

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status
1030978	2021-016	<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 Coronavirus Relief Fund received risk assessments.</p> <p>Corrective Action: Small Business Assistance Program 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"> • Completed new risk assessments for the 37 Associated Development Organizations that had an assessment originally completed in 2017. • Received a risk assessment from a new recipient that was contracted to provide the services to obtain documentation and disburse funding. • Evaluated current subrecipient monitoring procedures and implemented the following: <ul style="list-style-type: none"> ○ Perform desk monitoring on a monthly/quarterly basis based on the length of the contract and level of risk assessed. ○ Perform onsite monitoring prior to final payment and closeout of all federally funded contracts to ensure subrecipients meet all federal compliance requirements. • Established a process to review all federal award documents and subrecipient procedures based on the funding received to ensure compliance with applicable federal requirements. <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"> • 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. • Participated in five hours of training on desk monitoring and onsite monitoring. • Developed new onsite and desk monitoring forms based on federal requirements, which will be used for all subrecipient monitoring. <p>The OEDC has registered two staff who primarily work on federally funded contracts to attend the upcoming Federal Acquisition Regulations System 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>

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1030978	2021-016 (cont'd)	<p>Corrective action was completed for the Small Business Assistance Program in September 2022.</p> <p>Rental Assistance Program</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:</p> <ul style="list-style-type: none"> • Updated the unit risk assessment procedures to include a requirement that the risk assessment form must be completed prior to contract execution. • Completed a crosswalk of the new procedures and the updated risk assessment form with CFR 200.332 to identify requirements for pass-through entities. • Reviewed the procedure and form with the Department's central contract office. • Provided training to current staff and new hires on the new procedures and form. <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 was completed for the Rental Assistance Program in September 2022.</p> <p>Completion Date: September 2022, subject to audit follow-up</p> <p>Agency Contact: Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1030978	2021-031	<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 requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act.</p> <p>The Low-Income Home Energy Assistance Program (LIHEAP) has 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 response to the finding, the Department implemented the following procedures to strengthen internal controls and to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> • Vetted award letters and funding allocations through the budget team and assistant director before issuing subawards to the LIHEAP network. • Added the 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. • Designated the LIHEAP program manager to be responsible for performing the FFATA reporting duties. • 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. • Implemented a process to ensure prepared reports are reviewed and approved by the Community Economic Opportunities Unit managing director to ensure accuracy, prior to the program manager submitting them in the FFATA system. • 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. <p>The Department will provide training to program staff before the annual technical assistance and training conference for sub grantees. 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>April 2022, subject to audit follow-up</p> <p>Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1030978	2021-032	<p data-bbox="483 426 662 453">Finding:</p> <p data-bbox="672 426 1471 516">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 data-bbox="483 552 602 609">Corrective Action:</p> <p data-bbox="672 552 1471 768">In a typical program year, October 1 thru September 30, the Low-Income Home Energy Assistance Program (LIHEAP) receives awards from one funding source. Six months into the program year, in April 2020, the Department received additional funds from additional sources. Since all LIHEAP database updates and changes were already made prior to the beginning of the program year, the additional funds were required to be tracked separately from the regular LIHEAP allotment.</p> <p data-bbox="672 804 1471 1020">In order to distribute the funds to those in need, the Department made a program decision to track the funds in the Contract Management System (CMS) for the remaining six months of the 2020 LIHEAP program year. As a result, the funds were tracked with a combination of data from CMS and the LIHEAP database. In addition, during this time period, the database developer retired and the documentation for the Household Report was not saved.</p> <p data-bbox="672 1056 1471 1146">The Department made the following changes to the LIHEAP database for LIHEAP transactions for the 2021 program year. The changes were implemented on October 1, 2020, which included:</p> <ul data-bbox="699 1161 1471 1293" style="list-style-type: none"> • Adding contract numbers to the LIHEAP database. • Requiring all contractors to enter the contract number for every payment. • Adding reporting criteria to Household Report. <p data-bbox="672 1329 1471 1419">The United States Department of Health and Human Services (HHS) provided annual training to update grantees on changes made to the reporting documents and procedures for reporting.</p> <p data-bbox="672 1455 1471 1518">The Department also established the following reporting process to be completed by the LIHEAP Team:</p> <ul data-bbox="699 1524 1471 1770" style="list-style-type: none"> • Program Manager pulls the necessary reports. • Managing Director (MD) reviews reports before submittal. • Program Manager submits reports once MD approval is received. • Program Manager receives notice that the report has been accepted by the funder. • Program Manager saves a copy of the report, documentation, and acceptance. <p data-bbox="672 1806 1471 1869">The Program Manager worked with the HHS contractor APPRISE to revise the reporting submission.</p> <p data-bbox="483 1881 613 1944">Completion Date:</p> <p data-bbox="672 1917 1109 1944">October 2022, subject to audit follow-up</p>

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1030978	2021-032 (cont'd)	Agency Contact:	Gena Allen Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov