of Refugee and Immigrant Assistance (ORIA) will follow up with the remaining 35 subrecipients and require the completion of the Subrecipient Federal Financial Assistance form for fiscal year 2023, as needed.</p> <p>By November 2024, ORIA will:</p> <ul style="list-style-type: none"> • Follow up with the remaining 35 subrecipients to verify that they completed a single audit if they received \$750,000 or more in federal assistance. • Inform any subrecipients that have not been audited about the single audit requirement. • Work with Economic Services Administration (ESA) accounting staff to review all completed audit reports and, for any findings found, issue a management decision on the effectiveness of the subrecipients’ proposed corrective actions to address the findings. • Work with ESA accounting unit to establish and implement effective internal controls and written procedures to: <ul style="list-style-type: none"> ○ Identify subrecipients who receive \$750,000 or more annually in federal assistance from all sources. ○ Verify if subrecipients complete required audits, if applicable, and take appropriate action if audits are not completed. ○ Review single and program-specific audit reports for findings. ○ Write and issue a management decision, when appropriate, within six months outlining the Department’s determination of the adequacy of the subrecipient’s proposed corrective actions to address the finding. ○ Monitor the subrecipient’s corrective action plan for timely and effective completion. <p>By December 2024, ESA accounting staff will track and monitor subrecipient activities to ensure appropriate and timely corrective action is taken to resolve single and programmatic audit findings.</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.566		\$0
	<u>Assistance Listing #</u>	<u>Amount</u>							
93.566		\$0							

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	053 (cont'd)	<p>By March 2025, ORIA and ESA accounting unit will train all program staff responsible for monitoring the new procedures to ensure a full understanding of the shared responsibilities for compliance with department policies.</p> <p>Completion Date: Estimated March 2025</p> <p>Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	054	<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 perform fiscal and program monitoring of subrecipients for the Refugee and Entrant Assistance programs.</p> <table border="0" data-bbox="678 583 1096 646"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.566</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>In response to a prior audit finding, the Department’s Office of Refugee and Immigrant Assistance (ORIA) developed a subrecipient versus contractor determination tool. However, this tool was not formalized until April 2023, and implementation and training occurred in April through June 2023.</p> <p>The Department is taking action to strengthen internal controls over subrecipient monitoring for ORIA’s contracts.</p> <p>By July 2024, the Department will:</p> <ul style="list-style-type: none"> • Complete a review of all active contracts utilizing federal funding to ensure subrecipients are accurately identified. • Explore the feasibility of increasing ORIA and Economic Services Administration accounting staff resources to support the workload increase associated with monitoring subrecipients. <p>By October 2024, the Department will convene a work group with contracts and accounting staff to create effective internal controls and written procedures for fiscal and program monitoring of ORIA’s subrecipient contracts. This will include the following:</p> <ul style="list-style-type: none"> • Verify the subrecipient status for each contract is correctly determined and recorded in the Agency Contracts Database. • Include the required subrecipient language in the contract. • Obtain a copy of the indirect rate certification or cost allocation plan from the subrecipient. • Complete risk assessments. • Create appropriate monitoring plans for each subrecipient. • Conduct fiscal monitoring of each subrecipient to obtain assurance that the use of federal funds complies with federal laws and regulations. • Create corrective action plans when required. <p>By January 2025, the Department will ensure all ORIA program staff responsible for monitoring receive training on the updated procedures.</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.566		\$0
	<u>Assistance Listing #</u>	<u>Amount</u>							
93.566		\$0							

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	054 (cont'd)	Completion Date: Estimated January 2025 Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	055	<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 reporting requirements for the Low-Income Home Energy Assistance Program.</p> <table border="0" data-bbox="673 546 1104 640"> <thead> <tr> <th><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.568</td> <td>\$0</td> </tr> <tr> <td>93.568 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The Low-Income Home Energy Assistance Program (LIHEAP) utilized a reporting process that was audited as part of the fiscal year 2023 audit. The LIHEAP program has the following process:</p> <ul style="list-style-type: none"> • The program manager prepares the necessary reports. • The managing director reviews reports before submittal. • The program manager submits reports once the managing director’s approval is received. • The program manager receives notice that the report has been accepted by the grantor. • The program manager saves a copy of the report, documentation and the report submission acceptance from the grantor. <p>To address the deficiencies reported by the auditors, program management implemented additional steps into their reporting process:</p> <ul style="list-style-type: none"> • The LIHEAP program manager retains all data reports from the LIHEAP data system used for reporting. • LIHEAP information technology staff save a snapshot of the entire database from the date of the report. This allows point-in-time reporting information to be retained as audit support documentation and for audit support. • The managing director sends written/email approval to the program manager for reports reviewed. • The program manager retains written approvals as audit support documentation and for audit support. <p>Following the auditors’ recommendations, the LIHEAP program submitted updated Grantee Survey and Household Reports, which were accepted by the grantor’s awarding portal.</p> <p>The conditions noted in this finding were previously reported in findings 2022-039 and 2021-032.</p> <p>March 2024</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.568	\$0	93.568 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.568	\$0								
93.568 COVID-19									

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2023	055 (cont'd)	Agency Contact:	Gena Allen, CFE 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 Plan							
2023	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 Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subawards for the Low-Income Home Energy Assistance Program contained the federal award identification elements.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.568</td> <td>\$0</td> </tr> <tr> <td colspan="2">93.568 COVID-19</td> </tr> </table> <p>Corrective action complete</p> <p>The Department has two programs that administer and award Low-Income Home Energy Assistance Program (LIHEAP) funds: the Energy Assistance program and the Weatherization program.</p> <p>The Energy Assistance program created a plan to improve the documentation and communication regarding required federal award identification elements to ensure compliance with 2 CFR 200.332, which outlines requirements for pass-through entities. For all contracts:</p> <ul style="list-style-type: none"> • The Federal Award Identification Number (FAIN) will be included on the face sheet, information sheet, and section one in each contract. This will eliminate errors resulting from multiple federal awards being issued from a single contract. • The information will be entered by the LIHEAP Commerce Specialist and reviewed by the LIHEAP Program Manager and the Community and Economic Opportunities Managing Director prior to execution of each contract. <p>The Weatherization program will also follow this process to correct similar deficiencies reported by the auditors.</p> <p>In the spring of 2023, the Department instituted an agency-wide process to comply with the Requirements for Pass Through Entities in 2 CFR 200.332. A template is completed and provided to all federal subrecipients at the time the subaward is issued. The agency requirements were also communicated through our Daily Digest Communication, once in 2022 and again in 2023. Additionally, the Internal Control Officer has worked with program staff to familiarize them with the requirements and process.</p> <p>December 2023</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.568	\$0	93.568 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.568	\$0								
93.568 COVID-19									

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
2023	057	<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 perform risk assessments and monitor subrecipients of the Low-Income Home Energy Assistance Program.</p> <table border="0" data-bbox="678 583 1096 672"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</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 complete</p> <p>The Department has two programs that administer and award Low-Income Home Energy Assistance Program (LIHEAP) funds: the Energy Assistance program and the Weatherization program. There were no issues identified with the Energy Assistance program.</p> <p>The Weatherization program has improved its risk assessment process to include the following:</p> <ul style="list-style-type: none"> • Provided proper training and development to new program staff to ensure risk assessments are completed on time. • Expanded the list of approvers for all steps within the risk assessment process, including supervisors, to demonstrate a thorough review process is in place. <p>The Weatherization program has improved the monitoring process by incorporating the following:</p> <ul style="list-style-type: none"> • Perform monitoring visits of all subrecipients per federal requirements two times per year instead of one. • Complete a full review and assessment of the monitoring process by the Compliance Manager and monitoring team. • Update all monitoring related forms, tools, and protocols to ensure accuracy, consistency, and completeness. The updated protocols will be in place in program year 2024. • Maintain an expanded list of approvers, including supervisors, for all steps within the monitoring process. • Continue to monitor all subrecipients at a level that exceeds federal program requirements of 5% of completed units. • Create a plan for addressing the monitoring frequency of high-risk subrecipients. • Monitor all associated funding sources to ensure compliance with program rules. • Utilize our data system and monitoring activities to evaluate the objectives for monitoring LIHEAP funds in the Weatherization program. <p>January 2024</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.568		\$0	93.568 COVID-19		
	<u>Assistance Listing #</u>	<u>Amount</u>										
93.568		\$0										
93.568 COVID-19												

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2023	057 (cont'd)	Agency Contact:	Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	058	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with 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" data-bbox="667 583 1477 709"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td></td> <td style="text-align: right;">356,042,172</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>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states:</p> <p style="padding-left: 40px;"><i>“The ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated:</p> <p style="padding-left: 40px;"><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p style="padding-left: 40px;"><i>“...that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated.</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.575		356,042,172	93.575 COVID-19			93.596		
	<u>Assistance Listing #</u>	<u>Amount</u>													
93.575		356,042,172													
93.575 COVID-19															
93.596															

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	058 (cont'd)	<p>The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance recommended by SAO.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. Funding was provided to develop and maintain the business process that would allow adjustments to include child-level data beginning July 2024.</p> <p>The conditions noted in this finding were previously reported in findings 2022-041, 2021-033, 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>Completion Date: Estimated December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2023	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 Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with client eligibility requirements for child care services paid with the Child Care and Development Fund and Temporary Assistance for Needy Families funds.</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: left;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.558</td> <td>\$0</td> </tr> <tr> <td>93.575</td> <td></td> </tr> <tr> <td>93.575 COVID-19</td> <td></td> </tr> <tr> <td>93.596</td> <td></td> </tr> </tbody> </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 will continue to maintain internal controls using our program integrity procedures, utilizing a combination of centralized and local case reviews to identify error trends, identify root causes, and develop solutions to the root causes.</p> <p>To address the fiscal year 2023 eligibility audit findings, the Department will:</p> <ul style="list-style-type: none"> • Conduct root cause analysis of internal audit findings, particularly for cases with errors due to household composition and approved activities, and develop appropriate corrective actions as needed. • Develop and deliver updated household composition training for all staff. • Improve and publish the desk aid outlining simplified eligibility determination process that includes procedures for those families who do not have an approved activity. <p>The conditions noted in this finding were previously reported in findings 2022-036, 2021-035, 2020-039, 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017 and 2012-30.</p> <p>Estimated July 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.558	\$0	93.575		93.575 COVID-19		93.596	
<u>Assistance Listing #</u>	<u>Amount</u>												
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2023	060	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with matching, level of effort, and earmarking requirements for the Child Care and Development Fund Cluster.</p> <table border="0" data-bbox="673 577 1096 703"> <thead> <tr> <th style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: left;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.575</td> <td>\$0</td> </tr> <tr> <td>93.575 COVID-19</td> <td></td> </tr> <tr> <td>93.596</td> <td></td> </tr> </tbody> </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 implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states:</p> <p><i>“The ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated:</p> <p><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p><i>“...that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated.</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.575	\$0	93.575 COVID-19		93.596	
<u>Assistance Listing #</u>	<u>Amount</u>										
93.575	\$0										
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	060 (cont'd)	<p>The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance recommended by SAO.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. Funding was provided to develop and maintain the business process that would allow adjustments to include child-level data beginning July 2024.</p> <p>The conditions noted in this finding were previously reported in findings 2022-042, 2021-036 and 2020-040.</p> <p>Completion Date: Estimated December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	061	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with period of performance requirements for the Child Care and Development Fund Cluster.</p> <table border="0" data-bbox="667 548 1096 674"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td></td> <td style="text-align: center;">\$0</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>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states:</p> <p><i>“The ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated:</p> <p><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p><i>“...that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated.</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.575		\$0	93.575 COVID-19			93.596		
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	061 (cont'd)	<p>The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance recommended by SAO.</p> <p>In response to the auditor’s recommendations, the Department:</p> <ul style="list-style-type: none"> • Implemented written procedures for period of performance requirements effective December 6, 2023. • Submitted a budget request for the 2024 supplemental budget. Funding was provided to develop and maintain the business process that would allow adjustments to include child-level data beginning July 2024. <p>The conditions noted in this finding were previously reported in findings 2022-043, 2021-037 and 2020-041.</p> <p>Completion Date: Estimated December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan								
2023	062	<p>Finding: 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> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.575 COVID-19</td> <td></td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table></p> <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 implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states:</p> <p style="padding-left: 40px;"><i>“The ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated:</p> <p style="padding-left: 40px;"><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p style="padding-left: 40px;"><i>“...that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated.</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.575	\$0	93.575 COVID-19		93.596	
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	062 (cont'd)	<p>The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance recommended by SAO.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. Funding was provided to develop and maintain the business process that would allow adjustments to include child-level data beginning July 2024.</p> <p>The conditions noted in this finding were previously reported in findings 2022-044 and 2021-038.</p> <p>Completion Date: Estimated December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2023	063	<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 it filed reports required by the Federal Funding Accountability and Transparency Act for the Child Care and Development Fund.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td>\$0</td> </tr> <tr> <td>93.575 COVID-19</td> <td></td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>During the audit period, the Department experienced a high level of staff turnover and vacancy rates resulting in missed and inaccurate Federal Funding Accountability and Transparency Act (FFATA) reporting.</p> <p>As of October 2023, the Department implemented the following corrective actions:</p> <ul style="list-style-type: none"> • Reviewed written policies and procedures with cost allocation and grant management staff. • Corrected the FFATA reports in question and submitted them in the Subaward Reporting System. <p>The Department is committed to strengthening internal controls and complying with FFATA reporting requirements. Management will continue to monitor the process to ensure future reports are submitted accurately and completely.</p> <p>October 2023</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.575	\$0	93.575 COVID-19		93.596	
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2023	064	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund program.</p> <table border="0" data-bbox="667 548 1092 674"> <thead> <tr> <th data-bbox="667 548 971 579"><u>Assistance Listing #</u></th> <th data-bbox="971 548 1092 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="667 579 971 611">93.575</td> <td data-bbox="971 579 1092 611">\$0</td> </tr> <tr> <td data-bbox="667 611 971 642">93.575 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="667 642 971 674">93.596</td> <td></td> </tr> </tbody> </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.</p> <p>The Department concurs with the finding and has taken the following actions:</p> <ul style="list-style-type: none"> • In the fall of 2022, the Department began recruiting new staff to address staff turnover issues and providing training on child care licensing rules and regulations. • In November 2022, added new positions to assist supervisors with onboarding and training new staff and focused training on monitoring visits, caseload management, and health and safety requirements. • Implemented a data driven, phased in approach, to return staff to in-person field work after the COVID-19 pandemic: <ul style="list-style-type: none"> ○ In July 2022, implemented return to in-person field work by reducing pandemic level requirements and authorizing staff to visit providers on-site to assist with meeting health and safety requirements. ○ In February 2023, developed and implemented a field practice onboarding process to streamline training for newly hired staff on practices to support the annual monitoring of all licensed child care providers. ○ In the spring of 2023, prioritized monitoring visits to return to compliance with Child Care and Development Fund program health and safety requirements. • Conducted a root cause analysis to determine other underlying causes for missed monitoring visits and untimely follow-ups, and how to address them. • For license-exempt family, friend, and neighbor (FFN) providers, the Department: <ul style="list-style-type: none"> ○ Received approval from the Office of Child Care for a hybrid monitoring approach (in-person and virtual visits). ○ Dedicated staff resources to update the WA Compass system to include all health and safety requirements for FFNs and address data format issues. 	<u>Assistance Listing #</u>	<u>Amount</u>	93.575	\$0	93.575 COVID-19		93.596	
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93.575	\$0										
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	064 (cont'd)	<p>The Department will continue to strengthen internal controls as follows:</p> <p>For licensed providers:</p> <ul style="list-style-type: none"> • Create in-training licensing positions to assist with staff recruitment efforts. • Continue to track and monitor health and safety requirements with available tools until all WA Compass system development is completed. • Examine ways to secure resources to add additional full-time staff to support caseload needs. <p>For FFN providers:</p> <ul style="list-style-type: none"> • Continue to track and monitor FFN health and safety requirements with available tools until all WA Compass system development is completed. <p>The conditions noted in this finding were previously reported in findings 2022-045, 2021-039, 2020-042, 2019-039, 2018-035, 2017-025, 2016-022 and 2015-024.</p> <p>Completion Date: Estimated July 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	065	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate controls over and did not comply with certain requirements of its Public Assistance Cost Allocation Plan.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.658</td> <td>\$0</td> </tr> <tr> <td>93.658 COVID-19</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding and is committed to improving internal controls.</p> <p>The Department did not have adequate staffing levels to maintain the business processes for one monthly workbook for the Public Assistance Cost Allocation Plan. The Department was not able to complete the September 2022 workbook for cost base 100 (administrative charges) due to competing state and federal fiscal year close deadlines. Available staff were focused on grant reconciliations and closing out the prior fiscal year financial transactions.</p> <p>The Department has reviewed the base edit form written procedures with staff and added monthly reminders for the Cost Allocation and Grants Management Unit. In addition, the Department has confirmed that all cost base 100 workbooks have been properly completed for the state fiscal year 2024.</p> <p>The conditions noted in this finding were previously reported in finding 2022-047.</p> <p>March 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.658	\$0	93.658 COVID-19	
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93.658	\$0								
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
2023	066	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</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" data-bbox="667 548 1092 642"> <tr> <td data-bbox="667 548 829 579"></td> <td data-bbox="667 548 959 579"><u>Assistance Listing #</u></td> <td data-bbox="667 548 1092 579"><u>Amount</u></td> </tr> <tr> <td data-bbox="667 579 829 611">93.658</td> <td data-bbox="667 579 959 611"></td> <td data-bbox="667 579 1092 611">\$0</td> </tr> <tr> <td data-bbox="667 611 829 642">93.658 COVID-19</td> <td data-bbox="667 611 959 642"></td> <td data-bbox="667 611 1092 642"></td> </tr> </table> <p>Corrective action complete</p> <p>The Department is committed to strengthening internal controls and complying with grant requirements. As stated in the finding's <i>Cause of Condition</i>, the Department was unable to fully implement the prior corrective action plan during the audit period.</p> <p>In April 2023, the Fiscal Integrity Unit collaborated with other divisions to implement the following internal controls:</p> <ul data-bbox="688 968 1471 1346" style="list-style-type: none"> • Utilized algorithms in the Sprout system to identify reimbursement requests outside of a reasonable amount. • Required providers to submit additional documentation or explanation for those identified amounts. • Implemented a re-run process for prior billing periods to eliminate potential double billings by providers. • Trained headquarters and field office accounting staff to utilize the new algorithms and review additional documentation prior to processing payments. • Required program staff review and approval of all vendor invoices prior to release of payment for the Eastern Washington regions. <p>In January 2024, the Fiscal Integrity Unit identified and implemented regional program approvals for Western Washington providers.</p> <p>The Contracts office has also taken the following actions:</p> <ul data-bbox="688 1520 1471 1751" style="list-style-type: none"> • In August 2023, filled one vacant staff position dedicated to reviewing child welfare contracts to include family time visit payments. • In November 2023, developed compliance audit plans for child welfare contracts and began fiscal monitoring of family time visit payments. • In December 2023, filled an additional vacant staff position dedicated to reviewing child welfare contracts. <p>The conditions noted in this finding were previously reported in findings 2022-048 and 2021-040.</p> <p>January 2024</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.658		\$0	93.658 COVID-19		
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93.658		\$0										
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	066 (cont'd)	Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
2023	067	<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 monthly foster care maintenance payments to children’s caregivers were adequate and accurate for the Foster Care program.</p> <table border="0" data-bbox="665 577 1096 672"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.658</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.658 COVID-19</td> <td></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. As stated in the finding’s <i>Cause of Condition</i>, the Department utilizes FamLink as the case management system for the Foster Care program which, due to system limitations, did not have the reporting capabilities to track rate setting reviews during the audit period.</p> <p>To assist with tracking rate setting requirements, the Department:</p> <ul style="list-style-type: none"> • Created a new report in FamLink to assist rate assessors in identifying six-month reviews that have not been performed timely. • Implemented monthly tracking by supervisors to assist with internal controls and compliance. <p>In response to the auditor’s recommendations and to assist in compliance, the Department has submitted a request to the technical team for an update to the report to also show when the next rate assessment is due.</p> <p>Estimated June 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.658		\$0	93.658 COVID-19		
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93.658		\$0										
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
2023	068	<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 to ensure group care facility employees and adults residing in prospective caregivers' households had cleared background checks before having unsupervised access to children.</p> <table border="0" data-bbox="672 583 1096 674"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.658</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.658 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the finding.</p> <p>The auditors identified two exceptions where fingerprint checks for two family foster home adults were completed two days later than the required timeline of 15 calendar days. The delay was due to the misspelling of one applicant's last name in the system. Upon correction, the applicants subsequently completed the fingerprint checks and were determined eligible.</p> <p>As stated in the finding's <i>Cause of Condition</i>, the Department developed a corrective action plan to address the internal control deficiencies in response to the prior year's finding which had not been fully implemented within the current audit period. The Department is confident that all staff who work with children and youth have cleared background checks.</p> <p>As of April 1, 2023, the Department implemented a new process for processing background checks for group care facilities to strengthen internal controls, documentation, and clarification on the "effective date." The updated process is outlined below:</p> <ul style="list-style-type: none"> • A new form was created with clear instructions for the group care facilities to provide the applicant/employee information, including the background check confirmation code, directly to the Department's Background Check Unit (BCU). • The BCU works with the applicant/employee through the fingerprint background check process. • The results are sent directly to the BCU, at which time they complete a child abuse/neglect history check and if needed a suitability assessment. The BCU documents the results in FamLink with the date the background check is completed. • The BCU emails the results to the group care facility and the Department's Licensing Division (LD) group. If the applicant/employee is cleared and is not a renewal, LD staff adds the applicant/employee to the group care facility in FamLink with the clearance information attached. <p>The conditions noted in this finding were previously reported in finding 2022-050.</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.658		\$0	93.658 COVID-19		
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Department of Children, Youth, and Families

Agency 307

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	069	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Department of Children, Youth, and Families did not have adequate internal controls over reporting requirements for the Foster Care program. <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</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;">\$0</td> </tr> <tr> <td colspan="2">93.658 COVID-19</td> </tr> </table> Corrective action complete The Department partially concurs with the finding. The Department acknowledges that errors were made in the crosswalks and quarterly reports submitted during the audit period. To address the auditor’s specific finding, the Department has: <ul style="list-style-type: none"> • Reviewed and updated all electronic versions of the quarterly crosswalks for accuracy. • Submitted corrections for the federal fiscal year 2023 Quarter 3 report. The conditions noted in this finding were previously reported in finding 2022-051. February 2024 Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov	<u>Assistance Listing #</u>	<u>Amount</u>	93.658	\$0	93.658 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.658	\$0								
93.658 COVID-19									

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	070	<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 providers were allowable and properly supported for the Social Services Block Grant.</p> <table border="0" data-bbox="667 577 1477 640"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.667</td> <td style="text-align: center;">\$8,518,020</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department maintains that funds were not improperly charged to the Social Services Block Grant (SSBG) program. The Department utilizes grant-level management for all federal funds, including the SSBG program. This process consists of making grant-level adjustments between allowable grant sources to properly spend grant funds within the allowable period of performance and ensure level of effort and matching requirements are met. The Department allocated the SSBG funds to eligible clients and allowable activities in compliance with 45 CFR 98.67 but did not include the level of data recommended by the State Auditor’s Office (SAO) for some transfers.</p> <p>Cost objectives within the accounting system are used to track SSBG funding. Expenditures eligible for the SSBG program are transferred at the cost objective level and not the transaction level. The SAO tested a sample of 16,006 payments which totaled 94% of total provider payments charged to the grant. SAO found that all payments were for activities that were supported, allowable, authorized, and accurate.</p> <p>SAO is questioning the costs of the remaining payments because the transfer of expenditures was not completed at the transaction level. Those remaining payments were transferred from eligible and allowable expenditures for the SSBG program. The Department is committed to collaborating with SAO to determine an appropriate methodology which identifies a sampling unit that can be used to accurately test compliance.</p> <p>In response to the auditor’s recommendations, the Department will develop and maintain a business process that would allow adjustments to include transaction level data.</p> <p>Estimated December 2025</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>		<u>Assistance Listing #</u>	<u>Amount</u>		93.667	\$8,518,020
	<u>Assistance Listing #</u>	<u>Amount</u>							
	93.667	\$8,518,020							

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	071	<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 cash draws for the Social Services Block Grant were properly supported.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.667</td> <td style="text-align: right;">\$1,504,566</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department maintains that funds were not improperly charged to the Social Service Block Grant (SSBG) program. This is a two-year grant that the Department spends down in one fiscal year. The expenditures drawn were allowable and within the period of performance and the one exception identified was due to the timing of expenditure transfers.</p> <p>The Department utilizes grant-level management for all federal funds, including the SSBG program. This process consists of making grant-level adjustments between allowable grant sources to properly spend grant dollars within the allowable period of performance and ensure level of effort and matching requirements are met. The Department allocated the SSBG funds to eligible clients and allowable activities in compliance with 45 CFR 98.67 but did not include the level of data recommended by the State Auditor’s Office (SAO) for some transfers. The Department is committed to collaborating with SAO to determine an appropriate methodology which identifies a sampling unit that can be used to accurately test compliance.</p> <p>In response to the auditor’s recommendations, the Department will develop and maintain a business process that would allow adjustments to include transaction level data.</p> <p>Estimated December 2025</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.667	\$1,504,566
<u>Assistance Listing #</u>	<u>Amount</u>						
93.667	\$1,504,566						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	072	<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 reporting requirements to ensure reports were complete and accurate for the Social Services Block Grant program.</p> <table border="0" data-bbox="672 583 1096 646"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.667</td> <td></td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department maintains that funds were not improperly charged or reported for the Social Services Block Grant (SSBG) program. The Department provided the State Auditor’s Office (SAO) with detailed expenditure data reports, email documentation showing management’s review of the expenditures being charged to the SSBG program, and changes being requested prior to federal submission. In addition, the federal reporting system creates an email after certification, which the Department shared with the SAO.</p> <p>The Department utilizes grant-level management for all federal funds, including the SSBG program. This process consists of making grant-level adjustments between allowable grant sources to properly spend grant funds within the allowable period of performance and ensure level of effort and matching requirements are met. The Department allocated the SSBG funds to eligible clients and allowable activities in compliance with 45 CFR 98.67 but did not include the level of data recommended by the SAO for some transfers. The Department is committed to collaborating with SAO to determine an appropriate methodology which identifies a sampling unit that can be used to accurately test compliance.</p> <p>In response to the auditor’s recommendations, the Department will:</p> <ul style="list-style-type: none"> • Review internal controls and federal requirements related to SSBG reporting. • Develop and maintain a business process that would allow adjustments to include transaction level data. <p>Estimated December 2025</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.667		\$0
	<u>Assistance Listing #</u>	<u>Amount</u>							
93.667		\$0							

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan																	
2023	073	Finding: Questioned Costs: Status: Corrective Action: Completion Date:	<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 data-bbox="667 512 808 541"><u>Assistance Listing #</u></th> <th data-bbox="997 512 1089 541"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="667 541 808 571">93.767</td> <td data-bbox="997 541 1089 571">\$0</td> </tr> <tr> <td data-bbox="667 571 873 600">93.767 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="667 600 808 630">93.775</td> <td></td> </tr> <tr> <td data-bbox="667 630 808 659">93.777</td> <td></td> </tr> <tr> <td data-bbox="667 659 873 688">93.777 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="667 688 808 718">93.778</td> <td></td> </tr> <tr> <td data-bbox="667 718 873 747">93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Authority partially concurs with the finding.</p> <p>Audited financial reports: The Authority agrees it allowed Managed Care Organizations (MCO) to submit annual audited financial reports in accordance with Statutory Accounting Principles to be consistent with the standards used by the Washington State Office of the Insurance Commissioner. The Authority will amend contract language to require MCOs to submit audited financial reports prepared in accordance with Generally Accepted Accounting Principles and Generally Accepted Auditing Standards, in order to comply with federal requirements.</p> <p>The Managed Care Oversight Audit Plan details the scheduled audits and prioritizes the various required audits. Going forward, the audit plan will list more specific information regarding the requirements and these changes will be added to the strategic plan.</p> <p>Periodic audits: The Authority does not concur with the auditor’s opinion that periodic audits must be “conducted and fully complete” at least once every three years. The federal regulations found in 42 CFR §438.602 specifically states: <i>“The State must periodically, but no less frequently than once every 3 years, conduct, or contract for the conduct of, an independent audit...”</i></p> <p>The term “complete” is not included in the federal regulations. The Authority will reach out to the Centers for Medicare & Medicaid Services to confirm its interpretation of the regulation.</p> <p>The conditions noted in this finding were previously reported in findings 2022-054 and 2021-048.</p> <p>Estimated July 2024</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.767	\$0	93.767 COVID-19		93.775		93.777		93.777 COVID-19		93.778		93.778 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>																		
93.767	\$0																		
93.767 COVID-19																			
93.775																			
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93.777 COVID-19																			
93.778																			
93.778 COVID-19																			

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2023	073 (cont'd)	Agency Contact:	Kari Summerour, CPA External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Kari.Summerour@hca.wa.gov

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan																	
2023	074	<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 provider eligibility requirements for the Medicaid and Children’s Health Insurance Program.</p> <table border="0"> <thead> <tr> <th data-bbox="670 548 828 575"><u>Assistance Listing #</u></th> <th data-bbox="1003 548 1094 575"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 579 828 606">93.767</td> <td data-bbox="1003 579 1032 606">\$0</td> </tr> <tr> <td data-bbox="670 611 828 638">93.767 COVID</td> <td></td> </tr> <tr> <td data-bbox="670 642 748 669">93.775</td> <td></td> </tr> <tr> <td data-bbox="670 674 748 701">93.777</td> <td></td> </tr> <tr> <td data-bbox="670 705 828 732">93.777 COVID</td> <td></td> </tr> <tr> <td data-bbox="670 737 748 764">93.778</td> <td></td> </tr> <tr> <td data-bbox="670 768 828 795">93.778 COVID</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority does not concur that four providers did not receive a proper license check, nor that the backdated provider was noncompliant with regulations prior to receiving a National Provider Identifier (NPI). When a provider’s license expires, the Authority enters an end date for the provider taxonomy to prevent future payments. The Authority does not pay claims without an NPI and this is compliant with federal requirements.</p> <p>Corrective action has been in process to address revalidation issues. As of January 1, 2024, the Authority implemented a system change moving the revalidation date to 90 days before the end of the five-year period.</p> <p>The Authority is developing additional procedures to strengthen internal controls over provider enrollment.</p> <p>The conditions noted in this finding were previously reported in findings 2022-055, 2021-047, 2020-046, 2019-048, 2018-042, 2017-033, and 2016-035.</p> <p>Estimated December 2024</p> <p>William Sogge, CPA, CIA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.767	\$0	93.767 COVID		93.775		93.777		93.777 COVID		93.778		93.778 COVID	
<u>Assistance Listing #</u>	<u>Amount</u>																		
93.767	\$0																		
93.767 COVID																			
93.775																			
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93.777 COVID																			
93.778																			
93.778 COVID																			

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	075	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Health Care Authority improperly charged \$3,491 to the Medicaid program. <table border="0"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td>\$3,491</td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </table> Corrective action not taken The Authority partially concurs with the finding. The condition identified by the auditors was the result of federal requirements in place during the COVID-19 public health emergency. The condition will be addressed by existing procedures during the unwinding process. No corrective action is necessary. In accordance with 42 U.S.C. § 1396b(u), questioned costs will not be repaid as they do not exceed the allowable error rate of three percent of total expenditures verified by the Center for Medicare and Medicaid Services Payment Error Rate Measurement process. Not applicable William Sogge, CPA, CIA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov	<u>Assistance Listing #</u>	<u>Amount</u>	93.778	\$3,491	93.778 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.778	\$3,491								
93.778 COVID-19									

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	076	<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 timely review of hospital complaints.</p> <table border="0"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.777 COVID-19</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department has a process to screen complaints for possible imminent danger and will evaluate current procedures to identify necessary changes to ensure initial screening dates are properly reflected for subsequent assessment and review.</p> <p>The Department will also strengthen internal controls to ensure our licensing and regulatory systems are sufficient in managing the process of handling all facilities complaints to capture the screening for imminent danger within two working days. Once that process is complete, the Department will perform quarterly audits to confirm and document that timely screening of complaints is taking place as required.</p> <p>The Department will also identify strategies to improve staffing challenges and stability.</p> <p>Estimated December 2024</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 COVID-19		93.778		93.778 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>														
93.775	\$0														
93.777															
93.777 COVID-19															
93.778															
93.778 COVID-19															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	077	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal provider eligibility requirements for the Medicaid Program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$576,072</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.777 COVID-19</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that the Medicaid Provider Disclosure Statement (MPDS) forms for the identified exceptions were not obtained within the five-year revalidation timeline due to the increased workload during the public health emergency. The Department does not agree all the exceptions should result in questioned costs.</p> <p>The Department is disputing the questioned costs related to one nursing home, totaling \$231,810. Although the MPDS was not submitted within the five-year revalidation timeline, the Department determined there were no changes to ownership or managing employees since the previous MPDS form was received.</p> <p>As of March 2023, automated provider screenings are completed monthly for all providers as required.</p> <p>As of March 2024, the Department’s nursing home revalidation process was modified to provide guidance to staff when a nursing home does not provide the required MPDS during the 5-year revalidation period. The process includes procedures prior to termination of the contract to ensure resident safety and choice, as well as when to stop payment.</p> <p>By December 2024, the Department will consult with the U.S. Department of Health and Human Services (HHS) regarding the disagreement with the \$231,810 of questioned costs. The Department will work with HHS regarding the remaining \$344,262 of questioned costs and take additional action as appropriate.</p> <p>The conditions noted in this finding were previously reported in finding 2022-059.</p> <p>Estimated December 2024</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$576,072	93.777		93.777 COVID-19		93.778		93.778 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>														
93.775	\$576,072														
93.777															
93.777 COVID-19															
93.778															
93.778 COVID-19															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2023	077 (cont'd)	Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	078	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with survey requirements for Medicaid intermediate care facilities.</p> <table border="0"> <thead> <tr> <th><u>Assistance Listing #</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>93.777 COVID</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that it did not meet the Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF-IID) Survey requirements, due to the backlog created by the public health emergency and a 20 percent staff vacancy rate. The Department does not agree that it was due to lack of internal controls. It was through applied internal controls that we identified concerns and were able to allocate resources to meet the most serious concerns.</p> <p>As of March 2024, the Department:</p> <ul style="list-style-type: none"> Met the 15.9-month recertification timeline. Created a statement of deficiency and plan of correction tracking tool in Smartsheet for each team in Residential Care Services to track deadlines. This system generates automatic email alerts to key staff on approaching deadlines and when recertification deadlines have arrived. <p>The 12.9-month statewide average is based on the overall average of months for all ICF-IID surveys, which included some of those surveys that were in a significant backlog due to the pandemic. Statistically, even when the state is meeting the 15.9-month timeframe for each home and lowering the number of months between surveys, it is expected that the bell curve average will take time to shift toward 12.9 months. The Department believes this will be achieved by January 2026.</p> <p>The conditions noted in this finding were previously reported in findings 2020-053, 2019-061, 2018-052, 2017-042, 2016-037, 2015-045, 2014-046.</p> <p>Estimated January 2026</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 COVID		93.778		93.778 COVID	
<u>Assistance Listing #</u>	<u>Amount</u>														
93.775	\$0														
93.777															
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93.778 COVID															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	079	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with survey requirements for Medicaid nursing homes.</p> <table border="0"> <thead> <tr> <th><u>Assistance Listing #</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>93.777 COVID-19</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that it did not meet the Nursing Home Recertification Survey requirements, due to the backlog created by the public health emergency and a 20 percent staff vacancy rate. The Department does not agree that it was due to lack of internal controls. It was through applied internal controls that we identified the need to hire a contractor to assist with the recertification backlog to meet compliance requirements.</p> <p>As of March 2024, the Department met the 15.9-month recertification timeline.</p> <p>The 12.9-month statewide average is based on the overall average of months for all nursing home surveys, which included some of those surveys that were in a significant backlog due to the pandemic. Statistically, even when the state is meeting the 15.9-month timeframe for each home and lowering the number of months between surveys, it is expected that the bell curve average will take time to shift toward 12.9 months. The Department believes this will be achieved by January 2026.</p> <p>The conditions noted in this finding were previously reported in finding 2020-054.</p> <p>Estimated January 2026</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 COVID-19		93.778		93.778 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>														
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93.777															
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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	080	<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' 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"> <thead> <tr> <th><u>Assistance Listing #</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>93.777 COVID-19</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that it did not meet the Immediate Jeopardy and Non-Immediate Jeopardy complaint timelines due to the backlog created by the public health emergency and a 20 percent staff vacancy rate. The Department does not agree that it was due to lack of internal controls.</p> <p>Over the past two years, the Department had 30 new staff who were not certified to complete investigations independently; there were only three available trainers who spent the majority of their time in 2022 and early 2023 addressing training needs. Once staff completed the training and applied for certification, testing sites were limited resulting in staff having difficulty finding available testing slots. In late 2022, this process transitioned from in-person to virtual which provided greater opportunity for timelier certification.</p> <p>As of March 31, 2023, all staff have the required certification, and the training backlog has been resolved.</p> <p>As of February 2024, Immediate Jeopardy (2 days) complaints were completed on time. The Department implemented a procedure to review the status of intakes at the regional level monthly to ensure timelines continue to remain compliant for Immediate Jeopardy complaints.</p> <p>By June 2024, the Department will ensure Non-Immediate Jeopardy intakes are completed in a timely manner. Once the Department is in compliance with Non-Immediate Jeopardy complaints, the monthly review procedures will also be implemented.</p> <p>The conditions noted in this finding were previously reported in findings 2022-057 and 2021-054.</p> <p>Estimated June 2024</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 COVID-19		93.778		93.778 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>														
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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2023	080 (cont'd)	Agency Contact:	Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	081	<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 periodically audited cost report data for rate setting, hospital billings, and other financial and statistical records for inpatient hospital services.</p> <table border="0"> <thead> <tr> <th data-bbox="670 575 966 604"><u>Assistance Listing #</u></th> <th data-bbox="998 575 1089 604"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 604 966 634">93.775</td> <td data-bbox="998 604 1089 634">\$0</td> </tr> <tr> <td data-bbox="670 634 966 663">93.777</td> <td></td> </tr> <tr> <td data-bbox="670 663 966 693">93.777 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="670 693 966 722">93.778</td> <td></td> </tr> <tr> <td data-bbox="670 722 966 751">93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Health Care Authority partially concurs with the audit finding.</p> <p>The Authority does not audit inpatient hospital cost reports because it is not a federal requirement. The Authority has updated the Washington Administrative Code and its State Plan to align with federal regulations.</p> <p>The Authority partially concurs with the auditor’s assertion that it does not audit hospital and financial and statistical records. The Authority contracts for audits of Disproportionate Share Hospitals which includes roughly half of the hospitals in Washington. These audits include other financial and statistical records and meet this requirement. The auditor was provided information regarding these audits. The Authority will develop a desk audit process to review the financial statements of Washington hospitals, as necessary, and will create policies and procedures related to this process.</p> <p>The Authority does not concur with the auditor’s conclusion that it does not audit hospital billings or have methodology, policies, or procedures related to these audits. The Authority conducts utilization review and payment integrity audits of inpatient hospitals on an ongoing basis, which includes verification of billed charges. This information is well-documented and was provided to the auditor during the audit.</p> <p>The Authority will continue to formally document its internal controls over this compliance area.</p> <p>The conditions noted in this finding were previously reported in findings 2022-060, 2021-051, and 2020-049.</p> <p>Estimated October 2024</p> <p>Kari Summerour, CPA External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Kari.Summerour@hca.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 COVID-19		93.778		93.778 COVID-19	
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Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2023	082	<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"> <thead> <tr> <th><u>Assistance Listing #</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>93.777 COVID-19</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Authority does not concur with the auditor’s conclusion that it needs to update the state plan to include all methods and procedures used to safeguard against unnecessary utilization of care and services. The Authority has received written guidance from the Centers for Medicare & Medicaid Services (CMS) that it does not need to individually list the methods and procedures but rather complete the template document in the state plan and select from a list of applicable methods. CMS approved this portion of the state plan effective July 1, 2023.</p> <p>The Authority has adequate internal controls to ensure compliance with utilization control requirements and partially concurs with the auditor’s recommendation related to implementing and monitoring a statewide surveillance and utilization control program. The Authority recently updated the Fraud and Detection System (FADS) and is in the process of updating policies and procedures related to FADS operation and the statewide surveillance and utilization control program. The FADS system triggers alerts and judgmental sampling is used by staff to assess risk and determine follow-up procedures. The system is in its early implementation phase and the Authority is still in the process of establishing written criteria.</p> <p>The conditions noted in this finding were previously reported in findings 2022-061, 2021-050, 2020-047, 2020-048, 2019-052, 2019-053, and 2018-047.</p> <p>Estimated December 2024</p> <p>Kari Summerour, CPA External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Kari.Summerour@hca.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 COVID-19		93.778		93.778 COVID-19	
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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2023	083	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	<p>The Department of Social and Health Services did not have adequate internal controls to ensure individuals are eligible to receive benefits for the Money Follows the Person program.</p> <table border="0"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.791</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that the Financial and Social Services Communication (14-443) forms were not provided to terminate the enrollment of the four exceptions identified in the finding. However, in those exceptions, the Roads to Community Living (RCL) disenrollment communication was made in accordance with the existing Nursing Facility Case Management policy as defined in Chapter 10 of the <i>Long-Term Care (LTC) Manual</i>. In addition, all clients met eligibility criteria for RCL services or were converted to another Home and Community Based program within the 365-day RCL demonstration year limitation.</p> <p>In these cases, the client was converted to a state plan or waiver with the new program start date noted on the 14-443 forms. The 14-443 form is a communication tool used by the Department’s public benefit specialists. For Modified Adjusted Gross Income (MAGI) enrolled Medicaid participants, benefits are managed by the Washington State Health Care Authority and the 14-443 form is not required or used by the Department’s public benefit specialists. This MAGI beneficiary communication detail was not articulated in the RCL chapter of the LTC Manual.</p> <p>As of May 2024, the Department updated Chapter 29 of the LTC Manual to clarify instructions related to when the 14-443 form must be completed for MAGI participants and what needs to be included on the form when it is required.</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.791	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
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Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	084	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure payments to providers for the Block Grants for Prevention and Treatment of Substance Abuse program were allowable and met period of performance requirements.</p> <table border="0"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.959</td> <td>\$3,447,346</td> </tr> <tr> <td>93.959 COVID-19</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority does not concur with the finding.</p> <p>The Authority maintains that its internal controls are effective, and procedures are compliant with grant requirements. No corrective action will be implemented.</p> <p>The costs questioned by the auditor do not reflect funds that have been paid or drawn from the grantor. As a result, there are no funds to return to the grantor.</p> <p>The conditions noted in this finding were previously reported in findings 2022-067, 2021-057, and 2020-059.</p> <p>Not applicable</p> <p>William Sogge, CPA, CIA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.959	\$3,447,346	93.959 COVID-19	
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Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	085	<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 earmarking requirements for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <table border="0"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.959</td> <td>\$0</td> </tr> <tr> <td>93.959 COVID-19</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>Monthly tracking workbooks are being completed and reviewed throughout the fiscal year. To address the audit recommendation, the Authority implemented formal communication for review of the monthly tracking workbooks and began maintaining documentation of the review in December 2022.</p> <p>The Authority is in compliance with the earmarking requirements of the program. No further procedural changes are needed.</p> <p>The conditions noted in this finding were previously reported in findings 2022-068 and 2021-056.</p> <p>December 2022</p> <p>William Sogge, CPA, CIA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.959	\$0	93.959 COVID-19	
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Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	086	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Authority did not have adequate internal controls over and did not comply with requirements to ensure it filed accurate and timely reports required by the Federal Funding Accountability and Transparency Act for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</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> <tr> <td style="text-align: right;">93.959 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority concurs with the finding.</p> <p>The Authority implemented the following to comply with the reporting requirements:</p> <ul style="list-style-type: none"> • Office of Contracts and Procurement includes a Federal Funding Accountability and Transparency Act (FFATA) form as the last attachment in all subawards and ensures it is complete prior to forwarding it to Grants Accounting. • Grants Accounting staff were trained on an interim process to routinely monitor FFATA contracts forwarded by the Office of Contracts and Procurement and enter agency information into the FFATA Subaward Reporting System. <p>The Authority will establish a validation process to ensure executed subawards are identified for reporting and completed reports are reviewed. The Authority will also formalize internal processes into procedures and continue to provide training to staff involved in the process.</p> <p>The conditions noted in this finding were previously reported in findings 2022-069 and 2021-058.</p> <p>Estimated June 2024</p> <p>William Sogge, CPA, CIA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.959	\$0	93.959 COVID-19	
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Health Care Authority

Agency 107

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2023	087	<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 single audits, and that it appropriately followed up on findings and issued management decisions.</p> <table border="0"> <tr> <td data-bbox="670 615 808 642"><u>Assistance Listing #</u></td> <td data-bbox="1003 615 1094 642"><u>Amount</u></td> </tr> <tr> <td data-bbox="670 644 748 672">93.959</td> <td data-bbox="1003 644 1032 672">\$0</td> </tr> <tr> <td colspan="2" data-bbox="670 674 873 701">93.959 COVID-19</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority partially concurs with the finding.</p> <p>Effective July 2023, the Authority transitioned the subrecipient monitoring single audit tracking process to a new unit. The Authority will:</p> <ul style="list-style-type: none"> • Implement and formalize new procedures to ensure subrecipients receive required single audits. • Follow up on findings and issue timely management decisions. <p>The conditions noted in this finding were previously reported in finding 2022-066.</p> <p>Estimated June 2024</p> <p>William Sogge, CPA, CIA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 william.sogge@hca.wa.gov</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.959	\$0	93.959 COVID-19	
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