

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-051	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>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 paid with Temporary Assistance for Needy Families funds were allowable and properly supported.</p> <p>The Working Connections Child Care 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 grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the Temporary Assistance for Needy Families grant. This consisted of making significant grant level adjustments between allowable grant sources to properly spend grant dollars within the allowable period of performance and ensure level of effort and matching requirements were met. The Department’s grant adjustments were processed based on eligible clients and allowable activities.</p> <p>The State Auditor’s Office (SAO) has taken issues in the past several audits and maintained that the program is not auditable without child-level data. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit for accurately testing compliance. During the audit period, the Department did not 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 recommended by the SAO.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning in state fiscal year 2025, specifically:</p> <p><i>“Funding in this subsection must be expended with internal controls that provide child-level detail for all transactions, beginning July 1, 2024.”</i></p> <p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include child-level data related to the expenditures.</p> <p>The Department looks forward to working with SAO to resolve the child-level data concerns in the audit of the child care grant programs.</p> <p>The conditions noted in this finding were previously reported in findings 2022-035 and 2021-028.</p> <p>Corrective action is expected to be complete by December 2025</p>

State of Washington - Office of Financial Management  
Status of Audit Resolution  
December 2024

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-051 (cont'd)	Agency Contact:	Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>



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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-058 (cont'd)	<p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include child-level data related to the expenditures.</p> <p>The Department looks forward to working with SAO to resolve the child-level data concerns in the audit of the CCDF grant programs.</p> <p>The conditions noted in this finding were previously reported in findings 2022-041, 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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-059	<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 client eligibility requirements for child care services paid with the Child Care and Development Fund and Temporary Assistance for Needy Families funds.</p> <p>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 will continue to maintain internal controls using our program integrity procedures, utilizing a combination of centralized and local case reviews to identify error trends, identify root causes, and develop solutions to the root causes.</p> <p>To address the fiscal year 2023 eligibility audit finding, the Department has:</p> <ul style="list-style-type: none"> <li>• As of April 2024, conducted a root cause analysis of internal audit findings, particularly for cases with errors due to household composition and approved activities, and updated the desk aid with corrective actions identified.</li> <li>• As of May 2024, improved and published the desk aid outlining simplified eligibility determination process that includes procedures for those families who do not have an approved activity.</li> <li>• As of May 2024, developed updated household composition training for all staff as part of core child care trainings.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2022-036, 2021-035, 2020-039, 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017 and 2012-30.</p> <p>May 2024, subject to audit follow-up.</p> <p>Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-060	<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 &amp; Families (ACF), which oversees the CCDF program at the federal level, reviews all the 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) where ACF did not sustain the disallowance of questioned costs for prior findings 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 SAO has taken issues in the past several audits and maintained that the program is not auditable without child-level data. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit for accurately testing compliance. During the audit period, the Department did not 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 recommended by the SAO.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning in state fiscal year 2025, specifically:  <i>“Funding in this subsection must be expended with internal controls that provide child-level detail for all transactions, beginning July 1, 2024.”</i></p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-060 (cont'd)	<p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include child-level data related to the expenditures.</p> <p>The Department looks forward to working with SAO to resolve the child-level data concerns in the audit of the CCDF grant programs.</p> <p>The conditions noted in this finding were previously reported in findings 2022-042, 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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-061	<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 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 &amp; Families (ACF), which oversees the CCDF program at the federal level, reviews all the 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) where ACF did not sustain the disallowance of questioned costs for prior findings and stated:</p> <p style="padding-left: 40px;"><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 style="padding-left: 40px;"><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 SAO has taken issues in the past several audits and maintained that the program is not auditable without child-level data. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit for accurately testing compliance. During the audit period, the Department did not 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 recommended by the SAO.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning in state fiscal year 2025, specifically:</p> <p style="padding-left: 40px;"><i>“Funding in this subsection must be expended with internal controls that provide child-level detail for all transactions, beginning July 1, 2024.”</i></p>



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1034932	2023-061 (cont'd)	<p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include child-level data related to the expenditures.</p> <p>The Department looks forward to working with SAO to resolve the child-level data concerns in the audit of the CCDF grant programs.</p> <p>The conditions noted in this finding were previously reported in findings 2022-043, 2021-037, 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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>



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1034932	2023-062 (cont'd)	<p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include child-level data related to the expenditures.</p> <p>The Department looks forward to working with SAO to resolve the child-level data concerns in the audit of the CCDF grant programs.</p> <p>The conditions noted in this finding were previously reported in findings 2022-044 and 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  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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1034932	2023-063	<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 requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act for the Child Care and Development Fund.</p> <p>The Department concurs with the finding.</p> <p>During the audit period, the Department experienced a high level of staff turnover and vacancy rates resulting in missed and inaccurate Federal Funding Accountability and Transparency Act (FFATA) reporting.</p> <p>As of October 2023, the Department implemented the following corrective actions:</p> <ul style="list-style-type: none"> <li>• Reviewed written policies and procedures with cost allocation and grant management staff.</li> <li>• Corrected the FFATA reports in question and submitted them in the Subaward Reporting System.</li> </ul> <p>The Department is committed to strengthening internal controls and complying with FFATA reporting requirements. Management will continue to monitor the process to ensure future reports are submitted accurately and completely.</p> <p>October 2023, subject to audit follow-up</p> <p>Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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1034932	2023-064	<p>Finding: 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>Corrective Action: 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"> <li>• In the fall of 2022, the Department began recruiting new staff to address staff turnover issues and providing training on child care licensing rules and regulations.</li> <li>• In November 2022, added new positions to assist supervisors with onboarding and training new staff and focused training on monitoring visits, caseload management, and health and safety requirements.</li> <li>• 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"> <li>○ In July 2022, implemented return to in-person field work by reducing pandemic level requirements and authorizing staff to visit providers on-site to assist with meeting health and safety requirements.</li> <li>○ In February 2023, developed and implemented a field practice onboarding process to streamline training for newly hired staff on practices to support the annual monitoring of all licensed child care providers.</li> <li>○ In the spring of 2023, prioritized monitoring visits to return to compliance with Child Care and Development Fund program health and safety requirements.</li> </ul> </li> <li>• Conducted a root cause analysis to determine other underlying causes for missed monitoring visits and untimely follow-ups, and how to address them.</li> <li>• For license-exempt family, friend, and neighbor (FFN) providers, the Department:                         <ul style="list-style-type: none"> <li>○ Received approval from the Office of Child Care for a hybrid monitoring approach (in-person and virtual visits).</li> <li>○ Dedicated staff resources to update the WA Compass system to include all health and safety requirements for FFNs and address data format issues.</li> </ul> </li> </ul> <p>In 2024, the Department strengthened internal controls as follows:</p> <p>For licensed providers:</p> <ul style="list-style-type: none"> <li>• Established new licensing staff positions to create a pathway for advancement to assist with staff recruitment efforts.</li> <li>• Developed and implemented a monitoring recheck tool in the WA Compass system to assist with tracking and monitoring requirements are completed prior to cases being marked complete within the system.</li> </ul>

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1034932	2023-064 (cont'd)	<ul style="list-style-type: none"> <li>• Created a new unit of licensing staff in King County to assist with caseload increases in the fastest growing provider area in Washington.</li> </ul> <p>For FFN providers:</p> <ul style="list-style-type: none"> <li>• Developed and implemented additional tools in the WA Compass system to better track and monitor FFN health and safety requirements.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2022-045, 2021-039, 2020-042, 2019-039, 2018-035, 2017-025, 2016-022 and 2015-024.</p> <p>Completion Date: October 2024, subject to audit follow-up</p> <p>Agency Contact: Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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1034932	2023-065	<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>The Department did not have adequate staffing levels to maintain the business processes for one monthly workbook for the Public Assistance Cost Allocation Plan. The Department was not able to complete the September 2022 workbook for cost base 100 (administrative charges) due to competing state and federal fiscal year close deadlines. Available staff were focused on grant reconciliations and closing out the prior fiscal year financial transactions.</p> <p>The Department has reviewed the base edit form written procedures with staff and added monthly reminders for the Cost Allocation and Grants Management Unit. In addition, the Department has confirmed that all cost base 100 workbooks have been properly completed for the state fiscal year 2024.</p> <p>The conditions noted in this finding were previously reported in finding 2022-047.</p> <p>March 2024, subject to audit follow-up</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-066	<p>Finding: 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>Corrective Action: The Department is committed to strengthening internal controls and complying with grant requirements. As stated in the finding’s <i>Cause of Condition</i>, the Department was unable to fully implement the prior corrective action plan during the audit period.</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"> <li>• Utilized algorithms in the Sprout system to identify reimbursement requests outside of a reasonable amount.</li> <li>• Required providers to submit additional documentation or explanation for those identified amounts.</li> <li>• Implemented a re-run process for prior billing periods to eliminate potential double billings by providers.</li> <li>• Trained headquarters and field office accounting staff to utilize the new algorithms and review additional documentation prior to processing payments.</li> <li>• Required program staff review and approval of all vendor invoices prior to release of payment for the Eastern Washington regions.</li> </ul> <p>In January 2024, the Fiscal Integrity Unit identified and implemented regional program approvals for Western Washington providers.</p> <p>The Contracts office has also taken the following actions:</p> <ul style="list-style-type: none"> <li>• In August 2023, filled one vacant staff position dedicated to reviewing child welfare contracts to include family time visit payments.</li> <li>• In November 2023, developed compliance audit plans for child welfare contracts and began fiscal monitoring of family time visit payments.</li> <li>• In December 2023, filled an additional vacant staff position dedicated to reviewing child welfare contracts.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2022-048 and 2021-040.</p> <p>Completion Date: January 2024, subject to audit follow-up</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>



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1034932	2023-067	<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 monthly foster care maintenance payments to children’s caregivers were adequate and accurate for the Foster Care program.</p> <p>The Department is committed to strengthening internal controls and complying with grant requirements. As stated in the finding’s <i>Cause of Condition</i>, the Department utilizes FamLink as the case management system for the Foster Care program which, due to system limitations, did not have the reporting capabilities to track rate setting reviews during the audit period.</p> <p>To assist with tracking rate setting requirements, the Department:</p> <ul style="list-style-type: none"> <li>• Created new reports in FamLink to assist rate assessors in identifying:             <ul style="list-style-type: none"> <li>○ Six-month reviews that have not been performed timely.</li> <li>○ Cases with upcoming rate assessments and due dates for reviews.</li> </ul> </li> <li>• Implemented monthly tracking by supervisors to assist with internal controls and compliance.</li> </ul> <p>June 2024, subject to audit follow-up</p> <p>Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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1034932	2023-068	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls to ensure group care facility employees and adults residing in prospective caregivers' households had cleared background checks before having unsupervised access to children.</p> <p>The Department partially concurs with the finding.</p> <p>The auditors identified two exceptions where fingerprint checks for two family foster home adults were completed two days later than the required timeline of 15 calendar days. The delay was due to the misspelling of one applicant's last name in the system. Upon correction, the applicants subsequently completed the fingerprint checks and were determined eligible.</p> <p>As stated in the finding's <i>Cause of Condition</i>, the Department developed a corrective action plan to address the internal control deficiencies in response to the prior year's finding which had not been fully implemented within the current audit period. The Department is confident that all staff who work with children and youth have cleared background checks.</p> <p>As of 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"> <li>• 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).</li> <li>• The BCU works with the applicant/employee through the fingerprint background check process.</li> <li>• 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.</li> <li>• 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.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2022-050.</p> <p>April 2023, subject to audit follow-up</p>

**State of Washington - Office of Financial Management  
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1034932	2023-068 (cont'd)	Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>

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1034932	2023-069	<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 reporting requirements for the Foster Care program.</p> <p>The Department partially concurs with the finding.</p> <p>The Department acknowledges that errors were made in the crosswalks and quarterly reports submitted during the audit period. To address the auditor’s specific finding, the Department has:</p> <ul style="list-style-type: none"> <li>• Reviewed and updated all electronic versions of the quarterly crosswalks for accuracy.</li> <li>• Submitted corrections for the federal fiscal year 2023 Quarter 3 report.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2022-051.</p> <p>February 2024, subject to audit follow-up</p> <p>Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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1034932	2023-070	<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 requirements to ensure payments to providers were allowable and properly supported for the Social Services Block Grant.</p> <p>The Department maintains that funds were not improperly charged to the Social Services Block Grant (SSBG) program. The Department utilizes grant-level management for all federal funds, including the SSBG program. This process consists of making grant-level adjustments between allowable grant sources to properly spend grant funds within the allowable period of performance and ensure level of effort and matching requirements are met. The Department allocated the SSBG funds to eligible clients and allowable activities in compliance with 45 CFR 98.67 but did not include the level of data recommended by the State Auditor’s Office (SAO) for some transfers.</p> <p>Cost objectives within the accounting system are used to track SSBG funding. Expenditures eligible for the SSBG program are transferred at the cost objective level and not the transaction level. The SAO tested a sample of 16,006 payments which totaled 94% of total provider payments charged to the grant. SAO found that all payments were for activities that were supported, allowable, authorized, and accurate.</p> <p>SAO is questioning the costs of the remaining payments because the transfer of expenditures was not completed at the transaction level. Those remaining payments were transferred from eligible and allowable expenditures for the SSBG program. In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning July 1, 2024.</p> <p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include transaction level data related to the expenditures. The Department is committed to collaborating with SAO to determine an appropriate methodology which identifies a sampling unit that can be used to accurately test compliance and looks forward to working with SAO to resolve the data concerns.</p> <p>Corrective action is expected to be complete by December 2025</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-071	<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 requirements to ensure cash draws for the Social Services Block Grant were properly supported.</p> <p>The Department maintains that funds were not improperly charged to the Social Service Block Grant (SSBG) program. This is a two-year grant that the Department spends down in one fiscal year. The expenditures drawn were allowable and within the period of performance and the one exception identified was due to the timing of expenditure transfers.</p> <p>The Department utilizes grant-level management for all federal funds, including the SSBG program. This process consists of making grant-level adjustments between allowable grant sources to properly spend grant dollars within the allowable period of performance and ensure level of effort and matching requirements are met. The Department allocated the SSBG funds to eligible clients and allowable activities in compliance with 45 CFR 98.67 but did not include the level of data recommended by the State Auditor’s Office (SAO) for some transfers.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning July 1, 2024.</p> <p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include transaction level data related to the expenditures. The Department is committed to collaborating with SAO to determine an appropriate methodology which identifies a sampling unit that can be used to accurately test compliance and looks forward to working with SAO to resolve the data concerns.</p> <p>Corrective action is expected to be complete by December 2025</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-072	<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 to ensure reports were complete and accurate for the Social Services Block Grant program.</p> <p>The Department maintains that funds were not improperly charged or reported for the Social Services Block Grant (SSBG) program. The Department provided the State Auditor’s Office (SAO) with detailed expenditure data reports, email documentation showing management’s review of the expenditures being charged to the SSBG program, and changes being requested prior to federal submission. In addition, the federal reporting system creates an email after certification, which the Department shared with the SAO.</p> <p>The Department utilizes grant-level management for all federal funds, including the SSBG program. This process consists of making grant-level adjustments between allowable grant sources to properly spend grant funds within the allowable period of performance and ensure level of effort and matching requirements are met. The Department allocated the SSBG funds to eligible clients and allowable activities in compliance with 45 CFR 98.67 but did not include the level of data recommended by the SAO for some transfers. The Department is committed to collaborating with SAO to determine an appropriate methodology which identifies a sampling unit that can be used to accurately test compliance.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning July 1, 2024.</p> <p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include transaction level data related to the expenditures. The Department is committed to collaborating with SAO to determine an appropriate methodology which identifies a sampling unit that can be used to accurately test compliance and looks forward to working with SAO to resolve the data concerns.</p> <p>Corrective action is expected to be complete by December 2025</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>