

State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-035 (cont'd)	Completion Date: Corrective action is expected to be complete by December 2024 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-036	<p data-bbox="483 424 581 451">Finding:</p> <p data-bbox="670 424 1471 548">The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with client eligibility requirements for child care services paid with the Child Care and Development Fund and Temporary Assistance for Needy Families funds.</p> <p data-bbox="483 583 602 642">Corrective Action:</p> <p data-bbox="670 583 1471 732">The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p data-bbox="670 768 1471 827">In response to the finding, the Department established overpayments and referred them to the Office of Financial Recovery for collection.</p> <p data-bbox="670 863 1471 953">As part of process and internal control improvements, the Department implemented the Fair Start for Kids Act (FSKA) on October 1, 2021, to simplify rules and expand eligibility. The FSKA:</p> <ul data-bbox="688 963 1471 1167" style="list-style-type: none"> <li data-bbox="688 963 1471 1022">• Raises the State Median Income threshold, increasing the number of eligible two-parent households. <li data-bbox="688 1037 1471 1096">• Caps copayments at \$115 for applicants and \$215 for reapplicants, reducing the copay amounts for two-parent households. <li data-bbox="688 1110 1471 1167">• Acts as disincentives for fraud as families are less likely to report the non-custodial parent who is not a household member. <p data-bbox="670 1203 1471 1262">The Department continues to review cases for accuracy following these new rules and policies.</p> <p data-bbox="670 1297 1471 1514">In September 2022, the Office of Child Care (OCC) released a document to help CCDF lead agencies simplify the format and content of child care assistance applications, which includes guidance on defining, collecting, and verifying eligibility information. The Department continues to follow guidance from OCC to update policies and procedures within the authority under the Revised Code of Washington and Washington Administrative Code. This includes:</p> <ul data-bbox="688 1524 1471 1978" style="list-style-type: none"> <li data-bbox="688 1524 1471 1686">• In December 2022, updated policies and procedures for cases with simplified eligibility such as families experiencing homelessness or families with children receiving protective services. Public Benefit Specialist (PBS) staff received training in the winter of 2022, which included the use of systems data to establish household composition. <li data-bbox="688 1696 1471 1978">• In July 2023, developed a guide for staff to more effectively use the Employment Security Department (ESD) quarterly reported data for eligibility determinations. The ESD data is directly reported by the employer, secured, and reduces delays in benefits by eliminating the wait for employment verification. It is also simple to use for the PBS staff and the auditors, thereby reducing income calculation errors and removing the need for consumers to provide documentation to support the eligibility determination. This procedural change and training were completed in July 2023.

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1032843	2022-036 (cont'd)	<p>The conditions noted in this finding were previously reported in findings 2021-035, 2020-039, 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017 and 2012-30.</p> <p>Completion Date: July 2023, subject to audit follow-up</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-041	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payments to child care providers for the Child Care and Development Fund Cluster programs were allowable and properly supported.</p> <p>Corrective Action: The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states: <i>“the ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated: <i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended: <i>“that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance as identified by SAO.</p>

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1032843	2022-041 (cont'd)	<p>In response to the auditor’s recommendations, the Department has submitted a budget request for the 2024 supplemental budget. If the request is funded, it would allow adjustments to include child-level data.</p> <p>The conditions noted in this finding were previously reported in findings 2021-033, 2020-038, 2019-035, 2018-034, 2017-024, 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31, 9-12 and 8-13.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

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Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-042	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with matching, level of effort, and earmarking requirements for the Child Care and Development Fund Cluster.</p> <p>Corrective Action: The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states:</p> <p><i>“the ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated:</p> <p><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p><i>“that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance as identified by SAO.</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-042 (cont'd)	<p>In response to the auditor’s recommendations, the Department has submitted a budget request for the 2024 supplemental budget. If the request is funded, it would allow adjustments to include child-level data.</p> <p>The conditions noted in this finding were previously reported in findings 2021-036 and 2020-040.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-043	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with period of performance requirements for the Child Care and Development Fund.</p> <p>Corrective Action: The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states:</p> <p><i>“the ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated:</p> <p><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p><i>“that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance as identified by SAO.</p>

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1032843	2022-043 (cont'd)	<p>In response to the auditor’s recommendations, the Department has:</p> <ul style="list-style-type: none"> • Submitted a budget request for the 2024 supplemental budget. If the request is funded, it would allow adjustments to include child-level data. • Effective December 6, 2023, implemented written procedures for period of performance requirements. <p>The conditions noted in this finding were previously reported in findings 2021-037 and 2020-041.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

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1032843	2022-044	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with financial reporting requirements for the Child Care and Development Fund Cluster.</p> <p>Corrective Action: The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children & Families (ACF), which oversees the CCDF program at the federal level, reviews all State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) which states:</p> <p><i>“the ACF noted that the auditor raised concern about the Department’s accounting procedures and efforts made to trace expenditures at the transaction-level. As the basis for the finding, the auditor used CFRs (200.53, 200.303, 200.403, 200.410) that do not apply to CCDF. Federal regulations allow Lead Agencies to expend and account for CCDF funds in accordance with their own procedures.”</i></p> <p>In addition, ACF did not sustain the disallowance of questioned costs and stated:</p> <p><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p><i>“that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The Department met with ACF and SAO on November 8, 2023, to discuss the ACF decision at which time ACF upheld the above statements that the activities allowed finding was not substantiated. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit that can be used to accurately test compliance. The SAO maintained that the program is not auditable without child-level data. The Department does not currently have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance as identified by SAO.</p>

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1032843	2022-044 (cont'd)	<p>In response to the auditor’s recommendations, the Department has submitted a budget request for the 2024 supplemental budget. If the request is funded, it would allow adjustments to include child-level data.</p> <p>The conditions noted in this finding were previously reported in finding 2021-038.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-045	<p>Finding:</p> <p>Corrective Action:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund program.</p> <p>The Department is strongly committed to ensuring the health, safety, and well-being of all children in care.</p> <p>The Department concurs with the finding and has taken the following actions:</p> <ul style="list-style-type: none"> • In September 2020, in response to the COVID-19 pandemic, the Department obtained grantor’s approval to revise the Child Care and Development Fund (CCDF) State Plan to waive the annual unannounced monitoring requirement and allowing for virtual monitoring, through September 30, 2021, but some providers were unable to participate in the virtual process resulting in monitoring visits not being conducted during state fiscal year 2022. • In the fall of 2022, to address staff turnover issues, the Department began recruiting new staff and providing training on child care licensing rules and regulations. This included adding a new position in November 2022 to assist supervisors with onboarding and training new staff hired during the audit period. • The Department implemented a data driven, phased in approach, to return staff to in-person field work after the COVID-19 pandemic: <ul style="list-style-type: none"> ○ In July 2022, began authorizing staff, subject to pandemic related restrictions, to visit providers on-site to provide assistance with meeting health and safety requirements. ○ In the spring of 2023, prioritized monitoring visits to return to compliance with CCDF health and safety requirements. • Established an overpayment for the questioned costs and referred to the Office of Financial Recovery for collection. • For license-exempt family, friend, and neighbor (FFN) providers, the Department: <ul style="list-style-type: none"> ○ Requested approval from the Office of Child Care for a hybrid monitoring approach (in-person and virtual visits). ○ Dedicated staff resources to update WA Compass to include all health and safety requirements for FFNs and address data format issues. <p>The Department will continue to strengthen internal controls as follows:</p> <p>For licensed providers:</p> <ul style="list-style-type: none"> • Continue to implement return to in-person field work by reducing pandemic level requirements. • Prioritize new staff training to first focus on monitoring visits and health and safety requirements.

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1032843	2022-045 (cont'd)	<ul style="list-style-type: none"> • Continue to track and monitor health and safety requirements with available tools until all WA Compass system development is completed. • Create an in-training licensing position to assist staff recruitment efforts and add additional lead worker positions to assist supervisors with training and caseload management. • Conduct a root cause analysis to determine other underlying causes for missed monitoring visits and untimely follow-ups, and how to address them. • Examine ways to secure resources to add additional full-time staff to support caseload needs. <p>For FFN providers:</p> <ul style="list-style-type: none"> • Continue to track and monitor FFN health and safety requirements with available tools until all WA Compass system development is completed. <p>The conditions noted in this finding were previously reported in findings 2021-039, 2020-042, 2019-039, 2018-035, 2017-025, 2016-022 and 2015-024.</p> <p>Completion Date: Corrective action is expected to be complete by July 2024</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

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1032843	2022-047	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate controls over and did not comply with certain requirements of its Public Assistance Cost Allocation Plan.</p> <p>The Department concurs with the finding and is committed to improving internal controls.</p> <p>During July through September 2021, the first three months of the audit period, the Department did not have adequate staffing levels to maintain the business processes for the Public Assistance Cost Allocation Plan (PACAP) cost base for administrative charges. Available staff focused on grant reconciliations and close-out of the prior fiscal year financial transactions. In October 2021, the Department began updating the monthly workbooks in accordance with the approved PACAP.</p> <p>To address the finding and audit recommendations, the Department:</p> <ul style="list-style-type: none"> • Reviewed the written base edit form procedures with staff. • Added reminders for base edit entries to the Cost Allocation and Grants Management Unit calendar. <p>April 2023, subject to audit follow-up</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

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1032843	2022-048	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls to ensure payments to providers for travel and family visits were allowable and adequately supported for the Foster Care program.</p> <p>The Department is committed to strengthening internal controls and complying with grant requirements.</p> <p>In April 2023, the Fiscal Integrity Unit collaborated with other divisions to implement the following internal controls:</p> <ul style="list-style-type: none"> • Utilized algorithms in the Sprout system to identify reimbursement requests outside of a reasonable amount. • Required providers to submit additional documentation or explanation for those identified amounts. • Implemented a re-run process for prior billing periods to eliminate potential double billings by providers. • The Fiscal Integrity Unit trained headquarters and field office accounting staff to utilize the new algorithms and review additional documentation prior to processing payments. • Required program staff review and approval of all vendor invoices prior to release of payment for the Eastern Washington regions. <p>The Contracts Office has:</p> <ul style="list-style-type: none"> • In August 2023, filled two vacant staff positions dedicated to reviewing child welfare contracts to include family time visits payments. • In November 2023, developed compliance audit plans for child welfare contracts and began fiscal monitoring of family time visit payments. <p>The Department will continue to identify and implement regional program approvals for Western Washington providers.</p> <p>The conditions noted in this finding were previously reported in finding 2021-040.</p> <p>Corrective action is expected to be complete by January 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-049	<p data-bbox="483 424 662 451">Finding:</p> <p data-bbox="672 424 1469 514">The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements.</p> <p data-bbox="483 552 602 609">Corrective Action:</p> <p data-bbox="672 552 1469 768">The Random Moment Time Study (RMTS) is a federally approved cost allocation methodology to claim allowable federal funds. The Department’s use of the RMTS is included in its Public Assistance Cost Allocation Plan (PACAP) with the federal grantor. The Department maintains that the sampling universe is accurate and complete and complies with federal requirements. There is no known deficiency with the integrity of the RMTS, nor are unallowable costs allocated to federal programs.</p> <p data-bbox="672 806 1469 1022">Effective October 2022, the Department contracted with the University of Massachusetts (UMass) for the design and implementation of the RMTS mechanism. UMass has updated the RMTS instructions for the new quarterly process, which remains in compliance with federal law while alleviating the department-imposed restrictions. It also addresses the auditor’s concerns regarding the internal controls applicable to the RMTS worker types included in the sampling universe.</p> <p data-bbox="672 1060 1469 1144">The Department has also taken additional actions to address system limitations caused by high staff turnover rates within the cost pools. These include:</p> <ul data-bbox="691 1161 1469 1696" style="list-style-type: none"> <li data-bbox="691 1161 1469 1308">• The Headquarters (HQ) RMTS Coordinator pulls an InfoFamLink worker list report that shows all workers with access to the FamLink system. The list is then reviewed by job class to verify the accuracy of RMTS group assignment and to identify the workers that are eligible to be included in the sample. <li data-bbox="691 1325 1469 1562">• The Cost Allocation and Grants Management Unit pulls a job classification report from the Human Resource Management System (HRMS) at the end of every pay cycle. The HQ RMTS Coordinator compares the HRMS report to the InfoFamLink worker list report to verify if they are eligible to be sampled and properly allocated in HRMS. The HRMS has additional information related to job class to assist in sample eligibility determination and strengthen the internal controls around RMTS samples pulled. <li data-bbox="691 1579 1469 1696">• The HQ RMTS Coordinator pulls a workload report from InfoFamLink to view worker caseloads and primary assignments. This is an additional tool to determine if a worker is eligible and assigned to the correct RMTS sample pool. <p data-bbox="672 1734 1469 1850">The Department will continue to maintain internal controls over the monthly update process to ensure the RMTS sampling populations are complete. The Department will also work with the federal partners to ensure continued compliance with the PACAP.</p> <p data-bbox="672 1887 1469 1944">The conditions noted in this finding were previously reported in findings 2021-042, 2020-044 and 2019-044.</p>

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1032843	2022-050	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls to ensure group care facility employees had cleared background checks before having unsupervised access to children.</p> <p>The Department partially concurs with the finding.</p> <p>The Department is committed to ensuring the health, safety, and well-being of all children in our care. As stated in the <i>Effect of Condition</i> on the audit finding, the auditors found all group care facility staff sampled during the audit had a cleared background check prior to working in the facility. While the Department agrees the use of definitions such as “effective date” and “start date” in FamLink could be misleading, the Department does not concur internal controls were not adequate to ensure group care facility employees had cleared background checks before having unsupervised access to children. The Department is confident that all staff who work with children and youth have cleared background checks.</p> <p>Effective April 1, 2023, the Department implemented a new process for processing background checks for group care facilities to strengthen internal controls, documentation, and clarification on the “effective date.” The updated process is outlined below:</p> <ul style="list-style-type: none"> • A new form was created with clear instructions for the group care facilities to provide the applicant/employee information, including the background check confirmation code, directly to the Department’s Background Check Unit (BCU). • The BCU works with the applicant/employee through the fingerprint background check process. • The results are sent directly to the BCU at which time they complete a child abuse/neglect history check and, if needed, a suitability assessment. The BCU documents the results in FamLink with the date the background check is completed. • The BCU emails the results to the group care facility and the Department’s Licensing Division (LD) group. If the applicant/employee is cleared and is not a renewal, LD staff adds the applicant/employee to the group care facility in FamLink with the clearance information attached. <p>April 2023, subject to audit follow-up</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

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1032843	2022-051	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with reporting requirements for the Foster Care program.</p> <p>The Department acknowledges that errors were made in the quarterly reports submitted during the audit period. The errors were identified by the Department and corrected in October 2022.</p> <p>The Department understands accuracy in reporting is vital. To address the audit finding and recommendations, the Department took the following corrective actions:</p> <ul style="list-style-type: none"> • The lead worker established three meetings each quarter with the Cost Allocation and Grants Director for processing the quarterly reports: <ul style="list-style-type: none"> ○ A pre-meeting to discuss the reporting requirements, ○ A meeting during the reporting process to review the final report prior to submission, and ○ A post reporting meeting to discuss any concerns encountered during the reporting process. • Implemented a data verification process by management prior to submission of the quarterly reports. <p>The Department is committed to improving internal controls over grant management activities and will continue to properly follow the grantor’s published instructions when completing the quarterly reports.</p> <p>October 2022, subject to audit follow-up</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-052	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over level of effort requirements for the Adoption Assistance program.</p> <p>When the auditors issued the prior year finding, the Department had taken the following actions:</p> <ul style="list-style-type: none"> • In February 2022, hired a new position to manage the adoption savings program. • In May 2022: <ul style="list-style-type: none"> ○ Reviewed federal grantor’s reporting instructions and guidance with staff involved in the preparation and submission of the financial report. ○ Reviewed written procedures for tracking and monitoring adoption savings expenditures to ensure compliance with level of effort requirements. ○ Established monthly meetings between the Child Welfare Program and Cost Allocation and Grant Management Unit staff to review expenditures and level of effort requirements prior to report submission. These meetings help to improve processes for monitoring and verifying adoption savings expenditures. <p>The auditors issued the fiscal year 2021 finding in May 2022, which was 11 months after fiscal year 2022 began. The delay did not allow corrective actions to be developed and implemented timely for fiscal year 2022 and resulted in a repeat finding.</p> <p>The conditions noted in this finding were previously reported in finding 2021-045.</p> <p>May 2022, subject to audit follow-up</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1033283	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls to ensure employee overtime at the Green Hill and Echo Glen facilities was properly authorized and supported.</p> <p>The Department partially concurs with the auditor’s findings related to overtime at Juvenile Rehabilitation (JR) facilities.</p> <p>The Department does not concur that overtime was not authorized during the audit period. The collective bargaining agreement (CBA) does not define ‘prior approval’ and does not require that the prior approval be in writing. The JR facilities are 24/7 operations, and most overtime assignments are made verbally due to the nature of the operations. Due to low staffing levels and required staff-to-youth ratios, mandatory overtime was required during the audit period.</p> <p>In response to the finding, the Department has:</p> <ul style="list-style-type: none"> • Processed payroll corrections for the identified payment exceptions. • Supplemented the current staffing model to reduce overtime at Echo Glen by contracting with a vendor for security guards. • Hired a Roster Manager at Echo Glen who will manage scheduling to include overtime. <p>In addition, the Department will:</p> <ul style="list-style-type: none"> • Hire a Roster Manager at Green Hill School who will manage scheduling to include overtime. • Review Leave Tracker approval requirements with supervisors to assist with more timely approvals. <p>Corrective action is expected to be complete by June 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1033283	2022-002	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not establish adequate internal controls over and did not comply with requirements to ensure volunteer drivers were qualified to transport clients.</p> <p>The Department is strongly committed to ensuring the health, safety, and well-being of all children in care.</p> <p>To address the finding, the Department will improve policies and procedures related to volunteer travel requirements by implementing:</p> <ul style="list-style-type: none"> • Use of date stamps to record receipt dates for incoming documents. • A standardized tracking spreadsheet for required documents. • Standardized electronic file management for accessibility and retention for all required documents. <p>In addition, the Department will:</p> <ul style="list-style-type: none"> • Provide training on records retention schedules and requirements. • Improve the volunteer driver handbook and volunteer procedures. • Provide training to new staff responsible for tracking volunteers. <p>Corrective action is expected to be complete by July 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1033283	2022-003	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with policies for distributing gift cards.</p> <p>The Department is strongly committed to ensuring the health, safety, and well-being of all children in care. Due to the COVID-19 pandemic, the Department experienced a high level of child welfare staff turnover and vacancy rates. Documents were not saved in a centralized location and staff covering these duties were unaware of required documentation.</p> <p>The Department’s past practice did not require client signatures; logs were signed or initialed by the staff who provided the gift card to the client. In addition, due to the nature of the after-hours need for gift cards, verbal approvals are sometimes given for these emergencies and paper documentation is not always submitted after the fact.</p> <p>To address the auditor’s recommendations, the Department implemented a new <i>Gift Cards and Stored Value Cards</i> policy effective August 2023. This policy requires:</p> <ul style="list-style-type: none"> • Use of logs to track card usage. • Backup documentation to show allowable use and service referrals when applicable. • Client signature for receipt of gift cards. • Monthly inventories to be performed. • Centralized file management for gift card usage. <p>The Department will provide training to all regional and headquarters office staff on the new policy and guidelines.</p> <p>Corrective action is expected to be complete by December 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

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1033283	2022-004	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with state and internal policies related to purchase and office cards.</p> <p>The Department is strongly committed to improving internal controls over the purchasing programs. Due to the COVID-19 pandemic, the Department experienced a high level of child welfare staff turnover and vacancy rates. Documents were not saved in a centralized location and staff covering these duties were unaware of required documentation and approval levels.</p> <p>To strengthen internal controls, the Department:</p> <ul style="list-style-type: none"> • Updated the delegated authority matrix. • Reconciled the purchasing system for approval levels. <p>The Department will:</p> <ul style="list-style-type: none"> • Provide training to regional and headquarters office staff on purchasing policies and guidelines. • Create a centralized location to store credit card documentation within each office. <p>Corrective action is expected to be complete by December 2024</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>