

State of Washington

Audit Report	Finding Number	Finding and Corrective Action Status
1029609	2021-001	<p>Finding: The State lacked adequate internal controls over financial reporting for ensuring accurate recording and monitoring of financial activity in its financial statements.</p> <p>Corrective Action: The Office of Financial Management, with the collaboration of state agencies, strives for the highest standards in the preparation of the state’s financial statements. Responses from each agency are listed below:</p> <p><b><i>State Board for Community and Technical Colleges (State Board)</i></b></p> <p>The State Board has taken the following actions to improve the process of reconciling college financial data timely and accurately with amounts recorded in the State’s accounting system (AFRS):</p> <ul style="list-style-type: none"> <li>• Dedicated additional staff (a nearly full-time programmer, functional support, and accounting staff) to totally revamp the program that is utilized to crosswalk data from the new ERP system to AFRS.</li> <li>• Streamlined configuration for the automatic data upload process.</li> <li>• Finished converting all schools to the new ERP system.</li> <li>• Maintained monthly automated data uploads of State Board and all 36 colleges from the ERP system to AFRS.</li> <li>• Began working with reporting staff to create an automated reconciliation program that will compare AFRS reports to actual real-time data from the ERP system.</li> </ul> <p>The State Board is also working on creating an “in process” report for AFRS errors that will tie to the reconciliation program. By July 2023, the State Board will begin work on creating or modifying rules in the ERP system that will help reduce AFRS errors.</p> <p>The State Board will continue to build and enhance programming tools to help identify and reconcile variances between the two systems. While current monthly data is being reconciled in a timely manner from the ERP system to AFRS, the State Board continues to work on reconciling historical data from the beginning of system employment. Additional help will be required from the Office of Financial Management to make adjusting entries.</p> <p>In addition, the State Board began the conversion and crosswalk of data from ctcLink to the new system that the One Washington project is undertaking to replace AFRS. While this is new and additional work that was not part of the scope of this corrective action plan, it is an integral part of the effort to ensure accurate financial reporting in the long run.</p>

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

---

State of Washington

Audit Report	Finding Number	Finding and Corrective Action Status
1029609	2021-001 (cont'd)	<p><i>State Health Care Authority</i></p> <p>The Authority recognizes the significance and priority of internal controls over recording and reporting financial transactions.</p> <p>Currently, the ProviderOne vendor provides an independent service organization control (SOC2) audit every other year. The estimated additional cost to purchase an annual SOC2 audit report is \$470,000 each biennium.</p> <p>In 2020, the Authority requested funding from the legislature to contract for the additional SOC2 audit report. This request was not funded.</p> <p>The Authority will again submit a request for funds to obtain this report to resolve the audit finding. If the decision package is approved, the contract would be amended in July 2023 and audits would begin on a yearly basis.</p> <p>Completion Date: Corrective action is expected to be complete by June 2023</p> <p>Agency 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>