

**State of Washington - Office of Financial Management**  
**Status of Audit Resolution**  
**December 2020**

**State of Washington**

<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>
2019 F	001	<p data-bbox="483 422 662 449">Finding:</p> <p data-bbox="673 422 1446 512">The State’s internal controls over financial reporting were insufficient to ensure accurate recording and monitoring of financial activity in its financial statements.</p> <p data-bbox="483 552 602 609">Corrective Action:</p> <p data-bbox="673 552 1463 735">The Office of Financial Management (OFM), with the collaboration of state agencies, strives for the highest standards in the preparation of the state’s financial statements. OFM has discussed the issues with the agencies included in this finding and provided assistance in developing their respective corrective action plans. Responses from each agency are listed below:</p> <p data-bbox="673 779 1240 806"><i>State Board for Community and Technical Colleges</i></p> <p data-bbox="673 842 1446 995">Since July 2017, the State Board for Community and Technical Colleges (State Board) has been working on developing and implementing an automated process to accurately and completely upload ctcLink financial transactions into the state’s accounting system, Agency Financial Reporting System (AFRS).</p> <p data-bbox="673 1031 1463 1184">As of April 2019, the State Board implemented an automated AFRS customized upload process after a yearlong design and testing effort. This upload process provided the State Board the ability to extract college data, process errors, and report data through June 2019 to the Office of Financial Management.</p> <p data-bbox="673 1220 1446 1373">On July 1, 2019, a newly re-designed global chart of accounts was implemented, which has significantly improved the college system’s ability to consistently track and report revenues and expenses. However, this implementation affected the AFRS upload process; requiring the customization to be re-configured to work with the new chart of accounts.</p> <p data-bbox="673 1409 1463 1591">As of October 2019, the re-configured customization was completed, tested, and successfully deployed. In April 2020, it was discovered that an update to the global chart of accounts affected the customized programming that uploads data into AFRS. The issues have since been identified and addressed, and the State Board is currently reviewing and uploading corrected data for November 2019 through May 2020.</p> <p data-bbox="673 1627 1430 1717">The State Board has been working on fine-tuning the automated upload process and providing training to college clients on the newly implemented process.</p> <p data-bbox="673 1753 1446 1877">As of February 2020, the State Board hired a System ctcLink Account Coordinator, a new position dedicated to coordinate, review, and support the AFRS upload process. In June 2020, an additional accounting staff member was assigned to support the year-end upload process.</p> <p data-bbox="673 1913 1446 1969">As of June 2020, State Board leadership, finance staff, and programmers meet weekly to monitor progress, identify needed resources and make</p>

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2019 F	001 (cont'd)	<p>critical decisions. This process has led to steady progress, resulting in improved functionalities being deployed in July and August 2020.</p> <p>The State Board will continue to:</p> <ul style="list-style-type: none"> <li>• Improve and add functionalities to the customized automated upload process.</li> <li>• Provide technical assistance to all colleges in their efforts to reconcile accounting records with the state accounting system.</li> </ul> <p><b><i>Healthcare Authority</i></b></p> <p>The Authority recognizes the significance and priority of internal controls over recording and reporting financial transactions.</p> <p>The Authority disagrees that annual assurances over ProviderOne controls are necessary or that the Authority did not address monitoring in its ProviderOne contract language. Currently, the vendor provides an independent service organization control (SOC) audit every other year. The estimated additional cost to purchase an annual SOC audit report is \$470,000 each biennium.</p> <p>In both 2019 and 2020, the Authority requested funding from the Legislature to contract for the additional SOC audit report. This request was not funded.</p> <p>The Authority will continue to request funds to obtain this report in order to resolve the audit finding.</p> <p>Completion Date: Corrective action is expected to be complete by June 2021</p> <p>Contact: Brian Tinney          Statewide Accounting Assistant Director          PO Box 43127          Olympia, WA 98504-3127          (564) 999-1781  <a href="mailto:brian.tinney@ofm.wa.gov">brian.tinney@ofm.wa.gov</a></p>