Audit Report	Finding Number		Finding and Corrective Action Status
1034932	2023-017	Finding:	The Department of Commerce did not have adequate internal controls over and did not comply with requirements to ensure payments to subrecipients of the Emergency Rental Assistance program were allowable and properly supported.
		Corrective Action:	The funding for the Emergency Rental Assistance program ended on June 30, 2023. The Department is no longer funding this program.
			To address the control deficiencies reported in the prior year's finding, the Department improved internal control processes, resulting in improved compliance.
			The Department strives to meet all federal requirements, and any repayment of questioned costs will be determined through the normal audit resolution process with the U.S. Treasury.
			The conditions noted in this finding were previously reported in finding 2022-016.
		Completion Date:	July 2023, subject to audit follow-up
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Audit	Finding		Finding and
Report	Number		Corrective Action Status
1034932	2023-018	Finding:	The Department of Commerce did not have adequate internal controls over and did not comply with reporting requirements for the Emergency Rental Assistance program.
		Corrective Action:	In November 2023, the Homelessness Assistance Unit implemented the following procedures to strengthen internal controls and ensure compliance with reporting requirements for federal programs:
			 Monthly expenditures are reviewed and approved by the program coordinator and federal team manager before being submitted into the federal reporting system. The expenditure approval is documented via email.
			 Annual report data is reviewed and approved by the federal team manager and documented via email.
			• Annual federal reports are submitted to the required federal department and are saved and posted to the Commerce webpage.
			Funding for this program ended June 30, 2023. The Department will follow these updated procedures for other federal programs with similar reporting requirements.
			The conditions noted in this finding were previously reported in finding 2022-017.
		Completion	
		Date:	November 2023, subject to audit follow-up
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Audit	Finding		Finding and
Report	Number		Corrective Action Status
1034932	2023-019	Finding:	The Department of Commerce did not have adequate internal controls over reporting requirements for the Emergency Rental Assistance program.
		Corrective Action:	The Department has implemented procedures to strengthen internal controls and eliminate possible errors to ensure required approval of quarterly financial reports (SF-425) is documented within the Contracts Management System (CMS).
			The Accounting Department is responsible for the completion of the SF-425. Accounting management staff, or their delegate, utilize a newly created tracking log to document the date approval is submitted within CMS. The documentation of approval confirms the completion of management review prior to submission of the report.
			Funding for this program ended June 30, 2023. The Department will follow these updated procedures for other federal programs with similar reporting requirements.
			The conditions noted in this finding were previously reported in finding 2022-017.
		Completion	
		Date:	October 2023, subject to audit follow-up
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Audit	Finding		Finding and
Report	Number		Corrective Action Status
1034932	2023-020	Finding:	The Department of Commerce did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Emergency Rental Assistance program.
		Corrective Action:	The U.S. Department of Treasury funding for this federal program ended June 30, 2023. As a result of a similar finding issued in fiscal year 2022, the Department has implemented procedures to strengthen internal controls to ensure compliance with the subrecipient fiscal monitoring requirements and confirm expenditures are allowable and properly supported.
			In fiscal year 2023, the program hired a new employee to assist with program monitoring duties.
			As of January 2024, the Department implemented the following procedures:
			 Increased the number of client files reviewed during program monitoring from five to ten for each grantee.
			 Expanded monthly monitoring to include the collection and review of specific back-up documentation to accompany all payment requests to ensure payments are allowable and properly supported.
		Completion	
		Date:	January 2024, subject to audit follow-up
		Agency	Gena Allen, CFE
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Audit	Finding		Finding and
Report	Number		Corrective Action Status
1034932	2023-021	Finding:	The Department of Commerce did not have adequate internal controls over federal requirements to ensure subawards for the Emergency Rental Assistance program contained the correct federal award identification elements.
		Corrective Action:	During 2022, the Department identified the need to determine subrecipient and contractor classifications on the face sheet of all contracts. The Department implemented the following actions:
			 Added a check box to all federal contract template face sheets to designate whether a contract is issued to a subrecipient or contractor.
			Added all federal subaward required data elements to the face sheet.
			The Department followed these updated procedures until the program ended June 30, 2023.
		Completion	
		Date:	October 2022, subject to audit follow-up
		Agency	Gena Allen, CFE
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Audit	Finding		Finding and
Report	Number		Corrective Action Status
1034932	2023-027	Finding:	The Department of Commerce did not have adequate internal controls over and did not comply with requirements for monitoring subrecipients to ensure payments were allowable, properly supported and met period of performance requirements for the Coronavirus State and Local Fiscal Recovery Funds.
		Corrective Action:	The Department's Eviction Rental Assistance program which was funded with the Coronavirus State and Local Fiscal Recovery Funds ended in June 2023. During the audit period, the Department implemented procedures to strengthen internal controls to ensure expenditures were allowable, properly supported, and in compliance with the subrecipient fiscal monitoring requirements.
			The Department's Homelessness Assistance Unit implemented the following corrective actions:
			 Updated unit reimbursement procedures to include a requirement for supporting documentation that details transaction level expenditure information for direct expenses that reconciles to payment requests.
			 Provided training to staff on reviewing transaction level supporting documentation to ensure expenditures reconcile with reimbursement requests and are within the period of performance.
			 Added a review note to each reimbursement request to document the grant coordinator's review of documentation and reconciliation to payment requests.
			 Worked with the Department's internal control officer for review and feedback of the updated procedures.
			The Department is currently working to standardize a reimbursement documentation process that is in compliance with federal requirements.
			The Department will discuss any repayment of questioned costs through the normal audit resolution process with the Department of Treasury.
			The conditions noted in this finding were previously reported in finding 2022-019.
		Completion Date:	April 2024, subject to audit follow-up
		Agency Contact:	Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov

Audit	Finding		Finding and
Report	Number		Corrective Action Status
1034932	2023-028	Finding:	The Department of Commerce did not have adequate internal controls over and did not comply with requirements to monitor subrecipients and to ensure payments were allowable, properly supported, and met period of performance requirements for the Coronavirus State and Local Fiscal Recovery Funds.
		Corrective Action:	The Legislature appropriated Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to the Department's Energy Division to award assistance to utility service providers to eliminate customer account arrearages. Payments for the program ended in 2022 and the program is no longer funded by the Department.
			The Department will implement procedures to strengthen internal controls for future programs managed by the Energy Division to ensure payments to subrecipients are adequately supported, allowable, and only reimburse costs incurred during the grant period of performance.
			As part of the audit resolution process, the Department will:
			Work with utilities to obtain official client arrearage reports to verify the amounts paid and the period in which they were incurred.
			• Verify all households served were eligible per U.S. Treasury guidance.
			 Reconcile all allowable and unallowable expenditures.
			 Consult with the grantor to discuss the resolution of any questioned costs identified.
		Completion	
		Date:	Corrective action is expected to be complete by March 2025
		Agency Contact:	Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov

Audit	Finding		Finding and
Report	Number		Corrective Action Status
1034932	2023-031	Finding:	The Department of Commerce did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Coronavirus State and Local Fiscal Recovery Funds.
		Corrective Action:	The Department does not concur with the audit finding.
		Troub.	The Legislature appropriated Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to the Department's Energy Division to award assistance to utility service providers to eliminate customer account arrearages.
			The Department maintains that internal controls were in place for the program requirements. A risk assessment was not necessary because all utility providers who applied and served eligible citizens were awarded funding. Payments for the program ended in 2022 and the program is no longer funded by the Department. As a result, the Department does not plan to implement any corrective action.
			Similar conditions noted in this finding were previously reported in finding 2022-021 for the Emergency Rental Assistance program which was also funded by SLFRF.
		Completion Date:	Not applicable
		Agency Contact:	Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov

Audit	Finding		Finding and
Report	Number		Corrective Action Status
1034932	2023-032	Finding:	The Department of Commerce did not have adequate internal controls over and did not comply with requirements to ensure it communicated federal award identification elements to subrecipients of the Coronavirus State and Local Fiscal Recovery Fund.
		Corrective Action:	During 2022, the Department identified the need to determine subrecipient and contractor classifications on the face sheet of all contracts. The Department implemented the following actions:
			 Added a check box to all federal contract template face sheets to designate whether a contract is issued to a subrecipient or contractor.
			Added all federal subaward required data elements to the face sheet.
		Completion	
		Date:	October 2022, subject to audit follow-up
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Audit	Finding		Finding and
Report	Number		Corrective Action Status
1034932	2023-055	Finding:	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.
		Corrective Action:	The Low-Income Home Energy Assistance Program (LIHEAP) utilized a reporting process that was audited as part of the fiscal year 2023 audit. The LIHEAP program has the following process:
			The program manager prepares the necessary reports.
			The managing director reviews reports before submittal.
			 The program manager submits reports once the managing director's approval is received.
			• The program manager receives notice that the report has been accepted by the grantor.
			• The program manager saves a copy of the report, documentation and the report submission acceptance from the grantor.
			To address the deficiencies reported by the auditors, program management implemented additional steps into their reporting process:
			• The LIHEAP program manager retains all data reports from the LIHEAP data system used for reporting.
			 LIHEAP information technology staff save a snapshot of the entire database from the date of the report. This allows point-in-time reporting information to be retained as audit support documentation and for audit support.
			 The managing director sends written/email approval to the program manager for reports reviewed.
			• The program manager retains written approvals as audit support documentation and for audit support.
			Following the auditors' recommendations, the LIHEAP program submitted updated Grantee Survey and Household Reports, which were accepted by the grantor's awarding portal.
			The conditions noted in this finding were previously reported in findings 2022-039 and 2021-032.
		Completion Date:	March 2024, subject to audit follow-up
		Agency Contact:	Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov

Audit	Finding		Finding and
Report	Number		Corrective Action Status
1034932	2023-056	Finding:	The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subawards for the Low-Income Home Energy Assistance Program contained the federal award identification elements.
		Corrective Action:	The Department has two programs that administer and award Low-Income Home Energy Assistance Program (LIHEAP) funds: the Energy Assistance program and the Weatherization program.
			The Energy Assistance program created a plan to improve the documentation and communication regarding required federal award identification elements to ensure compliance with 2 CFR 200.332, which outlines requirements for pass-through entities. For all contracts:
			 The Federal Award Identification Number (FAIN) will be included on the face sheet, information sheet, and section one in each contract. This will eliminate errors resulting from multiple federal awards being issued from a single contract.
			 The information will be entered by the LIHEAP Commerce Specialist and reviewed by the LIHEAP Program Manager and the Community and Economic Opportunities Managing Director prior to execution of each contract.
			The Weatherization program will also follow this process to correct similar deficiencies reported by the auditors.
			In the spring of 2023, the Department instituted an agency-wide process to comply with the Requirements for Pass Through Entities in 2 CFR 200.332. A template is completed and provided to all federal subrecipients at the time the subaward is issued. The agency requirements were also communicated through our Daily Digest Communication, once in 2022 and again in 2023. Additionally, the Internal Control Officer has worked with program staff to familiarize them with the requirements and process.
		Completion Date:	December 2023, subject to audit follow-up
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Audit	Finding		Finding and
Report	Number		Corrective Action Status
1034932	2023-057	Finding:	The Department of Commerce did not have adequate internal controls over and did not comply with requirements to perform risk assessments and monitor subrecipients of the Low-Income Home Energy Assistance Program.
		Corrective Action:	The Department has two programs that administer and award Low-Income Home Energy Assistance Program (LIHEAP) funds: the Energy Assistance program and the Weatherization program. There were no issues identified with the Energy Assistance program.
			The Weatherization program has improved its risk assessment process to include the following:
			 Provided proper training and development to new program staff to ensure risk assessments are completed on time.
			 Expanded the list of approvers for all steps within the risk assessment process, including supervisors, to demonstrate a thorough review process is in place.
			The Weatherization program has improved the monitoring process by incorporating the following:
			 Perform monitoring visits of all subrecipients per federal requirements two times per year instead of one.
			 Complete a full review and assessment of the monitoring process by the Compliance Manager and monitoring team.
			• Update all monitoring related forms, tools, and protocols to ensure accuracy, consistency, and completeness. The updated protocols will be in place in program year 2024.
			 Maintain an expanded list of approvers, including supervisors, for all steps within the monitoring process.
			• Continue to monitor all subrecipients at a level that exceeds federal program requirements of 5% of completed units.
			 Create a plan for addressing the monitoring frequency of high-risk subrecipients.
			 Monitor all associated funding sources to ensure compliance with program rules.
			 Utilize our data system and monitoring activities to evaluate the objectives for monitoring LIHEAP funds in the Weatherization program.
		Completion	
		Date:	January 2024, subject to audit follow-up
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