



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.

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Plans Page Number</b>	<b>Schedule of Findings Page Number</b>
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

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Plans Page Number</b>	<b>Schedule of Findings Page Number</b>
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

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Plans Page Number</b>	<b>Schedule of Findings Page Number</b>
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

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Plans Page Number</b>	<b>Schedule of Findings Page Number</b>
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

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Plans Page Number</b>	<b>Schedule of Findings Page Number</b>
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><b>Health Care Authority</b></p> <p>The Authority recognizes the significance and priority of internal controls over recording and reporting financial transactions.</p> <p>Currently, the ProviderOne vendor provides an independent service organization control (SOC2) audit every other year. The estimated additional cost to purchase an annual SOC2 audit report is \$470,000 each biennium.</p> <p>In 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><b>Employment Security Department</b></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  <a href="mailto:sara.rupe@ofm.wa.gov">sara.rupe@ofm.wa.gov</a></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"> <li>• A procedure where the program supervisor and program director assign and track the monitoring activities that have been assigned to staff.</li> <li>• A procedure utilizing a data dashboard to track subrecipient review progress and completion.</li> </ul> November 2023  Chaundi Barbosa CACFP Director PO Box 47200 Olympia, WA 98504-7200 (360) 764-0411 <a href="mailto:Chaundi.Barbosa@k12.wa.us">Chaundi.Barbosa@k12.wa.us</a>	<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"> <li>• Will establish policies and procedures and internal controls to communicate federal award information and requirements to all subrecipients.</li> <li>• Is consulting with the U.S. Department of Agriculture for additional guidance on communicating subaward information for programs that are reimbursement based.</li> </ul> Estimated August 2024  Leanne Eko Chief Nutrition Officer PO Box 47200 Olympia, WA 98504-7200 (360) 725-0410 <a href="mailto:Leanne.eko@k12.wa.us">Leanne.eko@k12.wa.us</a>	<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"> <li>• Updating procedures on maintaining the subrecipient audit tracking log.</li> <li>• 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.</li> </ul> <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 &amp; Claims Supervisor                      PO Box 47200                      Olympia, WA 98504-7200                      (564) 233-8620  <a href="mailto:Debbie.libra@k12.wa.us">Debbie.libra@k12.wa.us</a></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"> <li>• Conduct a risk assessment annually on approved subrecipients during each renewal cycle.</li> <li>• 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.</li> <li>• Follow a risk assessment process to identify and track the monitoring status of each subrecipient.</li> </ul> <p>November 2023</p> <p>Chaundi Barbosa                      CACFP Director                      PO Box 47200                      Olympia, WA 98504-7200                      (360) 764-0411  <a href="mailto:Chaundi.Barbosa@k12.wa.us">Chaundi.Barbosa@k12.wa.us</a></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  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></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 <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a>	<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  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></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  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></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 <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a>

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="670 583 824 611"><u>Assistance Listing #</u></th> <th data-bbox="1003 583 1089 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 615 748 642">17.258</td> <td data-bbox="1003 615 1029 642">\$0</td> </tr> <tr> <td data-bbox="670 646 748 674">17.259</td> <td></td> </tr> <tr> <td data-bbox="670 678 748 705">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"> <li>• Established new credentials within the federal reporting system which will allow the Department to provide verification of the timeliness of the reports.</li> <li>• 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.</li> <li>• Expanded training on the federal FFATA requirements and system to additional staff within the Grants Management Unit to ensure adequate coverage.</li> </ul> <p>January 2024</p> <p>Jay Summers                      External Audit Manager                      PO Box 9046                      Olympia, WA 98507-9046                      (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></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"> <li>• 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.</li> <li>• 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.</li> </ul> <p>Estimated June 2024</p> <p>Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504-7320                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></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"> <li>• 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.</li> <li>• FHWA agreed that current processes in place are reasonable and satisfy the intent of the Department of Labor’s certified payroll requirements.</li> <li>• FHWA considers this finding to be resolved.</li> </ul> <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"> <li>• Update the Construction Manual to include language for certified payroll collection requirements when no work is performed on federal projects.</li> <li>• Review and update the Construction Manual, as needed, to clarify the authority to withhold payments regarding federal wage administration.</li> <li>• Standardize the required frequency of checking for certified payroll collection and the methods to document tracking.</li> <li>• 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"> <li>○ Defining the timeline when the Department must communicate overdue certified payroll to the contractor and the allowable methods of that communication.</li> <li>○ Defining the timeline for determining when the Department must consider imposing sanctions on the contractor after a certified payroll is overdue.</li> <li>○ Defining the minimum required documentation that sanctions (e.g., partial deferral of payment) were considered against the contractor regarding an overdue certified payroll.</li> </ul> </li> </ul>		<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"> <li>• Communicate any changes to the Construction Manual to appropriate construction staff and partners.</li> <li>• Continue to work with our federal grantor, FHWA, for any further actions needed to resolve this finding.</li> </ul> <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  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action 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"> <li>• 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.</li> </ul>		<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"> <li>• Obtain approval of updates to the Construction Manual from the FHWA.</li> <li>• Communicate changes in policies and procedures to division staff and stakeholders.</li> <li>• Provide training to Project Engineering Office staff to emphasize QA program requirements.</li> </ul> <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  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action 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="673 546 1104 619"> <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;">20.509</td> <td style="text-align: center;">\$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"> <li>• Assigned Project Support and Receivable (PS&amp;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.</li> <li>• Rescheduled the entry of draw information into the ECHO system to the morning to allow for timely corrections as needed.</li> <li>• Updated the ECHO system to allow automatic confirmation email for payments entered into the system.</li> </ul> <p>Additionally,</p> <ul style="list-style-type: none"> <li>• The PS&amp;R Manager will automatically receive draw confirmation emails and conduct a review and check as the draws are being submitted.</li> <li>• Additional checks and balances will be performed by the person entering information into the ECHO system.</li> <li>• The Public Transportation division has a validation process in place for staff to check the amounts with the project.</li> </ul> <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  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></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 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;">20.509</td> <td style="text-align: right;">\$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"> <li>• 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.</li> <li>• 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.</li> </ul> <p>Estimated June 2024</p> <p>Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504-7320                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></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" data-bbox="649 577 1104 640"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>21.023 COVID-19</td> <td>\$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  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></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 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>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"> <li>• 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.</li> <li>• Annual report data is reviewed and approved by the federal team manager and documented via email.</li> <li>• Annual federal reports are submitted to the required federal department and are saved and posted to the Commerce webpage.</li> </ul> <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  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></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  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></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 data-bbox="667 548 971 579"><u>Assistance Listing #</u></td> <td data-bbox="971 548 1092 579"><u>Amount</u></td> </tr> <tr> <td data-bbox="667 579 971 611">21.023 COVID-19</td> <td data-bbox="971 579 1092 611">\$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"> <li>• Increased the number of client files reviewed during program monitoring from five to ten for each grantee.</li> <li>• 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.</li> </ul> <p>January 2024</p> <p>Gena Allen, CFE                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>	<u>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"> <li>• Added a check box to all federal contract template face sheets to designate whether a contract is issued to a subrecipient or contractor.</li> <li>• Added all federal subaward required data elements to the face sheet.</li> </ul> <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  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></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"> <li>• 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.</li> <li>• Review a selection of HAF applications independent of the Quality Control process performed by the contractor.</li> <li>• Review a selection of approved HAF applications prior to disbursing funds to confirm eligibility determinations are proper.</li> </ul> <p>Estimated June 2024</p> <p>Lucas Loranger                      Senior Finance Director                      1000 Second Ave, Suite 2700                      Seattle, WA 98104-3601                      (206) 464-7139  <a href="mailto:Lucas.Loranger@wshfc.org">Lucas.Loranger@wshfc.org</a></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	Finding:  Questioned Costs:  Status:  Corrective Action:        Completion Date:  Agency Contact:	The Housing Finance Commission did not have adequate internal controls over earmarking requirements for the Homeowner Assistance Fund 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>21.026 COVID-19</td> <td>\$0</td> </tr> </table> Corrective action in progress  The Commission will take the following corrective actions to strengthen controls over earmarking requirements for the Homeowner Assistance Fund (HAF) program: <ul style="list-style-type: none"> <li>• Develop a system to track and monitor expenditures in relation to overall program expenditures to ensure earmarking requirements are within allowable parameters.</li> <li>• 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.</li> <li>• Review a selection of HAF applications independent of the Quality Control process performed by the contractor.</li> <li>• Review a selection of approved HAF applications prior to disbursing funds to confirm eligibility determinations are proper.</li> </ul> Estimated June 2024  Lucas Loranger Senior Finance Director 1000 Second Ave, Suite 2700 Seattle, WA 98104-3601 (206) 464-7139 <a href="mailto:Lucas.Loranger@wshfc.org">Lucas.Loranger@wshfc.org</a>	<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"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Any supporting data obtained from a third party needs to be vetted by the third party and the Homeownership Division staff.</li> <li>• 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.</li> </ul> <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  <a href="mailto:Lucas.Loranger@wshfc.org">Lucas.Loranger@wshfc.org</a></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"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Any supporting data obtained from a third party needs to be vetted by the third party and the Homeownership Division staff.</li> <li>• 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.</li> </ul> <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  <a href="mailto:Lucas.Loranger@wshfc.org">Lucas.Loranger@wshfc.org</a></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" data-bbox="667 583 1477 646"> <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;">\$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"> <li>• Work with the U.S. Treasury, through the audit resolution and management decision process, to ensure no questioned costs are required to be repaid.</li> <li>• Document all correspondence with the grantor during the audit resolution process.</li> </ul> <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  <a href="mailto:sara.rupe@ofm.wa.gov">sara.rupe@ofm.wa.gov</a></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" data-bbox="672 611 1096 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;">\$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"> <li>• 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.</li> <li>• Provided training to staff on reviewing transaction level supporting documentation to ensure expenditures reconcile with reimbursement requests and are within the period of performance.</li> <li>• Added a review note to each reimbursement request to document the grant coordinator’s review of documentation and reconciliation to payment requests.</li> <li>• Worked with the Department’s internal control officer for review and feedback of the updated procedures.</li> </ul> <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  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></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="667 615 1472 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"> <li>• Work with utilities to obtain official client arrearage reports to verify the amounts paid and the period in which they were incurred.</li> <li>• Verify all households served were eligible per U.S. Treasury guidance.</li> <li>• Reconcile all allowable and unallowable expenditures.</li> <li>• Consult with the grantor to discuss the resolution of any questioned costs identified.</li> </ul> <p>Estimated July 2024</p> <p>Gena Allen, CFE                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>	<u>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"> <li>• Complete a review of all active contracts utilizing federal funding to ensure subrecipients are accurately identified.</li> <li>• Explore the feasibility of increasing ORIA and Economic Services Administration accounting staff resources to support the workload increase associated with monitoring subrecipients.</li> </ul> <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"> <li>• Verify the subrecipient status for each contract is correctly determined and recorded in the Agency Contracts Database.</li> <li>• Include the required subrecipient language in the contract.</li> <li>• Obtain a copy of the indirect rate certification or cost allocation plan from the subrecipient.</li> <li>• Complete risk assessments.</li> <li>• Create appropriate monitoring plans for each subrecipient.</li> <li>• Conduct fiscal monitoring of each subrecipient to obtain assurance that the use of federal funds complies with federal laws and regulations.</li> <li>• Create corrective action plans when required.</li> </ul>	<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 &amp; 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  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></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"> <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"> <li>• Monitor updates to the U.S Treasury’s Project and Expenditure Report User Guide.</li> <li>• Improve the quarterly reporting template and assist state agencies during the reporting process.</li> <li>• Communicate with agencies to remind them of the requirement to maintain adequate supporting documentation for all reports, including quarterly reported obligations.</li> <li>• Ensure reported amounts, including corrections or adjustments made during the reporting period, are properly tracked and documented for the subsequent reporting cycles.</li> <li>• Perform reconciliations of reported expenditures to ensure agency expenditures are accurately reported, allowing for adjustments/ corrections required due to issues with the reporting system.</li> <li>• Ensure reported expenditures and supporting accounting records are adequately reviewed by management before the information is uploaded to the federal reporting system.</li> <li>• Document correspondences with the U.S. Treasury when system errors are identified and resolutions recommended by the grantor, if received.</li> </ul> <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  <a href="mailto:sara.rupe@ofm.wa.gov">sara.rupe@ofm.wa.gov</a></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	Finding:  Questioned Costs:  Status:  Corrective Action:          Completion Date:  Agency Contact:	<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 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 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  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></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	<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 it communicated federal award identification elements to subrecipients of the Coronavirus State and Local Fiscal Recovery 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>21.027 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"> <li>• Added a check box to all federal contract template face sheets to designate whether a contract is issued to a subrecipient or contractor.</li> <li>• Added all federal subaward required data elements to the face sheet.</li> </ul> <p>October 2022</p> <p>Gena Allen, CFE                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>	<u>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"> <li>• 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.</li> <li>• Ensures management monitors reporting of this information monthly to ensure future reports are submitted completely and accurately.</li> </ul> October 2023  Michelle Sartain Grants Management Supervisor PO Box 47200 Olympia, WA 98504-7200 (360) 742-2045 <a href="mailto:Michelle.sartain@k12.wa.us">Michelle.sartain@k12.wa.us</a>	<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"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>84.027</td> <td>\$378,206</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> </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"> <li>• Review criteria for spending plans at the beginning of the fiscal year.</li> <li>• Review the Grant Award Notice and Grants to States Summary Table and Preschool Grants to States Summary Table.</li> <li>• 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.</li> <li>• Meet weekly to review spending plans and update plans as requests are received.</li> <li>• Review monthly expenditure reports during weekly meetings.</li> </ul> <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 <a href="mailto:Tania.may@k12.wa.us">Tania.may@k12.wa.us</a>

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"> <li>• Monitor monthly expenditures to ensure the Office stays within the allowable pre-determined threshold and grant award limit.</li> <li>• Complete expenditure corrections within the grant liquidation period.</li> <li>• Liquidate obligations charged to the grant on the last business day of January (or 120 days after the budget period ends).</li> <li>• Request prior approval of late liquidations from the federal grantor as needed.</li> </ul> <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  <a href="mailto:Amy.kollar@k12.wa.us">Amy.kollar@k12.wa.us</a></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="669 552 808 579"><u>Assistance Listing #</u></th> <th data-bbox="1000 552 1089 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="669 583 808 611">84.027</td> <td data-bbox="1000 583 1089 611">\$0</td> </tr> <tr> <td data-bbox="669 615 870 642">84.027 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="669 646 808 674">84.173</td> <td></td> </tr> <tr> <td data-bbox="669 678 870 705">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"> <li>• ESDs were required to upload documentation by February 1, 2024.</li> <li>• 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.</li> <li>• The Office issued final reports to ESDs within 60 calendar days after documentation was reviewed, as of April 30, 2024.</li> </ul> <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  <a href="mailto:Tania.may@k12.wa.us">Tania.may@k12.wa.us</a></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	<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 federal level of effort requirements for the Education Stabilization 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>84.425D</td> <td>\$0</td> </tr> <tr> <td>84.425R</td> <td></td> </tr> <tr> <td>84.425U</td> <td></td> </tr> <tr> <td>84.425V</td> <td></td> </tr> <tr> <td>84.425W</td> <td></td> </tr> </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  <a href="mailto:sara.rupe@ofm.wa.gov">sara.rupe@ofm.wa.gov</a></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															



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="673 552 812 577"><u>Assistance Listing #</u></th> <th data-bbox="1003 552 1096 577"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 583 771 609">84.425D</td> <td data-bbox="1003 583 1031 609">\$0</td> </tr> <tr> <td data-bbox="673 615 771 640">84.425R</td> <td></td> </tr> <tr> <td data-bbox="673 646 771 672">84.425U</td> <td></td> </tr> <tr> <td data-bbox="673 678 771 703">84.425V</td> <td></td> </tr> <tr> <td data-bbox="673 709 771 735">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"> <li>• Late publication of the federal reporting template which did not allow timely collection of cost details from school districts.</li> <li>• Non-alignment of reporting time frame with school district fiscal year and the decision against assumptions of state level expenditure for reporting.</li> </ul> <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  <a href="mailto:Thomas.Kelly@k12.wa.us">Thomas.Kelly@k12.wa.us</a></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														
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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"> <li>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).</li> <li>Assigned two fiscal staff to ensure FFATA reporting activities are submitted in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS).</li> </ul> <p>As of February 2024, the Department:</p> <ul style="list-style-type: none"> <li>Ensured federal fiscal year 2024 funded contracts that were executed in December 2023 for the Office of Aging were entered in FSRS.</li> <li>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.</li> </ul> <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  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></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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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"> <li>• 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.</li> <li>• Add language to the subaward informing the AAAs that future NOAs will be posted on the Department’s intranet.</li> </ul> <p>Estimated August 2024</p> <p>Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<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															
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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"> <li>• 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).</li> <li>• 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.</li> </ul> <p>By July 2024, the Department will:</p> <ul style="list-style-type: none"> <li>• Implement a reminder process for all AAAs to submit single audit reports six months after the subrecipients' fiscal year-end.</li> <li>• Send email reminders until audit reports are received or once AAAs communicate an estimated audit completion date.</li> <li>• Document all communication.</li> </ul> <p>By September 2024, the Department will:</p> <ul style="list-style-type: none"> <li>• Review the monitoring tracking sheet nine months after the subrecipients' fiscal year-end to ensure all single audits are received timely.</li> <li>• Follow up monthly on outstanding audit reports and ensure timely issuance of management decision letters.</li> </ul> <p>Estimated September 2024</p> <p>Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<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															

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"> <li>• Strengthen identification of subawards meeting the threshold for FFATA reporting through manual assessment or ad-hoc reports.</li> <li>• Improve tracking of submitted FFATA reports.</li> <li>• Strengthen management’s monitoring process through a secondary review by the leadership team.</li> </ul> <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  <a href="mailto:erickw@uw.edu">erickw@uw.edu</a></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="667 583 1096 646"> <tr> <td data-bbox="667 583 808 611"></td> <td data-bbox="808 583 998 611"><u>Assistance Listing #</u></td> <td data-bbox="998 583 1096 611"><u>Amount</u></td> </tr> <tr> <td data-bbox="667 611 808 646">93.067</td> <td data-bbox="808 611 998 646"></td> <td data-bbox="998 611 1096 646">\$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 data-bbox="690 1066 1471 1241" style="list-style-type: none"> <li>• Continue to comply with the Uniform Guidance requirements.</li> <li>• Notify the University of adverse findings.</li> <li>• 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.</li> </ul> <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 data-bbox="690 1409 1471 1640" style="list-style-type: none"> <li>• Verifying with publicly available information to confirm if the audit requirement is applicable.</li> <li>• Implementing an annual assessment for each active federal subaward utilizing questionnaire and publicly available information to be aware of any findings or questioned costs.</li> <li>• Updating tracking mechanism to document each initial and ongoing assessment.</li> </ul> <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 <a href="mailto:erickw@uw.edu">erickw@uw.edu</a>

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"> <li>• 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.</li> <li>• Program staff refer to the federal Immunization Program Operations Manual to determine procedures related to allowable costs, purchases, and procurement.</li> <li>• 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.</li> <li>• Program staff provides policy guidance, technical assistance, and training to subrecipients related to program compliance requirements.</li> </ul> <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 <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a>

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  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></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"> <li>• Perform annual review and approval of detailed subrecipient budgets.</li> <li>• Compare invoice amounts to budgeted amounts for reasonableness before payment approval.</li> <li>• Provide subrecipients with regular technical assistance and training on applicable policies related to fiscal and programmatic processes.</li> <li>• Conduct biennial program and fiscal monitoring visits to subrecipients as part of the Department’s monitoring procedures.</li> </ul> <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  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></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  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></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 data-bbox="670 552 966 579"><u>Assistance Listing #</u></td> <td data-bbox="1003 552 1094 579"><u>Amount</u></td> </tr> <tr> <td data-bbox="670 581 966 609">93.323</td> <td data-bbox="1003 581 1094 609">\$0</td> </tr> <tr> <td data-bbox="670 611 966 638">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  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></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 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 in progress</p> <p>The Department will review internal controls to ensure:</p> <ul style="list-style-type: none"> <li>• Timely review of federal subrecipient single audits.</li> <li>• Management decision letters are issued to subrecipients.</li> <li>• Subrecipients take timely and appropriate action on all deficiencies pertaining to the federal award.</li> </ul> <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  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></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	<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"> <li>• 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.</li> <li>• Program contract managers review supporting documentation prior to payment.</li> <li>• 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"> <li>○ 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.</li> <li>○ Reviewing entity policies, procedures, and history of compliance.</li> <li>○ Assessing manual and automated internal controls, and applicable cost allocation methodology.</li> <li>○ Reviewing applicable contracts.</li> </ul> </li> </ul> <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 <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a>



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" data-bbox="667 577 1477 640"> <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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></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"> <li>• Establish effective internal controls and written procedures to ensure:                             <ul style="list-style-type: none"> <li>○ All first-tier subawards of \$30,000 or more are reported.</li> <li>○ Grant amendments for initial awards that are below \$30,000 are tracked as soon as the modifications trigger reporting requirements.</li> <li>○ Reports for submission contain the required data elements.</li> </ul> </li> <li>• Implement and communicate the procedures for reporting first tier subawards to the Division of Finance and Financial Resources (DFFR) for inputting into FSRS.</li> <li>• Develop written procedures for inputting subawards appropriately in FSRS and will communicate those procedures to DFFR staff.</li> </ul> <p>By July 2024, the Department will:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Work with DFFR to develop and subsequently implement a process to verify all subawards and subaward amendments have been reported in FSRS.</li> </ul> <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 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action 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"> <li>• 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.</li> <li>• Inform any subrecipients that have not been audited about the single audit requirement.</li> <li>• 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.</li> <li>• Work with ESA accounting unit to establish and implement effective internal controls and written procedures to:                         <ul style="list-style-type: none"> <li>○ Identify subrecipients who receive \$750,000 or more annually in federal assistance from all sources.</li> <li>○ Verify if subrecipients complete required audits, if applicable, and take appropriate action if audits are not completed.</li> <li>○ Review single and program-specific audit reports for findings.</li> <li>○ 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.</li> <li>○ Monitor the subrecipient’s corrective action plan for timely and effective completion.</li> </ul> </li> </ul> <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  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action 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"> <li>• Complete a review of all active contracts utilizing federal funding to ensure subrecipients are accurately identified.</li> <li>• Explore the feasibility of increasing ORIA and Economic Services Administration accounting staff resources to support the workload increase associated with monitoring subrecipients.</li> </ul> <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"> <li>• Verify the subrecipient status for each contract is correctly determined and recorded in the Agency Contracts Database.</li> <li>• Include the required subrecipient language in the contract.</li> <li>• Obtain a copy of the indirect rate certification or cost allocation plan from the subrecipient.</li> <li>• Complete risk assessments.</li> <li>• Create appropriate monitoring plans for each subrecipient.</li> <li>• Conduct fiscal monitoring of each subrecipient to obtain assurance that the use of federal funds complies with federal laws and regulations.</li> <li>• Create corrective action plans when required.</li> </ul> <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 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action 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"> <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 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"> <li>• The program manager prepares the necessary reports.</li> <li>• The managing director reviews reports before submittal.</li> <li>• The program manager submits reports once the managing director’s approval is received.</li> <li>• The program manager receives notice that the report has been accepted by the grantor.</li> <li>• The program manager saves a copy of the report, documentation and the report submission acceptance from the grantor.</li> </ul> <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"> <li>• The LIHEAP program manager retains all data reports from the LIHEAP data system used for reporting.</li> <li>• 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.</li> <li>• The managing director sends written/email approval to the program manager for reports reviewed.</li> <li>• The program manager retains written approvals as audit support documentation and for audit support.</li> </ul> <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 <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a>

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 style="text-align: right;">93.568</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.568 COVID-19</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.</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"> <li>• 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.</li> <li>• 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.</li> </ul> <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  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></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 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>93.568</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"> <li>• Provided proper training and development to new program staff to ensure risk assessments are completed on time.</li> <li>• Expanded the list of approvers for all steps within the risk assessment process, including supervisors, to demonstrate a thorough review process is in place.</li> </ul> <p>The Weatherization program has improved the monitoring process by incorporating the following:</p> <ul style="list-style-type: none"> <li>• Perform monitoring visits of all subrecipients per federal requirements two times per year instead of one.</li> <li>• Complete a full review and assessment of the monitoring process by the Compliance Manager and monitoring team.</li> <li>• 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.</li> <li>• Maintain an expanded list of approvers, including supervisors, for all steps within the monitoring process.</li> <li>• Continue to monitor all subrecipients at a level that exceeds federal program requirements of 5% of completed units.</li> <li>• Create a plan for addressing the monitoring frequency of high-risk subrecipients.</li> <li>• Monitor all associated funding sources to ensure compliance with program rules.</li> <li>• Utilize our data system and monitoring activities to evaluate the objectives for monitoring LIHEAP funds in the Weatherization program.</li> </ul> <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										
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Department of Commerce

Agency 103

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

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"> <thead> <tr> <th style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.575</td> <td style="text-align: right;">356,042,172</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 &amp; 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	356,042,172	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	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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></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"> <li>• 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.</li> <li>• Develop and deliver updated household composition training for all staff.</li> <li>• Improve and publish the desk aid outlining simplified eligibility determination process that includes procedures for those families who do not have an approved activity.</li> </ul> <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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.558	\$0	93.575		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	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="667 583 1096 709"> <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 &amp; 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	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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></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="673 546 1104 672"> <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 &amp; 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

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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"> <li>• Implemented written procedures for period of performance requirements effective December 6, 2023.</li> <li>• 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.</li> </ul> <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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

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2023	062	<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 financial reporting requirements for the Child Care and Development Fund Cluster.</p> <table border="0" data-bbox="667 548 1096 674"> <thead> <tr> <th style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <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> </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 &amp; 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

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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"> <li>• Reviewed written policies and procedures with cost allocation and grant management staff.</li> <li>• Corrected the FFATA reports in question and submitted them in the Subaward Reporting System.</li> </ul> <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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.575	\$0	93.575 COVID-19		93.596	
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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="665 546 1088 672"> <thead> <tr> <th data-bbox="665 546 812 577"></th> <th data-bbox="665 546 893 577"><u>Assistance Listing #</u></th> <th data-bbox="665 546 1088 577"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="665 577 812 609">93.575</td> <td data-bbox="665 577 893 609">93.575 COVID-19</td> <td data-bbox="665 577 1088 609">\$0</td> </tr> <tr> <td data-bbox="665 609 812 640">93.596</td> <td data-bbox="665 609 893 640"></td> <td data-bbox="665 609 1088 640"></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"> <li>• 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.</li> <li>• 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.</li> <li>• 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"> <li>○ 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.</li> <li>○ 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.</li> <li>○ In the spring of 2023, prioritized monitoring visits to return to compliance with Child Care and Development Fund program health and safety requirements.</li> </ul> </li> <li>• Conducted a root cause analysis to determine other underlying causes for missed monitoring visits and untimely follow-ups, and how to address them.</li> <li>• For license-exempt family, friend, and neighbor (FFN) providers, the Department:                         <ul style="list-style-type: none"> <li>○ Received approval from the Office of Child Care for a hybrid monitoring approach (in-person and virtual visits).</li> <li>○ Dedicated staff resources to update the WA Compass system to include all health and safety requirements for FFNs and address data format issues.</li> </ul> </li> </ul>		<u>Assistance Listing #</u>	<u>Amount</u>	93.575	93.575 COVID-19	\$0	93.596		
	<u>Assistance Listing #</u>	<u>Amount</u>										
93.575	93.575 COVID-19	\$0										
93.596												

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"> <li>• Create in-training licensing positions to assist with staff recruitment efforts.</li> <li>• Continue to track and monitor health and safety requirements with available tools until all WA Compass system development is completed.</li> <li>• Examine ways to secure resources to add additional full-time staff to support caseload needs.</li> </ul> <p>For FFN providers:</p> <ul style="list-style-type: none"> <li>• Continue to track and monitor FFN health and safety requirements with available tools until all WA Compass system development is completed.</li> </ul> <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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<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	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="669 546 1088 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>93.658</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 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 style="list-style-type: none"> <li>• Utilized algorithms in the Sprout system to identify reimbursement requests outside of a reasonable amount.</li> <li>• Required providers to submit additional documentation or explanation for those identified amounts.</li> <li>• Implemented a re-run process for prior billing periods to eliminate potential double billings by providers.</li> <li>• Trained headquarters and field office accounting staff to utilize the new algorithms and review additional documentation prior to processing payments.</li> <li>• Required program staff review and approval of all vendor invoices prior to release of payment for the Eastern Washington regions.</li> </ul> <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 style="list-style-type: none"> <li>• In August 2023, filled one vacant staff position dedicated to reviewing child welfare contracts to include family time visit payments.</li> <li>• In November 2023, developed compliance audit plans for child welfare contracts and began fiscal monitoring of family time visit payments.</li> <li>• In December 2023, filled an additional vacant staff position dedicated to reviewing child welfare contracts.</li> </ul> <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		
	<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	066 (cont'd)	Agency Contact:	Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>

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"> <li>• Created a new report in FamLink to assist rate assessors in identifying six-month reviews that have not been performed timely.</li> <li>• Implemented monthly tracking by supervisors to assist with internal controls and compliance.</li> </ul> <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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>		<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	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"> <li>• 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).</li> <li>• The BCU works with the applicant/employee through the fingerprint background check process.</li> <li>• 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.</li> <li>• 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.</li> </ul> <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		
	<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	068 (cont'd)	Completion Date: April 2023  Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>

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"> <li>• Reviewed and updated all electronic versions of the quarterly crosswalks for accuracy.</li> <li>• Submitted corrections for the federal fiscal year 2023 Quarter 3 report.</li> </ul> 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 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>	<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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></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="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>93.667</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"> <li>• Review internal controls and federal requirements related to SSBG reporting.</li> <li>• Develop and maintain a business process that would allow adjustments to include transaction level data.</li> </ul> <p>Estimated December 2025</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></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	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with managed care financial audit requirements.</p> <table border="0"> <thead> <tr> <th data-bbox="667 512 824 541"></th> <th data-bbox="667 512 889 541"><u>Assistance Listing #</u></th> <th data-bbox="667 512 1089 541"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="667 541 824 571"></td> <td data-bbox="667 541 889 571">93.767</td> <td data-bbox="667 541 1089 571">\$0</td> </tr> <tr> <td data-bbox="667 571 889 600"></td> <td data-bbox="667 571 889 600">93.767 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="667 600 889 630"></td> <td data-bbox="667 600 889 630">93.775</td> <td></td> </tr> <tr> <td data-bbox="667 630 889 659"></td> <td data-bbox="667 630 889 659">93.777</td> <td></td> </tr> <tr> <td data-bbox="667 659 889 688"></td> <td data-bbox="667 659 889 688">93.777 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="667 688 889 718"></td> <td data-bbox="667 688 889 718">93.778</td> <td></td> </tr> <tr> <td data-bbox="667 718 889 747"></td> <td data-bbox="667 718 889 747">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 &amp; 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>																									
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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 <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a>

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><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.767</td> <td>\$0</td> </tr> <tr> <td>93.767 COVID</td> <td></td> </tr> <tr> <td>93.775</td> <td></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 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  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></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																		
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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 <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a>	<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  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></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 COVID-19															
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93.778 COVID-19															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
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														
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93.778 COVID-19															



Department of Social and Health Services

Agency 300

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

Department of 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"> <li>Met the 15.9-month recertification timeline.</li> <li>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.</li> </ul> <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  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></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														
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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  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></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	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 style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.777 COVID-19</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </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 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action 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="667 575 971 604"><u>Assistance Listing #</u></th> <th data-bbox="997 575 1089 604"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="667 604 971 634">93.775</td> <td data-bbox="997 604 1089 634">\$0</td> </tr> <tr> <td data-bbox="667 634 971 663">93.777</td> <td></td> </tr> <tr> <td data-bbox="667 663 971 693">93.777 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="667 693 971 722">93.778</td> <td></td> </tr> <tr> <td data-bbox="667 722 971 751">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  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></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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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 &amp; 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  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></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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93.778 COVID-19															

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  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.791	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
93.791	\$0						



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  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.959	\$3,447,346	93.959 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.959	\$3,447,346								
93.959 COVID-19									

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 data-bbox="665 548 971 575"><u>Assistance Listing #</u></td> <td data-bbox="997 548 1089 575"><u>Amount</u></td> </tr> <tr> <td data-bbox="665 579 971 606">93.959</td> <td data-bbox="997 579 1089 606">\$0</td> </tr> <tr> <td data-bbox="665 611 971 638">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  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.959	\$0	93.959 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.959	\$0								
93.959 COVID-19									

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	086	Finding:  Questioned Costs:  Status:  Corrective Action:          Completion Date:  Agency Contact:	<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"> <thead> <tr> <th data-bbox="667 583 971 611"><u>Assistance Listing #</u></th> <th data-bbox="1003 583 1094 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="667 615 971 642">93.959</td> <td data-bbox="1003 615 1094 642">\$0</td> </tr> <tr> <td colspan="2" data-bbox="667 646 1094 674">93.959 COVID-19</td> </tr> </tbody> </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"> <li>• 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.</li> <li>• 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.</li> </ul> <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  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.959	\$0	93.959 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.959	\$0								
93.959 COVID-19									

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2023	087	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:  Agency Contact:	The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure 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.  <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 colspan="2">93.959 COVID-19</td> </tr> </table> Corrective action in progress  The Authority partially concurs with the finding.  Effective July 2023, the Authority transitioned the subrecipient monitoring single audit tracking process to a new unit. The Authority will: <ul style="list-style-type: none"> <li>• Implement and formalize new procedures to ensure subrecipients receive required single audits.</li> <li>• Follow up on findings and issue timely management decisions.</li> </ul> The conditions noted in this finding were previously reported in finding 2022-066.  Estimated June 2024  William Sogge, CPA, CIA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a>	<u>Assistance Listing #</u>	<u>Amount</u>	93.959	\$0	93.959 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.959	\$0								
93.959 COVID-19									

**State of Washington**  
**Single Audit Report**  
**For Fiscal Year Ended**  
**June 30, 2023**

**Auditee's Section**  
**Summary Schedule of Prior Audit Findings**

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STATE OF WASHINGTON  
**OFFICE OF FINANCIAL MANAGEMENT**

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

May 6, 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 Summary Schedule of Prior Audit Findings for the following audit findings in the fiscal year 2023 Single Audit report.

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2022-001	State of Washington	In progress	H - 16
2022-002	University of Washington	In progress	H - 18
2022-003	Office of Superintendent of Public Instruction	In progress	H - 19
2022-004	Department of Health	Corrective action not taken	H - 20
2022-005	Employment Security Department	In progress	H - 21
2022-006	Employment Security Department	In progress	H - 22
2022-007	Employment Security Department	In progress	H - 23
2022-008	Department of Transportation	Complete	H - 24
2022-009	Department of Transportation	Complete	H - 25
2022-010	Department of Transportation	Complete	H - 27
2022-011	Department of Transportation	In progress	H - 28
2022-012	Department of Transportation	Complete	H - 30

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2022-013	Department of Corrections	Complete	H - 31
2022-014	Department of Social and Health Services	Complete	H - 32
2022-015	Office of Financial Management	Complete	H - 33
2022-016	Department of Commerce	In progress	H - 34
2022-017	Department of Commerce	In progress	H - 35
2022-018	Office of Financial Management	Corrective action not taken	H - 36
2022-019	Department of Commerce	In progress	H - 37
2022-020	Office of Financial Management	In progress	H - 38
2022-021	Department of Commerce	In progress	H - 40
2022-022	Washington State University	Complete	H - 41
2022-023	Office of Superintendent of Public Instruction	Complete	H - 42
2022-024	Washington Charter School Commission	Complete	H - 43
2022-025	Office of Superintendent of Public Instruction	In progress	H - 44
2022-026	Office of Superintendent of Public Instruction	In progress	H - 45
2022-027	Office of Financial Management	Complete	H - 46
2022-028	University of Washington	Complete	H - 47
2022-029	University of Washington	In progress	H - 49
2022-030	University of Washington	In progress	H - 50
2022-031	Department of Health	In progress	H - 51
2022-032	Department of Health	In progress	H - 52
2022-033	Department of Health	In progress	H - 53
2022-034	Department of Health	In progress	H - 55
2022-035	Department of Children, Youth, and Families	In progress	H - 56
2022-036	Department of Children, Youth, and Families	In progress	H - 58



<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2022-037	Department of Social and Health Services	Complete	H - 60
2022-038	Department of Commerce	Complete	H - 62
2022-039	Department of Commerce	In progress	H - 64
2022-040	Department of Commerce	Complete	H - 66
2022-041	Department of Children, Youth, and Families	In progress	H - 67
2022-042	Department of Children, Youth, and Families	In progress	H - 69
2022-043	Department of Children, Youth, and Families	In progress	H - 71
2022-044	Department of Children, Youth, and Families	In progress	H - 73
2022-045	Department of Children, Youth, and Families	In progress	H - 75
2022-046	Department of Social and Health Services	Complete	H - 77
2022-047	Department of Children, Youth, and Families	In progress	H - 78
2022-048	Department of Children, Youth, and Families	In progress	H - 79
2022-049	Department of Children, Youth, and Families	Complete	H - 80
2022-050	Department of Children, Youth, and Families	In progress	H - 82
2022-051	Department of Children, Youth, and Families	In progress	H - 84
2022-052	Department of Children, Youth, and Families	Complete	H - 85
2022-053	Health Care Authority	Complete	H - 86
2022-054	Health Care Authority	In progress	H - 87
2022-055	Health Care Authority	In progress	H - 88
2022-056	Department of Social and Health Services	Corrective action not taken	H - 89
2022-057	Department of Social and Health Services	In progress	H - 91
2022-058	Department of Social and Health Services	In progress	H - 93
2022-059	Department of Social and Health Services	In progress	H - 94

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2022-060	Health Care Authority	In progress	H - 95
2022-061	Health Care Authority	In progress	H - 96
2022-062	Health Care Authority	In progress	H - 97
2022-063	Health Care Authority	In progress	H - 98
2022-064	Health Care Authority	Complete	H - 99
2022-065	Health Care Authority	In progress	H - 100
2022-066	Health Care Authority	In progress	H - 101
2022-067	Health Care Authority	In progress	H - 102
2022-068	Health Care Authority	In progress	H - 104
2022-069	Health Care Authority	In progress	H - 105
2022-070	Health Care Authority	Complete	H - 106
2021-001	State of Washington	Repeat finding	Refer to finding 2022-001 at H - 16
2021-003	Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2022-003 at H - 19
2021-004	Department of Health	Repeat finding	Refer to finding 2022-004 at H - 20
2021-005	Employment Security Department	Repeat finding	Refer to finding 2022-006 at H - 22
2021-007	Employment Security Department	Repeat finding	Refer to finding 2022-007 at H - 23
2021-008	Department of Transportation	Repeat finding	Refer to finding 2022-009 at H - 25
2021-010	Department of Transportation	Repeat finding	Refer to finding 2022-010 at H - 27
2021-011	Department of Transportation	Repeat finding	Refer to finding 2022-011 at H - 28
2021-012	Department of Social and Health Services	Complete	H - 107
2021-013	Department of Commerce	Complete	H - 109
2021-014	Office of Financial Management	Repeat finding	Refer to finding 2022-015 at H - 33

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2021-015	Department of Social and Health Services	Complete	H - 111
2021-016	Department of Commerce	Complete	H - 113
2021-017	Department of Corrections	Complete	H - 115
2021-018	Department of Agriculture	Complete	H - 117
2021-019	Department of Agriculture	Complete	H - 118
2021-021	Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2022-023 at H - 42
2021-023	Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2022-026 at H - 45
2021-028	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-035 at H - 56
2021-030	Department of Social and Health Services	Complete	H - 120
2021-031	Department of Commerce	Repeat finding	Refer to finding 2022-038 at H - 62
2021-032	Department of Commerce	Repeat finding	Refer to finding 2022-039 at H - 64
2021-033	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-041 at H - 67
2021-035	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-036 at H - 58
2021-036	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-042 at H - 69
2021-037	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-043 at H - 71
2021-038	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-044 at H - 73
2021-039	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-045 at H - 75
2021-040	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-048 at H - 79
2021-042	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-049 at H - 80
2021-045	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-052 at H - 85
2021-046	Health Care Authority	Repeat finding	Refer to finding 2022-053 at H - 86

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2021-047	Health Care Authority	Repeat finding	Refer to finding 2022-055 at H - 88
2021-048	Health Care Authority	Repeat finding	Refer to finding 2022-054 at H - 87
2021-049	Department of Social and Health Services	Repeat finding	Refer to finding 2022-056 at H - 89
2021-050	Health Care Authority	Repeat finding	Refer to finding 2022-061 at H - 96
2021-051	Health Care Authority	Repeat finding	Refer to finding 2022-060 at H - 95
2021-052	Health Care Authority	Repeat finding	Refer to finding 2022-062 at H - 97
2021-053	Department of Social and Health Services	Complete	H - 121
2021-054	Department of Social and Health Services	Repeat finding	Refer to finding 2022-057 at H - 91
2021-056	Health Care Authority	Repeat finding	Refer to finding 2022-068 at H - 104
2021-057	Health Care Authority	Repeat finding	Refer to finding 2022-067 at H - 102
2021-058	Health Care Authority	Repeat finding	Refer to finding 2022-069 at H - 105
2021-060	Health Care Authority	Repeat finding	Refer to finding 2022-070 at H - 106
2020-002	State of Washington	Repeat finding	Refer to finding 2022-001 at H - 16
2020-004	Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2022-003 at H - 19
2020-011	Employment Security Department	Repeat finding	Refer to finding 2022-006 at H - 22
2020-012	Employment Security Department	Repeat finding	Refer to finding 2022-007 at H - 23
2020-015	Department of Transportation	Repeat finding	Refer to finding 2022-010 at H - 27
2020-016	Department of Transportation	Repeat finding	Refer to finding 2022-009 at H - 25
2020-017	Department of Transportation	Repeat finding	Refer to finding 2022-011 at H - 28
2020-020	Department of Social and Health Services	Complete	H - 123
2020-026	Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2022-023 at H - 42

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2020-032	Department of Social and Health Services	Complete	H - 125
2020-038	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-041 at H - 67
2020-039	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-036 at H - 58
2020-040	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-042 at H - 69
2020-041	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-043 at H - 71
2020-042	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-045 at H - 75
2020-044	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-049 at H - 80
2020-046	Health Care Authority	Repeat finding	Refer to finding 2022-055 at H - 88
2020-047	Health Care Authority	Repeat finding	Refer to finding 2022-061 at H - 96
2020-048	Health Care Authority	Repeat finding	Refer to finding 2022-061 at H - 96
2020-049	Health Care Authority	Repeat finding	Refer to finding 2022-060 at H - 95
2020-050	Health Care Authority	Repeat finding	Refer to finding 2022-062 at H - 97
2020-051	Department of Social and Health Services	Repeat finding	Refer to finding 2022-056 at H - 89
2020-053	Department of Social and Health Services	In progress	H - 126
2020-054	Department of Social and Health Services	Repeat finding	Refer to finding 2021-053 at H - 121
2020-057	Health Care Authority	Complete	H - 127
2020-059	Health Care Authority	Repeat finding	Refer to finding 2022-067 at H - 102
2020-064	Health Care Authority	Repeat finding	Refer to finding 2022-070 at H - 106
2019-001	State of Washington	Repeat finding	Refer to finding 2022-001 at H - 16
2019-005	Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2022-003 at H - 19
2019-015	Department of Transportation	Repeat finding	Refer to finding 2022-009 at H - 25

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2019-017	Department of Transportation	Repeat finding	Refer to finding 2022-010 at H - 27
2019-019	Department of Transportation	Repeat finding	Refer to finding 2022-011 at H - 28
2019-023	Department of Social and Health Services	Repeat finding	Refer to finding 2020-032 at H - 125
2019-032	Department of Social and Health Services	Repeat finding	Refer to finding 2022-036 at H - 58
2019-035	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-041 at H - 67
2019-037	Department of Children, Youth, and Families	Corrective action not taken	H - 128
2019-038	Department of Children, Youth, and Families	Complete	H - 129
2019-039	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-045 at H - 75
2019-044	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-049 at H - 80
2019-047	Health Care Authority	In progress	H - 130
2019-048	Health Care Authority	Repeat finding	Refer to finding 2022-055 at H - 88
2019-049	Health Care Authority	Corrective action not taken	H - 131
2019-051	Health Care Authority	Complete	H - 132
2019-052	Health Care Authority	Repeat finding	Refer to finding 2022-061 at H - 96
2019-053	Health Care Authority	Repeat finding	Refer to finding 2022-061 at H - 96
2019-054	Department of Social and Health Services	Repeat finding	Refer to finding 2022-056 at H - 89
2019-057	Department of Social and Health Services	In progress	H - 133
2019-058	Department of Social and Health Services	In progress	H - 136
2019-060	Department of Social and Health Services	Corrective action not taken	H - 138
2019-061	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 126
2019-062	Department of Social and Health Services	In progress	H - 139

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2019-066	Health Care Authority	Repeat finding	Refer to finding 2020-057 at H - 127
2018-001	State of Washington	Repeat finding	Refer to finding 2022-001 at H - 16
2018-023	Department of Social and Health Services	Repeat finding	Refer to finding 2020-032 at H - 125
2018-030	Department of Social and Health Services	Repeat finding	Refer to finding 2022-036 at H - 58
2018-034	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-041 at H - 67
2018-035	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2022-045 at H - 75
2018-041	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 130
2018-042	Health Care Authority	Repeat finding	Refer to finding 2022-055 at H - 88
2018-046	Health Care Authority	Repeat finding	Refer to finding 2019-051 at H - 132
2018-047	Health Care Authority	Repeat finding	Refer to finding 2022-061 at H - 96
2018-048	Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 131
2018-049	Health Care Authority	Complete	H - 141
2018-052	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 126
2018-054	Department of Social and Health Services	Repeat finding	Refer to finding 2019-060 at H - 138
2018-057	Department of Social and Health Services	Repeat finding	Refer to finding 2019-062 at H - 139
2018-058	Department of Social and Health Services	Repeat finding	Refer to finding 2022-056 at H - 89
2018-059	Department of Social and Health Services	Repeat finding	Refer to finding 2019-057 at H - 133
2018-060	Department of Social and Health Services	Repeat finding	Refer to finding 2019-058 at H - 136
2017-001	State of Washington	Repeat finding	Refer to finding 2022-001 at H - 16
2017-014	Department of Social and Health Services	Repeat finding	Refer to finding 2020-032 at H - 125
2017-024	Department of Early Learning	Repeat finding	Refer to finding 2022-041 at H - 67

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2017-025	Department of Early Learning	Repeat finding	Refer to finding 2022-045 at H - 75
2017-026	Department of Social and Health Services	Repeat finding	Refer to finding 2022-036 at H - 58
2017-031	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 130
2017-032	Health Care Authority	In progress	H - 142
2017-033	Health Care Authority	Repeat finding	Refer to finding 2022-055 at H - 88
2017-036	Health Care Authority	In progress	H - 144
2017-037	Health Care Authority	Repeat finding	Refer to finding 2019-051 at H - 132
2017-038	Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 131
2017-039	Health Care Authority	Repeat finding	Refer to finding 2018-049 at H - 141
2017-040	Health Care Authority	Corrective action not taken	H - 145
2017-042	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 126
2017-044	Department of Social and Health Services	Repeat finding	Refer to finding 2022-056 at H - 89
2017-045	Department of Social and Health Services	Repeat finding	Refer to finding 2019-057 at H - 133
2017-046	Department of Social and Health Services	Repeat finding	Refer to finding 2019-058 at H - 136
2017-048	Department of Social and Health Services	In progress	H - 146
2017-050	Department of Social and Health Services	In progress	H - 148
2016-013	Department of Social and Health Services	Repeat finding	Refer to finding 2020-032 at H - 125
2016-021	Department of Early Learning	Repeat finding	Refer to finding 2022-041 at H - 67
2016-022	Department of Early Learning	Repeat finding	Refer to finding 2022-045 at H - 75
2016-023	Department of Social and Health Services	Repeat finding	Refer to finding 2022-036 at H - 58
2016-028	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 130
2016-032	Health Care Authority	In progress	H - 150



<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2016-034	Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 131
2016-037	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 126
2016-043	Department of Social and Health Services	Repeat finding	Refer to finding 2019-058 at H - 136
2016-044	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 146
2016-045	Department of Social and Health Services	Repeat finding	Refer to finding 2022-056 at H - 89
2016-047	Department of Social and Health Services	In progress	H - 151
2015-023	Department of Early Learning	Repeat finding	Refer to finding 2022-041 at H - 67
2015-024	Department of Early Learning	Repeat finding	Refer to finding 2022-045 at H - 75
2015-026	Department of Social and Health Services	Repeat finding	Refer to finding 2022-036 at H - 58
2015-030	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 130
2015-037	Health Care Authority	In progress	H - 152
2015-039	Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 131
2015-040	Department of Social and Health Services	In progress	H - 153
2015-045	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 126
2015-049	Department of Social and Health Services	Repeat finding	Refer to finding 2022-056 at H - 89
2015-051	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 146
2014-023	Department of Early Learning	Repeat finding	Refer to finding 2022-041 at H - 67
2014-026	Department of Social and Health Services	Repeat finding	Refer to finding 2022-036 at H - 58
2014-034	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 130
2014-042	Department of Social and Health Services	Repeat finding	Refer to finding 2022-056 at H - 89
2014-046	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 126
2014-048	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 146

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2013-016	Department of Early Learning	Repeat finding	Refer to finding 2022-041 at H - 67
2013-017	Department of Social and Health Services	Repeat finding	Refer to finding 2022-036 at H - 58
2013-020	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 130
2013-036	Department of Social and Health Services	Repeat finding	Refer to finding 2022-056 at H - 89
12-28	Department of Early Learning	Repeat finding	Refer to finding 2022-041 at H - 67
12-30	Department of Social and Health Services	Repeat finding	Refer to finding 2022-036 at H - 58
12-39	Department of Social and Health Services	Repeat finding	Refer to finding 2022-056 at H - 89
12-49	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 130
11-23	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2022-041 at H - 67
11-38	Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 130
10-31	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2022-041 at H - 67
10-40	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 130
09-12	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2022-041 at H - 67
09-19	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 130
08-13	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2022-041 at H - 67
08-25	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 130

The state's Summary Schedule of Prior Audit Findings is a compilation of the corrective action information provided to us by the applicable state agencies. The Summary Schedule of Prior Audit Findings document is prepared in conjunction with the 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 Summary Schedule of Prior Audit Findings, please do not hesitate to contact our office.

Sincerely,

Brian Tinney  
 Statewide Accounting Director

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State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	001	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The State lacked adequate internal controls over financial reporting to ensure accurate recording and monitoring of financial activity in its financial statements.</p> <table border="0" data-bbox="667 548 1094 611"> <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;">N/A</td> <td style="text-align: center;">\$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><b><i>State Board for Community and Technical Colleges (State Board)</i></b></p> <p>The State Board completed the conversion of all schools to the new ERP system in fiscal year 2022. The following actions were taken to improve the process of reconciling college financial data timely and accurately with amounts recorded in the state’s accounting system (AFRS):</p> <ul style="list-style-type: none"> <li>• Revamped and streamlined the program and process that is utilized to crosswalk data from the new ERP system to AFRS. Updates will continue to be done as needed.</li> <li>• Completed the reconciliation program that will compare AFRS reports to actual real-time data from the ERP system.</li> <li>• Performed monthly reconciliation of automated data uploads for the State Board and all 34 colleges from the ERP system to AFRS.</li> <li>• Created an “in process” report to identify errors during the ERP system uploads to AFRS.</li> <li>• Began creating and modifying rules in the ERP system that will help reduce data upload errors.</li> </ul> <p>The State Board will continue to build and enhance programming tools to help identify and reconcile variances between the two systems. While current monthly data is being reconciled in a timely manner from the ERP system to AFRS, the State Board continues to work on reconciling historical data from the beginning of system deployment and is currently working with the Office of Financial Management to make necessary adjusting entries.</p> <p>In addition, the State Board began the conversion and crosswalk of data from ctcLink to the new system that the One Washington project is undertaking to replace AFRS. While this is new and additional work that was not part of the scope of this corrective action plan, it is an integral part of the effort to ensure accurate financial reporting in the long run.</p> <p><i>Completion: Estimated March 2024</i></p>		<u>Assistance Listing #</u>	<u>Amount</u>		N/A	\$0
	<u>Assistance Listing #</u>	<u>Amount</u>							
	N/A	\$0							

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	001 (cont'd)	<p data-bbox="673 422 1047 453"><i>Employment Security Department</i></p> <p data-bbox="673 485 1469 642">To ensure adequate monitoring and accurate reporting of financial activities for the financial statements, the Department is currently participating in programmatic discussions between the Unemployment Insurance (UI) Program and the Finance Division to gain an understanding of the activities that may require reporting on the financial statements.</p> <p data-bbox="673 684 1365 716">The Department will implement the following corrective actions:</p> <ul data-bbox="691 726 1469 1020" style="list-style-type: none"> <li>• By July 2023, the Finance Division will develop procedures to ensure that all programmatic processes that need to be reflected in the financial statements are included and based on appropriate accounting practices.</li> <li>• By August 2023, the Finance Division will ensure practices are in place to review all fiscal year entries for accuracy before and after posting.</li> <li>• Develop additional tools that will help with allowing more staff time to analyze financial data.</li> </ul> <p data-bbox="673 1062 1062 1094"><i>Completion: Estimated August 2023</i></p> <p data-bbox="488 1125 915 1188">Completion Date: Estimated March 2024</p> <p data-bbox="488 1220 1040 1409">Agency Contact: Brian Tinney                      Statewide Accounting Director PO                      Box 43127                      Olympia, WA 98504-3127                      (564) 999-1781  <a href="mailto:Brian.tinney@ofm.wa.gov">Brian.tinney@ofm.wa.gov</a></p>

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2022	002	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The University of Washington did not have adequate internal controls to ensure key personnel commitments specified in grant proposals or awards were met.</p> <table border="0" data-bbox="673 546 1104 619"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>Various</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The University has established internal controls to ensure compliance with key personnel program requirement through time and effort certifications, project reporting processes, and budget reconciliation requirements. Additionally, the University offers multiple training courses to research administrators and principal investigators (PI) on management of sponsored awards.</p> <p>The University agrees there are areas for improvement over staff and PI training, and resources available to monitor contribution and documentation of committed levels of time and effort.</p> <p>The University will implement the following improvements:</p> <ul style="list-style-type: none"> <li>• Update training materials and provide additional training to PIs and key personnel on:                         <ul style="list-style-type: none"> <li>○ Documentation of time and effort.</li> <li>○ Prior approval requirements for reductions in time and effort.</li> </ul> </li> <li>• Update guidance and instructions for time and effort certifications to ensure all personnel involvement in various grant programs is properly accounted for during the certification process.</li> <li>• Develop exception reports to provide additional oversight to monitor deviations from committed time and effort for PIs and key personnel.</li> </ul> <p>Estimated February 2024</p> <p>Erick Winger                      Controller                      4300 Roosevelt Way NE                      Seattle, WA 98195                      (206) 543-5322  <a href="mailto:erickw@uw.edu">erickw@uw.edu</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	Various	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
Various	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status															
2022	003	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over accountability for USDA-donated foods.</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>10.553</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>10.555</td> <td></td> </tr> <tr> <td>10.555 COVID-19</td> <td></td> </tr> <tr> <td>10.556</td> <td></td> </tr> <tr> <td>10.559</td> <td></td> </tr> <tr> <td>10.582</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Office has taken the following corrective action to strengthen internal controls over accounting for USDA-donated foods:</p> <ul style="list-style-type: none"> <li>• Reviewed current process for monthly inventory.</li> <li>• Reviewed process for inventory discrepancies follow up.</li> <li>• Implemented a process for documenting follow-up efforts.</li> </ul> <p>The Office is following the USDA requirements for conducting annual inventory and reconciliation in June of each year.</p> <p>In addition, the Office has contracted with a vendor for a new and updated Food Distribution Management System. The current timeline for system launch is as follows:</p> <ul style="list-style-type: none"> <li>• November 2023 – Data migration and system set up</li> <li>• February 2024 – Survey period</li> <li>• August 2024 – Ordering of food, receiving, and inventory management</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2021-003, 2020-004 and 2019-005.</p> <p>Estimated July 2023</p> <p>Leanne Eko                      Chief Nutrition Officer                      PO Box 47200                      Olympia, WA 98504-7200                      (360) 725-0410  <a href="mailto:leanne.eko@k12.wa.us">leanne.eko@k12.wa.us</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	10.553	\$0	10.555		10.555 COVID-19		10.556		10.559		10.582	
<u>Assistance Listing #</u>	<u>Amount</u>																
10.553	\$0																
10.555																	
10.555 COVID-19																	
10.556																	
10.559																	
10.582																	

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2022	004	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls to ensure payments to providers were allowable, met cost principles, and were within the period of performance for the Special Supplemental Nutrition Program for Women, Infants, and Children.</p> <table border="0" data-bbox="673 583 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>10.557</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>10.557 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Department disagrees with the auditor’s assessment of a significant deficiency in internal controls over the consolidated contract provider payment process for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).</p> <p>The Department has established processes in place to ensure payments are allowable, meet cost principles, and comply with period of performance requirements for the WIC program. These include:</p> <ul style="list-style-type: none"> <li>• Perform annual review and approval of detailed subrecipient budgets.</li> <li>• Compare invoice amounts to budgeted amounts for reasonableness before payment approval.</li> <li>• Provide subrecipients regular technical assistance and training on applicable policies related to fiscal and programmatic processes.</li> <li>• Conduct biennial program and fiscal monitoring visits to subrecipients as part of the Department’s monitoring procedures.</li> </ul> <p>In addition, the WIC program has monitoring controls in place and evidence of review at the program level. The quality assurance program staff maintain a detailed payment log that documents review and approval and details 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>Similar conditions noted in this finding were previously reported in finding 2021-004.</p> <p>Not applicable</p> <p>Jeff Arbuckle                      External Audit Manager                      PO Box 47890                      Olympia, WA 98504-7890                      (360) 701-0798  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></p>		<u>Assistance Listing #</u>	<u>Amount</u>	10.557		\$0	10.557 COVID-19		
	<u>Assistance Listing #</u>	<u>Amount</u>										
10.557		\$0										
10.557 COVID-19												



Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	005	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 monthly 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 in progress  The Department implemented a secondary review of the monthly ETA 9055 performance report to verify the data pulled from source documentation is accurately represented prior to submitting to the federal reporting system.  In progress  Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a>	<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 Status							
2022	006	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over 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="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 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>The BAM Unit currently has one vacancy and is expected to have more with upcoming retirements. The Department is currently in a hiring freeze for Unemployment Insurance administrative funding, furthering the challenge to fully staff the unit and meet program requirements. Once the hiring freeze is lifted, the unit will fill the vacant position. The Department anticipates the unit will meet federally mandated timelines for case reviews when the unit is fully staffed and trained.</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 2021-005 and 2020-011.</p> <p>Estimated June 2024</p> <p>Jay Summers                      External Audit Manager                      PO Box 9046                      Olympia, WA 98507-9046                      (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></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 Status									
2022	007	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure it submitted complete and accurate quarterly performance reports for the Workforce Innovation and Opportunity grant.</p> <table border="0"> <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>17.258</td> <td>\$0</td> </tr> <tr> <td>17.259</td> <td></td> </tr> <tr> <td>17.278</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>In response to the finding, the Department is in the process of developing a comprehensive system and set of protocols to strengthen internal controls over the completion and submission of quarterly performance reports for the Workforce Innovation and Opportunity Act (WIOA) grant.</p> <p>The Department:</p> <ul style="list-style-type: none"> <li>• Executed a Workforce Integrated Technology Replacement Project that focuses on improving case management and data management internal controls. The Department estimates the project will be completed by December 2024.</li> <li>• Initiated and is in the process of a statewide implementation of the U.S. Department of Labor (DOL) Quarterly Report Analysis data integrity and data quality internal controls system.</li> </ul> <p>The Department will:</p> <ul style="list-style-type: none"> <li>• Continue to execute the Data Element Validation policy update for the Participant Individual Record Layout (PIRL) report per DOL expectations.</li> <li>• Continue to provide technical assistance, training, and one-on-one coaching for the local areas, which cover WIOA Title I and WIOA Title III, PIRL reporting, data management, validation, quality, and integrity systems and processes.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2021-007 and 2020-012.</p> <p>Estimated December 2024</p> <p>Jay Summers                      External Audit Manager                      PO Box 9046                      Olympia, WA 98507-9046                      (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></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 Status											
2022	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 Washington State Department of Transportation did not have adequate internal controls to ensure supervisors reviewed and approved payroll journals for the Highway Planning and Construction Cluster.</p> <table border="0"> <thead> <tr> <th><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>20.205</td> <td>\$0</td> </tr> <tr> <td>20.205 COVID-19</td> <td></td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.224</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The Department is committed to ensuring adequate internal controls are established for processing payroll journals. Currently, the Department:</p> <ul style="list-style-type: none"> <li>• Sends payroll journals electronically via Adobe Acrobat Sign on day four of payroll processing.</li> <li>• Generates system automated emails, which are sent to the reviewer each day the journal is unsigned.</li> <li>• Reconciles unsigned payroll journals and will follow up with responsible staff.</li> </ul> <p>To further improve controls over timely approval and return of payroll journals, the Department will:</p> <ul style="list-style-type: none"> <li>• Continue to review existing internal controls to assess their effectiveness and make improvements as needed.</li> <li>• Review the Payroll Manual to ensure directions, guidelines, and expectations around the payroll journal approval are clearly defined.</li> <li>• Evaluate the appropriateness of establishing a timeline for returning signed payroll journals for incorporation into the Payroll Manual.</li> </ul> <p>June 2023</p> <p>Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504-7320                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	20.205	\$0	20.205 COVID-19		20.219		20.224	
<u>Assistance Listing #</u>	<u>Amount</u>												
20.205	\$0												
20.205 COVID-19													
20.219													
20.224													

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2022	009	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Washington State Department of Transportation did not have adequate internal controls over and did not comply with requirements to conduct program monitoring of subrecipients of the Highway Planning and Construction Cluster.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>20.205</td> <td>\$0</td> </tr> <tr> <td>20.205 COVID-19</td> <td></td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.224</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department is committed to ensuring that our grant programs comply with federal regulations related to subrecipient monitoring.</p> <p>In July 2022, the Department executed a memo agreement with the Federal Highway Administration (FHWA) to update the risk-based review process to a leading practice. This new process will improve the effectiveness of subrecipient monitoring efforts which will focus reviews and resources on the high-risk agencies or projects rather than a three-year review cycle.</p> <p>However, FHWA is reluctant to formally open the Stewardship and Oversight (S&amp;O) Agreement for revisions, as a new nationwide “template” is under development. Based on the existing language in the S&amp;O Agreement with FHWA, the finding was issued for fiscal year 2022.</p> <p>With FHWA’s approval to implement the risk-based approach, the Department will:</p> <ul style="list-style-type: none"> <li>• Conduct baseline Project Management Reviews (PMR) for each Certification Acceptance (CA) agency. This process began in September 2022, with 13 PMRs completed, 22 near completion, and 9 in process.</li> <li>• Analyze CA PMRs and assign a risk rating, which will be used in the PMR selection process.</li> <li>• Update risk-based approach policies to complete PMRs, as needed.</li> <li>• Update the Local Agency Guidelines Manual to reflect the risk-based approach to complete PMRs, as needed.</li> <li>• Communicate changes to policies and procedures to Local Program staff and stakeholders, as needed.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2021-008, 2020-016 and 2019-015.</p> <p>June 2023</p>	<u>Assistance Listing #</u>	<u>Amount</u>	20.205	\$0	20.205 COVID-19		20.219		20.224	
<u>Assistance Listing #</u>	<u>Amount</u>												
20.205	\$0												
20.205 COVID-19													
20.219													
20.224													

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2022	009 (cont'd)	Agency Contact:	Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a>

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2022	010	<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 issue management decisions for audit findings to subrecipients of the Highway Planning and Construction Cluster.</p> <table border="0"> <thead> <tr> <th data-bbox="669 583 824 613"><u>Assistance Listing #</u></th> <th data-bbox="1003 583 1094 613"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="669 617 824 646">20.205</td> <td data-bbox="1003 617 1094 646">\$0</td> </tr> <tr> <td data-bbox="669 651 824 680">20.205 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="669 684 824 714">20.219</td> <td></td> </tr> <tr> <td data-bbox="669 718 824 747">20.224</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The Department is committed to ensuring our programs comply with federal regulations related to subrecipient monitoring.</p> <p>The Department’s Local Programs Division typically issues Management Decision Letters (Decision Letters) to all subrecipients that receive single audit findings related to WSDOT federal grant awards. For the subrecipient in question, the subrecipient had contacted the Division upon realizing a discrepancy in their advertisement practices, which was prior to the auditors issuing the single audit finding. The Division reviewed the subrecipient’s advertisement practices, evaluated and approved the corrective action plan, and implemented a training plan with the subrecipient. Since these activities preceded the issuance of the subrecipient’s single audit finding and resolved the deficiency, the Department elected to forgo a formal Decision Letter.</p> <p>Based on the audit recommendations, the Department will continue to review all single audit findings issued for subrecipients and send Decision Letters.</p> <p>The conditions noted in this finding were previously reported in findings 2021-010, 2020-015 and 2019-017.</p> <p>December 2022</p> <p>Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504-7320                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	20.205	\$0	20.205 COVID-19		20.219		20.224	
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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2022	011	<p>Finding: 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> <p>Questioned Costs:</p> <table border="0" data-bbox="673 611 1096 766"> <thead> <tr> <th style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>20.205</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>20.205 COVID-19</td> <td></td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.224</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department is committed to ensuring that our grant programs comply with federal regulations related to quality assurance (QA) requirements and safeguarding that materials and workmanship conform to approved plans and specifications through testing, inspections, or certifications.</p> <p>The Department continues to work closely with the Federal Highway Administration (FHWA) on the QA program and has received positive feedback on the strength of the program. In addition, the Department is currently investing in the Unifier software to replace separate QA legacy systems, which will allow shared data and provide built-in controls to help prevent the issues identified in the audit. Depending on funding and programming times, the Department estimates Unifier to be online for the QA program within five years.</p> <p>To address the audit recommendations, the Department’s Construction Division will examine current policies and procedures/practices related to the audit issues.</p> <p>The Department will:</p> <ul style="list-style-type: none"> <li>• Update policies and procedures, including the Department’s Construction Manual (M46-01), as needed to ensure staff practices meet federal regulations. 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.</li> <li>• Obtain approval of updates to the Construction Manual from the FHWA.</li> <li>• Communicate changes in policies and procedures to division staff and stakeholders.</li> <li>• Provide training to Project Engineering Office staff to emphasize QA program requirements.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2021-011, 2020-017 and 2019-019.</p>	<u>Assistance Listing #</u>	<u>Amount</u>	20.205	\$0	20.205 COVID-19		20.219		20.224	
<u>Assistance Listing #</u>	<u>Amount</u>											
20.205	\$0											
20.205 COVID-19												
20.219												
20.224												



Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	011 (cont'd)	Completion Date: Estimated June 2024  Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	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 controls over and did not comply with requirements to perform risk assessments for subrecipients of the Formula Grants for Rural Areas 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;">20.509</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">20.509 COVID-19</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Washington State Department of Transportation (WSDOT) concurs with the finding and is in the process of implementing the audit recommendations. Specifically, the Department’s Public Transportation Division will ensure it performs risk assessments for all subrecipients receiving federal subawards regardless of when WSDOT executes the related contract.</p> <p>As of February 2023, the Public Transportation Division updated its risk assessment process and plans to complete all risk assessments by July 1, 2023.</p> <p>June 2023</p> <p>Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504-7320                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	20.509	\$0	20.509 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
20.509	\$0								
20.509 COVID-19									

Department of Corrections

Agency 310

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2022	013	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Corrections improperly charged \$37,392 to the Coronavirus Relief Fund.</p> <table border="0" data-bbox="672 520 1096 579"> <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;">21.019 COVID-19</td> <td style="text-align: right;">\$37,392</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs that the questioned costs identified by the auditors resulted from an employee’s overpayment inappropriately charged to the Coronavirus Relief Fund (CRF).</p> <p>The Department is committed to ensuring compliance with federal grant requirements. In response to this audit finding, the Department:</p> <ul style="list-style-type: none"> <li>• Reviewed controls around payroll overpayments and developed a process to ensure they are not included in any future federal funding transfers.</li> <li>• Reviewed and identified allowable costs that were not initially charged to the grant which would compensate for the questioned costs identified. The identified costs have been filed with the original transfer journal voucher and will be provided to the Office of Financial Management (OFM).</li> </ul> <p>Since the Department received CRF funding through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the OFM.</p> <p>June 2023</p> <p>Anita Kendall                      Senior Director, Business Services                      PO Box 41106                      Olympia, WA 98504-1106                      (360) 480-7915  <a href="mailto:Anita.kendall@doc1.wa.gov">Anita.kendall@doc1.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.019 COVID-19	\$37,392
<u>Assistance Listing #</u>	<u>Amount</u>						
21.019 COVID-19	\$37,392						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2022	014	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:  Agency Contact:	The Department of Social and Health Services improperly charged \$390 to the Coronavirus Relief 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>21.019 COVID-19</td> <td>\$390</td> </tr> </table> Corrective action complete  The Department concurs with the finding.  Since the Department received CRF funding through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the Office of Financial Management.  June 2023  Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>	<u>Assistance Listing #</u>	<u>Amount</u>	21.019 COVID-19	\$390
<u>Assistance Listing #</u>	<u>Amount</u>						
21.019 COVID-19	\$390						

Office of Financial Management

Agency 105

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2022	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 Office of Financial Management did not have adequate internal controls over and did not comply with reporting requirements for the Coronavirus Relief Fund.</p> <table border="0" data-bbox="667 548 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>21.019 COVID-19</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Office had controls in place for the Coronavirus Relief Fund (CRF) reporting requirements to ensure reported amounts, including corrections or adjustments made during the reporting period, were properly tracked and documented for subsequent reporting cycles. The Office performed continual monitoring of CRF expenditures to ensure the total grant expenditures reported were complete and accurate.</p> <p>The Office’s Statewide Accounting staff took over the responsibility for reviewing and certifying cycle 8 to 10 reports. Each report was reviewed prior to submission and documentation of the review was adequately maintained. The review ensured amounts submitted on the reports reconciled to supporting documentation provided by agencies at the time the reports were prepared. However, system issues in the federal reporting system created challenges in documenting changes to the templates as errors appeared and were subsequently corrected for the reporting cycle.</p> <p>For the final cycle 10 report, the Office ensured the cumulative amounts on the CRF report were supported by the underlying accounting records and performed a complete reconciliation of expenditures to the totals reported for each expenditure category. All revisions and resubmissions of the final report were completed in cycle 10. No additional revisions are required at this time.</p> <p>The final report was submitted in January 2023 and the grant is in its closeout phase. The Office considers this issued resolved.</p> <p>The conditions noted in this finding were previously reported in finding 2021-014.</p> <p>January 2023</p> <p>Brian Tinney              Statewide Accounting Director              PO Box 43127              Olympia, WA 98504-3127              (564) 999-1781  <a href="mailto:brian.tinney@ofm.wa.gov">brian.tinney@ofm.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.019 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.019 COVID-19	\$0						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status				
2022	016	<p>Finding: 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> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <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;">\$255,642,551</td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department implemented procedures to strengthen internal controls to ensure Emergency Rental Assistance program expenditures are allowable, properly supported, and in compliance with the subrecipient fiscal monitoring requirements.</p> <p>The Homelessness Assistance Unit managing director completed the following corrective actions in September 2022:</p> <ul style="list-style-type: none"> <li>• Updated unit reimbursement procedures to include a requirement for specific supporting documentation to accompany payment requests from all subrecipients.</li> <li>• Provided training to staff on reviewing supporting documentation to ensure expenditures reconcile with reimbursement requests and to verify expenditures are within the period of performance.</li> <li>• Reviewed 2 CFR 200.332 and updated procedures to include additional requirements for pass-through entities.</li> <li>• Worked with the Department’s internal control officer for review and feedback of the updated procedures.</li> </ul> <p>The managing director will perform a review of the reimbursement process during the next fiscal year, which begins July 1, 2023, to ensure procedures are followed.</p> <p>The Department will consult with the federal grantor to discuss the audit results.</p> <p>Completion Date: Estimated September 2023</p> <p>Agency Contact: Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.023 COVID-19	\$255,642,551
<u>Assistance Listing #</u>	<u>Amount</u>					
21.023 COVID-19	\$255,642,551					

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status				
2022	017	<p>Finding: 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> <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="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>21.023 COVID-19</td> <td>\$0</td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department implemented procedures to strengthen internal controls to ensure compliance with reporting and special test compliance requirements.</p> <p>In December 2021, the Department contracted with a vendor skilled in performing data analytics. The vendor:</p> <ul style="list-style-type: none"> <li>• Helped aggregate the data required in the monthly and quarterly reports submitted to Treasury.</li> <li>• Worked with the Department to create a report form, with embedded data validation checks, to ensure data quality and accuracy.</li> </ul> <p>The Department updated its process to document review of the aggregated report form data prior to submission to Treasury. Additionally, bi-monthly meetings are held with the vendor staff to ensure understanding of any updated Emergency Rental Assistance reporting requirements and discuss potential impact to the data aggregation process.</p> <p>Funding for this program ends June 30, 2023. The Department will follow these updated procedures until final reporting is completed.</p> <p>Completion Date: Estimated July 2023</p> <p>Agency Contact: Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></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					

Office of Financial Management

Agency 105

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2022	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 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 only for 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 created a separate fund to track the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) expenditures. The state, through legislation, approved the transfer from the CSLFRF account to various state transportation accounts. The Office reaffirms that all expenditures from the transportation accounts that received the CSLFRF 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-CSLFRF and CSLFRF funds.</p> <p>The Office will continue to:</p> <ul style="list-style-type: none"> <li>• Work with the U.S. Treasury through upcoming desk audits to ensure no questioned costs are required to be repaid.</li> <li>• Document all correspondence with the grantor during the audit resolution process.</li> </ul> <p>Not applicable</p> <p>Brian Tinney                      Statewide Accounting Director                      PO Box 43127                      Olympia, WA 98504-3127                      (564) 999-1781  <a href="mailto:brian.tinney@ofm.wa.gov">brian.tinney@ofm.wa.gov</a></p>	<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 Status					
2022	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 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="665 611 1476 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;">\$28,886,606</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department implemented procedures to strengthen internal controls to ensure program expenditures are allowable, properly supported, and in compliance with the subrecipient fiscal monitoring requirements.</p> <p>The Homelessness Assistance Unit managing director completed the following corrective actions in July 2022:</p> <ul style="list-style-type: none"> <li>• Updated unit reimbursement procedures to include a requirement for specific supporting documentation to accompany payment requests from all subrecipients.</li> <li>• Provided training to staff on reviewing supporting documentation to ensure expenditures reconcile with reimbursement requests and to verify expenditures are within the period of performance.</li> <li>• Reviewed 2 CFR 200.332 and updated procedures to include additional requirements for pass-through entities.</li> <li>• Worked with the Department’s internal control officer for review and feedback of the updated procedures.</li> </ul> <p>The managing director will perform a review of the reimbursement process during the next fiscal year which begins July 1, 2023, to ensure procedures are followed.</p> <p>The Department increased the number of client files reviewed during program monitoring. The client file review included verifying household assistance expenses were allowable and incurred within the period of performance.</p> <p>Since the Department received Coronavirus State and Local Fiscal Recovery Funds through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the Office of Financial Management.</p> <p>Estimated September 2023</p> <p>Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.027 COVID-19	\$28,886,606
<u>Assistance Listing #</u>	<u>Amount</u>						
21.027 COVID-19	\$28,886,606						

Office of Financial Management

Agency 105

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	020	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</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="667 548 1096 611"> <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>21.027 COVID-19</td> <td></td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Office has continued to strengthen internal controls for the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) reporting to ensure compliance with the federal requirements.</p> <p>As of May 2022, the Office:</p> <ul style="list-style-type: none"> <li>• Transitioned the primary responsibility for centralized CSLFRF reporting to the Statewide Accounting Division.</li> <li>• Hired a Budget and Grants Coordinator with experience in federal reporting to oversee the reporting process.</li> </ul> <p>The Office will continue to:</p> <ul style="list-style-type: none"> <li>• Monitor updates to the U.S Treasury’s Project and Expenditure Report User Guide.</li> <li>• Improve the quarterly reporting template and assist state agencies during the reporting process.</li> <li>• Ensure reported amounts, including corrections or adjustments made during the reporting period, are properly tracked and documented for the subsequent reporting cycles.</li> <li>• Perform reconciliations of reported expenditures to ensure agency expenditures are accurately reported, allowing for adjustments/corrections required due to issues with the reporting system.</li> <li>• Ensure reported expenditures are accurate and adequately supported by accounting records before the information is uploaded to the federal reporting system.</li> <li>• Document correspondences with the U.S. Treasury when system errors are identified and resolutions recommended by the grantor, if received.</li> </ul> <p>Internal procedures have been developed to formally document the reporting process.</p> <p>In progress</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							

Office of Financial Management

Agency 105

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	020 (cont'd)	Agency Contact: Brian Tinney Statewide Accounting Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 <a href="mailto:brian.tinney@ofm.wa.gov">brian.tinney@ofm.wa.gov</a>

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2022	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 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 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 in progress</p> <p>The Department implemented procedures to strengthen internal controls to ensure the program complies with the subrecipient monitoring risk assessment requirements.</p> <p>The Homelessness Assistance Unit managing director completed the following corrective actions:</p> <ul style="list-style-type: none"> <li>• Updated the unit risk assessment procedures to require risk assessment forms to be completed prior to contract execution for all subawards.</li> <li>• Reviewed 2 CFR 200.332 to ensure procedures are updated to comply with all requirements for pass-through entities.</li> <li>• Reviewed the updated procedures and risk assessment form with the Department's central contract office.</li> </ul> <p>The federal team managers provided training to current staff and new hires on the updated procedures and are responsible for reviewing completed risk assessments.</p> <p>The Homelessness Assistance Unit managing director will perform a review of the process at the end of the current fiscal year to ensure procedures have been followed and the form is adequate to capture all required elements.</p> <p>Estimated September 2023</p> <p>Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.027 COVID-19	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
21.027 COVID-19	\$0						

Washington State University

Agency 365

Fiscal Year	Finding Number	Finding and Corrective Action Status															
2022	022	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>Washington State University did not ensure that returns of Title IV funds were accurate for the Student Financial Assistance programs.</p> <table border="0"> <thead> <tr> <th><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>84.007</td> <td>\$2,582</td> </tr> <tr> <td>84.033</td> <td></td> </tr> <tr> <td>84.038</td> <td></td> </tr> <tr> <td>84.063</td> <td></td> </tr> <tr> <td>84.268</td> <td></td> </tr> <tr> <td>84.379</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The University has improved processes for the return of Title IV funds. The University:</p> <ul style="list-style-type: none"> <li>• Included a standard calculation in workbooks to quickly identify whether amounts to be returned for withdrawn students will exceed the amounts disbursed.</li> <li>• Implemented a quality check to review these exceptions, and to investigate and correct as necessary.</li> </ul> <p>The University has returned all questioned costs to the sponsors.</p> <p>May 2023</p> <p>Heather Lopez                      Chief Audit Executive                      PO Box 641221                      Pullman, WA 99164-1221                      (509) 335-2001  <a href="mailto:hlopez@wsu.edu">hlopez@wsu.edu</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	84.007	\$2,582	84.033		84.038		84.063		84.268		84.379	
<u>Assistance Listing #</u>	<u>Amount</u>																
84.007	\$2,582																
84.033																	
84.038																	
84.063																	
84.268																	
84.379																	

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2022	023	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal requirements to ensure Local Education Agencies implemented testing security measures.</p> <table border="0"> <tr> <td data-bbox="673 548 971 579"><u>Assistance Listing #</u></td> <td data-bbox="1003 548 1094 579"><u>Amount</u></td> </tr> <tr> <td data-bbox="673 579 971 611">84.010</td> <td data-bbox="1003 579 1094 611">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Office monitors and ensures all Local Education Agencies (LEA) implement school testing security measures. All LEAs are required to submit a District Administration and Security Report (DASR) at the conclusion of the testing cycle to document the security training and that protocols have been followed.</p> <p>The Office will continue to communicate with LEAs to ensure they provide the DASR for all tests administered in the spring, as follows:</p> <ul style="list-style-type: none"> <li>• Once per week for four weeks leading up to the end of the test administration window.</li> <li>• Once per week for three weeks after the end of the test administration window.</li> </ul> <p>In August, the Office will receive the annual final list of all tests administered by each LEA and will be able to narrow its focus for sending out weekly reminders. If the Office has not received completed DASRs by mid-September, a management decision letter will be sent to the LEA's Superintendent to inform them of the non-compliance and potential consequences as outlined in federal regulations.</p> <p>The conditions noted in this finding were previously reported in findings 2021-021 and 2020-026.</p> <p>June 2023</p> <p>Christopher Hanczrik                      Director, Assessment Operations and Select Assessments                      PO Box 47200                      Olympia, WA 98504-7200                      (360) 485-3580  <a href="mailto:Christopher.Hanczrik@k12.wa.us">Christopher.Hanczrik@k12.wa.us</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	84.010	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
84.010	\$0						

Washington Charter School Commission

Agency 359

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2022	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 Charter School Commission did not have adequate internal controls over and did not comply with requirements to ensure charter schools with relationships to charter management organizations were monitored for conflicts of interest.</p> <table border="0" data-bbox="667 583 1096 646"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>84.010</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>Although the Commission believes that a finding was not warranted, the Commission has begun implementing additional oversight requirements identified in the audit.</p> <p>As of May 2023, the Commission:</p> <ul style="list-style-type: none"> <li>• Implemented a process to review all charter public school board members’ F-1 Personal Financial Affairs Disclosure forms for potential conflict of interest using the Public Disclosure Commission (PDC) website.</li> <li>• Required all charter public schools to submit each board member’s F-1 form to the Commission directly via the compliance software, Epicenter, as follows:                         <ul style="list-style-type: none"> <li>○ By April 15 of each year for current board members in alignment with the PDC’s annual submission deadline.</li> <li>○ Within two weeks of appointment for new board members in alignment with PDC submission guidelines.</li> </ul> </li> </ul> <p>The Commission created and will maintain a conflict-of-interest tracker, including dates forms are received, to ensure each board member’s potential conflict of interest is actively reviewed.</p> <p>The Commission will continue to work with the Office of Superintendent of Public Instruction (OSPI) on federal funding administered by OSPI and be informed of matters that may require additional actions by the Commission.</p> <p>May 2023</p> <p>Jessica de Barros                      Executive Director                      PO Box 40996                      Olympia, WA 98501-0996                      360-725-5511  <a href="mailto:charterschoolinfo@k12.wa.us">charterschoolinfo@k12.wa.us</a></p>	<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 Status									
2022	025	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate controls over and did not comply with requirements to ensure it met the earmarking requirements for the Special Education program.</p> <table border="0" data-bbox="667 548 1104 674"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>84.027</td> <td>\$188,873</td> </tr> <tr> <td>84.027 COVID-19</td> <td></td> </tr> <tr> <td>84.173</td> <td></td> </tr> </table> <p>Corrective action in progress</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 the fiscal year for the program. Since that time, the Office has fully implemented internal controls 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"> <li>• Review criteria for spending plans at the beginning of the fiscal year.</li> <li>• Review the Grant Award Notice and Grants to States Summary Table and Preschool Grants to States Summary Table.</li> <li>• 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.</li> <li>• Meet weekly to review spending plans and update plans as requests are received.</li> <li>• Review monthly expenditure reports during weekly meetings.</li> </ul> <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 maximum allowable amounts earmarked for administration and other state-level activities will be in 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>In progress</p> <p>Tania May                      Assistant Superintendent, Special Education                      PO Box 47200                      Olympia, WA 98504-7200                      (360) 725-6075  <a href="mailto:tania.may@k12.wa.us">tania.may@k12.wa.us</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	84.027	\$188,873	84.027 COVID-19		84.173	
<u>Assistance Listing #</u>	<u>Amount</u>										
84.027	\$188,873										
84.027 COVID-19											
84.173											



Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2022	026	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls to ensure it performed risk assessments for subrecipients of the Special Education 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>84.027</td> <td>\$0</td> </tr> <tr> <td>84.027 COVID-19</td> <td></td> </tr> <tr> <td>84.173</td> <td></td> </tr> </table> <p>Corrective action in progress</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 timeline has been developed for full implementation of the corrective actions:</p> <ul style="list-style-type: none"> <li>• ESDs are required to upload documentation by February 1, 2024.</li> <li>• The Office will complete review of submitted documents and issue reports to ESDs by February 29, 2024. Reports will identify any required or recommended corrective actions.</li> <li>• The Office will issue final reports to ESDs within 60 calendar days after documentation review, by March 29, 2024.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2021-023.</p> <p>Estimated March 2024</p> <p>Tania May                      Assistant Superintendent, Special Education                      PO Box 47200                      Olympia, WA 98504-7200                      (360) 725-6075  <a href="mailto:tania.may@k12.wa.us">tania.may@k12.wa.us</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	84.027	\$0	84.027 COVID-19		84.173	
<u>Assistance Listing #</u>	<u>Amount</u>										
84.027	\$0										
84.027 COVID-19											
84.173											

Office of Financial Management

Agency 105

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2022	027	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of 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"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>84.425D COVID-19</td> <td>\$0</td> </tr> <tr> <td>84.425R COVID-19</td> <td></td> </tr> <tr> <td>94.425U COVID-19</td> <td></td> </tr> <tr> <td>84.425V COVID-19</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Office does not concur with the finding.</p> <p>The Office performed the maintenance of effort (MOE) calculations in accordance with the guidance provided by the U.S. Department of Education (ED). Based on appropriations and past funding, it was determined that the fiscal year 2022 expenditure level did not meet the MOE requirement. The Office followed the federal guidance and directions from a legislative proviso in the enacted state budget (Chapter 334, Laws of 2021, Sec. 954) and submitted a waiver request for fiscal years 2022 and 2023. The waiver was submitted before ED’s stipulated deadline of December 31, 2021. ED’s website confirmed an MOE waiver request was received from Washington state and the status of the request is currently listed as “under review.”</p> <p>The Office maintains adequate internal controls and has followed all federal and state requirements with due diligence in requesting the MOE waiver. The approval process rests with the federal grantor, and the waiver has not been disapproved.</p> <p>In addition, the Office has been meeting with ED on a monthly basis and is already consulting with the grantor regarding the pending waiver request. The Office will also continue to work with the Legislature, which is the state-level authority for state appropriations, to monitor any updates to federal requirements.</p> <p>The auditors determined this finding was resolved in the fiscal year 2023 audit.</p> <p>Brian Tinney                      Statewide Accounting Director                      PO Box 43127                      Olympia, WA 98504-3127                      (564) 999-1781  <a href="mailto:brian.tinney@ofm.wa.gov">brian.tinney@ofm.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	84.425D COVID-19	\$0	84.425R COVID-19		94.425U COVID-19		84.425V COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>												
84.425D COVID-19	\$0												
84.425R COVID-19													
94.425U COVID-19													
84.425V COVID-19													

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Status						
2022	028	<p>Finding: The University of Washington did not establish adequate internal controls to ensure payments to contractors and subrecipients for the Global AIDS program were allowable, properly supported and within the period of performance.</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>93.067</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.067 COVID-19</td> <td></td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: The University partially concurs with the finding.</p> <p>The University disagrees with the auditors' assertion that internal controls were inadequate to ensure payments to contractors and subrecipients of the Global AIDS program were allowable, properly supported, and within the period of performance.</p> <p><b>Payments to country offices</b></p> <p>The University administers the program through its International Training and Education Center for Health (I-TECH), a center in the University's Department of Global Health, with staff in various locations worldwide. I-TECH country offices are not contractors but are an extension of the University. The audit identified one of 58 payments in the test sample (1.7 percent) that did not meet the approval requirements set forth in I-TECH's standard operating procedures. Based on the error percentage, the University disagrees with this part of the finding.</p> <p><b>Payments to contractors</b></p> <p>The University's current payment process to contractors has multiple approval requirements. Upon receipt, program/budget manager reviews and approves individual invoices prior to input into the University's procurement system by the I-TECH accounts payable administrator. The system requires compliance approval from the account payable supervisor or other manager, as well as funding approval from the budget manager prior to payment. Approvals of Budget Activity Reports (BARS) are not part of the approval process for contractor payments, but are post-payment reviews by budget managers of monthly expenses posted to the budget to ensure they are within expectations.</p> <p>The University disagrees with the exceptions identified in the finding related to payments to contractors. The exceptions noted were payments made to country offices instead of contractors, the supporting approvals of which were provided to the auditors on April 26, 2023, prior to the completion of fieldwork.</p> <p><b>Subrecipient reimbursements</b></p> <p>Contract managers review each subrecipient invoice for reasonableness,</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.067	\$0	93.067 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>							
93.067	\$0							
93.067 COVID-19								

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	028 (cont'd)	<p>allowability and allocability, and require approval by both budget managers and principal investigators (PI) prior to payment in the University's procurement system. The auditors reviewed and verified PI approvals for each selected subrecipient with no exception identified. It should be noted that approvals of BARS are also not part of the approval process for payments to subrecipients.</p> <p>The University acknowledges that documentation related to BARS reviews by budget managers was not available for 52 of the transactions tested and agrees that improvement is needed for retaining documentation of monthly reviews. In response to the finding, the University has started saving BARS review documentation on the server to ensure the documents are readily available.</p> <p>Completion Date: April 2023</p> <p>Agency Contact: Erick Winger                      Controller                      4300 Roosevelt Way NE                      Seattle, WA 98195                      (206) 543-5322  <a href="mailto:erickw@uw.edu">erickw@uw.edu</a></p>

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	029	<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> <tr> <td style="text-align: right;">93.067 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The University acknowledges that one report related to the Global AIDS program subaward modification was not submitted during the audit period in accordance with Federal Funding Accountability and Transparency Act (FFATA) requirements.</p> <p>The University:</p> <ul style="list-style-type: none"> <li>• Submitted the required report as of May 2023.</li> <li>• Reviewed all subaward actions (new subawards and modifications) for the program active during fiscal year 2022 and verified that no additional reports were missed.</li> </ul> <p>The University maintains that solid and effective controls are already in place related to FFATA reporting, but acknowledges that the current process can be enhanced through better use of the data in the Sponsored Projects Administration and Electronic Research Compliance (SPAERC) system. The University will:</p> <ul style="list-style-type: none"> <li>• Strengthen management monitoring process to ensure compliance with FFATA reporting requirements.</li> <li>• Design a report to assist in the identification and review of FFATA-reportable actions. Implementation of this process is expected to occur in fiscal year 2024.</li> </ul> <p>Estimated December 2023</p> <p>Erick Winger                      Controller                      4300 Roosevelt Way NE                      Seattle, WA 98195                      (206) 543-5322  <a href="mailto:erickw@uw.edu">erickw@uw.edu</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.067	\$0	93.067 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.067	\$0								
93.067 COVID-19									

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	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 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"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.067</td> <td>\$0</td> </tr> <tr> <td colspan="2">93.067 COVID-19</td> </tr> </table> <p>Corrective action in progress</p> <p>The University maintains that there are adequate internal controls to ensure the Global AIDS program complies with the requirements for pass-through entities as outlined in Uniform Guidance 2 CFR § 200.332 and the university policy incorporated in Grants Information Memorandum 8.</p> <p>As noted in the finding, the University uses a certification process to obtain information and documentation needed, such as audited financial statements, from each subrecipient and perform a risk assessment using standard risk criteria. For the one exception identified by the auditors, the University misinterpreted the response provided by the subrecipient regarding whether it expended \$750,000 or more in federal awards during the fiscal year. Although the single or program specific audit report was not obtained and reviewed, a risk assessment was performed on the subrecipient. With a medium risk rating, the subrecipient was subject to monitoring at the program level throughout the project during the period in question, in accordance with University policy.</p> <p>The University will:</p> <ul style="list-style-type: none"> <li>• Update the certification process with all subrecipients to confirm if federal expenditures during a fiscal year exceed the \$750,000 threshold to require a single or program-specific audit.</li> <li>• Issue written management decisions for all applicable audit findings.</li> <li>• Ensure subrecipients develop and perform acceptable corrective actions to address all audit recommendations, if applicable.</li> </ul> <p>Estimated September 2023</p> <p>Erick Winger                      Controller                      4300 Roosevelt Way NE                      Seattle, WA 98195                      (206) 543-5322  <a href="mailto:erickw@uw.edu">erickw@uw.edu</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.067	\$0	93.067 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.067	\$0								
93.067 COVID-19									

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	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 Health did not have adequate internal controls over and did not comply with requirements to ensure payments to providers were allowable, met cost principles, and were within the period of performance 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;">\$4,287,159</td> </tr> <tr> <td style="text-align: right;">93.268 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 internal controls can be strengthened over provider payments to ensure funds are allowable and spent within the period of performance. The following actions were taken:</p> <ul style="list-style-type: none"> <li>• Required payments to providers contain adequate support in line with the A19 matrix and subrecipients' risk assessments.</li> <li>• Provided additional training to staff in the immunization unit responsible for reviewing invoices.</li> <li>• Developed tracking sheets which enable staff to record details from backup documentation reviews and payment approvals.</li> </ul> <p>The Department will review the control weaknesses identified in the audit related to the consolidated contract payment process and will determine if changes need to be made.</p> <p>The Department disagrees with the audit exceptions and questioned costs identified in the finding. The Department will work with the federal grantor to resolve any questioned costs.</p> <p>Estimated December 2023</p> <p>Jeff Arbuckle                      External Audit Manager                      PO Box 47890                      Olympia, WA 98504-7890                      (360) 701-0798  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.268	\$4,287,159	93.268 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.268	\$4,287,159								
93.268 COVID-19									

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2022	032	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls 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" 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>93.268</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.268 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department agrees with the finding.</p> <p>The Department will review internal processes and determine when a review is most effective to ensure accuracy and completeness of the Federal Funding Accountability and Transparency Act reporting submissions. Management has already addressed the obligation dates to ensure the execution date of the award or amendment is reported.</p> <p>Estimated July 2024</p> <p>Jeff Arbuckle                      External Audit Manager                      PO Box 47890                      Olympia, WA 98504-7890                      (360) 701-0798  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></p>		<u>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 Status										
2022	033	<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 to ensure subrecipients of the Epidemiology and Laboratory Capacity for Infectious Diseases program only used funds for allowable activities and met cost principles.</p> <table border="0" data-bbox="665 577 1476 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>93.323</td> <td></td> <td style="text-align: right;">\$1,644,873</td> </tr> <tr> <td>93.323 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>The Department agrees with the auditors' recommendation over subrecipient monitoring to require transactions that were previously coded as "COVID" to be recorded with the specific revenue source and will do so in future monitoring visits. The Department does not agree with the auditors' assessment of a material weakness in internal controls over subrecipient monitoring. When staff conduct fiscal monitoring site visits, key control systems including payroll and disbursements are reviewed and documented. These monitoring activities ensure internal controls are operating effectively and providing assurance that reimbursements are allowable and accurate.</p> <p>The Department acknowledges that internal controls can be strengthened over provider payments and will take the following actions:</p> <ul style="list-style-type: none"> <li>• Require payments to providers be adequately supported by the appropriate backup documentation and subrecipient risk assessments.</li> <li>• Update the documentation requirements to align with the identified risk levels and federal guidance.</li> <li>• Develop tracking sheets, which enable staff to record details from backup documentation reviews and payment approvals.</li> <li>• Provide additional training to staff in the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program responsible for reviewing invoices.</li> </ul> <p>The Department disagrees with the SAO's assessment of a material weakness in internal controls over the consolidated contract provider payment process for the 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"> <li>• Perform annual review and approval of detailed subrecipient budgets.</li> <li>• Compare invoice amounts to budgeted amounts for reasonableness before payment approval.</li> <li>• Provide subrecipients regular technical assistance and training on applicable policies related to fiscal and programmatic processes.</li> </ul>		<u>Assistance Listing #</u>	<u>Amount</u>	93.323		\$1,644,873	93.323 COVID-19		
	<u>Assistance Listing #</u>	<u>Amount</u>										
93.323		\$1,644,873										
93.323 COVID-19												

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	033 (cont'd)	<ul style="list-style-type: none"> <li>• Conduct biennial program and fiscal monitoring visits to subrecipients as part of the Department’s monitoring procedures.</li> </ul> <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>Completion Date: Estimated March 2024</p> <p>Agency Contact: Jeff Arbuckle                      External Audit Manager                      PO Box 47890                      Olympia, WA 98504-7890                      (360) 701-0798  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></p>

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	034	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of 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 data-bbox="672 548 971 579"><u>Assistance Listing #</u></td> <td data-bbox="971 548 1094 579"><u>Amount</u></td> </tr> <tr> <td data-bbox="672 579 971 611">93.323</td> <td data-bbox="971 579 1094 611">\$0</td> </tr> <tr> <td data-bbox="672 611 971 642">93.323 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially agrees with the finding.</p> <p>For the two reports on which the auditors took exceptions, the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program did discover the errors after the original reports were submitted. The Department notified the Centers for Disease Control and Prevention (CDC) about the reporting errors in February 2022, which was within the reporting period. However, due to a technical issue, the federal reporting system would not allow ELC program staff to input edits to the reports for the months of July through October 2021. After a discussion with CDC, program staff were advised to submit the corrected data of the previous reports via email, which was subsequently accepted by the grantor and the issue was resolved.</p> <p>The Department agrees there needs to be evidence of documented reviews of reports and is implementing steps to ensure review and approval of reports are well documented and retained before final submission to the federal grantor.</p> <p>Estimated December 2023</p> <p>Jeff Arbuckle                      External Audit Manager                      PO Box 47890                      Olympia, WA 98504-7890                      (360) 701-0798  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></p>	<u>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 Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	035	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over 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" data-bbox="667 583 1476 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></td> <td style="text-align: center;">93.558</td> <td style="text-align: center;">\$67,699,429</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 (TANF) grant. The Department allocated the TANF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>For the fiscal year 2021 program audit, the State Auditor’s Office (SAO) issued a finding with \$32 questioned costs for non-compliance with the CCDF eligibility requirement. No other findings, management letters, or exit items were reported in this compliance area or the cost allocation of funds based on eligibility for the CCDF or TANF grants. Given that eligibility or cost allocation has not been an area of concern, and transfers were processed between TANF and CCDF source of funds with the same eligibility criteria, the Department is assured that TANF funding was spent appropriately within federal regulations.</p> <p>The Department is committed to improving internal controls. The Department does not currently have the 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. In response to prior year’s audit recommendations, the Department has submitted a budget request to the Legislature in the 2023-2025 biennial budget for additional resources to process adjustments to include transaction-level data.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), which oversees the CCDF program at the federal level, reviews all SAO findings and issues management decision letters. The letters will reflect the grantor’s determination of whether an audit finding is sustained, the reasons for the decision, and the required actions by the auditee. When a management decision is issued for the fiscal year 2021 finding, the Department will work with HHS and follow the audit resolution process.</p>		<u>Assistance Listing #</u>	<u>Amount</u>		93.558	\$67,699,429
	<u>Assistance Listing #</u>	<u>Amount</u>							
	93.558	\$67,699,429							

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	035 (cont'd)	<p>The conditions noted in this finding were previously reported in finding 2021-028.</p> <p>Completion Date: Estimated December 2024</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2022	036	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with client eligibility requirements for child care services paid with the Child Care and Development Fund and Temporary Assistance for Needy Families funds.</p> <table border="0" data-bbox="667 583 1096 735"> <thead> <tr> <th style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.558</td> <td style="text-align: right;">\$5,689</td> </tr> <tr> <td>93.575</td> <td style="text-align: right;">\$5,078</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>In response to the finding, the Department established overpayments and referred them to the Office of Financial Recovery for collection.</p> <p>As part of process and internal control improvements, the Department implemented the Fair Start for Kids Act (FSKA) on October 1, 2021, to simplify rules and expand eligibility. The FSKA:</p> <ul style="list-style-type: none"> <li>• Raises the State Median Income threshold, increasing the number of eligible two-parent households.</li> <li>• Caps copayments at \$115 for applicants and \$215 for reapplicants, reducing the copay amounts for two-parent households.</li> <li>• Acts as disincentives for fraud as families are less likely to report the non-custodial parent who is not a household member.</li> </ul> <p>The Department continues to review cases for accuracy following these new rules and policies.</p> <p>In September 2022, the Office of Child Care (OCC) released a document to help CCDF lead agencies simplify the format and content of child care assistance applications, which includes guidance on defining, collecting, and verifying eligibility information. The Department continues to follow guidance from OCC to update policies and procedures within the authority under the Revised Code of Washington and Washington Administrative Code. This includes:</p> <ul style="list-style-type: none"> <li>• Updating policies and procedures for cases with simplified eligibility such as families experiencing homelessness or families with children receiving protective services. Public Benefit Specialist (PBS) staff received training in the winter of 2022, which included the use of systems data to establish household composition.</li> </ul>	<u>Assistance Listing #</u>	<u>Amount</u>	93.558	\$5,689	93.575	\$5,078	93.575 COVID-19		93.596	
<u>Assistance Listing #</u>	<u>Amount</u>												
93.558	\$5,689												
93.575	\$5,078												
93.575 COVID-19													
93.596													

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	036 (cont'd)	<ul style="list-style-type: none"> <li>• Developing a guide for staff to more effectively use the Employment Security Department (ESD) quarterly reported data for eligibility determinations. The ESD data is directly reported by the employer, secured, and reduces delays in benefits by eliminating the wait for employment verification. It is also simple to use for the PBS staff and the auditors, thereby reducing income calculation errors and removing the need for consumers to provide documentation to support the eligibility determination. This procedural change and training are expected to be completed by the summer of 2023.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2021-035, 2020-039, 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017 and 2012-30.</p> <p>Completion Date: Estimated October 2023</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	037	<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 to ensure staff properly considered the income information obtained from data matching when determining client eligibility and benefits for the Temporary Assistance for Needy Families program.</p> <table border="0" data-bbox="667 611 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>93.558</td> <td></td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with the finding.</p> <p>The Department has established processes in place to ensure income information is properly considered during client eligibility and benefits determination for the Temporary Assistance for Needy Families (TANF) Program. During eligibility determination at application intake, the eligibility worker:</p> <ul style="list-style-type: none"> <li>• Interviews the client to determine income.</li> <li>• Compares client reported information and cross matches against the Income Eligibility and Verification System (IEVS) per the Code of Federal Regulations (CFR).</li> <li>• Resolves discrepancies for all new or previously unverified information received.</li> <li>• Uses the information to determine if the client income is below the maximum earned income limits for TANF per WAC 388-478-0035.</li> <li>• Verifies all circumstances as required in WAC 388-490-0005 and follows requirements when discrepancies exist, which include taking appropriate actions if the information is questionable, confusing, or outdated.</li> </ul> <p>The Department utilizes Spider, which is a tool that combines several different data matches including IEVS. In addition, the Department uses templates to appropriately and comprehensively document the eligibility determination to ensure consistency, accuracy, and that lean processes are followed.</p> <ul style="list-style-type: none"> <li>• The <i>Earned Income Template</i> <ul style="list-style-type: none"> <li>○ Addresses income received within 30 days of the application date and any discrepancies found between the case record, online verification systems, previously projected income, and income type.</li> <li>○ Does not require documentation if there is no income reported and when no discrepancy is found in cross matches.</li> </ul> </li> <li>• The <i>Final Narrative Template</i> <ul style="list-style-type: none"> <li>○ Includes completing check boxes to document types of cross matches reviewed during application intake and a summary of the transactions that occurred.</li> </ul> </li> </ul>		<u>Assistance Listing #</u>	<u>Amount</u>	93.558		\$0
	<u>Assistance Listing #</u>	<u>Amount</u>							
93.558		\$0							



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	037 (cont'd)	<p>In all seven exceptions identified by the auditors, the client’s situation did not require the eligibility workers to use the <i>Earned Income Templates</i> due to:</p> <ul style="list-style-type: none"> <li>• No income reported.</li> <li>• No income found in IEVS and other cross matches.</li> <li>• No discrepancies.</li> <li>• No changes within 30 days.</li> </ul> <p>The eligibility workers did create documentation using the <i>Final Narrative Template</i> for all seven cases with notation stating: “Reviewed the following system(s): Spider.” All these actions were consistent and aligned with the Department’s "Standard Remarks and Narrative Documentation" procedures.</p> <p>Alerts are not generated for all income fluctuations but as appropriate when a review and potential action is required. This is to minimize creating unnecessary alerts which would take staff time away from other required and mission-critical actions. The Department asserts that the system is working as designed, which is evidenced by the fact that the Department accurately determined eligibility in all seven cases identified as exceptions by the auditors.</p> <p>The Department will continue to:</p> <ul style="list-style-type: none"> <li>• Review IEVS information at application intake and verify and document any discrepancies between what is reported by the household and what is shown in the cross matches.</li> <li>• Use templates to ensure documentation supports the eligibility decisions.</li> <li>• Generate alerts when an applicant is budgeted with zero income, but the IEVS data match shows income.</li> <li>• Use the final narrative documentation template, that includes check boxes, to notate cross matches reviewed during application intake.</li> </ul> <p>Completion Date: The auditors determined this finding was resolved in the fiscal year 2023 audit.</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2022	038	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act.</p> <table border="0" data-bbox="673 548 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>93.568</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 the two different program funding activities. Corrective actions are listed separately for each program to reflect slightly different implementation timelines.</p> <p><b>Low-Income Home Energy Assistance Program (LIHEAP)</b></p> <p>The program added all current awards to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System and data entry for the sub-awardees was completed as of April 15, 2022.</p> <p>In April 2022, the program implemented the following procedures to strengthen internal controls and to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> <li>• Designated the LIHEAP program manager to be responsible for performing the FFATA reporting duties.</li> <li>• Established a procedure to monitor subawards upon receiving an award letter from the federal grantor, including reviewing incoming amendments and determining if the threshold for FFATA reporting has been reached.</li> <li>• Stipulated the due date of report submission to be 30 days after the assistant director signs the obligation memo to ensure that the program meets FFATA reporting deadlines.</li> <li>• Required each award and amendment to be entered separately into the FFATA Subaward Reporting System.</li> </ul> <p>The program provided and will continue to provide training to program staff before the annual technical assistance and training conference for sub-grantees. The training consists of the FFATA requirement overview and walkthrough of the Department’s internal FFATA reporting procedures.</p> <p>The program will continue to review the FFATA procedures on an annual basis to ensure compliance with current federal requirements.</p> <p>Corrective action was completed for the Low-Income Home Energy Assistance Program in April 2022.</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 Status
2022	038 (cont'd)	<p><b>Low-Income Weatherization Program</b></p> <p>The Low-Income Weatherization Program added all current awards to the FFATA Subaward Reporting System and data entry of the awards was completed as of January 15, 2023.</p> <p>In response to the finding, the program implemented the following procedures to strengthen internal controls and to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> <li>• Award letters and funding allocations will be reviewed by the budget team and assistant director before issuing subawards to the weatherization network.</li> <li>• Added FFATA reporting requirements to the obligation process for contracting funds, which includes an obligation memo that outlines the amounts the program intends to pass through to subrecipients and contractors.</li> <li>• Designated the Weatherization Program coordinator to be responsible for performing the FFATA reporting duties.</li> <li>• Established a procedure to monitor subawards upon receiving an award letter from the federal grantor, including reviewing incoming amendments and determining if the threshold for FFATA reporting has been reached.</li> <li>• Stipulated the due date of report submission to be 30 days after the assistant director signs the obligation memo to ensure that the program meets FFATA reporting deadlines.</li> </ul> <p>The program will provide training to all relevant current staff and future staff at the time of onboarding, including supervisors, program managers, and program coordinators. The training will consist of a FFATA requirement overview and walkthrough of the Department’s internal FFATA reporting procedures.</p> <p>The Department will review the FFATA procedures on an annual basis to ensure compliance with current federal requirements.</p> <p>Corrective action was completed for the Low-Income Weatherization Program in January 2023.</p> <p>The conditions noted in this finding were previously reported in finding 2021-031.</p> <p>Completion Date: January 2023</p> <p>Agency Contact: Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status						
2022	039	<p>Finding: 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> <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>93.568</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.568 COVID-19</td> <td></td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Low-Income Home Energy Assistance Program (LIHEAP) receives awards from one funding source in a typical program year. During fiscal year 2022, the Department received additional COVID Pandemic funds from additional sources. The Department was instructed to keep and track all funds separately.</p> <p>The U.S. Department of Health and Human Services (HHS) issued the Action Transmittal LIHEAP-AT-2022-02 Performance Data Form for Fiscal Year 2021 on March 14, 2022. The Action Transmittal states that the first page of the federal report was to include all Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan Act funds as combined and separated out in subsequent pages of the report.</p> <p>To meet reporting requirements, the Department tracked and reported all funds separately for regular LIHEAP funding and additional LIHEAP funding. The reports were reviewed and accepted by HHS and APPRISE, a contractor of HHS.</p> <p>The Department follows the reporting process outlined below:</p> <ul style="list-style-type: none"> <li>• Program manager pulls the necessary reports.</li> <li>• Managing director (MD) reviews reports before submittal.</li> <li>• Program manager submits reports once MD approval is received.</li> <li>• Program manager receives notice that the report has been accepted by the funder.</li> <li>• Program manager saves a copy of the report, documentation, and acceptance.</li> </ul> <p>The program manager is working with the HHS contractor, APPRISE, to revise the reporting submission.</p> <p>The conditions noted in this finding were previously reported in finding 2021-032.</p> <p>Completion Date: In progress</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 Status
2022	039 (cont'd)	Agency Contact: Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a>

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2022	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 Commerce did not have adequate internal controls over and did not comply with requirements to issue management decisions for audit findings to subrecipients of the Low-Income Home Energy Assistance Program.</p> <table border="0" data-bbox="673 577 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>93.568</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’s internal control officer is responsible for completing the monitoring of federal reporting and issuing management decisions for subrecipients who receive federal audit findings for programs funded with the Department’s federal pass-through funding.</p> <p>Beginning in December 2021, the internal control officer documented all findings, corrective action plans, and communication with subrecipients in a monitoring spreadsheet. This enabled the Department to ensure all efforts in monitoring subrecipients were taken. In May 2022, all management decisions were added to the monitoring spreadsheet which documented the Department’s management decisions.</p> <p>To ensure compliance with federal requirements for subrecipient monitoring, the Department has implemented the following process:</p> <ul style="list-style-type: none"> <li>• Review all audit findings issued to Department subrecipients.</li> <li>• Review each subrecipient’s corrective action plan.</li> <li>• Review and discuss all findings and corrective action plans with subrecipients to identify and understand the basis for the deficiency and planned corrections.</li> <li>• Create a management decision for each subrecipient finding, receive leadership approval, and formally communicate the decision to our subrecipient.</li> <li>• All management decisions will be formally communicated to our pass-through subrecipients within the six-month federal deadline.</li> </ul> <p>September 2022</p> <p>Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>		<u>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 Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2022	041	<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="673 583 1153 709"> <thead> <tr> <th style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.575</td> <td style="text-align: right;">\$260,552,979</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>For the fiscal year 2021 program audit, the State Auditor’s Office (SAO) issued a finding with \$32 questioned costs for non-compliance with the CCDF eligibility requirement. No other findings, management letters, or exit items were reported in this compliance area or the cost allocation of funds based on eligibility. Given that eligibility or cost allocation has not been an area of concern, and transfers were processed between CCDF source of funds with the same eligibility criteria, the Department is assured that CCDF funding was spent appropriately within federal regulations.</p> <p>The Department is committed to improving internal controls. The Department does not currently have the 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. In response to prior year’s audit recommendations, the Department has submitted a budget request to the Legislature in the 2023-2025 biennial budget for additional resources to process adjustments to include transaction-level data.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), which oversees the CCDF program at the federal level, reviews all SAO findings and issues management decision letters. The letters will reflect the grantor’s determination of whether an audit finding is sustained, the reasons for the decision, and the required actions by the auditee. When a management decision is issued for the fiscal year 2021 finding, the Department will work with HHS and follow the audit resolution process.</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.575	\$260,552,979	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 Status
2022	041 (cont'd)	<p>The conditions noted in this finding were previously reported in findings 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 2024</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>



Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2022	042	<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="670 577 1096 703"> <thead> <tr> <th data-bbox="670 577 803 609"></th> <th data-bbox="670 577 966 609"><u>Assistance Listing #</u></th> <th data-bbox="670 577 1096 609"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 611 803 640">93.575</td> <td data-bbox="670 611 966 640"></td> <td data-bbox="670 611 1096 640">\$0</td> </tr> <tr> <td data-bbox="670 642 803 672">93.575 COVID-19</td> <td data-bbox="670 642 966 672"></td> <td data-bbox="670 642 1096 672"></td> </tr> <tr> <td data-bbox="670 674 803 703">93.596</td> <td data-bbox="670 674 966 703"></td> <td data-bbox="670 674 1096 703"></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>For the fiscal year 2021 program audit, the State Auditor’s Office (SAO) issued a finding with \$32 questioned costs for non-compliance with the CCDF eligibility requirement. No other findings, management letters, or exit items were reported in this compliance area or the cost allocation of funds based on eligibility. Given that eligibility or cost allocation has not been an area of concern, and transfers were processed between CCDF source of funds with the same eligibility criteria, the Department is assured that CCDF funding was spent appropriately within federal regulations.</p> <p>The Department is committed to improving internal controls. The Department does not currently have the 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. In response to prior year’s audit recommendations, the Department has submitted a budget request to the Legislature in the 2023-2025 biennial budget for additional resources to process adjustments to include transaction-level data.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), which oversees the CCDF program at the federal level, reviews all SAO findings and issues management decision letters. The letters will reflect the grantor’s determination of whether an audit finding is sustained, the reasons for the decision, and the required actions by the auditee. When a management decision is issued for the fiscal year 2021 finding, the Department will work with HHS and follow the audit resolution process.</p> <p>The conditions noted in this finding were previously reported in findings 2021-036 and 2020-040.</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.575		\$0	93.575 COVID-19			93.596		
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93.575		\$0													
93.575 COVID-19															
93.596															

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	042 (cont'd)	Completion Date: Estimated December 2024  Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2022	043	<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.</p> <table border="0" data-bbox="673 546 1104 672"> <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>For the fiscal year 2021 program audit, the State Auditor’s Office (SAO) issued a finding with \$32 questioned costs for non-compliance with the CCDF eligibility requirement. No other findings, management letters, or exit items were reported in this compliance area or the cost allocation of funds based on eligibility. Given that eligibility or cost allocation has not been an area of concern, and transfers were processed between CCDF source of funds with the same eligibility criteria, the Department is assured that CCDF funding was spent appropriately within federal regulations.</p> <p>The Department is committed to improving internal controls. The Department does not currently have the 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. In response to prior year’s audit recommendations, the Department has submitted a budget request to the Legislature in the 2023-2025 biennial budget for additional resources to process adjustments to include transaction-level data.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), which oversees the CCDF program at the federal level, reviews all SAO findings and issues management decision letters. The letters will reflect the grantor’s determination of whether an audit finding is sustained, the reasons for the decision, and the required actions by the auditee. When a management decision is issued for the fiscal year 2021 finding, the Department will work with HHS and follow the audit resolution process.</p> <p>The conditions noted in this finding were previously reported in finding 2021-037 and 2020-041.</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 Status
2022	043 (cont'd)	Completion Date: Estimated December 2024  Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2022	044	<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 financial reporting requirements for the Child Care and Development Fund Cluster.</p> <table border="0" data-bbox="673 546 1104 672"> <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>For the fiscal year 2021 program audit, the State Auditor’s Office (SAO) issued a finding with \$32 questioned costs for non-compliance with the CCDF eligibility requirement. No other findings, management letters, or exit items were reported in this compliance area or the cost allocation of funds based on eligibility. Given that eligibility or cost allocation has not been an area of concern, and transfers were processed between CCDF source of funds with the same eligibility criteria, the Department is assured that CCDF funding was spent appropriately within federal regulations.</p> <p>The Department is committed to improving internal controls. The Department does not currently have the 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. In response to prior year’s audit recommendations, the Department has submitted a budget request to the Legislature in the 2023-2025 biennial budget for additional resources to process adjustments to include transaction-level data.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), which oversees the CCDF program at the federal level, reviews all SAO findings and issues management decision letters. The letters will reflect the grantor’s determination of whether an audit finding is sustained, the reasons for the decision, and the required actions by the auditee. When a management decision is issued for the fiscal year 2021 finding, the Department will work with HHS and follow the audit resolution process.</p> <p>The conditions noted in this finding were previously reported in finding 2021-038.</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										
93.575 COVID-19											
93.596											

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	044 (cont'd)	Completion Date: Estimated December 2024  Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2022	045	<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="669 546 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>93.575</td> <td></td> <td style="text-align: center;">\$412</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 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"> <li>• In September 2020, in response to the COVID-19 pandemic, the Department obtained grantor’s approval to revise the Child Care and Development Fund (CCDF) State Plan to waive the annual unannounced monitoring requirement and allowing for virtual monitoring, through September 30, 2021, but some providers were unable to participate in the virtual process resulting in monitoring visits not being conducted during state fiscal year 2022.</li> <li>• In the fall of 2022, to address staff turnover issues, the Department began recruiting new staff and providing training on child care licensing rules and regulations. This included adding a new position in November 2022 to assist supervisors with onboarding and training new staff hired during the audit period.</li> <li>• The Department 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"> <li>○ In July 2022, began authorizing staff, subject to pandemic related restrictions, to visit providers on-site to provide assistance with meeting health and safety requirements.</li> <li>○ In the spring of 2023, prioritized monitoring visits to return to compliance with CCDF health and safety requirements.</li> </ul> </li> <li>• Established an overpayment for the questioned costs and referred to the Office of Financial Recovery for collection.</li> <li>• For license-exempt family, friend, and neighbor (FFN) providers, the Department:                         <ul style="list-style-type: none"> <li>○ Requested approval from the Office of Child Care for a hybrid monitoring approach (in-person and virtual visits).</li> <li>○ Dedicated staff resources to update WA Compass to include all health and safety requirements for FFNs and address data format issues.</li> </ul> </li> </ul> <p>The Department will continue to strengthen internal controls as follows:</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.575		\$412	93.575 COVID-19			93.596		
	<u>Assistance Listing #</u>	<u>Amount</u>													
93.575		\$412													
93.575 COVID-19															
93.596															

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	045 (cont'd)	<p>For licensed providers:</p> <ul style="list-style-type: none"> <li>• Continue to implement return to in-person field work by reducing pandemic level requirements.</li> <li>• Prioritize new staff training to first focus on monitoring visits and health and safety requirements.</li> <li>• Continue to track and monitor health and safety requirements with available tools until all WA Compass system development is completed.</li> <li>• Create an in-training licensing position to assist staff recruitment efforts and add additional lead worker positions to assist supervisors with training and caseload management.</li> <li>• Conduct a root cause analysis to determine other underlying causes for missed monitoring visits and untimely follow-ups, and how to address them.</li> <li>• Examine ways to secure resources to add additional full-time staff to support caseload needs.</li> </ul> <p>For FFN providers:</p> <ul style="list-style-type: none"> <li>• Continue to track and monitor FFN health and safety requirements with available tools until all WA Compass system development is completed.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2021-039, 2020-042, 2019-039, 2018-035, 2017-025, 2016-022 and 2015-024.</p> <p>Completion Date: Estimated July 2024</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2022	046	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:  Agency Contact:	The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure potential child care fraud was correctly identified and reported for the Child Care and Development Fund Cluster.  <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> Corrective action complete  The Department concurs with the finding.  As of January 2023: <ul style="list-style-type: none"> <li>• The Department updated the Barcode system algorithm to fix the improper scoring of the Fraud Early Detection (FRED) referrals. Referrals are now being scored, per the details of the algorithm, to include the additional four points for FRED referrals received from hotline calls.</li> <li>• The Office of Fraud and Accountability sent a request to store the information for the prioritization tool to the Economic Services Administration, who maintains the Barcode system and server space.</li> </ul> The Department anticipates the Barcode system will be updated and service space will be created by December 2023.  June 2023  Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>	<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										
93.575 COVID-19											
93.596											

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	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 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="padding-right: 20px;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.658</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.658 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding and is committed to improving internal controls.</p> <p>During July through September 2021, the first three months of the audit period, the Department did not have adequate staffing levels to maintain the business processes for the Public Assistance Cost Allocation Plan (PACAP) cost base for administrative charges. Available staff focused on grant reconciliations and close-out of the prior fiscal year financial transactions. In October 2021, the Department began updating the monthly workbooks in accordance with the approved PACAP.</p> <p>To address the finding and audit recommendations, the Department:</p> <ul style="list-style-type: none"> <li>• Reviewed the written base edit form procedures with staff.</li> <li>• Added reminders for base edit entries to the Cost Allocation and Grants Management Unit calendar.</li> </ul> <p>In progress</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<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 Status							
2022	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 Children, Youth, and Families did not have adequate internal controls to ensure payments to providers for travel and family visits were allowable and adequately supported for the Foster Care program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.658</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.658 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department is committed to strengthening internal controls and complying with grant requirements.</p> <p>In response to the auditor’s recommendations, the Department will work with the Financial and Business Services Division and Foster Care Program to review the fiscal monitoring procedures to ensure payments to providers for travel and family visits are allowable and adequately supported.</p> <p>The conditions noted in this finding were previously reported in finding 2021-040.</p> <p>Estimated December 2023</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<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 Status											
2022	049	<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 some Public Assistance Cost Allocation Plan requirements.</p> <table border="0" data-bbox="673 546 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>93.658</td> <td>\$0</td> </tr> <tr> <td>93.658 COVID-19</td> <td></td> </tr> <tr> <td>93.659</td> <td></td> </tr> <tr> <td>93.659 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The Random Moment Time Study (RMTS) is a federally approved cost allocation methodology to claim allowable federal funds. The Department’s use of the RMTS is included in its Public Assistance Cost Allocation Plan (PACAP) with the federal grantor. The Department maintains that the sampling universe is accurate and complete and complies with federal requirements. There is no known deficiency with the integrity of the RMTS, nor are unallowable costs allocated to federal programs.</p> <p>Effective October 2022, the Department contracted with the University of Massachusetts (UMass) for the design and implementation of the RMTS mechanism. UMass has updated the RMTS instructions for the new quarterly process, which remains in compliance with federal law while alleviating the department-imposed restrictions. It also addresses the auditor’s concerns regarding the internal controls applicable to the RMTS worker types included in the sampling universe.</p> <p>The Department has also taken additional actions to address system limitations caused by high staff turnover rates within the cost pools. These include:</p> <ul style="list-style-type: none"> <li>• The Headquarters (HQ) RMTS Coordinator pulls an InfoFamLink worker list report that shows all workers with access to the FamLink system. The list is then reviewed by job class to verify the accuracy of RMTS group assignment and to identify the workers that are eligible to be included in the sample.</li> <li>• The Cost Allocation and Grants Management Unit pulls a job classification report from the Human Resource Management System (HRMS) at the end of every pay cycle. The HQ RMTS Coordinator compares the HRMS report to the InfoFamLink worker list report to verify if they are eligible to be sampled and properly allocated in HRMS. The HRMS has additional information related to job class to assist in sample eligibility determination and strengthen the internal controls around RMTS samples pulled.</li> <li>• The HQ RMTS Coordinator pulls a workload report from InfoFamLink to view worker caseloads and primary assignments. This is an additional tool to determine if a worker is eligible and assigned to the correct RMTS sample pool.</li> </ul>	<u>Assistance Listing #</u>	<u>Amount</u>	93.658	\$0	93.658 COVID-19		93.659		93.659 COVID-19	
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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2022	049 (cont'd)	<p>The Department will continue to maintain internal controls over the monthly update process to ensure the RMTS sampling populations are complete. The Department will also work with the federal partners to ensure continued compliance with the PACAP.</p> <p>The conditions noted in this finding were previously reported in finding 2021-042, 2020-044 and 2019-044.</p> <p>Completion Date: October 2022</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2022	050	<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 group care facility employees had cleared background checks before having unsupervised access to children.</p> <table border="0" data-bbox="670 548 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>93.658</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 partially concurs with the finding.</p> <p>The Department is committed to ensuring the health, safety, and well-being of all children in our care. As stated in the <i>Effect of Condition</i> on the audit finding, the auditors found all group care facility staff sampled during the audit had a cleared background check prior to working in the facility. While the Department agrees the use of definitions such as “effective date” and “start date” in FamLink could be misleading, the Department does not concur internal controls were not adequate to ensure group care facility employees had cleared background checks before having unsupervised access to children. The Department is confident that all staff who work with children and youth have cleared background checks.</p> <p>Effective 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"> <li>• 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).</li> <li>• The BCU works with the applicant/employee through the fingerprint background check process.</li> <li>• 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.</li> <li>• 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.</li> </ul> <p>In progress</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 Status							
2022	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 reporting requirements for the Foster Care 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>93.658</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.658 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department acknowledges that errors were made in the quarterly reports submitted during the audit period. The errors were identified by the Department and corrected in October 2022.</p> <p>The Department understands accuracy in reporting is vital. To address the audit finding and recommendations, the Department took the following corrective actions:</p> <ul style="list-style-type: none"> <li>• The lead worker established three meetings each quarter with the Cost Allocation and Grants Director for processing the quarterly reports:                         <ul style="list-style-type: none"> <li>○ A pre-meeting to discuss the reporting requirements,</li> <li>○ A meeting during the reporting process to review the final report prior to submission, and</li> <li>○ A post reporting meeting to discuss any concerns encountered during the reporting process.</li> </ul> </li> <li>• Implemented a data verification process by management prior to submission of the quarterly reports.</li> </ul> <p>The Department is committed to improving internal controls over grant management activities and will continue to properly follow the grantor's published instructions when completing the quarterly reports.</p> <p>In progress</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></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

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2022	052	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over level of effort requirements for the Adoption Assistance program.</p> <table border="0" data-bbox="673 546 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>93.659</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.659 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>When the auditors issued the prior year finding, the Department had taken the following actions:</p> <ul style="list-style-type: none"> <li>• In February 2022, hired a new position to manage the adoption savings program.</li> <li>• In May 2022:                         <ul style="list-style-type: none"> <li>○ Reviewed federal grantor’s reporting instructions and guidance with staff involved in the preparation and submission of the financial report.</li> <li>○ Reviewed written procedures for tracking and monitoring adoption savings expenditures to ensure compliance with level of effort requirements.</li> <li>○ Established monthly meetings between the Child Welfare Program and Cost Allocation and Grant Management Unit staff to review expenditures and level of effort requirements prior to report submission. These meetings help to improve processes for monitoring and verifying adoption savings expenditures.</li> </ul> </li> </ul> <p>The auditors issued the fiscal year 2021 finding in May 2022, which was 11 months after fiscal year 2022 began. The delay did not allow corrective actions to be developed and implemented timely for fiscal year 2022 and resulted in a repeat finding.</p> <p>The conditions noted in this finding were previously reported in finding 2021-045.</p> <p>May 2022</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.659		\$0	93.659 COVID-19		
	<u>Assistance Listing #</u>	<u>Amount</u>										
93.659		\$0										
93.659 COVID-19												

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	053	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure clients were eligible for the Children’s Health Insurance Program.</p> <table border="0"> <tr> <td data-bbox="672 548 971 579"><u>Assistance Listing #</u></td> <td data-bbox="1003 548 1094 579"><u>Amount</u></td> </tr> <tr> <td data-bbox="672 579 971 611">93.767</td> <td data-bbox="1003 579 1122 611">\$3,036,657</td> </tr> <tr> <td data-bbox="672 611 971 642">93.767 COVID-19</td> <td></td> </tr> </table> <p>Corrective action not required</p> <p>The Authority does not concur with the finding.</p> <p>The Authority pursued and was notified of approval for the 1115 disaster waiver from the Centers for Medicare &amp; Medicaid Services (CMS). The waiver will approve Children’s Health Insurance Program (CHIP) funding for clients aged 19 and over during the public health emergency, retroactive to March 18, 2020. Once the official approval letter is received from CMS, the issue will be resolved, and the approval letter will be provided to CMS Audit Resolution.</p> <p>The Children’s Health Insurance Program Reauthorization Act (CHIPRA) postpartum period is state-funded and the Authority processes manual journal vouchers to move federal funding to state funding each quarter. For this audit, the auditors did not allow sufficient time for accounting staff to provide the journal vouchers for inclusion in the audit results. The Authority will work with CMS during the audit resolution process and provide the journal vouchers as needed to demonstrate that state funds were used for the postpartum expenditures.</p> <p>Effective July 1, 2022, the Authority added coding to ProviderOne which automates the accounting process for CHIPRA postpartum client funding.</p> <p>The conditions noted in this finding were previously reported in finding 2021-046.</p> <p>The auditors determined both findings were resolved in the fiscal year 2023 audit.</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.767	\$3,036,657	93.767 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
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93.767 COVID-19									

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status																	
2022	054	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The 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 style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: left;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.767</td> <td>\$0</td> </tr> <tr> <td>93.767 COVID-19</td> <td></td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.777 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 implemented policies and procedures and established a process to:</p> <ul style="list-style-type: none"> <li>• Collect audited financial reports annually from managed care organizations.</li> <li>• Conduct audits of encounter and financial data no less than once every three years.</li> </ul> <p>Additionally, the Authority amended managed care contract language to include the following:</p> <ul style="list-style-type: none"> <li>• Required managed care organizations to submit audited financial reports annually beginning in fiscal year 2023.</li> <li>• Directed managed care organizations to follow the required timing and procedures for submitting audited financial reports.</li> <li>• Clarified that failure to submit reports is sanctionable.</li> </ul> <p>The Authority also conducted an encounter validation audit and is conducting a financial report validation audit. These audits are completed in a frequency outlined in federal regulations.</p> <p>The conditions noted in this finding were previously reported in finding 2021-048.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>	<u>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	
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Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status																	
2022	055	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The 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><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.767</td> <td>\$612,277</td> </tr> <tr> <td>93.767 COVID-19</td> <td></td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.777 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 partially concurs with the finding.</p> <p>The Authority agrees that ProviderOne sends revalidation notifications one day after the due date rather than before the due date. A system revision to correct this issue is expected to be in place by the beginning of 2024.</p> <p>The Authority does not concur with the remainder of the audit finding as stated in the description of condition. The auditor did not provide sufficient information for the Authority to review the identified exceptions and associated questioned costs. Due to the lack of information provided, the Authority is unable to agree or disagree with the results of the audit.</p> <p>The Authority will work with the auditor to obtain sufficient supporting information to review the exceptions and questioned costs. Once this process is completed, the Authority will work with the Centers for Medicare &amp; Medicaid Services on finding resolution.</p> <p>The conditions noted in this finding were previously reported in findings 2021-047, 2020-046, 2019-048, 2018-042, 2017-033, and 2016-035. The auditors determined 2016-035 as resolved.</p> <p>Estimated March 2024</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5337  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.767	\$612,277	93.767 COVID-19		93.775		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 Status																		
2022	056	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid payments to supported living providers were allowable and adequately supported.</p> <table border="0" data-bbox="487 577 1153 766"> <tr> <td data-bbox="487 577 609 609">Questioned</td> <td data-bbox="673 577 885 609"><u>Assistance Listing #</u></td> <td data-bbox="998 577 1096 609"><u>Amount</u></td> </tr> <tr> <td data-bbox="487 609 609 640">Costs:</td> <td data-bbox="673 609 747 640">93.775</td> <td data-bbox="998 609 1153 640">\$237,404,150</td> </tr> <tr> <td></td> <td data-bbox="673 640 747 672">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 672 868 703">93.777 COVID-19</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 703 747 735">93.778</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 735 868 766">93.778 COVID-19</td> <td></td> </tr> </table> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>The Department performed payment reconciliations, cost report reviews, and settlement assessments for all 140 cost reports received during the first half of fiscal year 2022 (July 1, 2021, through December 31, 2021). Of the cost reports received, 66 providers (47 percent) were subject to the Developmental Disabilities Administration (DDA) payroll verification review. The State Auditor’s Office (SAO) did not question any of the costs that were associated with the 66 providers. However, SAO is questioning all payments made to the 74 providers who did not receive a payroll verification review in the first half of the fiscal year.</p> <p>For the second half of the fiscal year (January 1, 2022, through June 30, 2022), even though the Department had the same internal controls in place, SAO asserted that every payment during this time frame was a questioned cost because the cost reports for calendar year 2022 had not yet been submitted for department review.</p> <p>The Department strongly disagrees that all these costs should be questioned. The Department reconciles payments on a calendar year basis, while SAO audits on a fiscal year basis and does not consider activities that fall outside of the audit period.</p> <p>The Developmental Disabilities Administration has numerous internal controls in place which provide sufficient assurance that the services paid for were provided. These include:</p> <ul style="list-style-type: none"> <li>• Medicaid service verifications,</li> <li>• Allowable costs payment reconciliations,</li> <li>• Payroll verification processes,</li> <li>• Review of rate payments and increases,</li> <li>• Quality assurance reviews,</li> <li>• Duplicate payment reports,</li> <li>• Residential Care Services certification processes,</li> <li>• Contract monitoring,</li> <li>• Reconciliation processes for rates, cost reports, and settlements,</li> <li>• Segregation of duties and other verification and approval processes.</li> </ul>	Questioned	<u>Assistance Listing #</u>	<u>Amount</u>	Costs:	93.775	\$237,404,150		93.777			93.777 COVID-19			93.778			93.778 COVID-19	
Questioned	<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 Status
2022	056 (cont'd)	<p>The Department strongly believes that its current oversight and monitoring procedures adequately confirm that services received by clients meet the certification standards for supported living providers. The Department continues its efforts to bring quality services to clients who receive habilitative residential support while following all program requirements, including reconciling the settlement amounts that were issued to providers in the cost report settlement process.</p> <p>Based on the information provided above, the Department maintains that the questioned costs for this audit finding are not substantiated. Unfortunately, SAO did not choose a more collaborative approach aimed at supporting the Department in its continuing quality improvement efforts. The Department continues to adjust its processes openly and appropriately as needed and remains open to partnering with SAO to resolve disagreements in this audit area and find common ground.</p> <p>The Department intends to send a request to the Centers for Medicare &amp; Medicaid Services, through the audit resolution process, requesting the questioned costs reported by the SAO be rescinded.</p> <p>The conditions noted in this finding were previously reported in findings 2021-049, 2020-051, 2019-054, 2018-058, 2017-044, 2016-041, 2016-045, 2015-049, 2015-052, 2014-041, 2014-042, 2013-036, 2013-038 and 2012-039. The auditors determined findings 2016-041, 2015-052, 2014-041 and 2013-038 were resolved in fiscal year 2018.</p> <p>Completion Date: Not applicable</p> <p>Agency Contact: Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2022	057	<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 style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.777 COVID-19</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that not all complaint investigations were initiated within the required timeframes. However, the Department does not agree that noncompliance was due to inadequate internal controls. Residential Care Services (RCS) has effectively used current internal controls since fiscal year 2017 when we received the State Auditor's Office Stewardship Award related to this audit area.</p> <p>Compliance with required complaint investigation timeframes decreased due to an increase in complaints from the previous fiscal year that were assigned for investigation. In addition, the effects of the COVID-19 pandemic increased staff vacancy rates to 24% due to exposure, illness, and staff resignation caused by vaccination mandates.</p> <p>By December 2023, the Department will:</p> <ul style="list-style-type: none"> <li>• Extend the contract with Health Care Management Solutions to assist with surveys. This will allow RCS staff to return the focus to complaint investigations, complaint backlog, and compliance with required investigation timeframes.</li> <li>• Condense and streamline Nursing Home Surveyor Training to enable staff to complete survey training faster than previous timeframes.</li> <li>• Provide training to staff that were recently hired to fill the vacant positions to ensure compliance with investigation timeframes.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2021-054.</p> <p>Estimated December 2023</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 Status
2022	057 (cont'd)	Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2022	058	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over False Claims Act requirements.</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 concurs with the finding.</p> <p>As of April 2023, the Department:</p> <ul style="list-style-type: none"> <li>Generated and tested a new internal report that will include all Aging and Long-Term Support Administration and Developmental Disabilities Administration Medicaid providers.</li> <li>Mailed correspondence to the one provider who was missing documentation to request the False Claims Act (FCA) attestation, policy, and procedures.</li> <li>Updated process to include follow up with providers monthly until the FCA attestations and other documents are received.</li> </ul> <p>By October 2023, the Department will ensure all outstanding FCA attestations and documents are returned to ensure compliance with the FCA requirement.</p> <p>Estimated October 2023</p> <p>Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<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 Status													
2022	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 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>\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.777 COVID-19</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>As of June 2022, individual providers are no longer contracted through the Department and now contract with Consumer Direct of Washington. As a result of this change, this type of error will not occur for individual providers moving forward.</p> <p>As of March 2023, the Department reviewed all providers in the monthly exclusion report.</p> <p>The Department verified that the provider identified in the finding for missing enrollment documentation was never employed and did not receive any payments.</p> <p>In progress</p> <p>Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<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 Status													
2022	060	Finding:  Questioned Costs:  Status:  Corrective Action:          Completion Date:  Agency Contact:	<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 style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.777 COVID-19</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority does not agree it did not comply with federal requirements related to audits of inpatient hospitals. The Authority performs the following procedures:</p> <p>Cost report data for rate setting:</p> <ul style="list-style-type: none"> <li>• Audits Medicaid cost report schedules and supporting documentation used for the Certified Public Expenditure Program.</li> <li>• Audits critical access hospital data and uses final audited Medicare cost reports for settlement.</li> <li>• Reviews and audits hospital cost reports using the ratio of costs-to-charges payment method.</li> </ul> <p>Hospital billings:</p> <ul style="list-style-type: none"> <li>• Annual audits of hospital billings.</li> </ul> <p>Other financial and statistical records:</p> <ul style="list-style-type: none"> <li>• Audits disproportionate share hospital reimbursements.</li> </ul> <p>The Authority concurs that documentation of the different hospital audits performed could be more clearly defined and will formalize procedures related to the conduct of the required audits.</p> <p>The conditions noted in this finding were previously reported in findings 2021-051 and 2020-049.</p> <p>Estimated December 2023</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>	<u>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 Status													
2022	061	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with 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 data-bbox="672 583 824 611"><u>Assistance Listing #</u></th> <th data-bbox="1003 583 1094 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 615 748 642">93.775</td> <td data-bbox="1003 615 1032 642">\$0</td> </tr> <tr> <td data-bbox="672 646 748 674">93.777</td> <td></td> </tr> <tr> <td data-bbox="672 678 873 705">93.777 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 709 748 737">93.778</td> <td></td> </tr> <tr> <td data-bbox="672 741 873 768">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>The Authority has received guidance from the Centers for Medicare &amp; Medicaid Services (CMS) and will adjust the state plan based on CMS requirements. Per CMS guidance, this adjustment will not include separately listing the methods and procedures it uses to safeguard against unnecessary utilization of care and services.</p> <p>The Authority does not concur with the auditor’s conclusion regarding its statewide surveillance and utilization control program not meeting federal program integrity requirements. The Authority’s program meets CMS standards and requirements and provides reasonable oversight. The Authority will update its policies and procedures related to the program.</p> <p>The Authority concurs that the two providers of the Program of All-inclusive Care for the Elderly (PACE) were not monitored for their compliance with the False Claims Act (FCA) during the fiscal year. The Department of Social and Health Services (DSHS) manages the contracts for the PACE program, but payments to these providers are routed through the Authority’s ProviderOne system. The process for PACE provider monitoring has been clarified with DSHS who is responsible for providing FCA oversight for these contracts.</p> <p>The conditions noted in this finding were previously reported in findings 2021-050, 2020-047, 2020-048, 2019-052, 2019-053 and 2018-047.</p> <p>Estimated December 2023</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>	<u>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															
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93.778 COVID-19															

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2022	062	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to report recoveries of fraudulent overpayments on the CMS-64 report.</p> <table border="0"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$977,612</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</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority has established a process to ensure information concerning the status of Medicaid Fraud Control Unit (MFCU) cases is communicated timely to the Authority from the Attorney General’s Office. The Authority has documented the process to ensure recoveries of fraudulent overpayments are reported on the CMS-64 report appropriately and any federal share is returned timely to the Centers for Medicaid &amp; Medicare Services (CMS).</p> <p>The Authority agrees that \$1,032 needs to be repaid to CMS and will initiate return of those funds.</p> <p>The Authority does not concur that the remaining \$976,580 needs to be returned to CMS. The state pursued assets through its available means and the court. The provider in question has been out of business since 2017 and a final court ruling was made in June 2022. In April 2023, the Attorney General’s Office certified the defaulted corporation had no identifiable assets. In accordance with 42 CFR 433.318(d), the provider is out of business and the Authority is not required to return the overpayment to CMS. The Authority will provide the court documentation and Attorney General’s certification to CMS Audit Resolution.</p> <p>The conditions noted in this finding were previously reported in findings 2021-052 and 2020-050. The auditors considered this finding unresolved in fiscal year 2023 due to outstanding questioned costs.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$977,612	93.777		93.777 COVID-19		93.778		93.778	
<u>Assistance Listing #</u>	<u>Amount</u>														
93.775	\$977,612														
93.777															
93.777 COVID-19															
93.778															
93.778															

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	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 Health Care Authority did not have adequate controls over and did not comply with requirements to ensure payments to providers for the Block Grants for Community Mental Health Services were allowable and met period of performance requirements.</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;">93.958</td> <td style="text-align: right;">\$8,668,982</td> </tr> <tr> <td style="text-align: right;">93.958 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority partially concurs with the audit recommendations.</p> <p>The Authority will:</p> <ul style="list-style-type: none"> <li>• Maintain all supporting documentation used to calculate the year-end accrual transactions.</li> <li>• Maintain a workbook to calculate estimated expenditures to be accrued for the fiscal year.</li> </ul> <p>The Authority will continue to review payments for allowability and ensure they occur within the grant period. The period of performance of the grant extends beyond the end of the state’s fiscal year. Invoices for the program continue to be received after fiscal year end and the cut-off date for reporting on the Schedule of Expenditures of Federal Awards.</p> <p>The Authority does not concur with the questioned costs and will verify with the grantor that questioned costs do not need to be repaid.</p> <p>Estimated September 2023</p> <p>William Sogge, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.958	\$8,668,982	93.958 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.958	\$8,668,982								
93.958 COVID-19									

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	064	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:  Agency Contact:	The Health Care Authority did not have adequate internal controls over level of effort requirements for the Block Grants for Community Mental Health Services 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;">93.958</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.958 COVID-19</td> <td></td> </tr> </table> Corrective action complete  The Federal Financial Reporting unit updated procedures for preparing the quarterly level of effort tracking workbooks. The procedures were updated to include: <ul style="list-style-type: none"> <li>• Accurate and complete expenditure criteria for generating the reports used to prepare the workbooks.</li> <li>• Required documented review and approval of the quarterly level of effort tracking workbooks.</li> </ul> February 2023  William Sogge, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a>	<u>Assistance Listing #</u>	<u>Amount</u>	93.958	\$0	93.958 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.958	\$0								
93.958 COVID-19									

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	065	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it filed accurate and timely reports required by the Federal Funding Accountability and Transparency Act for the Block Grants for Community Mental Health Services.</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;">93.958</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td colspan="2">93.958 COVID-19</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority finalized procedures across divisions to ensure there are established internal controls over the Federal Funding Accountability and Transparency Act (FFATA) reporting.</p> <p>A workgroup was established and finalized the criteria for when FFATA reports are required. The Authority initiated this process for all subawards beginning July 1, 2022.</p> <p>The Authority implemented the following procedures to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> <li>• Office of Contracts and Procurement includes a FFATA form as the last attachment in all subawards and ensures it is complete prior to forwarding it to Grants Accounting.</li> <li>• Grants Accounting staff have been assigned and received training to routinely monitor FFATA contracts forwarded by the Office of Contracts and Procurement and enter agency information into the FFATA Subaward Reporting System.</li> </ul> <p>The implemented procedures were designed to ensure compliance with FFATA reporting requirements. The Authority will continue to provide training to staff involved in the process.</p> <p>In progress</p> <p>William Sogge, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.958	\$0	93.958 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.958	\$0								
93.958 COVID-19									



Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2022	066	<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 Community Mental Health Services program and 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 style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.958</td> <td>\$0</td> </tr> <tr> <td>93.958 COVID-19</td> <td></td> </tr> <tr> <td>93.959</td> <td></td> </tr> <tr> <td>93.959 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority concurs with the finding. The Authority will:</p> <ul style="list-style-type: none"> <li>• Follow established procedures related to the agency-wide monitoring of subrecipients' single audits.</li> <li>• Issue management decision letters for findings subrecipients received related to programs that are funded by the Authority's pass-through federal funding.</li> <li>• Evaluate corrective actions to ensure subrecipients adequately address audit recommendations.</li> </ul> <p>Estimated July 2023</p> <p>William Sogge, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.958	\$0	93.958 COVID-19		93.959		93.959 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>												
93.958	\$0												
93.958 COVID-19													
93.959													
93.959 COVID-19													

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2022	067	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements 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" data-bbox="667 577 1482 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>93.959</td> <td></td> <td style="text-align: right;">\$19,959,714</td> </tr> <tr> <td>93.959 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority partially concurs with the audit recommendations.</p> <p>The Authority concurs that expenditures for indirect charges were applied to the award, through the Authority’s cost allocation system, for activities that occurred after the period of performance. The Authority will develop written procedures to review allocation bases at the end of a grant period.</p> <p>The Authority does not concur with the audit exceptions related to two accruals recorded in the accounting system before the period of performance. As noted by the auditors, no payments were made on these accruals. The period of performance of the grant extends beyond the end of the state’s fiscal year. Invoices for the program continue to be received after fiscal year end and the cut-off date for reporting on the Schedule of Expenditures of Federal Awards. Staff review payments for grant allowability based on service month when invoices are received.</p> <p>The Authority does not concur with the questioned costs related to the year-end accruals and will verify with the grantor that questioned costs do not need to be repaid. The year-end accruals were solely recorded as estimates and were not used to make any program payments or draw funds from the grantor. While the year-end accruals may include some amounts beyond the state fiscal year, questioning the year-end accruals in their entirety is an overstatement of any potential error that was made.</p> <p>The Authority will update procedures for calculating year-end accruals to:</p> <ul style="list-style-type: none"> <li>• Maintain all supporting documentation used to calculate the year-end accrual transactions.</li> <li>• Maintain a workbook to calculate estimated expenditures to be accrued for the fiscal year.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2021-057 and 2020-059.</p> <p>Estimated September 2023</p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.959		\$19,959,714	93.959 COVID-19		
	<u>Assistance Listing #</u>	<u>Amount</u>										
93.959		\$19,959,714										
93.959 COVID-19												

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2022	067 (cont'd)	Agency Contact:	William Sogge, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a>

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	068	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it met the earmarking requirement for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <table border="0"> <tr> <td style="text-align: right;"><u>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;">\$661</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 Federal Financial Reporting unit will update procedures for preparing monthly earmarking tracking workbooks to ensure the Authority does not exceed the maximum allowable amount for administrative costs. The procedures will also include management review and approval of the earmarking tracking workbooks.</p> <p>The Authority processed subsequent adjustments reducing the administrative costs charged to the grant, which the auditors did not take into consideration. The Authority does not concur with the questioned costs identified in the audit and will confirm with the federal grantor that the questioned costs do not need to be repaid.</p> <p>The conditions noted in this finding were previously reported in finding 2021-056.</p> <p>Estimated September 2023</p> <p>William Sogge, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.959	\$661	93.959 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.959	\$661								
93.959 COVID-19									

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2022	069	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it filed 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 colspan="2">93.959 COVID-19</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority finalized procedures across divisions to ensure there are established internal controls over the Federal Funding Accountability and Transparency Act (FFATA) reporting.</p> <p>A workgroup was established and finalized the criteria for when FFATA reports are required. The Authority initiated this process for all subawards beginning July 1, 2022.</p> <p>The Authority implemented the following procedures to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> <li>• Office of Contracts and Procurement includes a FFATA form as the last attachment in all subawards and ensures it is complete prior to forwarding it to Grants Accounting.</li> <li>• Grants Accounting staff have been assigned and received training to routinely monitor FFATA contracts forwarded by the Office of Contracts and Procurement and enter agency information into the FFATA Subaward Reporting System.</li> </ul> <p>The implemented procedures were designed to ensure compliance with FFATA reporting requirements. The Authority will continue to provide training to staff involved in the process.</p> <p>The conditions noted in this finding were previously reported in finding 2021-058.</p> <p>In progress</p> <p>William Sogge, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.959	\$0	93.959 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.959	\$0								
93.959 COVID-19									

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2022	070	Finding:  Questioned Costs:  Status:  Corrective Action:     Completion Date:  Agency Contact:	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program received required risk assessments.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>Assistance Listing #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.959</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.959 COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority concurs with the audit recommendations and is in the process of centralizing procedures related to subrecipient monitoring.</p> <p>The Authority will develop procedures related to the agency-wide risk assessment process and ensure the assessment results are used to determine the subrecipient monitoring work that will be performed.</p> <p>The conditions noted in this finding were previously reported in findings 2021-060 and 2020-064.</p> <p>June 2023</p> <p>William Sogge, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.959		\$0	93.959 COVID-19		
	<u>Assistance Listing #</u>	<u>Amount</u>										
93.959		\$0										
93.959 COVID-19												

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	012	<p>Finding: The Department of Social and Health Services did not have adequate internal controls to ensure payments were allowable and properly supported, and did not comply with federal requirements to conduct fiscal monitoring of subrecipients for the Coronavirus Relief Fund.</p> <p>Questioned Costs: <u>Assistance Listing #</u> 21.019 COVID-19      <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department does not concur with the auditor’s assertion that only “high-level” supporting documentation was required for subrecipient payments to ensure the expenditures met the Coronavirus Relief Funds (CRF) allowability requirements. The subrecipient performed eligibility determination which included verification of immigration status and self-attestations that the client had not received a federal stimulus payment or unemployment benefits. The subrecipient then provided the Department with a list of eligible clients and supporting documentation. To protect client confidentiality, the subrecipient assigned each client a unique client identifier with personal identifying information redacted.</p> <p>When the Department approved subrecipient payments, required supporting documentation were reviewed which included the unique client identifier, some demographic information, and the check number. To ensure the expenditures met CRF’s allowability requirements, the unique client identifier was cross-matched to the list of eligible clients.</p> <p>The Department concurs that there was no documentation to support that fiscal monitoring for one of the subrecipients had occurred. The Department did request the required information from the subrecipient to review its eligibility determinations but found the subrecipient to be noncompliant with the request.</p> <p>As of May 2023, the Department updated subrecipient monitoring procedures to:</p> <ul style="list-style-type: none"> <li>• Ensure contracts and monitoring plans clearly identify the required supporting documentation to be provided to the Department.</li> <li>• Establish procedures for corrective action in situations of noncompliance with contract requirements and monitoring plans.</li> <li>• Include language in the contract covering expectations for the subrecipient to provide adequate information prior to reimbursement.</li> </ul> <p>Completion Date: May 2023</p>

Department of Social and Health Services

Agency 300

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



Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status				
2021	013	<p>Finding: The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to conduct fiscal monitoring of subrecipients and ensure payments were allowable and properly supported for the Coronavirus Relief Fund.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <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;">21.019 COVID-19</td> <td style="text-align: right;">\$4,124,518</td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: <b>Rental Assistance Program</b>                      In response to the finding, the Department is implementing procedures to strengthen internal controls to ensure compliance with the subrecipient fiscal monitoring requirements and that payments are allowable and properly supported. This includes:</p> <p>The Homelessness Assistance Unit managing director will:</p> <ul style="list-style-type: none"> <li>• Update the unit reimbursement procedures to include a requirement for specific back-up documentation to accompany payment requests.</li> <li>• Cross walk updated procedures with 2 CFR 200.332 to identify any additional requirements for pass-through entities.</li> <li>• Review the updated procedures with the Department’s internal control officer for review and feedback.</li> <li>• Audit the process during the next contracting cycle to ensure the procedure was followed.</li> </ul> <p>The Federal Team manager will train current staff on the updated procedures and include the training when onboarding new staff.</p> <p>Corrective action for the Rental Assistance Program was implemented in July 2023. Funding for this program ended in December 2021.</p> <p><b>Local Government Assistance Program</b></p> <p>The Local Government Assistance Program maintains that strong internal controls are in place. With the exception of the error identified during the audit, the program monitored and approved thousands of expenditures for approximately \$406 million worth of services provided to Washington state citizens. The Program will continue to ensure current processes have adequate controls in place to verify expenditures reimbursed are eligible, allowable, and within the period of performance.</p> <p>For both programs, the Department is committed to complying with grant requirements. Since the Department received Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) funding through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the Office of Financial Management.</p> <p>Corrective action for the Local Government Assistance Program was implemented in April 2022. Funding for the program ended in December 2021.</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.019 COVID-19	\$4,124,518
<u>Assistance Listing #</u>	<u>Amount</u>					
21.019 COVID-19	\$4,124,518					

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	013 (cont'd)	Completion Date: July 2023  Agency Contact: Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	015	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure subawards contained all required information and subrecipients received risk assessments for the Coronavirus Relief Fund.</p> <table border="0" data-bbox="667 583 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>21.019 COVID-19</td> <td></td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>The Washington COVID-19 Immigrant Relief Fund was a new program administered at the request of the Governor’s Office with a budget of \$40 million and an expedited timeline for implementation due to the pandemic. In response to the Governor’s request, the Department’s Office of Refugee and Immigrant Assistance (ORIA), under the Community Services Division (CSD), partnered directly with the Department’s Central Contracts and Legal Services (CCLS) to ensure the contract was legally and technically appropriate.</p> <p>ORIA did not utilize CSD’s internal contracts unit for contract monitoring and as a result, the program did not clearly identify the Washington COVID-19 Immigrant Relief Fund subawards as subrecipients, did not include all the required subrecipient special terms and conditions in the subawards, and did not complete risk assessments on the subrecipients.</p> <p>As of May 2023, the ORIA program:</p> <ul style="list-style-type: none"> <li>• Worked with the CSD Contracts Unit, as outlined in the CSD Procedures Handbook, to ensure the appropriate contract template is used and includes all the appropriate subrecipient information.</li> <li>• Established a checklist for new program staff to follow that aligns with the CSD Procedures Handbook and includes identifying subawards as subrecipients, requiring subrecipient information in the subaward, and creating risk assessments in order to develop monitoring plans.</li> <li>• Worked with the CSD Contracts Unit, which has written procedures and processes in place, to ensure the program completes a risk assessment and obtains a copy for retention.</li> </ul> <p>As of May 2023, the CSD Contracts Unit added a new field in their Contract Action Request Ticket System (CARTS) for the program manager to indicate if the contract requires an indication of subrecipient status. This will assist the CSD Contracts Unit to identify upfront the subrecipient requirements and ensure subrecipient language is included in the contract.</p> <p>As of May 2023, ORIA’s Office Chief ensured all ORIA staff completed the subrecipient monitoring training recommended by the CSD Contracts Unit related to:</p>		<u>Assistance Listing #</u>	<u>Amount</u>	21.019 COVID-19		\$0
	<u>Assistance Listing #</u>	<u>Amount</u>							
21.019 COVID-19		\$0							

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	015 (cont'd)	<ul style="list-style-type: none"> <li>• Subrecipient and contractor determinations (2 CFR 200.331)</li> <li>• Subrecipient information required to be included in the contract (2 CFR 200.332(a))</li> <li>• Conducting a risk assessment for each subrecipient for the purpose of determining the appropriate level of subrecipient monitoring (2 CFR 200.332(b))</li> </ul> <p>Completion Date: May 2023</p> <p>Agency Contact: Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Commerce

Agency 103

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

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	016 (cont'd)	<p>training. Upon completion of the training, the two staff will serve as OEDC contract team leads to provide internal training, as well as assisting with updating current procedures as needed.</p> <p>Corrective action was completed for the Small Business Assistance Program in April 2022. Funding for this program ended December 2021.</p> <p><b>Rental Assistance Program</b></p> <p>In response to the reported deficiencies, the Department is implementing procedures to strengthen internal controls to ensure the program complies with the subrecipient risk assessment requirements.</p> <p>The Federal Team Manager will:</p> <ul style="list-style-type: none"> <li>• Update the unit risk assessment procedures to include a requirement that the risk assessment form must be completed prior to contract execution.</li> <li>• Crosswalk the new procedures and the updated risk assessment form with CFR 200.332 to identify requirements for pass-through entities.</li> <li>• Review the procedure and form with the Department’s central contract office.</li> <li>• Provide training to current staff and new hires on the new procedures and form.</li> </ul> <p>The Homelessness Assistance Unit Managing Director will audit the process during the next contracting cycle to ensure the procedures are followed and the form contains the required elements.</p> <p>Corrective action for the Rental Assistance Program, including a detailed review of expenditures, was completed in July 2023. Funding for this program ended December 2021.</p> <p>Completion Date: July 2023</p> <p>Agency Contact: Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>

Department of Corrections

Agency 310

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	017	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Corrections did not have adequate internal controls over and did not comply with requirements to ensure it used State and Local Fiscal Recovery Funds for allowable purposes and for costs incurred within the period of performance.</p> <table border="0" data-bbox="667 577 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>21.027 COVID-19</td> <td></td> <td style="text-align: right;">\$17,380,061</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs that the questioned costs identified by the auditors occurred prior to the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) start date of March 3, 2021.</p> <p>The Department has processes in place to ensure there is accurate documentation to support costs charged to federal grants. However, the Department was not aware that the period of performance of the grant was specified in the US Treasury Interim Final Rule which was issued on May 17, 2021.</p> <p>In May 2022, when the State Auditor’s Office shared the period of performance exceptions for the audit, the Department realized costs incurred from July 1, 2020, through March 2, 2021, were outside the grant’s period of performance. The Department immediately reviewed active grants to ensure costs charged to the grant were incurred within the grant period.</p> <p>The Department is committed to ensuring compliance with federal grant requirements. In response to this audit finding, the Department will:</p> <ul style="list-style-type: none"> <li>• Review internal processes that identify eligible costs and ensure all applicable federal guidance is reviewed and documented in the grant files.</li> <li>• Review documentation requirements for each grant and ensure only eligible costs that occur within the period of performance are transferred.</li> <li>• Review record retention practices to improve organization of grant documentation for more effective responses to audit requests.</li> </ul> <p>The review will result in a more robust planning and documentation process for federal grants. Since the Department has had insignificant federal grant funding prior to the Coronavirus Relief Funds and the CSLFRF, this work will strengthen our systems of internal control and compliance with federal regulations.</p> <p>In July 2023, the issue was resolved with a legislative proviso in the Department’s supplemental fiscal year 2023 funding. The questioned costs identified in the audit were transferred back to Fund 706.</p>		<u>Assistance Listing #</u>	<u>Amount</u>	21.027 COVID-19		\$17,380,061
	<u>Assistance Listing #</u>	<u>Amount</u>							
21.027 COVID-19		\$17,380,061							

Department of Corrections

Agency 310

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	017 (cont'd)	Completion Date: July 2023  Agency Contact: Anita Kendall Senior Director, Business Services PO Box 41106 Olympia, WA 98504-1106 (360) 480-7915 <a href="mailto:Anita.kendall@doc.wa.gov">Anita.kendall@doc.wa.gov</a>



Department of Agriculture

Agency 495

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

Department of Agriculture

Agency 495

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2021	019	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Agriculture did not have adequate internal controls over and did not comply with federal requirements to ensure it issued all required subawards, included all required information in the subawards issued, and performed risk assessments for subrecipients of the Coronavirus State and Local Fiscal Recovery Funds.</p> <table border="0" data-bbox="673 611 1122 667"> <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;">\$3,371,121</td> </tr> </table> <p>Corrective action complete</p> <p>The Department is committed to ensuring grant programs comply with federal regulations regarding issuing subawards and performing risk assessments.</p> <p>In response to the audit finding, the Department has taken the following corrective actions to address the audit recommendations:</p> <ul style="list-style-type: none"> <li>• As of December 2022, updated current federal contracts via an amendment and all new contracts to include:                         <ul style="list-style-type: none"> <li>○ The 14 federal subaward elements as referenced in 2 CFR 200.332.</li> <li>○ Subrecipient or contractor designation.</li> <li>○ A link to the 2022 Compliance Supplement for the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF).</li> </ul> </li> <li>• As of December 2022, performed risk assessments for each contractor of all fiscal year 2023 contracts. For all new awards, a Program Accounting System &amp; Financial Capability Questionnaire is completed at the time of application.</li> <li>• As of June 2023:                         <ul style="list-style-type: none"> <li>○ Developed agency policies and procedures for subawards and risk assessments and provided training to staff on the requirements.</li> <li>○ Implemented a process to perform risk assessments of subrecipients to determine the required level of monitoring for each subrecipient in accordance with federal requirements, policies, and processes.</li> </ul> </li> </ul> <p>Due to the audit finding being issued late in the fiscal year 2022 audit cycle, the Department was not able to fully implement corrective action during the 2022 audit period. As of June 30, 2023, the Department is fully compliant with all required internal controls on subawards, including risk assessments.</p> <p>Since the Department received CSLFRF funding through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the Office of Financial Management.</p> <p>June 2023</p>	<u>Assistance Listing #</u>	<u>Amount</u>	21.027 COVID-19	\$3,371,121
<u>Assistance Listing #</u>	<u>Amount</u>						
21.027 COVID-19	\$3,371,121						

Department of Agriculture

Agency 495

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

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2021	030	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services improperly charged \$224,752 for the Child Support Enforcement and Child Support Enforcement Research programs.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.563</td> <td style="text-align: right;">\$224,752</td> </tr> <tr> <td style="text-align: right;">93.564</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the audit finding.</p> <p>The Department concurs two bases originally intended to be used for administrative costs were inadvertently omitted from the Public Assistance Cost Allocation Plan (PACAP). Upon discovery of this error, the Department updated the PACAPs for state fiscal years 2021 and 2022 to include those bases for the Child Support Enforcement and the Child Support Enforcement Research Programs and resubmitted to the federal grantor.</p> <p>To strengthen internal controls, the Department implemented a quarterly review of all administrative expenditures, effective October 10, 2021, to confirm all bases are included in the PACAP.</p> <p>The Department does not concur that funds were improperly charged to the Child Support Enforcement and Child Support Enforcement Research Programs. This was strictly a technical error in the PACAP and the funds were used for their authorized purpose.</p> <p>If the grantor contacts the Department regarding the questioned costs, the Department will discuss the manner in which funds were used and will take additional action if appropriate. The auditors considered this finding unresolved due to outstanding questioned costs.</p> <p>June 2023</p> <p>Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.563	\$224,752	93.564	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.563	\$224,752								
93.564									

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2021	053	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure it complied with nursing home survey statement of deficiencies and plan of corrections timelines.</p> <table border="0"> <thead> <tr> <th data-bbox="673 583 971 611"><u>Assistance Listing #</u></th> <th data-bbox="1003 583 1094 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 615 971 642">93.775</td> <td data-bbox="1003 615 1094 642">\$0</td> </tr> <tr> <td data-bbox="673 646 971 674">93.777</td> <td></td> </tr> <tr> <td data-bbox="673 678 971 705">93.778</td> <td></td> </tr> <tr> <td data-bbox="673 709 971 737">93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that it was not in compliance with the procedures outlined in Management Bulletin 15-081, which stated staff will provide the Statement of Deficiency (SOD) report to the field manager and the field manager will review for any SODs that are not sent out within ten working days. However, since the implementation of the Electronic Plan of Correction (ePOC) system in April 2017, Management Bulletin 15-081 is no longer applicable.</p> <p>The implementation of the ePOC application for nursing homes at the Residential Care Services has strengthened internal controls and increased efficiency. The ePOC application:</p> <ul style="list-style-type: none"> <li>• Automated the distribution of the federal SOD via a secure website created by the Centers for Medicare and Medicaid Services.</li> <li>• Eliminated the need for staff to provide the SOD report to the field manager.</li> <li>• Automatically sends e-mail notifications daily to the regional administrator, field manager, and support staff when nine days past the exit date in the Automated Survey Processing Environment (ASPEN) and a SOD has not been sent to the nursing facility.</li> </ul> <p>The federal application thus made it unnecessary for a staff member to distribute the SODs. Even though the procedures outlined in the management bulletin were outdated during the fiscal year under audit, two of the three regions were still following the bulletin as a “double-check.”</p> <p>The Department does not agree with the auditors’ conclusion that internal controls were inadequate for compliance with home survey SOD and POC timelines. No exceptions were identified during the audit compliance testing.</p> <p>As of June 30, 2022, Management Bulletin 15-081 was rescinded. Field Managers will continue to follow up on all ePOC e-mail notifications to ensure compliance with deadlines.</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778		93.778 COVID-19	
<u>Assistance Listing #</u>	<u>Amount</u>												
93.775	\$0												
93.777													
93.778													
93.778 COVID-19													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2021	053 (cont'd)	<p>The conditions noted in this finding were previously reported in finding 2020-054. The auditors considered finding 2020-054 unresolved in fiscal year 2023.</p> <p>Completion Date: June 2022</p> <p>Agency Contact: Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status						
2020	020	<p data-bbox="483 422 1463 516">Finding: The Department of Social and Health Services did not have adequate internal controls to ensure payments from the Coronavirus Relief Fund occurred during the allowable period of performance.</p> <table border="0" data-bbox="483 552 1122 615"> <tr> <td data-bbox="483 552 610 579">Questioned Costs:</td> <td data-bbox="672 552 889 579"><u>Assistance Listing #</u></td> <td data-bbox="1003 552 1094 579"><u>Amount</u></td> </tr> <tr> <td></td> <td data-bbox="672 579 889 615">21.019 COVID-19</td> <td data-bbox="1003 579 1122 615">\$8,681,008</td> </tr> </table> <p data-bbox="483 646 956 674">Status: No corrective action taken</p> <p data-bbox="483 709 1203 737">Corrective Action: The Department does not concur with the finding.</p> <p data-bbox="672 772 1463 867">During the pandemic, limited guidance was provided by the federal government regarding the CARES Act stimulus funding, which was also changing as new information became available.</p> <p data-bbox="672 898 1463 1024">On April 22, 2020, the US Department of Treasury (Treasury) issued the Coronavirus Relief Fund (CRF) program guidance for state, territorial, local and tribal governments. The overarching guidance on the CRF stated that expenditures may only be used to cover costs that were:</p> <ul data-bbox="691 1035 1463 1203" style="list-style-type: none"> <li>• Necessary expenditures incurred due to COVID-19;</li> <li>• Not accounted for in the budget most recently approved as of March 27, 2020; and</li> <li>• Incurred during the period between March 1, 2020, and December 30, 2020.</li> </ul> <p data-bbox="672 1241 1463 1493">The Treasury defined a cost to be incurred “when the responsible unit of government had expended the funds to cover the cost.” Further, it was assumed that similar to other areas of the CARES Act, the term “incurred” is measuring costs that were reasonably obligated and satisfied during the covered period to avoid instances where an entity is pre-paying expenses in an effort to maximize the use of the funding, but for which the entity does not have a legal obligation to pay such costs (e.g., pre-paying rent, utility or other contractual obligations).</p> <p data-bbox="672 1528 1463 1717">The CRF was allocated to the Department after the end of fiscal year 2020. The Department used journal vouchers to transfer expenditures that occurred during fiscal year 2020 to the CRF. All costs that were moved were for expenditures made on or after March 1, 2020. Based on the April 2020 guidance provided by Treasury, the Department does not believe it was out of compliance during the time period under review.</p> <p data-bbox="672 1749 1463 1843">The Department maintains that the questioned costs identified in the finding were unsubstantiated and will continue to work with the Office of Financial Management to ensure all federal funding is used for allowable purposes.</p> <p data-bbox="672 1875 1463 1969">Funding for this program ended in December 2021 and the Department did not have expenditures during fiscal year 2023. The auditors considered this finding unresolved in fiscal year 2022 due to outstanding questioned costs.</p>	Questioned Costs:	<u>Assistance Listing #</u>	<u>Amount</u>		21.019 COVID-19	\$8,681,008
Questioned Costs:	<u>Assistance Listing #</u>	<u>Amount</u>						
	21.019 COVID-19	\$8,681,008						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	020 (cont'd)	<p>In accordance with 2 CFR 200.511, the Department believes that this audit finding is no longer valid and does not warrant further action, as justified by the following conditions:</p> <ul style="list-style-type: none"> <li>• Two years have passed since the audit report in which the finding occurred was submitted to the Federal Clearinghouse;</li> <li>• The Federal agency or pass-through entity is not currently following up with the auditee on the audit finding; and</li> <li>• A management decision was not issued.</li> </ul> <p>Completion Date: The auditors determined this finding was resolved in the fiscal year 2023 audit.</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 4804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status				
2020	032	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure payments paid on behalf of clients for the Vocational Rehabilitation grant were allowable.</p> <p>Questioned Costs: <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>84.126</td> <td style="text-align: right;">\$13,143</td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>The Department contacted the U.S. Department of Education in April 2022 regarding the questioned costs and has not received any request for repayment.</p> <p>The Division of Vocational Rehabilitation will take the following corrective actions:</p> <ul style="list-style-type: none"> <li>• By January 2024, develop a process to monitor the approval of client services.</li> <li>• By November 2023:                         <ul style="list-style-type: none"> <li>○ Develop training for staff to reinforce understanding of existing federal requirements for the authorizations of client service purchases.</li> <li>○ Implement a process improvement regarding the timing and types of approval required for vocational rehabilitation services.</li> <li>○ Review existing policies and procedures with a focus on changes to clients' plans for employment.</li> <li>○ Implement improvements to existing supervisory review protocols.</li> </ul> </li> </ul> <p>The Department is currently in the process of procuring a new case management system. By January 2024, the Department will incorporate automated controls to validate authorizations for purchases into the design for the new system.</p> <p>The conditions noted in this finding were previously reported in findings 2019-023, 2018-023, 2017-014, and 2016-013.</p> <p>Completion Date: June 2023</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	84.126	\$13,143
<u>Assistance Listing #</u>	<u>Amount</u>					
84.126	\$13,143					

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2020	053	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with federal requirements for completing recertification surveys in a timely manner.</p> <table border="0"> <thead> <tr> <th data-bbox="673 583 885 613"><u>Assistance Listing #</u></th> <th data-bbox="1003 583 1094 613"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 615 748 644">93.775</td> <td data-bbox="1003 615 1032 644">\$0</td> </tr> <tr> <td data-bbox="673 646 748 676">93.777</td> <td></td> </tr> <tr> <td data-bbox="673 678 873 707">93.777 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 709 748 739">93.778</td> <td></td> </tr> <tr> <td data-bbox="673 741 873 770">93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with the audit finding and has taken corrective actions to strengthen internal controls over the completion of recertification surveys.</p> <p>As of April 2021, the Department modified the process used in calculating survey intervals to ensure it accurately calculates the statewide average survey frequency based on the federal fiscal year end.</p> <p>As of July 2021, the field manager and administrative staff began conducting quarterly meetings to review the survey interval tracking spreadsheet to ensure information entered is accurate and the Plan of Correction timelines are met.</p> <p>The conditions noted in this finding were previously reported in findings 2019-061, 2018-052, 2017-042, 2016-037, 2015-045, and 2014-046.</p> <p>In progress</p> <p>Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>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														
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Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	057	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Opioid State Targeted Response program received required risk assessments.</p> <table border="0"> <tr> <td 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;">93.788</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>Since the Authority assumed responsibilities over the grant program in fiscal year 2019, a multi-divisional subrecipient monitoring workgroup was established to develop internal controls and monitoring procedures for subrecipients.</p> <p>Prior to conclusion of the fiscal year 2020 audit, the workgroup had developed and approved an effective agency-wide subrecipient risk assessment process. The workgroup established internal controls and monitoring procedures, and also developed a risk assessment and monitoring plan (RAMP) form that is used in contracting with subrecipients.</p> <p>The Authority completed initial staff training in December 2021. Ongoing training is provided to the contact managers who are required to complete a RAMP form on active subrecipient contracts. Contracts will not be signed by the Authority without the RAMP form completed and provided to the Office of Contracts and Procurement.</p> <p>The risk assessment process has been fully implemented across the agency. The grant closed in April 2020 and no additional expenditures will be charged to the grant.</p> <p>The conditions noted in this finding were previously reported in finding 2019-066.</p> <p>June 2023</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.788	\$0
<u>Assistance Listing #</u>	<u>Amount</u>						
93.788	\$0						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2019	037	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with matching requirements for the Child Care and Development Fund.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.575</td> <td style="text-align: right;">\$440,578</td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with the finding.</p> <p>The Department works closely with the Department of Social and Health Services (DSHS) and maintains that both agencies have adequate internal controls in place to ensure compliance with matching requirements of the Child Care and Development Fund grant. There has been no audit exception in this compliance area reported by the State Auditor’s Office (SAO) in previous audits.</p> <p>Due to miscommunication between DSHS and SAO on the request for information during audit testing, the Department did not have sufficient time to provide the level of details needed for clear and convincing evidence that the Department complied with the requirement and met the required state match.</p> <p>In September 2020, the Department received the appropriate documentation from DSHS to submit to the U.S. Department of Health and Human Services (HHS), and is currently waiting for a response. The documentation supports the amount of state match reported by the Department.</p> <p>If HHS contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>Not applicable</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.575	\$440,578	93.596	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.575	\$440,578								
93.596									

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2019	038	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families improperly charged \$4,212,863 to the Child Care and Development Fund program.</p> <table border="0"> <tr> <td><u>Assistance Listing #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td>\$4,212,863</td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the finding.</p> <p>During the audit period, grant reconciliations were not performed timely because the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees.</p> <p>Since then, the Department has prioritized reconciliations of the Child Care and Development Fund grants. Based on these reconciliations, the Department has identified and made corrections to expenditures to comply with the period of performance requirements. However, these corrections were made outside of the audit period and therefore were not taken into consideration when the auditors concluded audit work and issued this finding.</p> <p>In response to the audit recommendations, the Department:</p> <ul style="list-style-type: none"> <li>• Strengthened internal controls to ensure grant expenditures are obligated and liquidated within the grant period of performance.</li> <li>• Completed journal voucher corrections of expenditures identified as charged to the incorrect grant period.</li> </ul> <p>The Department did not concur with the full amount of the questioned costs identified by the auditors. It should also be noted that due to the late timing of the auditors' request for and review of financial records, the Department was not given sufficient time to complete verification of the remaining \$6,591 questioned costs and concur if this amount was actually charged to the incorrect grant period.</p> <p>In March 2020, the Department processed a JV to transfer the questioned costs from the 2017 grant to the 2018 grant. In February 2021, the Department received a management decision letter from the grantor agreeing and confirming that the \$6,591 questioned costs were repaid. All corrective action was considered completed.</p> <p>February 2021</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.575	\$4,212,863	93.596	
<u>Assistance Listing #</u>	<u>Amount</u>								
93.575	\$4,212,863								
93.596									

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	047	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with a state law requirement to perform semi-annual data sharing with health insurers.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>This finding is based on a specific data exchange method in which most insurance carriers have chosen not to participate and which the Authority has no legal authority to enforce. The auditor recommended the Authority seek and obtain the legal authority through legislation. While it is not within the Authority’s scope of responsibilities to regulate insurance companies, several other methods of data sharing are regularly employed to achieve the goal of identifying third party liability.</p> <p>After an unsuccessful attempt in 2019, the Authority again drafted legislation for the 2020 legislative session. House Bill 2677 was a technical correction that modified existing state law to more appropriately align with state practices.</p> <p>The legislation unanimously passed both the House of Representatives and Senate and was signed into law by the governor on March 27, 2020. The finding was resolved through the enactment of this law, which was effective June 11, 2020.</p> <p>The Authority continues to update state laws and regulations as needed when updates to federal compliance rules are received. Bringing carriers onboard is a continuous process, and the Authority will continue to engage and work with carriers to offer additional formats to submit data.</p> <p>The conditions noted in this finding were previously reported in findings 2018-041, 2017-031, 2016-028, 2015-030, 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19 and 08-25.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      P.O. Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.summerour@hca.wa.gov">Kari.summerour@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
<u>Assistance Listing #</u>	<u>Amount</u>										
93.775	\$0										
93.777											
93.778											

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	049	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure Medicaid expenditures for Children’s Health Insurance Program Funds were allowable.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$4</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority does not concur with the description or effect of condition of the finding.</p> <p>The auditors determined that the Authority does not conduct a post-eligibility review for coverage under the Children’s Health Insurance Program (CHIP) when a household’s income is below 133 percent of the federal poverty level. There is no such requirement in our federally approved verification plan, and the Authority does not agree that a significant deficiency in internal control exists.</p> <p>The condition that led to the \$4 in unallowable claims for additional CHIP funds was corrected in July 2017.</p> <p>The Authority will consult with the grantor regarding the resolution of the questioned costs.</p> <p>The conditions noted in this finding were previously reported in findings 2018-048, 2017-038, 2016-034, 2015-039, and 2014-037. The auditors determined 2014-037 as resolved. The auditors considered this finding unresolved in fiscal year 2023 due to outstanding questioned costs.</p> <p>Not Applicable</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.summerour@hca.wa.gov">Kari.summerour@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$4	93.777		93.778	
<u>Assistance Listing #</u>	<u>Amount</u>										
93.775	\$4										
93.777											
93.778											

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	051	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with suspension and debarment requirements for Medicaid medical fee-for-service providers.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority is taking corrective actions to improve internal controls and compliance with the suspension and debarment requirements.</p> <p>As of December 2022, the Authority fully implemented the Automated Provider Screening process to conduct the following monthly database checks for medical providers:</p> <ul style="list-style-type: none"> <li>• Excluded Parties List System</li> <li>• Federal System for Award Management</li> </ul> <p>The Authority will also continue to monitor Managed Care Organizations' compliance with their contractual requirements to perform these monthly checks.</p> <p>As of March 2023, the system issue was corrected and the process of sending notifications is working as intended.</p> <p>The conditions noted in this finding were previously reported in findings 2018-046 and 2017-037.</p> <p>March 2023</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.summerour@hca.wa.gov">Kari.summerour@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
<u>Assistance Listing #</u>	<u>Amount</u>										
93.775	\$0										
93.777											
93.778											



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	057	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Community First Choice client service plans were properly approved.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1128 703"> <thead> <tr> <th><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$2,191,213</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department agrees that a person-centered service plan should be signed by the Department, client, and provider responsible for its implementation.</p> <p>However, the Department disagrees that:</p> <ul style="list-style-type: none"> <li>• A lack of required signatures on the service plan should result in questioned costs when the client is eligible for the services and the provider is qualified to deliver services. The Centers for Medicare &amp; Medicaid Services (CMS) has also provided guidance to the Department that services should not be terminated if required signatures cannot be obtained.</li> <li>• A service plan that is not signed by a client, a provider, or the Department within 60 days should be considered an exception. The 60-day timeline in the state law outlines an administrative option that could be utilized by the Department to terminate services when deemed necessary.</li> </ul> <p>The Department also has concerns over the objectives of the additional reviews performed in the fiscal year 2019 audit, as follows:</p> <ul style="list-style-type: none"> <li>• The auditors significantly broadened the scope of the audit by including interim assessments, which increased the number of asserted exceptions compared to when only full assessments were included.</li> <li>• The auditors performed follow-up testing on the 59 exceptions previously reported in the fiscal year 2018 audit finding. The auditors subsequently took exceptions on the client service plans that were still not complete for part or all of the current audit period and assigned questioned costs to the current audit finding.</li> </ul> <p>The Department does not agree that re-testing of the prior year's audit exceptions is valid. By performing audit testing on outdated client service plans included in the prior year's audit, the auditor's approach essentially disregarded the Department's good faith effort in attempting to remediate exceptions from the prior audit.</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$2,191,213	93.777		93.778	
<u>Assistance Listing #</u>	<u>Amount</u>									
93.775	\$2,191,213									
93.777										
93.778										

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	057 (cont'd)	<p>As of June 2019, the Department:</p> <ul style="list-style-type: none"> <li>• Revised policies and procedures to require providers' signatures on person-centered service plans.</li> <li>• Issued a management bulletin to communicate the updated policies and procedures, and address the use of electronic signature technology in the field.</li> <li>• Created a mechanism for case managers to collect signatures on an electronic signature pad. The Department will continue to work with field staff to encourage the use of this technology.</li> <li>• Conducted numerous meetings with the directors of Area Agency on Aging to discuss policy changes on service summary signatures and staffing issues caused by the increased workload.</li> </ul> <p>The Department currently included reviewing compliance with signature requirements on client service plans as part of the formal quality assurance (QA) reviews. However, the outcomes of these enhanced QA activities were not reflected in the fiscal year 2019 audit period.</p> <p>The Department has continued to implement process improvement plans. As of March 2021, statewide compliance results met proficiency goals.</p> <p>As of June 2021, the Department:</p> <ul style="list-style-type: none"> <li>• Provided additional training to staff on relevant federal regulations and state policies.</li> <li>• Established guidance on the appropriate use of interim assessments.</li> <li>• Submitted a request in the Governor's budget and received:                         <ul style="list-style-type: none"> <li>○ Additional staff to collect signed service plans.</li> <li>○ An information technology enhancement that will reduce, but not eliminate, the manual effort necessary to collect signed service plans.</li> </ul> </li> </ul> <p>As of December 2021, the Department began utilizing electronic voice signature collecting technology.</p> <p>In September 2020, the Department and the Health Care Authority (HCA) sent a letter to CMS to request an opinion as to whether the questioned costs need to be repaid. As of August 2023, neither the Department nor HCA has received any correspondence regarding its opinion or determination.</p> <p>The conditions noted in this finding were previously reported in findings 2018-059 and 2017-045. The auditors determined finding 2017-045 was resolved in fiscal year 2023, but still considered 2019-057 and 2018-059 unresolved due to outstanding questioned costs.</p> <p>Completion Date: In progress</p>

Department of Social and Health Services

Agency 300

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

Department of Social and Health Services

Agency 300

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

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	058 (cont'd)	<ul style="list-style-type: none"> <li>• The Quality Compliance Coordination team reviews a statewide sample for required signatures or documented attempts to obtain signatures.</li> <li>• The review measures statewide proficiency for obtaining required signatures in an established annual cycle. If the review finds a proficiency rate below 86 percent, the Department will implement a quality improvement plan to improve statewide performance.</li> <li>• Case manager supervisors monitor compliance by ensuring all case managers meet the requirement of obtaining signatures through all available department-approved options.</li> </ul> <p>The Department will continue to work towards implementing the electronic signature option.</p> <p>The Department and the Health Care Authority (HCA) sent a letter to CMS to request an opinion as to whether the questioned costs need to be repaid. As of August 2023, neither the Department nor HCA have received any correspondence from CMS regarding its opinion or determination.</p> <p>The conditions noted in this finding were previously reported in findings 2018-060, 2017-046, and 2016-043. In fiscal year 2023, the auditors determined findings 2017-046 and 2016-043 were resolved, but still considered 2019-058 unresolved due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	060	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure Medicaid payments to home care agencies were allowable.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 548 1096 674"> <thead> <tr> <th><u>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>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>Area Agencies on Aging (AAA) monitor home care agencies (HCAs) for contractual compliance in many areas, including verification of time and task performance. In response to the prior year’s audit finding, the Department modified the tool provided to AAAs for more effectively monitoring HCAs’ compliance with electronic timekeeping contractual requirements.</p> <p>The Aging and Long-Term Support Administration State Unit on Aging (SUA) reviews a random sample of HCAs to determine if the AAA monitored and reviewed compliance with the electronic time keeping requirements as outlined in the HCA Monitoring Tool.</p> <p>The Department maintains that the monitoring by the AAA and SUA is adequate to provide assurance that Medicaid payments to home care agencies were allowable.</p> <p>Additionally, the fiscal year 2019 audit did not identify any exceptions related to electronic time keeping compliance, which provided further evidence that the current internal controls implemented by the Department are working as intended.</p> <p>The conditions noted in this finding were previously reported in finding 2018-054.</p> <p>Completion Date: Not applicable</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2019	062	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid program were properly screened, licensed, and enrolled.</p> <table border="0" data-bbox="667 577 1096 766"> <thead> <tr> <th style="text-align: left;"><u>Assistance Listing #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.777 - COVID-19</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> <tr> <td>93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>In response to prior years' audit findings, the Department developed a process to screen and track each nursing facility contract to ensure validation and revalidation occurs within the five-year requirement, and had subsequently completed all nursing facility screenings. However, the Department was not aware that federal database checks include the National Plan and Provider Enumeration System for those nursing facilities contracted on or before March 25, 2001, which were required to be conducted at least every five years by September 2016. The Department became aware of this requirement in 2018 and had completed the required nursing facility validations by October 2018. The Department is aware that this subset of revalidations was not completed timely and that the finding will likely remain unresolved through September 2021 or until these facilities are revalidated at the end of the subsequent five-year period.</p> <p>The Department also implemented additional internal controls to ensure Medicaid providers are properly screened, licensed, and enrolled. The Department will continue to maintain the controls currently in place for the provider revalidation process and will codify them into formal policies and procedures to ensure continued federal compliance, including:</p> <ul style="list-style-type: none"> <li>• The monthly database check with the System for Awards Management and the appropriate actions taken when necessary. This process has been ongoing since 2014.</li> <li>• The entire process for the termination of provider applications or revalidations that are found to be ineligible.</li> </ul> <p>As of November 2020, the Department developed a high-risk provider tracking process. By September 2021, a workgroup will be established to develop policies and procedures for completing fingerprint-based criminal background checks for the high-risk providers.</p> <p>By November 2021, the Department will convene a fingerprint-based</p>	<u>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 Status
2019	062 (cont'd)	<p>criminal background check stakeholder workgroup to provide an overview of rules and requirements, with a goal to formally adopt policies and procedures by April 2022.</p> <p>By July 2022, a training plan for the fingerprint-based criminal background checks will be established for providers and staff.</p> <p>The conditions noted in this finding were previously reported in finding 2018-057, and both were determined by the auditors to be resolved in fiscal year 2021. Upon auditors' request, these findings are reinstated in the fiscal year 2023 Summary Schedule of Prior Audit Findings due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>



Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2018	049	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority made improper payments for Medicaid managed care recipients with Medicare insurance coverage.</p> <table border="0" data-bbox="665 514 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>93.775</td> <td></td> <td style="text-align: right;">\$3,762,678</td> </tr> <tr> <td>93.777</td> <td></td> <td></td> </tr> <tr> <td>93.778</td> <td></td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority has implemented the following corrective actions:</p> <ul style="list-style-type: none"> <li>• As of March 2016, developed an algorithm to identify Per Member Per Month (PMPM) premium payments for clients enrolled in Medicare.</li> <li>• As of June 2018, went live with the enhancements to the ProviderOne system to automate recoupment of PMPM premiums for clients who are retro-enrolled in Medicare.</li> <li>• Ran the new algorithm for the period from the last algorithm run in November 2017 to the system enhancement in June 2018, and identified all PMPM premium duplicate payments.</li> </ul> <p>As of August 2019, the Authority completed the work to recoup the duplicate payments, and will follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2017-039. The auditors considered finding 2017-039 unresolved in fiscal year 2023 due to outstanding questioned costs.</p> <p>June 2023</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>		<u>Assistance Listing #</u>	<u>Amount</u>	93.775		\$3,762,678	93.777			93.778		
	<u>Assistance Listing #</u>	<u>Amount</u>													
93.775		\$3,762,678													
93.777															
93.778															

Health Care Authority

Agency 107

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

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	032 (cont'd)	<p>The auditors considered this finding unresolved in fiscal year 2023 due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	036	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority overpaid Medicaid hospitals for outpatient services.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$118,679</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority agrees that some claims were missed during the original mass adjustment of claims affected by incorrect Enhanced Ambulatory Patient Group (EAPG) weight assignment in the ProviderOne system.</p> <p>As of November 2017, the Authority identified all the missed claims and processed the majority of the adjustments.</p> <p>As of January 2018, the Authority completed the processing of the remaining two percent of the claims that did not get adjusted in November 2017. All corrections had been completed at that time and there were no outstanding questioned costs.</p> <p>Since federal funds overpayments were normally returned through the quarterly reporting process, the Authority is working with the Center for Medicare and Medicaid Services in order to appropriately reflect the resolution of the questioned costs.</p> <p>The auditors considered this finding unresolved in fiscal year 2023 due to outstanding questioned costs.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$118,679	93.777		93.778	
<u>Assistance Listing #</u>	<u>Amount</u>										
93.775	\$118,679										
93.777											
93.778											

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2017	040	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority made improper Medicaid pharmacy fee-for-service payments for clients enrolled in managed care.</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;">93.775</td> <td style="text-align: center;">\$111,756</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority does not concur with the finding.</p> <p>The pharmacy claims selected under this review were appropriately paid with the client being covered under the fee-for-service program at the time of claim submission and payment. The Authority does not recoup pharmacy payments for appropriately billed and paid services when the client's enrollment retroactively changes from fee-for-service to managed care.</p> <p>The Authority received informal guidance from Centers for Medicare and Medicaid Services (CMS) stating that this cost/benefit approach is appropriate. The Authority has since requested official guidance from CMS on multiple occasions.</p> <p>In September 2023, the Authority received correspondence from CMS confirming that the finding is resolved and closed. No questioned costs were required to be repaid.</p> <p>September 2023</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>		<u>Assistance Listing #</u>	<u>Amount</u>		93.775	\$111,756		93.777			93.778	
	<u>Assistance Listing #</u>	<u>Amount</u>													
	93.775	\$111,756													
	93.777														
	93.778														

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2017	048	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Adult Family Home providers to ensure Medicaid providers and their employees had proper background checks.</p> <table border="0"> <tr> <td data-bbox="673 583 828 613"><u>Assistance Listing #</u></td> <td data-bbox="1003 583 1096 613"><u>Amount</u></td> </tr> <tr> <td data-bbox="673 613 755 642">93.775</td> <td data-bbox="1003 613 1104 642">\$153,536</td> </tr> <tr> <td data-bbox="673 642 755 672">93.777</td> <td></td> </tr> <tr> <td data-bbox="673 672 755 701">93.778</td> <td></td> </tr> <tr> <td data-bbox="673 701 828 730">93.778 ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with this finding.</p> <p>The Department agrees that one background check was not renewed timely. As of November 2017, the Department implemented an internal reporting tool which alerts staff to send a reminder notice to a provider when the current background check of an employee is expiring in 60 days. If the provider does not complete the background check by the required due date, a complaint investigation will be initiated.</p> <p>The Department does not concur with the two exceptions regarding the missing national fingerprint background check for the two providers. The providers in question had both applied in 2011, which was prior to WAC 388-76-10165 becoming effective and requiring a fingerprint check.</p> <p>The Department also does not agree the findings should be tied to questioned costs. The auditors did not identify any providers who had a disqualifying crime or negative action. While the one Adult Family Home in question was out of compliance with the licensing requirements of WAC 388-76 by not having current background check results on file, and is therefore subject to corrective action and sanctions by the Department, the provider was not unqualified to provide Medicaid paid services. Thus, the payments to the provider were proper.</p> <p>Additionally, the Department is unable to comment on or validate the auditor’s statement of noncompliance with background check issues related to the Adult Family Home employees because the auditor had failed to provide any data to substantiate this part of the finding.</p> <p>In July 2018, the Department sent a letter to the Centers for Medicare and Medicaid Services (CMS) to request an opinion as to whether the questioned costs need to be repaid. In October 2018, the Department held a telephone conference with CMS, the auditors, and the State Health Care Authority (HCA) to discuss the questioned costs.</p> <p>As of August 2023, neither the Department nor HCA has received any correspondence from CMS regarding its opinion or determination.</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$153,536	93.777		93.778		93.778 ARRA	
<u>Assistance Listing #</u>	<u>Amount</u>												
93.775	\$153,536												
93.777													
93.778													
93.778 ARRA													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	048 (cont'd)	<p>The conditions noted in this finding were previously reported in findings 2016-044, 2015-051, 2014-048, and 2013-037. The auditors considered finding 2013-037 resolved.</p> <p>The auditors had previously determined findings 2017-048, 2016-044 and 2014-048 were resolved in fiscal year 2022. Upon auditors' request, the findings are reinstated in the fiscal year 2023 Summary Schedule of Prior Audit Findings due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2017	050	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Care Administration and Developmental Disabilities Administration, made improper overtime payments to Medicaid individual providers.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 548 1096 674"> <thead> <tr> <th><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$9,778</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>The Department uses the Comprehensive Assessment Reporting Evaluation (CARE) tool, approved by the Centers for Medicare and Medicaid Services (CMS), to assess client needs and to allocate the number of hours of personal care and respite the client is eligible to receive.</p> <p>Payments were made to qualified providers for services the client was authorized to receive. All hours paid to the individual providers were allowable as no payments were made in excess of the CARE generated allowable hours.</p> <p>The Department’s process complies with CMS’s directive outlined in the information bulletin published by the U.S. Department of Health and Human Services in July 2014. The directive required that any processes developed by States must comply with the Fair Labor Standards Act (FLSA). The Department protects clients’ access to eligible services and supports from a provider of their choice through their person-centered service plan. In addition, overtime costs paid under FLSA can be reimbursed as a reasonable cost related to the delivery of Medicaid services.</p> <p>The Department cannot prevent the provider from being paid more than their work week limit because labor law requires payment for all hours worked. Providers must therefore be allowed to claim and be paid for hours worked. However, the Department does follow the post-payment procedure outlined in WAC 388-114-0120 to address claims that exceed a provider’s work week limit.</p> <p>With the passage of Engrossed Second Substitute House Bill 1725 (ESSHB 1725), the Legislature imposed work week limits on individual providers. The statute also directed the Department not to impose work week limits on individual providers until the Department conducted a review of the plan of care for the clients served by the individual provider. These reviews were not completed until July 2016, and five of the payments found by the auditors to be unallowable were made prior to this time.</p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$9,778	93.777		93.778	
<u>Assistance Listing #</u>	<u>Amount</u>									
93.775	\$9,778									
93.777										
93.778										



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	050 (cont'd)	<p>The rules adopted as a result of ESSHB 1725 have a mechanism for terminating individual providers if they repeatedly exceed their work week limit. Regardless of whether the individual provider exceeds their work week limit, payment for all hours worked is required. The Department adheres to specific actions before stopping a payment to an individual provider who works more than the work week limit. The restrictions imposed on the individual provider by these statutory limits and associated rules have no relation to the client's benefit, which is reflected as authorized hours.</p> <p>The Department also notes that the calculation of the questioned costs was incorrect. The provision of the hours themselves are not in question, only the payment of overtime for these hours. The cost of overtime is the difference between the individual provider's base rate of pay and one and a half times of the base rate. Therefore, questioned costs should be calculated only on the overtime cost.</p> <p>The Department will continue to:</p> <ul style="list-style-type: none"> <li>• Follow procedures to identify providers who have excess claims over the work week limit.</li> <li>• Issue necessary contract actions according to Department policy.</li> </ul> <p>In July 2018, the Department sent a letter to the Centers for Medicare and Medicaid Services (CMS) to request an opinion as to whether the questioned costs need to be repaid. In October 2018, the Department held a telephone conference with CMS, the auditors, and the Health Care Authority (HCA) to discuss the questioned costs. In March 2019, the Department followed up with CMS requesting a decision. As of August 2023, neither the Department nor HCA has received any correspondence from CMS regarding its opinion or decision.</p> <p>The auditors considered this finding unresolved in fiscal year 2023 due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2016	032	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not establish adequate internal controls and did not comply with requirements to ensure it sought reimbursement for all eligible Medicaid outpatient prescription drug rebate claims.</p> <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$273,598</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>In response to the audit finding, the Authority has implemented the following corrective actions:</p> <ul style="list-style-type: none"> <li>• As of September 2016, identified and corrected the system issue concerning the Medicaid eligibility code.</li> <li>• As of February 2017, corrected the system issue concerning the managed care plan coding errors.</li> </ul> <p>The Authority has also strengthened its review process by:</p> <ul style="list-style-type: none"> <li>• Preparing a checklist of steps for staff to consider when a new code is added to the ProviderOne System.</li> <li>• Implementing quarterly monitoring reports designed to validate the completeness and accuracy of each invoicing cycle.</li> </ul> <p>On May 31, 2017, the Authority invoiced the unclaimed rebates identified by the auditors.</p> <p>The Authority and U.S. Department of Health and Human Services have discussed the resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in findings 2015-034 and 2014-031, which the auditors determined to be resolved. The auditors considered this finding unresolved in fiscal year 2023 due to outstanding questioned costs.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$273,598	93.777		93.778	
<u>Assistance Listing #</u>	<u>Amount</u>										
93.775	\$273,598										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2016	047	<p>Finding: Medicaid funds were overpaid to a supported living agency that contracted with the Department of Social and Health Services, Developmental Disabilities Administration.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 546 1128 672"> <thead> <tr> <th><u>Assistance Listing #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$1,258,250</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with finding.</p> <p>The Department processed the payment notice to the Department’s Office of Financial Recovery (OFR) in February 2017.</p> <p>Per federal rules, the Department is not required to refund the federal share of an overpayment made to a provider to the extent that the Department is unable to recover the overpayment because the provider has been determined bankrupt.</p> <p>The provider in question filed for bankruptcy in March 2019. The Department worked with OFR to follow the federal and state rules for financial recovery that pertains to bankruptcy proceedings, and submitted the required information received from the bankruptcy court for the amount owed.</p> <p>As of March 2019, the Department forwarded all court records, disclosing the provider was bankrupt, to the U.S. Department of Health and Human Services (HHS).</p> <p>As of August 2023, the Department has not received any communication from HHS confirming the status of the questioned costs. The auditors considered this finding unresolved in fiscal year 2023 due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$1,258,250	93.777		93.778	
<u>Assistance Listing #</u>	<u>Amount</u>									
93.775	\$1,258,250									
93.777										
93.778										

Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2015	037	Finding:  Questioned Costs:  Status:  Corrective Action:          Completion Date:  Agency Contact:	The Health Care Authority overpaid Medicaid providers for dental services.  <table border="0"> <tr> <td style="text-align: right;"><u>Assistance Listing #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$25,945</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> Corrective action in progress  The Authority has recouped the unallowable claims paid to dental providers.  The Authority will follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs.  The conditions noted in this finding were previously reported in findings 2014-033, 2013-027 and 12-53, which the auditors considered resolved.  The auditors had previously determined that this finding was resolved in fiscal year 2022. Upon auditors' request, the finding is reinstated in the fiscal year 2023 Summary Schedule of Prior Audit Findings due to outstanding questioned costs.  In progress  Kari Summerour, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a>	<u>Assistance Listing #</u>	<u>Amount</u>	93.775	\$25,945	93.777		93.778	ARRA and non-ARRA
<u>Assistance Listing #</u>	<u>Amount</u>										
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93.777											
93.778	ARRA and non-ARRA										

Department of Social and Health Services

Agency 300

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

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2015	040 (cont'd)	<p>The auditors considered finding 2015-040 as resolved in fiscal year 2022. Upon auditors' request, the finding is reinstated in the fiscal year 2023 Summary Schedule of Prior Audit Findings due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>