

Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status
2020 F	014	<p>Finding: The Department of Transportation did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Highway Planning and Construction Cluster.</p> <p>Corrective Action: The Department is committed to ensure that our grant programs comply with federal regulations regarding required risk assessments.</p> <p>In response to prior years' audit findings, the Department took corrective actions to address the audit recommendations, as follows:</p> <ul style="list-style-type: none"> • As of June 2019, established a risk assessment program to inform required monitoring activities. • Developed a risk assessment form to document assessments performed. • Communicated information on the risk assessment program to appropriate headquarters and regional staff. • Reviewed initial risk assessment forms completed by regional staff to ensure they were completed properly. <p>When the Governor issued the Stay Home, Stay Healthy order, regional staff's focus was redirected to project shut down, safety, and reopening plans, which slowed completion of some risk assessments.</p> <p>The Department will:</p> <ul style="list-style-type: none"> • Continue to maintain ongoing communication with regional staff to ensure risk assessments are performed and properly documented in accordance with the risk assessment program guidelines. • Update the risk assessment form to allow documentation of multiple obligations during a project's phase. • Work with regional management to modify staff's position descriptions to include performing required monitoring activities, such as completing risk assessments timely. <p>The conditions noted in this finding were previously reported in findings 2019-016 and 2018-012.</p> <p>Completion Date: Corrective action is expected to be complete by March 2022</p> <p>Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>

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2020 F	015	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Highway Planning and Construction Cluster received required single audits.</p> <p>In response to the prior year’s audit finding, the Department took the following corrective actions to address the audit recommendations:</p> <ul style="list-style-type: none"> • Updated the Local Agency Guidelines Manual and subaward agreements to reflect the current \$750,000 single audit threshold and added language that requires local agencies to comply with the single audit or program-specific audit requirements. • Provided training to local agencies throughout the year that includes reminders of the single audit requirements. • For local agencies that received Department subawards below the single audit threshold, the Department sent communication that outlines the federal regulations and requests written verification to confirm if a single audit is applicable. • For local agencies that are subject to the single audit, the Department monitors the submission of the required audit report, follows up on any reported deficiencies, and takes the appropriate actions. <p>Due to the Governor’s Stay Home, Stay Healthy order in response to the pandemic, full implementation of these corrective actions was delayed in fiscal year 2020. The Department’s Local Program had to shift efforts to implement a new way of doing business for authorizing federal funds, processing reimbursements, and all other services necessary to ensure reasonable federal compliance while minimizing delays to the delivery of local agency capital projects during this critical time.</p> <p>Beginning in fiscal year 2021, the updated process will be fully implemented.</p> <p>The conditions noted in this finding were previously reported in finding 2019-017.</p> <p>August 2020, subject to audit follow-up</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>

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2020 F	016	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation did not have adequate internal controls over and did not comply with requirements to conduct program and fiscal monitoring of subrecipients for the Highway Planning and Constructions Cluster.</p> <p>The Department is committed to ensuring that our grant programs comply with federal regulations related to subrecipient monitoring.</p> <p>To address the audit recommendations, the Department’s Local Programs Division will examine current policies and procedures/practices related to the audit issues.</p> <p>In September 2021, the Department received concurrence from the Federal Highway Administration (FHWA) for the 2020 and 2021 calendar years that supports a risk-based monitoring approach for Project Management Reviews (PMRs), which includes:</p> <ul style="list-style-type: none"> • Performing a PMR once a project is substantially complete or complete. • Not performing a PMR on projects with minimal risk. <p>FHWA is currently working on modifying the Stewardship and Oversight Agreement template, which would allow the Department to update language in the agreement to align with standards or best practices. If the modified agreement template is not received within a reasonable timeframe, the Department may seek an extension from FHWA’s Washington Division to allow completion of PMRs on a risk-based schedule.</p> <p>In addition, the Department will:</p> <ul style="list-style-type: none"> • Update the Local Agency Guidelines (LAG) Manual to reflect the scheduling of a PMR once the project is substantially complete or complete. • Attempt to complete PMRs in the required 3-year timeframe after December 2020 until the agreement and LAG Manual updates are completed, or another extension is granted. • Communicate changes to policies and procedures, the LAG Manual, and the agreement to Local Program staff and stakeholders. <p>The conditions noted in this finding were previously reported in finding 2019-015.</p> <p>Corrective action is expected to be complete by March 2022</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2020 F	017	<p>Finding: The Department of Transportation did not have adequate internal controls over and did not comply with quality assurance program requirements to ensure materials testing was performed by qualified testing personnel for projects funded by the Highway Planning and Construction Cluster.</p> <p>Corrective Action: The Department is committed to ensuring that our grant programs comply with federal regulations related to quality assurance requirements, safeguarding materials, testing workmanship according to approved plans and specifications, conducting inspections and certifications, and that testing is completed by qualified testers.</p> <p>In response to the prior year’s audit finding with the quality assurance program related to material testing, the Department took corrective actions to address the audit recommendations, as follows:</p> <ul style="list-style-type: none"> • Updated the Department’s Construction and Standard Specifications Manuals regarding: <ul style="list-style-type: none"> ○ Requirements for emergency contracts. ○ Requirements for facility contracts. • Provided clarifications needed to address practices and documentation to document material testing, inspections, and acceptance. <p>To address the current audit recommendations, the Department’s Construction Division has:</p> <ul style="list-style-type: none"> • Examined current policies and procedures/practices related to the tester certifications. • Updated policies and procedures as needed, including the Department’s Construction (M46-01) Manual, to ensure compliance with federal regulations regarding tester qualifications. The Construction Manual update also included appropriate procedures for tester certification from the Western Alliance of Quality Transportation Construction. • Obtained approval of the August 2021 updates to the Construction Manual from the Federal Highway Administration. • Communicated changes in policies and procedures to division staff and stakeholders at the Independent Assurance Meetings held in October and November 2021. <p>As the new Unifier system implementation moves forward, the Department will establish additional controls including not allowing a tester to enter results for tests that they are not qualified to perform. Other process refinements will be implemented to ensure materials testing is performed by qualified testing personnel.</p> <p>Similar conditions related to quality assurance program requirements were previously reported in finding 2019-019.</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	017 (cont'd)	Completion Date: November 2021, subject to audit follow-up Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov