

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status	
2020 F	007	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.</p> <p>To strengthen internal controls over subrecipient monitoring, the Department established procedures to expand fiscal monitoring of subrecipients during reimbursements and to formalize documentation requirements for in-person site visits.</p> <p>As of February 2020, the Department:</p> <ul style="list-style-type: none"> • Created new procedures that require subrecipients to submit backup documentation for salaries, benefits, and contracted services that includes the exact costs, calculations, percentage charged to the grant, and allocation method if costs are allocated across multiple fund sources. The backup documentation is also required to link the actual expenditures to the amounts requested for reimbursement on the invoice. • Established procedures for documenting fiscal monitoring that occurs during in-person site visits, which includes: <ul style="list-style-type: none"> ○ The review of timesheets sample to verify and confirm that salary/benefit charges on a previously submitted invoice have appropriate backup documentation on file. ○ Documentation of fiscal policies and procedures reviewed and any other fiscal monitoring activities on the site visit report. • Updated the certification forms for Modified Total Direct Costs eligibility to inquire whether subrecipients have ever had a federally negotiated indirect rate. This information is used to verify subrecipients' eligibility for the de minimis indirect cost rate. <p>As of July 2020, the Department provided training to staff and subrecipients and formally implemented the new monitoring procedures.</p> <p>The conditions noted in this finding were previously reported in finding 2019-010.</p> <p>July 2020, subject to audit follow-up</p> <p>Jean Denslow Managing Director, Accounting Services PO Box 42525 Olympia WA 98504 (360) 725-2739 Jean.denslow@commerce.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2020 F	009	<p>Finding: The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Crime Victim Assistance or the Low-Income Home Energy Assistance programs received required audits and findings were followed up on timely.</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>As described in the finding, the Department has written policies and procedures for subrecipient monitoring including:</p> <ul style="list-style-type: none"> • Verifying whether the subrecipient requires a single audit. • Reviewing audit reports. • Following-up on subrecipient audit findings. • Ensuring management decisions are issued timely when required. <p>The Department’s Contract Management System (CMS) contains a field to indicate if a single audit is required for a subrecipient at the time a contract is entered into the system. Staff generate quarterly reports from CMS to identify subrecipients that:</p> <ul style="list-style-type: none"> • Have audit requirements to help ensure audit reports are submitted and any audit findings are identified and captured in the system. • Do not have audit requirements have submitted verification forms. <p>Due to the timing of the report reviews, information is not always collected timely to enable follow-up with subrecipients within the required time frame.</p> <p>In response to the prior year’s finding, the Department has taken the following actions to improve internal controls over monitoring subrecipients’ audit requirements:</p> <ul style="list-style-type: none"> • Updated procedures to run the CMS report prior to the end of the nine-month required time frame so reminders can be sent to subrecipients. • Worked with staff responsible for entering audits into CMS to ensure audit requirements are correctly indicated. • Strengthened process to ensure audit reports are properly reviewed to identify findings that require appropriate follow-up actions. • Improved communication to staff to ensure work processes follow established policies related to subrecipient audit monitoring. <p>The Department will continue to follow up on subrecipient audit findings identified during audits and will issue management decisions as required by federal regulations.</p> <p>The conditions noted in this finding were previously reported in findings 2019-011.</p>

State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2021

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Audit Report	Finding Number	Finding and Corrective Action Status
2020 F	009 (cont'd)	Completion Date: August 2020, subject to audit follow-up Agency Contact: Jean Denslow Managing Director, Accounting Services PO Box 42525 Olympia, WA 98504 (360) 725-2739 jean.denslow@commerce.wa.gov