

Department of Licensing

Agency 240

| Audit Report | Finding Number | Finding and Corrective Action Status   |   |
|--------------|----------------|--|---|
| 1034902      | 2023-001       | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department did not have adequate internal controls over its disbursement of public funds.</p> <p>In response to the auditor’s recommendations, the Department will update payment-related policies and procedures to ensure they reflect current practices and align with the State Administrative &amp; Accounting Manual (SAAM) and purchasing requirements. Specifically, the Department will implement processes to:</p> <ul style="list-style-type: none"> <li>• Ensure it properly reviews, approves and adequately documents general disbursements in the accounts payable process. The Department will provide staff training on proper payment processing documentation as stated in SAAM 85.32.30.a.</li> <li>• Detect and prevent duplicate vendor payments by requiring invoice numbers on each entry to ensure duplicate payments will be identified.</li> <li>• Ensure segregation of duties when establishing employee access to the Agency Financial Reporting System.</li> <li>• Safeguard the use of credit cards to prevent fraud and loss, and ensure proper pre-approvals are obtained and documents are retained for credit card purchases.</li> <li>• Continue improving the controls and safeguards at the Black Lake Building complex and retain building access logs in accordance with state retention policies.</li> </ul> <p>However, the Department does not agree that some divisions incurred expenses that did not align with their approved Public Service Recognition Week recognition plans. The Department based its authority to provide recognition to employees for outstanding achievement on plain reading of the laws, rules, policies, and common practices known at the time. Regarding the erroneous one-time overpayment made to the Director, the payroll department promptly corrected the overpayment once notified. If similar conditions occur in the future, the Department will consult with the Office of the Attorney General.</p> <p>Corrective action is expected to be complete by June 2026</p> <p>Sherman Enstrom<br/>                     Chief Financial Officer<br/>                     PO Box 9030<br/>                     Olympia, WA 98507-9030<br/>                     (360) 867-8233<br/> <a href="mailto:sherman.enstrom@dol.wa.gov">sherman.enstrom@dol.wa.gov</a></p> |