

Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status	
1030978	2021-008	<p>Finding:</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> <p>The Department is committed to ensuring that our grant programs comply with federal regulations related to subrecipient monitoring.</p> <p>In response to prior years' audit findings, the Department took the following corrective actions:</p> <ul style="list-style-type: none"> • In September 2021, the Department received concurrence from the Federal Highway Administration (FHWA) for a risk-based monitoring approach for Project Management Reviews (PMRs) for both the 2020 and 2021 calendar years. This includes: <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. • In June 2021, the Local Agency Guidelines (LAG) Manual was updated to reflect changes to the Project Reviews section. The changes included the selection of projects for PMRs based upon assigned risk level and the option to complete PMRs via an electronic file review. <p>FHWA is currently working to modify the Stewardship and Oversight (S&O) Agreement template, which would allow the Department to update language in the agreement to align with standards and/or best practices, including those for PMRs. Since the update of the modified agreement template is taking FHWA longer than anticipated, the Department sought an extension of the concurrence memo with FHWA's Washington Division to allow completion of PMRs on a risk-based schedule, which they received from FHWA on July 6, 2022.</p> <p>Since FHWA has concurred with the Local Program's risk-based PMR approach that superseded the language in the S&O Agreement, Local Programs will:</p> <ul style="list-style-type: none"> • Finalize testing of the electronic (remote) based PMR process. • Design and implement a risk-based approach to completing PMRs. • Continue to update the LAG to reflect the risk-based approach to complete PMRs. • Communicate changes to policies and procedures to Local Program staff and stakeholders. <p>The conditions noted in this finding were previously reported in finding 2020-016 and 2019-015.</p> <p>Corrective action is expected to be complete by March 2023</p>

State of Washington - Office of Financial Management
Status of Audit Resolution
December 2022

Department of Transportation

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Audit Report	Finding Number	Finding and Corrective Action Status	
1030978	2021-008 (cont'd)	Agency Contact:	Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov

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Audit Report	Finding Number	Finding and Corrective Action Status	
1030978	2021-010	<p>Finding:</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> <p>The Department is committed to ensuring that our grant programs comply with federal regulations related to subrecipient monitoring.</p> <p>The Department’s Local Programs Division had a different understanding of the requirement to issue Management Decision Letters (Decision Letters). The Division typically issues Decision Letters to subrecipients that receive single audit findings related to WSDOT federal grant awards. For the subrecipients in question, the Division assessed risk of noncompliance and elected to forgo a formal Decision Letter since the subrecipient’s response in the audit report reflected corrective action was complete. The Department understands the State Auditor’s Office’s (SAO) recommendation to issue Decision Letters for all subrecipient single audit findings related to federal grant awards by the Department.</p> <p>The Department will:</p> <ul style="list-style-type: none"> • Review subrecipient single audit findings for fiscal year 2020 that were received during fiscal year 2022 and ensure the Local Programs Division issues all required Decision Letters. • Continue to review all single audits issued for subrecipient agencies and send Decision Letters based on SAO recommendations. <p>The conditions noted in this finding were previously reported in findings 2020-015 and 2019-017.</p> <p>December 2022, subject to audit follow-up</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>

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1030978	2021-011	<p>Finding:</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 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>The Department is committed to ensuring that our grant programs comply with federal regulations related to quality assurance (QA) requirements, safeguarding materials, and ensuring workmanship conform to approved plans and specifications through testing, inspections, or certifications.</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"> • Update policies and procedures, including the Department’s Construction Manual (M46-01), as needed to ensure staff practices meet federal regulations. Update will also include other clarifications needed to address practices and documentation to evidence materials testing, inspections, certification, and acceptance. • Obtain approval of updates to the Construction Manual from the Federal Highway Administration. • Communicate changes in policies and procedures to Division staff and stakeholders. • Provide training to the Project Engineering Office to emphasize QA program requirements. <p>Similar conditions noted in this finding were previously reported in findings 2020-017 and 2019-019.</p> <p>Corrective action is expected to be complete by June 2023</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1030899	2021-001	<p>Finding: The Department of Transportation did not comply with state law regarding its responsibilities to administer Commute Trip Reduction programs.</p> <p>Corrective Action: In response to the finding, the Department will implement the following corrective actions:</p> <p>By December 31, 2022:</p> <ul style="list-style-type: none"> • Hire staff and provide training on managing and delivering the state agency Commute Trip Reduction (CTR) program. • Research practices and document the current operations of CTR programs at state agencies in Thurston County. • Review and assess documentation associated with state agency CTR goals. • Review current CTR program guidance with the Office of Financial Management and the Interagency Board to identify opportunities to improve: <ul style="list-style-type: none"> ○ Consistency. ○ CTR goals and goal setting methodology. ○ Program performance measurement, and program financial and policy reporting. <p>By June 30, 2023:</p> <ul style="list-style-type: none"> • Develop updated state agency CTR performance targets. • Update guidance for state agency CTR policy implementation and reporting. • Notify state agencies of updated guidance and require agencies to update internal policies to align with state guidance within 90-120 days. • Provide technical assistance to agencies during implementation of the new guidance. • Collect agency CTR program financial reports, policy updates and review documents to ensure compliance with statewide guidance. • Notify agencies regarding exceptions identified during review of the CTR program. <p>By December 31, 2023, the Department will produce and publish state agency CTR results and distribute to the Governor and the Legislature.</p> <p>Completion Date: Corrective action is expected to be complete by December 2023</p> <p>Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 danielje@wsdot.wa.gov</p>