

2025 Audit Resolution Report

FOR CALENDAR YEAR 2025

State of Washington
Office of Financial Management
December 2025



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**STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT**

2025 Audit Resolution Report

**STATEWIDE ACCOUNTING DIVISION
DECEMBER 2025**

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THIS REPORT SUMMARIZES the status of corrective actions taken by state agencies, in conjunction with the Office of Financial Management (OFM), to resolve exceptions to specific expenditures or financial transactions reported in audits performed under RCWs 43.09.310 and 43.09.340.

Washington State laws require post audits of every state agency. As part of the audit process, exceptions to specific expenditures or financial transactions become a matter of public record. OFM is required to ensure that agencies take corrective actions to address exceptions and to annually report on the status of these audit resolutions.

This annual report is required by RCW section 43.88.160 (6)(d) which states, “The director of financial management shall annually report by December 31st the status of audit resolution to the appropriate committees of the legislature, the state auditor, and the attorney general. The director of financial management shall include in the audit resolution report actions taken as a result of an audit including, but not limited to, types of personnel actions, costs and types of litigation, and value of recouped goods or services.”

This report summarizes the status of resolution of audit exceptions reported in conjunction with individual agency post audits and the statewide single audit, as well as other special State Auditor’s Office (SAO) reports. These audit reports were issued between November 1, 2024, and October 31, 2025.

The audit reports issued during that period include:

- 82 federal compliance findings
- 30 non-federal findings
- 1 finding of fraud

Agencies are required to submit corrective action plans to OFM within 30 days of issuance of audit reports in which exceptions are taken. OFM assists agencies in developing corrective action plans, which are subject to reviews by SAO during the audit finding follow-up process.

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State of Washington

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|---|--|
| 1036412 | 2024-001 | Finding: | The State lacked adequate internal controls over financial reporting to ensure college scholarship allowances were accurately reported. |
| | | Corrective Action: | The Office of Financial Management has established a process to obtain timely scholarship discount and allowance data for all state colleges and universities for inclusion in the state’s financial statements. |
| | | | Additionally, the state reported the estimated scholarship discounts and allowances in its fiscal year 2024 Annual Comprehensive Financial Report. |
| | | | No additional corrective action is necessary. |
| | | Completion Date: | December 2024, subject to audit follow-up |
| | | Agency Contact: | Sara Rupe Deputy Statewide Accounting Director Office of Financial Management (360) 974-9252 sara.rupe@ofm.wa.gov |

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State of Washington

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|---|--|
| 1036412 | 2024-002 | Finding: | The State lacked adequate internal controls over financial reporting to ensure it reported all discretely presented component unit financial activity in its financial statements. |
| | | Corrective Action: | <p>The Office of Financial Management (OFM) does not agree that the colleges and universities foundations are material to the state’s financial statements.</p> <p>In response to the audit finding, OFM:</p> <ul style="list-style-type: none"> • Reviewed the Governmental Accounting Standards Board accounting and reporting requirements to ensure proper inclusion of component units for the fiscal year 2025 Annual Comprehensive Financial Report. • Monitored for new boards and commissions and ensured proper reporting determinations were made. • Developed templates and tools to assist in the proper tracking of all component units. • Updated internal procedures to reflect the changes. |
| | | Completion Date: | November 2025, subject to audit follow-up |
| | | Agency Contact: | Sara Rupe Deputy Statewide Accounting Director Office of Financial Management (360) 974-9252 sara.rupe@ofm.wa.gov |

**State of Washington - Office of Financial Management
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State of Washington

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|--|--|
| 1036412 | 2024-003 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The State lacked adequate internal controls over financial reporting to ensure it accurately reported the University of Washington’s financial activity in the state's financial statements.</p> <p>The Office of Financial Management (OFM), with the collaboration of state agencies, strives for the highest standards in the preparation of the state’s financial statements. Both the University of Washington (UW) and OFM are committed to maintaining the integrity and accuracy of the state’s financial reporting.</p> <p>As of June 2025, OFM and the UW have taken the following actions to improve the process of mapping and reconciling amounts recorded in the state’s accounting system (AFRS):</p> <ul style="list-style-type: none"> • Dedicating staff and resources to continue refining the mapping of the UW’s Workday values to the state’s AFRS values. • Reconciling all AFRS amounts by ledger and fund between the systems. • Holding weekly meetings with OFM and UW to monitor progress and discuss process improvements. <p>As of October 2025, the final adjusting entries based on the reconciliation and remapping work were completed.</p> <p>October 2025, subject to audit follow-up</p> <p>Sara Rupe Deputy Statewide Accounting Director Office of Financial Management (360) 974-9252 sara.rupe@ofm.wa.gov</p> |

Department of Commerce

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| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-020 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Commerce did not have adequate internal controls to ensure compliance with suspension and debarment requirements for the Coronavirus State and Local Fiscal Recovery Funds.</p> <p>The Department maintains that there are effective internal controls over programs that are funded by the Coronavirus State and Local Fiscal Recovery Funds. The Department’s contract templates include the required suspension and debarment language, which is in compliance with the federal regulations.</p> <p>Due to delayed audit planning and scoping, the auditors were unable to perform procedures to ascertain whether the Department established and followed internal controls to ensure compliance with program requirements. To address the internal control concerns reported, the Department plans to ensure sufficient time and resources are available for all future audits by performing the following steps:</p> <ul style="list-style-type: none"> • Performing outreach to all federal programs to document internal controls for all applicable compliance requirements before the start of the next single audit cycle. • Working with the State Auditor’s Office earlier in the audit cycle to identify the audit scope for selected programs. • Providing support and guidance to programs selected for audit to ensure compliance with all internal controls and compliance requirements. <p>Corrective action is expected to be complete by March 2026</p> <p>Gena Allen, CFE Internal Control Officer (360) 480-5149 Gena.Allen@Commerce.wa.gov</p> |

Department of Commerce

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| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-023 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Coronavirus State and Local Fiscal Recovery Funds received required single or program-specific audits, and that it appropriately followed up on findings and issued management decisions.</p> <p>The Department has strong internal controls over monitoring subrecipient audit report submission and verification processes. Since the Department does not have a centralized information system which identifies all subrecipients needing an audit submission verification, several methods were used to identify applicable subrecipients.</p> <p>In October 2024, the Department’s Internal Control Office hired two additional staff, one dedicated to ensuring the requirements in 2 CFR 200.501 are followed, including the review of subrecipients’ single audit report submissions and timely issuance of management decision letters.</p> <p>The Department will continue to strengthen internal controls to ensure compliance with all subrecipient monitoring requirements:</p> <ul style="list-style-type: none"> • Work with leadership and the Central Contracts Office to determine options to identify all subrecipients who meet single audit reporting thresholds. • Work with program management to obtain full lists of federal subrecipients, conduct outreach for subrecipients who have not met the audit reporting deadline and document non-compliant and non-responsive subrecipients. • Establish a streamlined, documented process to ensure compliance with all monitoring and management decision requirements. <p>June 2025, subject to audit follow-up</p> <p>Gena Allen, CFE Internal Control Officer (360) 480-5149 Gena.Allen@Commerce.wa.gov</p> |

Department of Commerce

Agency 103

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|---|--|
| 1037119F | 2024-051 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>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.</p> <p>In response to the finding for the Low-Income Home Energy Assistance Program (LIHEAP), program staff, Community Economic Opportunities Unit leadership, and division budget staff collaborated to co-design and implement a robust procedure for completing future Carryover and Reallotment Reports.</p> <p>This new process was developed through a series of collaborative planning sessions that emphasized clarity in roles and responsibilities and a commitment to ensuring accuracy. Specific steps included:</p> <ul style="list-style-type: none"> • Defining clear roles and responsibilities for each staff member involved in the preparation, review, and submission of the report. This ensures that every individual understands their tasks and deadlines, minimizing the risk of errors or delays. • Establishing a multi-step review process to validate data accuracy and ensure compliance with federal reporting requirements. This includes peer reviews before final submission. • Creating a process timeline with milestone dates for data collection, review, and submission to guarantee timely completion of the report. <p>Integrating these measures into the program's operations allows the Department to strengthen its internal controls and ensure compliance with LIHEAP reporting requirements. The new process will enable timely, accurate, and efficient reporting, aligning with the expectations of the Department of Health and Human Services, Office of Community Services.</p> <p>In May 2025, the Department consulted with the federal grantor and was instructed to revise and resubmit the report. The revised report was submitted in the Online Data Collection System.</p> <p>May 2025, subject to audit follow-up</p> <p>Gena Allen, CFE Internal Control Officer (360) 480-5149 Gena.Allen@Commerce.wa.gov</p> |

Department of Commerce

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| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-052 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Commerce 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.</p> <p>The Department implemented a process to strengthen internal controls and ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.</p> <p>The Department updated procedures to improve data entry accuracy for FFATA reporting. Additional internal controls were implemented to strengthen the reporting process:</p> <ul style="list-style-type: none"> • Established a process for budget staff to review and approve award letters and funding allocation before issuing subawards and completing FFATA reporting. • Implemented a process to ensure each subaward and amendment are entered separately into the reporting system by the federal deadline. • Completed a secondary review by budget staff to verify financial accuracy before submission in the reporting system by the Program Manager. • Developed a standard process for retaining copies of completed reports. <p>The FFATA subaward reporting has now transitioned to SAM.gov. The Department will establish a procedural review for the account migration to ensure appropriate user access is maintained.</p> <p>The Department will continue to review the FFATA procedures annually to ensure compliance with current federal requirements.</p> <p>February 2025, subject to audit follow-up</p> <p>Gena Allen, CFE Internal Control Officer (360) 480-5149 Gena.Allen@Commerce.wa.gov</p> |

Department of Commerce

Agency 103

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-053 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>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.</p> <p>The Low-Income Home Energy Assistance Program (LIHEAP) staff worked with the Financial Services Division staff to enhance and improve internal controls and ensure accurate reporting:</p> <ul style="list-style-type: none"> • Budget staff review and approve the SF-425 federal financial reports, the Carryover and Reallotment Report, and the Grantee Survey Section 1 for completeness and accuracy prior to submission to the program for entry into the federal reporting system. • Budget and accounting staff ensure Module 1 of the LIHEAP Performance Data Form reconciles to the amounts reported on both the Carryover and Reallotment and the SF-425 reports to prevent reporting inconsistencies. • LIHEAP Energy and Weatherization staff coordinated activities between their programs to include: <ul style="list-style-type: none"> ○ Completed a memorandum of understanding outlining reporting requirements and timelines. ○ Scheduled time to attend training on reporting timelines and data accuracy requirements. ○ Tracked data on weatherization obligations, households served, and expenditures for required federal reporting. <p>The Department’s information technology (IT) staff completed system updates to correct identified issues and ensure alignment with the federal reporting guidelines. IT staff will continue to monitor and refine data processes to improve accuracy and consistency.</p> <p>The conditions noted in this finding were previously reported in findings 2023-055, 2022-039, and 2021-032.</p> <p>May 2025, subject to audit follow-up</p> <p>Gena Allen, CFE Internal Control Officer (360) 480-5149 Gena.Allen@Commerce.wa.gov</p> |

Department of Commerce

Agency 103

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-055 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Low Income Home Energy Assistance program received required single audits, and that it appropriately followed up on findings and issued management decisions.</p> <p>In October 2024, the Department’s Internal Control Office (ICO) hired two additional staff with one dedicated to ensuring the requirements in 2 CFR 200.501 are followed.</p> <p>The ICO completed the following processes to ensure compliance with subrecipient monitoring requirements of all Low-Income Home Energy Assistance Program (LIHEAP) awards:</p> <ul style="list-style-type: none"> • Obtain the subaward population from program management. • Issue management decision letters to all program subrecipients who receive LIHEAP findings. • Document non-responsive subrecipients not in compliance with the reporting requirement and notify program management. <p>The ICO will continue to perform outreach to program management for subrecipients who have not met the reporting deadline, as this is a process that requires continuous monitoring.</p> <p>July 2025, subject to audit follow-up</p> <p>Gena Allen, CFE Internal Control Officer (360) 480-5149 Gena.Allen@Commerce.wa.gov</p> |

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Department of Commerce

Agency 103

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|--|--|
| 1037901 | 2024-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Commerce did not have adequate internal controls over and did not ensure reimbursements for the Digital Navigator Program were allowable and properly supported.</p> <p>The expenditure activity for the Digital Navigator Program is currently being reviewed by an independent third party. In the meantime, the Department has taken steps to implement tighter internal controls to ensure compliance with all state requirements.</p> <p>Funding for the Digital Navigator program was discontinued in the 2025-27 biennium. The Department is applying tighter internal controls as it continues final close-out of the program contracts.</p> <p>The process changes implemented by the Department to ensure compliance with state requirements for allowable expenses and proper documentation will be applied to other programs going forward.</p> <p>Corrective action is expected to be complete by March 2026</p> <p>Gena Allen Internal Control Officer (360) 480-5149 Gena.Allen@Commerce.wa.gov</p> |

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Health Care Authority

Agency 107

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|--|--|
| 1037119F | 2024-074 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Health Care Authority did not have adequate internal controls over and did not comply with managed care financial audit requirements.</p> <p>Audited financial reports: The Authority amended the managed care contract to require Managed Care Organizations to submit financial statements prepared in accordance with Generally Accepted Accounting Principles and Generally Accepted Auditing Standards. The amended contract requirement went into effect January 1, 2025.</p> <p>Periodic audits: The Authority implemented internal controls during state fiscal year 2024 to ensure periodic audits are completed within the required timeline.</p> <p>The conditions noted in this finding were previously reported in findings 2023-073, 2022-054, and 2021-048.</p> <p>June 2024, subject to audit follow-up</p> <p>Kari Summerour, CPA External Audit Compliance Manager (360) 725-9586 Kari.Summerour@hca.wa.gov</p> |

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Health Care Authority

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|---------------------|-----------------------|---|---|
| 1037119F | 2024-075 (cont'd) | Agency Contact: | William Sogge External Audit Compliance Specialist (360) 725-5110 william.sogge@hca.wa.gov |

Health Care Authority

Agency 107

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-081 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it performed procedures to safeguard against unnecessary utilization of care and services for the Medicaid program.</p> <p>The Authority concurs with the finding and continues to develop and implement its statewide surveillance and utilization control program by:</p> <ul style="list-style-type: none"> • Updating its Surveillance Utilization Review Subsystem policies and procedures. • Updating and documenting its statewide monitoring program. • Documenting its internal control program to ensure it complies with all utilization control requirements. <p>The conditions noted in this finding were previously reported in findings 2023-082, 2022-061, 2021-050, 2020-047, 2020-048, 2019-052, 2019-053, and 2018-047. In fiscal year 2024, the State Auditor’s Office determined the Authority resolved findings 2020-047, 2020-048, 2019-052, 2019-053, and 2018-047.</p> <p>Corrective action is expected to be complete by June 2026</p> <p>Kari Summerour, CPA External Audit Compliance Manager (360) 725-9586 Kari.Summerour@hca.wa.gov</p> |

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2025**

Health Care Authority

Agency 107

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|--|--|
| 1037119F | 2024-083 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it filed accurate and timely reports required by the Federal Funding Accountability and Transparency Act for the Block Grants for Substance Use Prevention, Treatment, and Recovery Services.</p> <p>The Authority implemented a new process to identify and report contracts required to be reported by the Federal Funding Accountability and Transparency Act in early fiscal year 2024. A reconciliation process to ensure all reports are filed as required was then developed and implemented in April 2024.</p> <p>After implementation, several inconsistencies were identified and resolved in June and July 2024. Updated training was provided to staff involved in the process to resolve the identified issues.</p> <p>The conditions noted in this finding were previously reported in findings 2023-086, 2022-069, and 2021-058.</p> <p>July 2024, subject to audit follow-up</p> <p>William Sogge, CPA, CIA External Audit Compliance Specialist (360) 725-5110 william.sogge@hca.wa.gov</p> |

Health Care Authority

Agency 107

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-084 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Health Care Authority did not have adequate internal controls to ensure subrecipients of the Block Grants for Substance Use, Prevention, Treatment and Recovery Services program received required single audits, and that it appropriately followed up on findings and issued management decisions.</p> <p>In January 2024, the Authority implemented adequate internal controls, policies, and procedures over its process for tracking subrecipients' single audits. In accordance with the audit recommendation, the Authority will continue to follow the new policies and procedures. No further corrective action is necessary.</p> <p>The conditions noted in this finding were previously reported in findings 2023-087 and 2022-066.</p> <p>January 2024, subject to audit follow-up</p> <p>William Sogge, CPA, CIA External Audit Compliance Specialist (360) 725-5110 william.sogge@hca.wa.gov</p> |

Health Care Authority

Agency 107

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037867 | 2024-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements related to the collection and review of Electronic Visit Verification (EVV) data for Medicaid claims.</p> <p>The Authority concurs with the finding and continues to develop and implement Electronic Visit Verification (EVV) requirements for the home health program. Home health claims with EVV requirements are regularly reviewed as part of program integrity efforts.</p> <p>When EVV requirements were implemented in January 2024, system limitations prevented certain providers from submitting eligible claims in ProviderOne. The Authority is developing an alternative EVV data submission process to ensure the data aligns accurately with provider claims in ProviderOne. The agency has requested additional funding in the Governor’s proposed 2026 supplemental budget to support this process.</p> <p>The Authority will develop procedures to address claims submitted with missing EVV data elements.</p> <p>Corrective action is expected to be complete by January 2027</p> <p>William Sogge, CPA, CIA External Audit Compliance Specialist (360) 725-5110 william.sogge@hca.wa.gov</p> |

Housing Finance Commission

Agency 148

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--------------------------------------|--|
| 1037119F | 2024-015 | Finding: | The Housing Finance Commission did not have adequate internal controls over eligibility requirements for the Homeowner Assistance Fund program. |
| | | Corrective Action: | <p>The Commission has taken the following corrective actions to strengthen controls over eligibility requirements for the Homeowner Assistance Fund (HAF) program:</p> <ul style="list-style-type: none"> • Selected an increased percentage of approved, denied, and withdrawn HAF applications that have previously been reviewed by the contractor, as part of the Quality Control process, for a secondary review by program staff. • Reviewed a selection of HAF applications independent of the Quality Control process performed by the contractor. • Reviewed 100% of approved HAF applications prior to disbursing funds to confirm eligibility determinations are proper. |
| | | | The conditions noted in this finding were previously reported in finding 2023-022. |
| | | Completion Date: | June 2024, subject to audit follow-up |
| | | Agency Contact: | Lucas Loranger Senior Finance Director (206) 464-7139 Lucas.Loranger@wshfc.org |

Housing Finance Commission

Agency 148

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-017 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Housing Finance Commission did not have adequate internal controls over reporting requirements for the Homeowner Assistance Fund program.</p> <p>To address the deficiencies identified by the auditors in completing annual performance reports, the Commission has taken the following corrective actions to strengthen controls over reporting for the Homeowner Assistance Fund (HAF) program:</p> <ul style="list-style-type: none"> • Updated procedures to require: <ul style="list-style-type: none"> ○ Homeownership Division and Finance Division staff to perform regular reconciliation of records to identify any discrepancies and to ensure all records are complete and accurate. ○ Supporting data obtained for reporting be vetted by the contractor and the Homeownership Division staff. ○ Leadership (division manager or above) to perform final review of data as well as the quarterly or annual report prior to submission to the grantor. • Designated the records maintained by the Finance Division, specifically the general ledgers, as the source of financial data for the quarterly and annual reports for the Washington HAF program. • Required third parties to develop or update a program manual regarding data used for reporting purposes. The manual incorporated recommendations of the audit finding. <p>As of June 30, 2024, the Commission consulted with the U.S. Department of the Treasury to determine if revision and resubmission of the reports are necessary to correct amounts reported. No corrective action was required.</p> <p>The conditions noted in this finding were previously reported in finding 2023-025.</p> <p>June 2024, subject to audit follow-up</p> <p>Lucas Loranger Senior Finance Director (206) 464-7139 Lucas.Loranger@wshfc.org</p> |

Department of Enterprise Services

Agency 179

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037585 | 2024-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Enterprise Services did not have adequate internal controls over Fleet Operation Fuel Cards.</p> <p>To promptly address the internal control weaknesses identified by the audit, the Department took the following corrective actions:</p> <ul style="list-style-type: none"> • As of March 2025, added the WEX subsystem to the annual SOC2 report review and to the annual submission of applications to WaTech. • As of July 2025, improved and formalized controls for the use of blank PINs. • As of August 2025: <ul style="list-style-type: none"> ○ Implemented a more robust reconciliation process for fuel card inventory. ○ Reconciled all WEX and DOT fuel cards to active vehicles. ○ Updated standard procedures to reflect the new reconciliation process. ○ Formalized a monthly reconciliation process to verify active fuel cards. • As of July 2025, developed formal policies and procedures regarding fuel card issuance, misuse handling, activity analysis, and alert responses. Safeguards were established for allowable fuel types, daily and monthly purchase limits, and location restrictions. Deviations will trigger an alert to responsible staff for review. <p>Additionally, the Department is:</p> <ul style="list-style-type: none"> • Completing an agency-wide risk assessment to include fuel card controls, expected to be completed by June 2026. • Working with IT to document a formal standard procedure to identify coding discrepancies between WEX and Assetworks that led to error rates. • Updating the statewide transportation policy to add recommendations for agencies to retain fuel receipts for internal reconciliation processes, expected to be completed by December 2025. <p>Corrective action is expected to be complete by June 2026</p> <p>Whitney Bannish Director of Accounting (360) 801-7345 whitney.bannish@des.wa.gov</p> |

Department of Labor and Industries

Agency 235

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--------------------------------------|---|
| 1037580 | 2024-001 | Finding: | The Department lacked adequate internal controls over payments to medical providers which led to improper payments. |
| | | Corrective Action: | <p>The Department of Labor and Industries concurs with the audit finding and will implement the following corrective actions:</p> <ul style="list-style-type: none"> • Investigate the feasibility of additional internal controls to enhance compliance with provider payment timelines. This will include evaluating current processes against the program policy, rules and laws to identify potential program improvements, and requiring financial and internal audit teams to implement exception-based reviews. • Assess and formalize the provider bill protest process and establish clear documentation standards for employees. A clear process and employee training guidance will be developed to ensure consistency and compliance. • Evaluate procedures for re-opening provider bills to ensure proper payment and compliance with timely filing requirements. Efforts will involve collaboration across programs, internal audit, IT, and finance teams to develop a standardized, system-supported process which clearly define criteria, roles, and documentation steps. • Work with its Assistant Attorney General to determine if the improper payments should be recouped. • Assess and strengthen controls to prevent duplicate provider payments. This will include collaboration between programs, finance, IT, and internal audit teams to identify root causes and implement compensating controls, reporting tools, and validation checks as needed. |
| | | Completion Date: | Corrective action is expected to be complete by January 2026 |
| | | Agency Contact: | Jennifer Stromsdorfer, CPA, CIA Director of Internal Audit (360) 280-3445 Myej235@lni.wa.gov |

Department of Licensing

Agency 240

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037477 | 2024-001 | <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 had taken the following actions to strengthen internal controls over disbursements:</p> <ul style="list-style-type: none"> • Created a new procedure and provided training to staff on preventing and detecting duplicate payments. • Added additional positions, including an assistant controller, for reviewing and approving documentation to ensure timely and accurate processing of payments. • Updated relevant policies for purchase cards, travel cards, meals with meetings, and light refreshments. • Provided training to staff on the updated requirements for disbursements, payments, and purchases. • Improved processes to ensure adequate supporting documentation is maintained to demonstrate proper approval of disbursements. <p>The Department is in the process of:</p> <ul style="list-style-type: none"> • Refining procedures for newly implemented policies. • Drafting new policies for signature authority and for goods and services. • Creating a new filing methodology to enable ready access to supporting documentation during review and approval of disbursements. <p>The Department will continue to train staff as updates to procurement and disbursement policies and procedures are implemented.</p> <p>Corrective action is expected to be complete by June 2026</p> <p>Collin Ashley Interim Chief Financial Officer (564) 669-9190 collin.ashley@dol.wa.gov</p> |

Military Department

Agency 245

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|---|--|
| 1037584 | 2024-001 | Finding: | The Military Department did not have adequate internal controls over and did not comply with departmental policies for its rental lease program. |
| | | Corrective Action: | The Military Department agrees with the auditor’s finding and will implement the following corrective actions: <ul style="list-style-type: none"> • Convert the current program guidance documented in WA Army National Guard Regulation 210-1 into a unified policy to better facilitate ease of access for all responsible parties. This new policy will include updated documentation of roles and responsibilities. • Review position descriptions and expectations for responsible parties to ensure that tasks are clearly assigned and defined. • Provide procedural and internal controls training to responsible personnel by the contracts manager upon hiring the position. • Update the Building Manager Handbook for all locations by June 2026. • Strengthen management oversight to ensure the program is administered in accordance with current internal policies and state law. Specifically, the Construction and Facility Management Office management will review rental/lease program files (hard copy and digital), until all documentation and logs are complete and current. |
| | | Completion Date: | Corrective action is expected to be complete by June 2026 |
| | | Agency Contact: | Seth Nickerson Chief Financial Officer (253) 512-7340 Seth.nickerson@mil.wa.gov |

Military Department

Agency 245

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--------------------------------------|--|
| 1037584 | 2024-002 | Finding: | The Military Department did not have adequate internal controls over and did not comply with department policies for managing Small and Attractive Assets. |
| | | Corrective Action: | <p>The Military Department agrees with the auditor’s finding and has implemented the following corrective actions:</p> <ul style="list-style-type: none"> • Updated the IT purchasing procedure and created training for all employees. • Drafted a new procedure that documents the proper steps to dispose of an asset and/or retire a small and attractive asset. This procedure will be finalized, implemented, and posted on the agency website. • Reconciled all digital and physical surplus property records to identify active inventory and items that have been disposed of. • Completed an agency-wide comprehensive inventory of all items with a state asset tag. This creates a baseline across the agency and more accurate data moving forward. • Established a staggered inventory reconciliation schedule to effectively manage agency-wide tasks throughout the year. |
| | | Completion Date: | The Department remains committed to improving asset accountability and compliance through ongoing refinement of our processes, training, and system improvements. |
| | | Agency Contact: | Corrective action is expected to be complete by June 2026 |
| | | Agency Contact: | Seth Nickerson Chief Financial Officer (253) 512-7340 Seth.nickerson@mil.wa.gov |

Military Department

Agency 245

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--------------------------------------|--|
| 1037584 | 2024-003 | Finding: | The Military Department did not have adequate internal controls over and did not comply with departmental policies for its use of travel cards. |
| | | Corrective Action: | <p>The Military Department agrees with the auditor’s finding and will implement the following corrective actions:</p> <ul style="list-style-type: none"> • Review and update internal travel policies and user agreements to clarify the appropriate use of travel cards including completion of required training. • Require all travel card holders to agree to the new policy terms as a condition of keeping the travel card. Users who do not agree to the updated terms may voluntarily terminate their travel cards. • Establish procedures to restrict travel card usage while employees are not in travel status, and to proactively monitor usage while employees are in travel status. |
| | | Completion Date: | Corrective action is expected to be complete by June 2026 |
| | | Agency Contact: | <p>Seth Nickerson Chief Financial Officer (253) 512-7340 Seth.nickerson@mil.wa.gov</p> |

Department of Social and Health Services

Agency 300

| Audit Report | Finding Number | Finding and Corrective Action Status |
|--------------|----------------|--|
| 1037119F | 2024-029 | <p>Finding: The Department of Social and Health Services did not have adequate internal controls to ensure it filed reports timely as required by the Federal Funding Accountability and Transparency Act.</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>As of January 2024, the Department:</p> <ul style="list-style-type: none"> • Created a subawards and amendments tracking spreadsheet with the required fields and contract information for reports required by the Federal Funding Accountability and Transparency Act (FFATA). • Assigned two fiscal staff to ensure FFATA reporting activities are submitted in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS). <p>As of February 2024, the Department:</p> <ul style="list-style-type: none"> • Ensured federal fiscal year 2024 funded contracts that were executed in December 2023 for the Office of Aging were entered in FSRS. • Added procedures for the Office Chief or designee to review the subawards and amendments tracking spreadsheet monthly for FFATA reporting to ensure federal deadlines are met consistently. <p>As of March 2024, the Department collaborated with the Administration of Community Living and developed a plan to address the FFATA reporting backlog in state fiscal years 2022 and 2023 and ensured all FFATA reports were entered in FSRS for all previous years.</p> <p>The conditions noted in this finding were previously reported in finding 2023-039.</p> <p>Completion Date: March 2024, subject to audit follow-up</p> <p>Agency Contact: Richard Meyer External Audit Compliance Manager (360) 664-6027 Richard.Meyer@dshs.wa.gov</p> |

Department of Social and Health Services

Agency 300

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-030 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Social and Health Services 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 Aging Cluster Programs.</p> <p>The Department concurs with the finding.</p> <p>This is a repeat finding of the same issues reported in the previous year due to the corrective action plan not being completed until July 2024.</p> <p>As of July 2024, the Department implemented the following procedures:</p> <ul style="list-style-type: none"> • Included Initial Notices of Award (NOA), with the required 14 federal identification elements, in the initial subaward as Exhibit D in the contracts. • Added language to the subaward document informing Area Agencies on Aging (AAAs) that NOAs are posted online. • Fiscal staff to notify all AAA fiscal staff via email when new NOAs are posted. • Contracts staff to attach Exhibit D to the initial subaward before signing the contract. <p>The conditions noted in this finding were previously reported in finding 2023-040.</p> <p>July 2024, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager (360) 664-6027 Richard.Meyer@dshs.wa.gov</p> |

Department of Social and Health Services

Agency 300

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-031 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Social and Health Services did not have adequate internal controls to ensure subrecipients of the Aging Cluster Programs obtained required single audits.</p> <p>The Department concurs with the finding.</p> <p>This is a repeat finding of the same issues reported in the previous year due to the corrective action plan not being completed until October 2024.</p> <p>As of September 2024, the Department implemented the following procedures:</p> <ul style="list-style-type: none"> • Send reminders to all Area Agencies on Aging (AAAs) to submit their audits six months after fiscal year-end close. • Continue email reminders until single audit reports are received or once the AAA has communicated an estimated audit completion date. • Document all communication with AAAs in the federal Tracker system. <p>As of October 2024, the Department:</p> <ul style="list-style-type: none"> • Updated the single audit monitoring tracking sheet to document the dates of audit requests, receipts, date of review, confirmation of Federal Audit Clearinghouse receipt, dates of communication with AAAs including when a management letter is sent and the AAAs response. • Required the AAA & Grants Unit Manager or Office Chief to review the monitoring tracking sheet nine months after the subrecipients' fiscal year end to ensure that all single audits are received timely. • Began performing monthly follow-up on outstanding audit reports and timing of management decision letters. <p>The conditions noted in this finding were previously reported in finding 2023-041.</p> <p>October 2024, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager (360) 664-6027 Richard.Meyer@dshs.wa.gov</p> |

Department of Social and Health Services

Agency 300

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-046 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Social and Health Services 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 Refugee and Entrant Assistance program.</p> <p>The Department concurs with the finding.</p> <p>The Department’s Office of Refugee and Immigrant Assistance (ORIA) will immediately report the contracts and amendments identified in the audit to the federal subaward reporting system.</p> <p>In response to prior year’s audit finding, ORIA developed procedures to strengthen internal controls over the Federal Funding Accountability and Transparency Act (FFATA) reporting. To ensure ongoing compliance with the requirements, the Department will identify procedural gaps and provide training to staff responsible for the reporting duties.</p> <p>As of July 2025, the Department:</p> <ul style="list-style-type: none"> Developed a verification process to ensure supervisory reviews are performed to confirm FFATA submissions are done timely and completely. Updated procedures as needed to ensure full implementation of the updated FFATA reporting process. <p>The conditions noted in this finding were previously reported in finding 2023-052.</p> <p>July 2025, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager (360) 664-6027 Richard.Meyer@dshs.wa.gov</p> |

Department of Social and Health Services

Agency 300

| Audit Report | Finding Number | Finding and Corrective Action Status |
|--------------|----------------|--|
| 1037119F | 2024-047 | <p>Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to perform fiscal and program monitoring of subrecipients for the Refugee and Entrant Assistance programs.</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>The Department’s Office of Refugee and Immigrant Assistance (ORIA) has taken corrective actions to strengthen controls over subrecipient monitoring. During the fiscal year, the program monitored some of their subrecipients, but did not have monitoring reports as documentation of the review. Since the program determined these subrecipients to be low risk, monitoring consisted of a desk review which was documented only on the monitoring screen of the Agency Contracts Database.</p> <p>As of June 2025, the Department:</p> <ul style="list-style-type: none"> • Worked with the Division of Finance and Financial Resources (DFFR) to develop and implement effective internal controls and clear written procedures covering program and fiscal subrecipient monitoring requirements. ORIA will train all staff responsible for subrecipient monitoring on the newly established internal controls and written procedures. • ORIA and DFFR continue to explore the Department’s ability to increase staff resources. <p>As of August 2025, the Department developed a risk assessment with the required elements and have additional risk factors outlined in the Department policy.</p> <p>As of October 2025, the Department:</p> <ul style="list-style-type: none"> • Completed the updated risk assessments for all contracts. • Updated monitoring plans and activities to align with updated risk levels. <p>The conditions noted in this finding were previously reported in finding 2023-054.</p> <p>Completion Date: October 2025, subject to audit follow-up</p> <p>Agency Contact: Richard Meyer External Audit Compliance Manager (360) 664-6027 Richard.Meyer@dshs.wa.gov</p> |

Department of Social and Health Services

Agency 300

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-048 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Refugee and Entrant Assistance programs received required single audits, and that it followed up on findings and issued management decisions.</p> <p>The Department partially concurs with the auditor’s findings.</p> <p>The Department’s Office of Refugee and Immigrant Assistance (ORIA) has taken corrective actions to strengthen controls over subrecipient monitoring. During the fiscal year, the program verified each subrecipient’s total federal financial assistance through online tax forms and determined if a single audit report is required. For subrecipients that met the single audit threshold, ORIA either received the single audit report from the subrecipient or accessed the Federal Audit Clearinghouse database to obtain a copy. However, the Department did not issue management decisions when applicable.</p> <p>As of May 2025, the Department worked with the Division of Finance and Financial Resources (DFFR) to review all subrecipients’ single audit reports for state fiscal year 2024. Any audit findings related to activities funded by ORIA awards were identified for necessary actions.</p> <p>As of June 2025, the Department:</p> <ul style="list-style-type: none"> • Issued management decision letters for the findings outlining the determination of the effectiveness of the subrecipient’s proposed corrective action to address findings, as applicable. • Worked with DFFR to implement effective internal controls and develop written procedures to ensure subrecipients receive required single audits; and to issue written management decisions as needed. • Monitors subrecipients’ corrective actions for findings received to ensure they are completed. <p>The conditions noted in this finding were previously reported in finding 2023-053.</p> <p>Richard Meyer External Audit Compliance Manager (360) 664-6027 Richard.Meyer@dshs.wa.gov</p> |

Department of Social and Health Services

Agency 300

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-077 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure it referred all credible allegations of provider fraud to the state’s Medicaid Fraud Control Unit.</p> <p>The Department and its contractor, Consumer Direct Care Network Washington (CDWA), identify potential and suspected provider fraud and refer fraud allegations with a potential loss of \$1,000 or more to the Medicaid Fraud Control Unit (MFCU). Fraud referrals under \$1,000 are all reviewed and tracked to enable repeat referrals to be identified and compiled to show a pattern of possible fraudulent behaviors. For cases under \$1,000, CDWA completes provider education and training on billing standards, which will be documented and used to support any future referrals.</p> <p>The 15 cases identified in the audit finding that were not referred to MFCU were each under \$1,000 of potential loss. Provider education was completed by CDWA, and the funds were returned to Medicaid.</p> <p>As of February 2025, the Department met with CDWA to discuss a revised process that will ensure compliance with MFCU requirements. In addition, the <i>Medicaid Provider Fraud Referral</i> form DSHS 12-210 was modified to include CDWA as an entity.</p> <p>As of May 2025, the Department and CDWA:</p> <ul style="list-style-type: none"> Revised and finalized existing procedures related to the referrals of all credible allegations of fraud to MFCU regardless of the amount of potential loss. Requested approval for the creation of a ticketing system for CDWA to submit provider fraud referrals directly into SharePoint. This will streamline the process, reduce workload, and help ensure compliance with MFCU requirements. <p>May 2025, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager (360) 664-6027 Richard.Meyer@dshs.wa.gov</p> |

Department of Social and Health Services

Agency 300

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037866 | 2024-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with its own policy for assessing long-term care applicants on time.</p> <p>The Department agrees with the finding.</p> <p>By December 2025, the Department will:</p> <ul style="list-style-type: none"> • Complete an analysis of its internal policies and timeframes to determine if they are still appropriate and relevant in light of severe staffing shortfalls and changes in workload priorities. These efforts align with the Department’s strategic plan to create efficiencies and streamline processes where appropriate. • Evaluate data from the Phase 1 Presumptive Eligibility (PE) determination process to determine if the addition of PE services has led to improvement in access to Long-Term Services and Supports (LTSS) for clients in acute care and state psychiatric hospitals. • Roll out Phase II of LTSS PE determination process. <p>As part of the continued efforts to improve and streamline the experience for clients accessing LTSS, the Department will transition from three regional intake teams to one unified statewide intake system by April 2026. The Department’s Home and Community Services Division will continue to adhere to internal policies related to timeline requirements and will strengthen controls to ensure accurate and timely data input for processing long-term care applications.</p> <p>The Department plans on evaluating the PE enrollment data by November 2026 to determine if the PE process meets the goal of more timely access to LTSS.</p> <p>Corrective action is expected to be complete by November 2026</p> <p>Richard Meyer External Audit Compliance Manager (360) 664-6027 Richard.Meyer@dshs.wa.gov</p> |

Department of Social and Health Services

Agency 300

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037866 | 2024-002 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Social and Health Services did not ensure recipients of the Food Assistance Program were eligible to receive program benefits.</p> <p>The Department acknowledges that it did not accurately determine the eligibility of seven clients for the Food Assistance Program (FAP) which resulted in those clients receiving food assistance for which they were not eligible.</p> <p>As of August 2025, the Department:</p> <ul style="list-style-type: none"> Reviewed existing staff training and desk aids to ensure procedures around immigration status are clear and align with policy and state requirements. Updated the internal audit system to pull a statistically valid sample of FAP cases monthly for review. <p>As of September 2025, the Department:</p> <ul style="list-style-type: none"> Established overpayments in alignment with WAC 388-410-0030. Convened a project workgroup to strengthen internal controls surrounding FAP eligibility and verification of immigration status. <p>As of October 2025, the Department created mandatory training for all eligibility staff to complete, focusing specifically on the homeland security document reviewed in all seven exceptions.</p> <p>To strengthen internal controls over eligibility determination of FAP benefits, the Department has the following plan:</p> <ul style="list-style-type: none"> By January 2026, provide written communication to ensure staff are notified of any revision to the reviewed training materials. By March 2026, the internal Quality and Compliance Team will do a focused review to ensure effectiveness of corrective actions and determine next steps, if necessary. <p>Corrective action is expected to be complete by March 2026</p> <p>Richard Meyer External Audit Compliance Manager (360) 664-6027 Richard.Meyer@dshs.wa.gov</p> |

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Department of Health

Agency 303

| Audit Report | Finding Number | Finding and Corrective Action Status |
|--------------|----------------------|---|
| 1037119F | 2024-032 (cont'd) | Completion Date: February 2025, subject to audit follow-up Agency Contact: Jeff Arbuckle External Audit Manager (360) 701-0798 Jeff.Arbuckle@doh.wa.gov |

Department of Health

Agency 303

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--------------------------------------|---|
| 1037119F | 2024-033 | Finding: | The Department of Health did not have adequate internal controls over cash management and reporting requirements for the Immunization Cooperative Agreements program. |
| | | Corrective Action: | <p>The Department partially agrees with the finding.</p> <p>The Department agrees with the auditors' assessment of inadequate internal controls to ensure automated draw calculations in the Grant Management System are accurate. The Department is working diligently with the Information Technology (IT) division to identify and correct cash draw report calculation errors until they are resolved.</p> <p>The Department has taken steps to ensure adequate internal controls over cash management and allowable cost requirements for the program, but disagrees with the auditors' assessment of internal control weaknesses in the following areas:</p> <ul style="list-style-type: none"> • Daily manual reconciliation - During the audit period, the Department identified a concern with the AFRS Data Distribution Services database reporting criteria. With the IT division's assistance, the Department was able to identify the cause of the report errors and made corrections within the audit period. • Chart of account updates - The Department initially set up the coding structure based on the Office of Financial Management's 23-25 biennium Expenditure Authority (EA) schedule. In October 2023, an updated EA schedule was released to correct one EA code. The Department addressed the coding error timely and processed a journal voucher to move recorded expenditures to the correct coding. |
| | | Completion Date: | Corrective action is expected to be complete by March 2026 |
| | | Agency Contact: | Jeff Arbuckle External Audit Manager (360) 701-0798 Jeff.Arbuckle@doh.wa.gov |

Department of Health

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| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-036 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Health did not have adequate internal controls over cash management and allowable cost requirements for the Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees with the auditors' assessment of inadequate internal controls to ensure automated draw calculations in the Grant Management System are accurate. The Department is working diligently with the Information Technology (IT) division to identify and correct cash draw report calculation errors until they are resolved.</p> <p>The Department has taken steps to ensure adequate internal controls over cash management and allowable cost requirements for the program, but disagrees with the auditors' assessment of internal control weaknesses in the following areas:</p> <ul style="list-style-type: none"> • Daily manual reconciliation - During the audit period, the Department identified a concern with the AFRS Data Distribution Services database reporting criteria. With the IT division's assistance, the Department was able to identify the cause of the report errors and made corrections within the audit period. • Chart of account updates - The Department initially set up the coding structure based on the Office of Financial Management's 23-25 biennium Expenditure Authority (EA) schedule. In October 2023, an updated EA schedule was released to correct one EA code. The Department addressed the coding error timely and processed a journal voucher to move recorded expenditures to the correct coding. • Cash Management Improvement Act (CMIA) - The Department spends on a first in, first out method and uses the previous year's coding for all expenditures that occurred in the allowable period. The Department has controls in place to ensure cash draws are performed in line with the CMIA funding techniques and the payroll cycle. <p>The Department will consult with the grantor to determine whether the questioned costs identified in the finding should be repaid.</p> <p>Corrective action is expected to be complete by March 2026</p> <p>Jeff Arbuckle External Audit Manager (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p> |

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| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|---|---|
| 1037119F | 2024-037 (cont'd) | Agency Contact: | Jeff Arbuckle External Audit Manager (360) 701-0798 Jeff.Arbuckle@doh.wa.gov |

Department of Health

Agency 303

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-038 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Health did not have adequate internal controls over and did not comply with suspension and debarment requirements for Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <p>During the COVID pandemic, the Department operated under a competitive procurement waiver in order to expedite funding to critical partners throughout the state. Efforts to accelerate contracts combined with the misperception that Educational Service Districts (ESDs) are an extension of the Office of Superintendent of Public Instruction prompted the decision to use an Interagency Agreement, and no suspension and debarment check was performed at the time the contracts were signed.</p> <p>As of January 2024, the Department corrected the error and included the suspension and debarment clause in the ESDs and all vendor contracts. The corrections were not reflected in contracts executed prior to January 2024.</p> <p>The conditions noted in this finding were previously reported in finding 2023-047.</p> <p>January 2024, subject to audit follow-up</p> <p>Jeff Arbuckle External Audit Manager (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p> |

Department of Health

Agency 303

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-039 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Health did not have adequate internal controls over and did not comply with reporting requirements for the Epidemiology and Laboratory Capacity for Infectious Diseases Program.</p> <p>The Department has taken steps to implement a process for reviewing reporting entries to ensure accuracy and compliance with reporting requirements.</p> <p>To improve efficiency in the reporting process, program fiscal staff have revised internal expenditure reports to eliminate irrelevant or unnecessary grants for reporting purposes. This will decrease workload, reduce the possibility of errors, and save time on both entering and reviewing data.</p> <p>Additionally, user-friendly enhancements to the Centers for Disease Control and Prevention systems with improved accessibility of spending data has enabled the Department to more effectively identify data entry errors.</p> <p>The conditions noted in this finding were previously reported in finding 2023-048 and 2022-034.</p> <p>February 2025, subject to audit follow-up</p> <p>Jeff Arbuckle External Audit Manager (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p> |

Department of Health

Agency 303

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-040 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Health did not have adequate internal controls over and did not comply with fiscal monitoring requirements for the Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <p>During the COVID-19 pandemic, the Department operated under a competitive procurement waiver in order to expedite funding to critical partners throughout the state. Efforts to accelerate contracts combined with the misperception that Educational Service Districts (ESD) are an extension of the Office of Superintendent of Public Instruction prompted the decision to use an Interagency Agreement and therefore some fiscal monitoring reviews were not performed. Effective January 2024, the Department corrected this error with ESDs and vendor contracts executed after this date.</p> <p>The Department is continuing to refine the Fiscal Monitoring Unit (FMU) risk-based approach to subrecipient monitoring. The FMU is implementing a desk review process for identified low risk agencies which will lessen the administrative burden while still meeting the intent of 2 CFR 200.332 for subrecipient monitoring. Additionally, the FMU has hired additional staff who are fully trained and will be better positioned to meet the monitoring requirements moving forward.</p> <p>The improvements to the FMU monitoring process and the additional resources will allow the Department to comply with the subrecipient monitoring expectations for programs receiving federal funding.</p> <p>The conditions noted in this finding were previously reported in findings 2023-050 and 2022-033.</p> <p>Corrective action is expected to be complete by December 2025</p> <p>Jeff Arbuckle External Audit Manager (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p> |

Department of Health

Agency 303

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-041 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure subrecipients of the Epidemiology and Laboratory Capacity for Infectious Diseases program received required single audits, and that it appropriately followed up on findings and issued management decisions.</p> <p>The Department was not able to complete corrective action for the prior year’s finding due to staff shortages.</p> <p>The Department will continue to work on providing proper training and written processes to staff on the subrecipient single audit review process to ensure:</p> <ul style="list-style-type: none"> • Timely review of federal subrecipient single audits. • Management decision letters are issued to subrecipients. • Subrecipients submit corrective action plans addressing deficiencies pertaining to the federal award, when applicable. <p>Management will monitor the control activities to ensure future compliance with the requirements.</p> <p>The conditions noted in this finding were previously reported in finding 2023-049.</p> <p>Corrective action is expected to be complete by March 2026</p> <p>Jeff Arbuckle External Audit Manager (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p> |

Department of Health

Agency 303

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-076 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure timely review of hospital complaints.</p> <p>The Department has a process in place to screen complaints for possible imminent danger.</p> <p>The Department has assessed and strengthened internal controls within the licensing and regulatory systems that are necessary to demonstrate compliance. The systems will properly reflect the accurate date of initial screening for imminent danger within two working days of receiving a complaint, as required by the Centers for Medicare and Medicaid Services <i>State Operations Manual</i>, and subsequent 21-day basic assessment and review timeline per internal policies.</p> <p>Additionally, the Department is performing quarterly audits to confirm and document that timely screening of complaints is taking place as required.</p> <p>The conditions noted in this finding were previously reported in finding 2023-076.</p> <p>August 2024, subject to audit follow-up</p> <p>Jeff Arbuckle External Audit Manager (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p> |

Department of Health

Agency 303

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037858 | 2024-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Health did not ensure medical assistant applicants provided all required documents to meet licensing requirements.</p> <p>The Department maintains a repository of all the documentation included in the medical assistant credential application packets.</p> <p>In April 2024, the Department transitioned from the Integrated Licensing and Regulatory System to the Health Enforcement and Licensing Management System. During implementation of the new licensing system, some of the documentation did not transfer from the old system, which presented challenges in providing all the requested documentation to the auditors. The operations team was notified of this discrepancy and was reminded of the requirements to maintain these documents in the repository.</p> <p>The Department will evaluate the current process to ensure required licensing credentials are obtained and reviewed and that all application materials are retained. Moving forward, all documentation will be properly maintained in the new licensing system and readily available for future audits upon request.</p> <p>April 2025, subject to audit follow-up</p> <p>Jeff Arbuckle External Audit Manager (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p> |

Department of Veterans Affairs

Agency 305

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037696 | 2024-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Veterans Affairs did not have adequate internal controls over and did not comply with its own policies over the disbursement of cash to residents from the resident trust fund.</p> <p>In response to the audit recommendations, the Department:</p> <ul style="list-style-type: none"> • Communicated to all home cashiers that signed receipts must be obtained when a check is written and cash is provided to the resident at a later time. • Updated these requirements in the Home Cashier Manual and communicated with all stakeholders involved. • Will monitor disbursement activities through reviews at regular intervals. <p>June 2025, subject to audit follow-up</p> <p>Andrea Kwan Internal Audit & Compliance Manager (360) 628-7213 Andrea.kwan@dva.wa.gov</p> |

Department of Veterans Affairs

Agency 305

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037696 | 2024-002 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Veterans Affairs did not have adequate internal controls over the disbursement of fiduciary client funds for the Veterans Estate Management Program.</p> <p>In response to the audit recommendations, the Department will:</p> <ul style="list-style-type: none"> • Provide staff guidance and training on documentation expectations to ensure controls are in place for the disbursement of fiduciary client funds. In addition, staff have been informed to ensure that fiduciary agreements are signed before disbursements are made. <p>Additionally, the Department will:</p> <ul style="list-style-type: none"> • Develop and implement a formal policy for the Veterans Estate Management Program by January 2026, which will include the management of fiduciary client funds. • Finalize the supporting standard operating procedures and an operations manual by June 2026 to ensure consistent practices and internal controls across the program. Training will be provided to staff on the updated procedures and manual. <p>Corrective action is expected to be complete by June 2026</p> <p>Andrea Kwan Internal Audit & Compliance Manager (360) 628-7213 Andrea.kwan@dva.wa.gov</p> |

Department of Veterans Affairs

Agency 305

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037696 | 2024-003 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Veterans Affairs did not have adequate internal controls over and did not perform adequate bank reconciliations of fiduciary client accounts under the Veterans Estate Management Program.</p> <p>The Department currently performs monthly bank reconciliations for fiduciary client accounts set up in the Enterprise Veterans Case Management System. Due to existing system limitations, the Department is unable to fully investigate or resolve older outstanding discrepancies. To remediate this issue, the Department will:</p> <ul style="list-style-type: none"> • Manually investigate and resolve new discrepancies arising from recent transactions on a monthly basis. • Submit a budget request in September 2025 for funding to either support enhancements to the existing system or the procurement of a new system capable of addressing the current deficiencies and improving reconciliation capabilities. • The outcome of the state budget process by June 2026 will determine the options available to the Department. <p>In response to the audit recommendations, the Department will:</p> <ul style="list-style-type: none"> • Develop and implement a formal policy for the Veterans Estate Management Program by January 2026, which will include bank reconciliations of fiduciary client accounts. • Finalize the supporting standard operating procedures and an operations manual by June 2026 to ensure consistent practices and internal controls across the program. Training will be provided to staff on the updated procedures and manual. <p>Corrective action is expected to be complete by June 2026</p> <p>Andrea Kwan Internal Audit & Compliance Manager (360) 628-7213 Andrea.kwan@dva.wa.gov</p> |

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Department of Children, Youth, and Families

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| Audit Report | Finding Number | Finding and Corrective Action Status |
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| 1037119F | 2024-042 (cont'd) | <p>The Department will continue to work 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 2023-051, 2022-035, and 2021-028.</p> <p>Completion Date: Corrective action is expected to be complete by July 2026</p> <p>Agency Contact: Stefanie Niemela Audit Liaison (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 | |
|--------------|----------------|--|---|
| 1037119F | 2024-043 | <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 eligibility requirements for child care services paid with the Child Care and Development Fund and Temporary Assistance for Needy Families funds.</p> <p>In response to prior audit findings, the Department developed a corrective action plan to address the internal control deficiencies. This finding was issued due to the corrective action plan not being fully implemented during the audit period.</p> <p>To address the prior years' eligibility audit findings, the Department has taken the following actions:</p> <ul style="list-style-type: none"> • 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. • As of May 2024: <ul style="list-style-type: none"> ○ Improved and published the desk aid outlining simplified eligibility determination process that includes procedures for those families who do not have an approved activity. ○ Developed updated household composition training for all staff as part of core childcare training. <p>The Department will continue to partner with the Administration for Children and Families and follow our program integrity plan.</p> <p>The conditions noted in this finding were previously reported in findings 2023-059, 2022-036, 2021-035, 2020-039, 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017, and 12-30.</p> <p>May 2024, subject to audit follow-up</p> <p>Stefanie Niemela Audit Liaison (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 |
|--------------|----------------------|--|
| 1037119F | 2024-056 (cont'd) | <p>During state fiscal year 2025, the Department limited journal voucher (JV) activities and manually processed these JVs at the child level by grant funding sources. These efforts were taken to address SAO's concern that the CCDF and the Temporary Assistance for Needy Families programs were not auditable without child-level data.</p> <p>The Department will continue to work with DSHS developers 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 will continue to work 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 2023-058, 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 July 2026</p> <p>Agency Contact: Stefanie Niemela Audit Liaison (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p> |

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|--------------|----------------------|--|
| 1037119F | 2024-057 (cont'd) | <p>During state fiscal year 2025, the Department limited journal voucher (JV) activities and manually processed these JVs at the child level by grant funding sources. These efforts were taken to address SAO's concern that the CCDF and the Temporary Assistance for Needy Families programs were not auditable without child-level data.</p> <p>The Department will continue to work with DSHS developers 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 will continue to work 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 2023-060, 2022-042, 2021-036, 2020-040, and 2019-037. 2019-037 was originally reported as a separate finding. Per auditors' request in fiscal year 2024, it was added to the series of unresolved prior findings for 2024-057.</p> <p>Completion Date: Corrective action is expected to be complete by July 2026</p> <p>Agency Contact: Stefanie Niemela Audit Liaison (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p> |

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| 1037119F | 2024-058 (cont'd) | <p>During state fiscal year 2025, the Department limited journal voucher (JV) activities and manually processed these JVs at the child level by grant funding sources. These efforts were taken to address SAO's concern that the CCDF and the Temporary Assistance for Needy Families programs were not auditable without child-level data.</p> <p>The Department will continue to work with DSHS developers 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 will continue to work 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 2023-061, 2022-043, 2021-037, and 2020-041.</p> <p>Completion Date: Corrective action is expected to be complete by July 2026</p> <p>Agency Contact: Stefanie Niemela Audit Liaison (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 |
|--------------|----------------|---|
| 1037119F | 2024-059 | <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 (DSHS) 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 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><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 SAO has taken issue 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 SAO.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget which was approved for funding beginning in state fiscal year 2025. However, the funding was subsequently removed as part of the 2025 supplemental budget process.</p> |

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| 1037119F | 2024-059 (cont'd) | <p>During state fiscal year 2025, the Department limited journal voucher (JV) activities and manually processed these JVs at the child level by grant funding sources. These efforts were taken to address SAO's concern that the CCDF and the Temporary Assistance for Needy Families programs were not auditable without child-level data.</p> <p>The Department will continue to work with DSHS developers 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 will continue to work 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 2023-062, 2022-044, and 2021-038.</p> <p>Completion Date: Corrective action is expected to be complete by July 2026</p> <p>Agency Contact: Stefanie Niemela Audit Liaison (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p> |

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| 1037119F | 2024-060 (cont'd) | <p>The conditions noted in this finding were previously reported in findings 2023-064, 2022-045, 2021-039, 2020-042, 2019-039, 2018-035, 2017-025, 2016-022, and 2015-024.</p> <p>Completion Date: April 2025, subject to audit follow-up</p> <p>Agency Contact: Stefanie Niemela Audit Liaison (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 |
|--------------|----------------|---|
| 1037119F | 2024-066 | <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. In response to the prior year audit finding, the Department has taken the following actions:</p> <ul style="list-style-type: none"> • Between April and December 2023: <ul style="list-style-type: none"> ○ Filled two vacant contract staff positions dedicated to reviewing child welfare contracts to include family time visit payments. ○ Developed compliance audit plans for child welfare contracts and began fiscal monitoring of family time visit payments. ○ Implemented a new process for creating Sprout invoices from family time activity data to include the following: <ul style="list-style-type: none"> ▪ Utilizing algorithms to identify reimbursements outside of reasonable amounts. ▪ Requiring providers to submit additional documentation or explanation for flagged invoices. ▪ Identifying duplicate billings using a re-run process. ▪ Performing additional review and approval of invoices of the Network Administrator in Eastern Washington prior to release of payment. • Between January and March 2024: <ul style="list-style-type: none"> ○ Identified and implemented regional program approvals for Western Washington providers. ○ Implemented fiscal monitoring controls to ensure payments to providers for travel and family visits are allowable and adequately supported. ○ Utilized the Plan, Do, Check, Act (continuous quality improvement process) to add additional steps to the process to ensure payments were accurate. <p>In response to the State Auditor’s Office (SAO) recommendations, the Department has:</p> <ul style="list-style-type: none"> • Reconciled the identified payment exceptions and determined that they were properly calculated. • Reviewed the implemented invoice and payment process and updated training resources. • Refined the compliance audit plans and updated documentation for the contract monitoring process to ensure that SAO can review documentation for monitoring tasks completed. |

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| Audit Report | Finding Number | Finding and Corrective Action Status |
|--------------|----------------------|---|
| 1037119F | 2024-066 (cont'd) | <p>The conditions noted in this finding were previously reported in findings 2023-066, 2022-048, and 2021-040.</p> <p>Completion Date: July 2025, subject to audit follow-up</p> <p>Agency Contact: Stefanie Niemela Audit Liaison (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 | |
|--------------|----------------|--|--|
| 1037119F | 2024-068 | <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 August 2023 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 to date all cost base 100 workbooks have been properly completed for the state fiscal year 2025.</p> <p>The conditions noted in this finding were previously reported in finding 2023-065. The auditors considered finding 2022-047 resolved in fiscal year 2024.</p> <p>March 2025, subject to audit follow-up</p> <p>Stefanie Niemela Audit Liaison (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 | |
|--------------|----------------|--|--|
| 1037119F | 2024-070 | <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 reporting requirements 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 did not follow the U.S. Department of Health and Human Services' (HHS) published instructions.</p> <p>To address the auditor's specific recommendations, the Department has:</p> <ul style="list-style-type: none"> • Reviewed and updated all electronic versions of the quarterly crosswalks to align with HHS instructions. • Submitted a correction to the April 2025 quarterly report. <p>The conditions noted in this finding were previously reported in findings 2023-069 and 2022-051.</p> <p>April 2025, subject to audit follow-up</p> <p>Stefanie Niemela Audit Liaison (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 | |
|--------------|----------------|--|--|
| 1037119F | 2024-071 | <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 Foster Care Maintenance payment rates were properly calculated.</p> <p>The Department concurs that policies and procedures related to rate setting for Foster Care maintenance payments are not currently established and is committed to strengthening internal controls and complying with federal requirements.</p> <p>In February 2025, the Department met with the State Auditor’s Office to gather an understanding of concerns and discuss how reasonable and allowable rates could be documented to ensure federal compliance.</p> <p>The Department will prioritize establishing written policies and procedures for setting payment rates to ensure maintenance payment rates only include allowable costs.</p> <p>Corrective action is expected to be complete by July 2026</p> <p>Stefanie Niemela Audit Liaison (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p> |

State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2025

Department of Children, Youth, and Families

Agency 307

| Audit Report | Finding Number | Finding and Corrective Action Status |
|--------------|----------------------|---|
| 1037119F | 2024-073 (cont'd) | Completion Date: Corrective action is expected to be complete by July 2026 Agency Contact: Stefanie Niemela Audit Liaison (360) 725-4402 stefanie.niemela@dcyf.wa.gov |

Department of Services for the Blind

Agency 315

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--------------------------------------|--|
| 1037722 | 2024-001 | Finding: | The Department of Services for the Blind did not have adequate internal controls over and did not comply with state requirements and its own policies regarding small and attractive assets. |
| | | Corrective Action: | <p>To strengthen internal controls over monitoring small and attractive assets, the Department will:</p> <ul style="list-style-type: none"> • Perform and document a risk assessment for all non-capitalized assets to identify levels of risk for loss by asset type. • Update and publish policies and procedures related to equipment and inventory control based on the results of the risk assessment and in accordance with State Administrative and Accounting Manual (SAAM) requirements. • Provide staff training on updated inventory policies and procedures. • Conduct an on-site inventory and tag all small and attractive assets identified in the risk assessment as high risk. • Remove and destroy small and attractive asset tags on equipment that will no longer be tracked as small and attractive. • Update the inventory tracking records with the required information in accordance with SAAM requirements. • Perform a physical inventory at least every two years in accordance with SAAM requirements and Department policy. |
| | | Completion Date: | Corrective action is expected to be complete by June 2026 |
| | | Agency Contact: | <p>Joseph Kasperski Chief Financial Officer 360-725-3847 Joseph.kasperski@dsb.wa.gov</p> <p>Lorie Christoferson Deputy Financial Officer 360-725-3840 Lorie.christoferson@dsb.wa.gov</p> |

Office of Superintendent of Public Instruction

Agency 350

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-004 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Office of Superintendent of Public Instruction 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 Child and Adult Care Food Program.</p> <p>During fiscal year 2025, the Office amended its procedure of sending grant requirements to all subrecipients bi-annually. The current procedures require the program specialist to distribute federal award information and requirements to all subrecipients upon approval of the renewal application. The updated procedure will go into effect for all subrecipients during the fiscal year 2026 renewal cycle.</p> <p>The conditions noted in this finding were previously reported in finding 2023-003.</p> <p>March 2025, subject to audit follow-up</p> <p>Chaundi Barbosa Director, CACFP (360) 725-0411 Chaundra.Barbosa@k12.wa.us</p> |

Office of Superintendent of Public Instruction

Agency 350

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-005 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with the required monitoring of subrecipients of the Child and Adult Care Food Program.</p> <p>The Office has established and implemented a procedure for tracking subrecipient monitoring activities assigned to staff. The procedure includes expectations of program specialists to complete a minimum number of administrative reviews each month. Progress is regularly reviewed to address workload issues.</p> <p>The Office also identified the need for additional staff resources to provide coverage during absences. However, we were not able to secure funding to move forward with recruitment until fiscal year 2025. As of February 2025, the Office hired a new staff member to support the backlog of reviews.</p> <p>Meanwhile, a temporary position was filled to assist with completing the 23 administrative reviews that were not completed for fiscal year 2024. The Office completed these reviews by September 30, 2025.</p> <p>The conditions noted in this finding were previously reported in finding 2023-002.</p> <p>September 2025, subject to audit follow-up</p> <p>Chaundi Barbosa CACFP Director (360) 764-0411 Chaundra.Barbosa@k12.wa.us</p> |

Office of Superintendent of Public Instruction

Agency 350

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-006 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Office of Superintendent of Public Instruction did not have internal controls over and did not comply with requirements to verify single audits were completed for all subrecipients of the Child and Adult Care Program.</p> <p>The Office has implemented internal controls to ensure all subrecipients requiring a single audit are identified and to follow up on any program-related findings that require a management decision. Procedures are also updated to maintain the subrecipient audit tracking log.</p> <p>The Office will implement a training plan for the Child Nutrition Services fiscal team, which includes cross training and completing the State Auditor’s Office subrecipient monitoring training.</p> <p>The Office followed up with the subrecipient identified in the audit and obtained its required single audit.</p> <p>The conditions noted in this finding were previously reported in finding 2023-004.</p> <p>June 2025, subject to audit follow-up</p> <p>Debbie Libra Fiscal & Claims Supervisor (564) 233-8620 Debbie.libra@k12.wa.us</p> |

Office of Superintendent of Public Instruction

Agency 350

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-024 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Office of Superintendent of Public Instruction improperly charged \$5,139 to the Special Education program.</p> <p>The Office of Superintendent of Public Instruction concurs with this finding.</p> <p>The Office has strengthened internal controls to address accounting adjustments made during liquidation periods to ensure that expenditures occurring outside of a grant’s period of performance are not shifted to the grant. Procedures are updated to:</p> <ul style="list-style-type: none"> • Monitor expenditures through reconciliation of monthly reports to ensure the spending level stays within the allowable threshold and grant maximum. • Require all journal vouchers correcting expenditures during the grant liquidation period be verified by budget staff to ensure they are charged to the appropriate grant period of performance. • Complete expenditure corrections within the grant liquidation period. • Liquidate obligations on the last business day of January (or 120 days after the budget period ends). <p>The Office will communicate the corrective action plan with internal stakeholders to ensure compliance with updated procedures.</p> <p>The Office will consult with the federal grantor to discuss whether the questioned costs identified in the audit should be repaid.</p> <p>November 2024, subject to audit follow-up</p> <p>Tania May Assistant Superintendent, Special Education (360) 725-6075 Tania.may@k12.wa.us</p> |

Office of Superintendent of Public Instruction

Agency 350

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--------------------------------------|--|
| 1037119F | 2024-025 | Finding: | The Office of Superintendent of Public Instruction did not have adequate internal controls to ensure it performed risk assessments for subrecipients of the Special Education program. |
| | | Corrective Action: | The Office of Superintendent of Public Instruction concurs with this finding. |
| | | | As of April 2024, the Special Education Division fully implemented the corrective action plan which was developed to address prior years' findings. This included conducting fiscal monitoring annually and issuing a final report to all nine Educational Service Districts (ESDs) statewide. |
| | | | Based on the results from monitoring activities over year-end reporting, ESDs will be selected for additional monitoring and may be subject to a future onsite visit if deemed necessary. |
| | | | The conditions noted in this finding were previously reported in findings 2023-036, 2022-026, and 2021-023. |
| | | Completion Date: | April 2024, subject to audit follow-up |
| | | Agency Contact: | Tania May Assistant Superintendent, Special Education (360) 725-6075 Tania.may@k12.wa.us |

Office of Superintendent of Public Instruction

Agency 350

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-028 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal activities allowed and subrecipient monitoring requirements for the Education Stabilization Fund program.</p> <p>The Office distributed the remaining unobligated funds from the program to Local Education Agencies (LEAs) through the apportionment process to meet the legislative intent. Due to the nature of how the payments were calculated, the Office’s grants system could not be used for the distribution.</p> <p>When a grant is awarded through our grants system, an email notification is sent to the organization that contains the federal elements required in 2 CFR 200.332. Although the Office concurs that we did not provide a formal subaward document that included all of the elements since the funds were not distributed through our grants system, the LEA’s received other formal communication through a Gov Delivery email and the School District Accounting Manual that included most of these federal elements.</p> <p>Going forward, if the Office uses the apportionment process to distribute funds to LEAs, all the required federal elements in 2 CFR 200.332 will be included in a separate subaward.</p> <p>The Office’s communication to LEAs also included the allowable use of these funds. Therefore, the Office does not concur that the funds should be questioned as not being allowable or properly supported.</p> <p>February 2025, subject to audit follow-up</p> <p>TJ Kelly Chief Financial Officer (360) 725-6301 Thomas.Kelly@k12.wa.us</p> |

Workforce Training and Education Coordinating Board

Agency 354

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|---|---|
| 1037119F | 2024-026 | Finding: | The Workforce Training and Education Coordinating Board did not have adequate internal controls over matching requirements for the Career and Technical Education – Basic Grants to States program. |
| | | Corrective Action: | <p>The Workforce Board has internal controls to ensure the state meets the matching requirements of federal administrative expenditures.</p> <p>The Board will continue to work with the Office of Superintendent of Public Instruction (OSPI) to:</p> <ul style="list-style-type: none"> • Ensure the required certification is submitted each year as specified in the interagency contract. • Obtain additional support with their quarterly billings. <p>Additionally, the Board has incorporated a monitoring section into the new contracts with OSPI and the State Board for Community and Technical Colleges to enhance oversight and ensure compliance with federal matching requirements.</p> |
| | | Completion Date: | January 2025, subject to audit follow-up |
| | | Agency Contact: | Lisa Engelhart Chief Financial Officer (360) 709-4620 Lisa.engelhart@wtb.wa.gov |

Workforce Training and Education Coordinating Board

Agency 354

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|--|--|
| 1037119F | 2024-027 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Workforce Training and Education Coordinating Board did not have adequate internal controls to ensure compliance with level of effort requirements for the Career and Technical Education – Basic Grants to States program.</p> <p>The Workforce Board, in coordination with its partnered agencies, developed written policies and procedures to document the monitoring process of level of effort requirements.</p> <p>The State Board for Community and Technical Colleges already has a document to submit semi-annual reports which the Workforce Board will utilize as a template to establish guidelines related to the level of effort reporting requirements. The Workforce Board will work on strengthening preventative controls to effectively monitor the level of effort requirements on a more continuous basis.</p> <p>Additionally, the Workforce Board added language to all interagency agreements regarding the level of effort semi-annual reporting requirement and the certification that federal funds were used to supplement, not supplant, non-federal funds specific to the level of effort requirement.</p> <p>June 2025, subject to audit follow-up</p> <p>Lisa Engelhart Chief Financial Officer (360) 709-4620 lisa.engelhart@wtb.wa.gov</p> |

Central Washington University

Agency 375

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1036183 | 2023-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The University did not have adequate internal controls over cash receipting and disbursements to safeguard public resources, resulting in misuse of public funds.</p> <p>Central Washington University (CWU) agrees with the State Auditor’s Office audit conclusions and recommendations. In response to this audit finding, CWU:</p> <ul style="list-style-type: none"> • Conducted additional and ongoing training for accounts payable and travel department staff on appropriate documentation to ensure reimbursements are supported and for allowable expenses. • Spot checked processed reimbursements for adherence to rules and policies. <p>As part of the normal business process, CWU will continue to:</p> <ul style="list-style-type: none"> • Offer additional travel and reimbursement training to faculty and staff. • Review, update and further document our internal procedures related to travel, reimbursements and hosting of events on campus. <p>July 2025, subject to audit follow-up</p> <p>Stuart Thompson AVP Campus Planning & Facilities Management (509) 963-1004 Stuart.thompson@cwu.edu</p> |

Department of Transportation

Agency 405

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-012 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Washington State Department of Transportation did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Highway Planning and Construction program.</p> <p>The Washington State Department of Transportation (WSDOT) is committed to ensuring our grant programs comply with federal regulations regarding required risk assessments.</p> <p>Risk assessments for subrecipients under the Federal Highway Administration grant programs are the responsibility of WSDOT's Regional Local Programs Engineers, located in the six WSDOT regions. The Department has attempted to complete a risk assessment at each phase of a project, however, staff turnover contributed to the lack of consistency and timeliness in completing these assessments.</p> <p>To help ensure consistency, the Department has updated position descriptions for Local Programs Engineers to reflect this requirement. The Department:</p> <ul style="list-style-type: none"> • Ensured audit findings and exceptions were shared with responsible staff and regional management. • Communicated with Regional Local Programs Engineers to ensure risk assessments are performed and properly documented in accordance with the risk assessment program guidelines. • Communicated with regional management to ensure required monitoring activities by staff are tracked, and the status of these activities are reported as part of annual performance evaluations. <p>Communication with Regional Local Programs Engineers and regional management will continue to be on-going.</p> <p>The conditions noted in this finding were previously reported in finding 2023-012.</p> <p>June 2025, subject to audit follow-up</p> <p>Jesse Daniels External Audit Liaison (360) 705-7035 danielje@wsdot.wa.gov</p> |

Department of Transportation

Agency 405

| Audit Report | Finding Number | Finding and Corrective Action Status |
|--------------|----------------------|--|
| 1037119F | 2024-013 (cont'd) | <p>The Department discussed the updates to the Construction Manual and the audit findings at the statewide Documentation Engineering meeting, which was held in February 2025. Additionally, the Department:</p> <ul style="list-style-type: none"> • Released the Construction Bulletin which included highlights on the updates in the Construction Manual. • Shared the details of the audit testing and exceptions with the Regional Documentation Engineers. <p>The conditions noted in this finding were previously reported in finding 2023-013.</p> <p>Completion Date: June 2025, subject to audit follow-up</p> <p>Agency Contact: Jesse Daniels External Audit Liaison (360) 705-7035 danielje@wsdot.wa.gov</p> |

Department of Transportation

Agency 405

| Audit Report | Finding Number | Finding and Corrective Action Status |
|--------------|----------------------|--|
| 1037119F | 2024-014 (cont'd) | <p>The Department will continue to improve the QA program while waiting for the new software programs to be fully developed.</p> <p>To address the audit recommendations, the Department's Construction Division examined current policies and procedures/practices related to audit issues.</p> <p>The Department:</p> <ul style="list-style-type: none"> • Communicated with the FHWA to discuss the audit's recommendations and any changes required to be compliant with federal requirements. • Provided training to Project Engineering Office staff to emphasize QA program requirements, the FY 2024 finding, and audit exceptions. • Updated policies and procedures as needed from discussions and training above. • Obtained approval of updates to the Construction Manual from the FHWA. • Communicated changes in policies and procedures to division staff and stakeholders. <p>The conditions noted in this finding were previously reported in findings 2023-014, 2022-011, 2021-011, 2020-017, and 2019-019.</p> <p>Completion Date: June 2025, subject to audit follow-up</p> <p>Agency Contact: Jesse Daniels External Audit Liaison (360) 705-7035 danielje@wsdot.wa.gov</p> |

Department of Transportation

Agency 405

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-021 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Washington State Department of Transportation did not have adequate controls over and did not comply with procurement and suspension and debarment requirements for the Coronavirus State and Local Fiscal Recovery Funds.</p> <p>The Washington State Department of Transportation (WSDOT) is committed to ensuring our grant programs comply with federal regulations related to procurement, suspension, and debarment.</p> <p>WSDOT received the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) from the U.S. Department of the Treasury (Treasury) through the Office of Financial Management (OFM). At the time the funds were received, WSDOT was not able to obtain clear guidance or clarification from the Federal Highway Administration (FHWA) or Treasury on how these funds were to be administered.</p> <p>Nonetheless, WSDOT developed procedures for awarding contracts using the SLFRF funds, including contract provisions requiring adherence to the WSDOT Standard Specifications Manual for Road, Bridge, and Municipal Construction. WSDOT believed it was in compliance with all federal requirements, including procurement and suspension and debarment, and all applicable contract provisions. However, the auditors determined that these projects should be treated as other WSDOT projects and should follow FHWA contracting requirements.</p> <p>The SLFRF funds awarded were used for a limited program. If any future awards utilizing SLFRF funds are made, the Department will:</p> <ul style="list-style-type: none"> • Utilize the internal controls currently in place for the FHWA contracting. • Continue to communicate with OFM to ensure that funds awarded are in compliance with federal regulations. • Communicate any required changes to the appropriate WSDOT staff, as needed. <p>February 2025, subject to audit follow-up</p> <p>Jesse Daniels External Audit Liaison (360) 705-7035 danielje@wsdot.wa.gov</p> |

Department of Fish and Wildlife

Agency 477

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037864 | 2024-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Fish and Wildlife did not have adequate internal controls over and did not comply with state and Department fuel card policies.</p> <p>In response to the audit finding, the Department will strengthen internal controls related to card user agreements. This includes:</p> <ul style="list-style-type: none"> • Ensuring all employees who are assigned fleet cards and/or fleet card personal identification numbers have read and signed the required user agreements. • Retaining signed user agreements in accordance with the Department of Enterprise Services (DES) requirements. • Reviewing and updating all card user agreements every two years to ensure they remain current for staff with access to fleet cards, as required by DES policy. The process is automated; however, management will also monitor to ensure no staff exceed the two-year requirement. <p>Management review of fuel card transactions is accomplished through monthly budgetary reviews, required mileage reporting, and the agency-wide publication of fuel transaction data via SharePoint. The Department will continue to follow established processes to comprehensively monitor and manage fleet card activities.</p> <p>October 2025, subject to audit follow-up</p> <p>Morgan Stinson Chief Financial Officer (360) 902-2203 Morgan.Stinson@dfw.wa.gov</p> |

Department of Fish and Wildlife

Agency 477

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037864 | 2024-002 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Department of Fish and Wildlife did not have adequate internal controls over and did not comply with state regulations for conducting auctions and raffles for wildlife hunts.</p> <p>The Department does not agree with the audit conclusion that there are inadequate internal controls for conducting auctions and raffles for wildlife hunts. The Department has verified that all identified revenue was received in full and that opportunities were appropriately provided to the intended individuals. The Department maintains that its current controls are effective; however, to further demonstrate transparency and accountability, documentation will be maintained in a centralized location.</p> <p>To strengthen program administration and to align regulatory language with operational needs, the Department will initiate a rulemaking process to revise the <i>Washington Administrative Code (WAC) 220-412-040, Washington raffle hunts, and WAC 220-412-060, Washington auction hunts.</i></p> <p>Revising these rules will eliminate overly prescriptive requirements for solicitation and alternate selection, allowing the Department to maintain fairness and transparency while enhancing operational flexibility. The revised WACs will focus on core regulatory requirements, with administrative processes managed through internal policy or contractual terms, as appropriate.</p> <p>The Department determined that, although the agreement specifying the percentage of the non-profit organizations' retained revenue was not formalized, all auction revenues were properly remitted to the state.</p> <p>Corrective action is expected to be complete by April 2026</p> <p>Morgan Stinson Chief Financial Officer (360) 902-2203 Morgan.Stinson@dfw.wa.gov</p> |

Employment Security Department

Agency 540

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-008 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Employment Security Department did not have adequate internal controls to ensure compliance with federal requirements to annually certify that employer tax credits reported under the Federal Unemployment Tax Act are matched against employer contributions paid under the Unemployment Insurance program.</p> <p>The Department is committed to ensuring that the required reports for the Federal Unemployment Tax Act are properly reviewed and in compliance with federal requirements.</p> <p>The Department has a process in place for a secondary review of the employer tax credit reports prior to certification. The two exceptions identified in the audit were isolated incidents where both the preparer and reviewer missed one of the 50 lines on the two reports being reviewed.</p> <p>The Department will ensure management adequately reviews employer account reconciliations performed by staff to ensure the required number of accounts are reviewed for all reports prior to submission.</p> <p>February 2025, subject to audit follow-up</p> <p>Jay Summers External Audit Manager (360) 529-6718 Joshua.Summers@esd.wa.gov</p> |

Employment Security Department

Agency 540

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-010 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Employment Security Department 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 Workforce Innovation and Opportunity grant.</p> <p>The Department has implemented procedures to ensure the Federal Funding Accountability and Transparency Act (FFATA) reports are completed timely, and documentation of the review and submission to the federal agency is maintained. The Department:</p> <ul style="list-style-type: none"> • Updated the process to require review and approval of the FFATA input sheet and required data elements prior to entry into the FFATA Subaward Reporting System (FSRS). After the report is submitted, it is reviewed, and supporting documentation is saved. • Expanded training on the federal FFATA requirements and system to additional staff within the Grants Management Unit to ensure adequate coverage. <p>The FSRS is currently being phased out and reporting will be transitioned to SAM.gov after March 2025. The Department will update procedures and provide staff training once the federal government confirms the effective date of the transition.</p> <p>The conditions noted in this finding were previously reported in finding 2023-011.</p> <p>December 2024, subject to audit follow-up</p> <p>Jay Summers External Audit Manager (360) 529-6718 Joshua.Summers@esd.wa.gov</p> |

Employment Security Department

Agency 540

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1035834 | 2023-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The Employment Security Department did not have adequate internal controls over and did not follow state requirements related to the Paid Family and Medical Leave program.</p> <p>The Department implemented a manual cross-matching system in January 2023 to identify clients receiving benefits from both the Paid Family and Medical Leave (PFML) and Unemployment Insurance (UI) programs in the same claim period. In most cases, the overpayments occur in UI, and collection activities follow established processes in that program. The Department is meeting statutory requirements with these controls, and it will continue to use the same process.</p> <p>To detect and prevent the risk of overpayments, the Department:</p> <ul style="list-style-type: none"> • Implemented processes between the PFML and the UI operational teams to ensure that clients receive benefits from the right program before they are paid. • Update the PFML weekly claim question regarding simultaneous receipt of benefits (adding date parameters, clarifying verbiage, and more prominently displaying assistance) to help clients provide more accurate information when claiming PFML benefits. • Moved the Customer Compliance Division under the Insurance Services Division. A process was implemented where claims with a corresponding UI benefit payment will be identified and handled by a specialist trained in cross program adjudication. • Updated both the PFML and UI program webpages to clearly communicate the rule that claimants are prohibited from receiving benefits from both programs in the same claim period. • Updated procedures to reduce instances of manual entries on an ongoing basis. <p>The Department also has a project in progress to implement benefit overpayments. The initial technical functionality required to assess overpayments, adjudicate waivers, and accept repayments went live in December 2025. Follow-up work to improve upon the initial functionality will continue through June 2026.</p> <p>Corrective action is expected to be complete by June 2026</p> <p>Jay Summers External Audit Manager (360) 529-6718 Joshua.Summers@esd.wa.gov</p> |

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2025**

Edmonds College

Agency 610

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|--|--|
| 1037119F | 2024-061 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>Edmonds College did not have adequate controls over reporting for its Head Start Program.</p> <p>In response to the audit finding, the College established a documented procedure for the compilation and submission of the SF-425 reports to ensure compliance with federal requirements. This procedure includes:</p> <ul style="list-style-type: none"> • Defining roles and responsibilities of staff. • Performing a secondary review of all reports before submission. • Retaining source data used in creating the reports. <p>April 2025, subject to audit follow-up</p> <p>Ginger Williams Head Start Executive Director (425) 550-3840 ginger.williams@edmonds.edu</p> |

Edmonds College

Agency 610

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037119F | 2024-062 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>Edmonds College did not have adequate internal controls over and did not comply with protection of federal interest requirements for its Head Start program.</p> <p>In response to the audit finding, Edmonds College has completed the following:</p> <ul style="list-style-type: none"> Established a written protocol with the Department of Enterprise Services (DES) to ensure the Head Start Program Performance Standards 1303.46 is met in recording and posting federal interest. Established internal controls to ensure college management monitor future work with DES to properly complete the <i>Office of Head Start Lease Rider</i> attachment in the lease agreements where federal funds are used to renovate leased property. <p>February 2025, subject to audit follow-up</p> <p>Ginger Williams Head Start Executive Director (425) 550-3840 ginger.williams@edmonds.edu</p> |

Edmonds College

Agency 610

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037119F | 2024-063 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>Edmonds College did not have adequate internal controls over and did not comply with program governance requirements for its Head Start program.</p> <p>As of May 2025, the College consulted with its Assistant Attorney General to discuss the composition of a new Governing Body and has taken the necessary steps to fully comply with federal regulations.</p> <p>As of July 2025, the College:</p> <ul style="list-style-type: none"> • Established a Governing Body that is compliant with requirements outlined in the Head Start Act to perform the required monthly review of financial and credit card statements, major financial expenditures, and any funding applications. • Ensures the Policy Council receives and approves the required financial and credit card statements each month. • Provides training to the new Governing Body and active members of the Policy Council within the required 180 days. <p>July 2025, subject to audit follow-up</p> <p>Ginger Williams Head Start Executive Director (425) 550-3840 ginger.williams@edmonds.edu</p> |

Highline College

Agency 652

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1038265 | 2024-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>Highline College lacked adequate internal controls to ensure its financial statements and related schedules were accurately prepared and reviewed.</p> <p>The College corrected the errors identified by the auditors.</p> <p>To ensure financial statements and related schedules are accurately prepared and reviewed, the College has taken the following corrective actions:</p> <ul style="list-style-type: none"> • Requested guidance from the auditors in preparing prior period adjustments to ensure future adjustments are made correctly. • Strengthened controls to ensure entries of lease receivables and payables are input accurately and are reconciled to DebtBook at the end of each fiscal year. • Implemented a reconciliation process for benefits expense in the preparation of future financial statements. • Ensured employees responsible for preparing financial statements receive additional training to enhance knowledge and understanding of reporting standards. • Established a more thorough review process of the financial statements, including seeking assistance and review from the State Board for Community and Technical Colleges staff for the pensions and other post-employment benefits templates. <p>For the upcoming reporting cycle, the Finance Director and the Finance Team are planning on:</p> <ul style="list-style-type: none"> • Preparing a draft of the financial statements and related schedules by February 1, 2026. • Presenting the financial statements to the College Vice President for Administration, the Budget Director, and other Accountant Consultant for review by March 1, 2026. • Reviewing all input and recommendations to prepare the final financial statements to be submitted to the State Auditor’s Office by April 1, 2026. <p>Corrective action is expected to be complete by April 2026</p> <p>Stefan Feller Finance Director (206) 592-3491 sfeller@highline.edu</p> |

Skagit Valley College

Agency 674

| Audit Report | Finding Number | Finding and Corrective Action Status |
|--------------|----------------|--|
| 1037119F | 2024-064 | <p>Finding: Skagit Valley College did not have adequate internal controls over and did not comply with program governance requirements for its Head Start program.</p> <p>Corrective Action: The College has reviewed and strengthened current internal controls to ensure the Board receives the required financial and credit card statements monthly and that all new Board members receive training within the required 180 days.</p> <p>Financial reporting procedures</p> <p>The Head Start Program Director prepares monthly reporting to be available for inclusion in the monthly board packet, or as requested. In January 2025, the Procedures of Policy Council and Board Reporting were updated to ensure that required monthly reporting is provided to each governing body, regardless of whether there is a scheduled meeting for that month. This procedure became effective for the February 2025 Board of Trustees meeting.</p> <p>All financial reporting that was not previously provided to the Board of Trustees for the period covering July 1, 2023, through December 31, 2024, was transmitted on February 24, 2025.</p> <p>Board member training</p> <p>In January 2025, the Head Start Director provided the Board of Trustees an updated document on the program’s selection criteria and enrollment process. Additionally, the Head Start Board of Trustees Handbook, which has incorporated other training materials, was provided to each board member. The Head Start Director will conduct an annual review of the handbook content and update as appropriate to ensure training materials remain current.</p> <p>Completion Date: March 2025, subject to audit follow-up</p> <p>Agency Contact: Mike Cogan VP of Administrative Services and CFO (360) 899-2945 mike.cogan@skagit.edu</p> |

South Puget Sound Community College

Agency 675

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|---|---|
| 1036450 | 2023-001 | <p>Finding:</p> <p>Corrective Action:</p> | <p>South Puget Sound Community College lacked adequate internal controls to ensure its financial statements and related schedules were accurately prepared and reviewed.</p> <p>To address the audit issues, the South Puget Sound Community College (SPSCC) has taken corrective actions and is in the process of implementing additional corrective measures:</p> <p>Enhanced staffing and reconciliation processes:</p> <ul style="list-style-type: none"> • Hired additional personnel and procured additional resources as necessary to perform monthly reconciliations and account analyses. • Developed a more effective and thorough bank reconciliation process. While this process remains labor-intensive due to the limitations of the current system, SPSCC continues to collaborate with the State Board for Community and Technical Colleges (SBCTC) to identify and resolve issues efficiently. SBCTC is actively working on enhancements to improve bank reconciliation tools. <p>Training and professional development:</p> <ul style="list-style-type: none"> • Ensured all Finance Pillar staff participate in SBCTC’s year-end training programs. • Provide staff responsible for financial statement preparation with additional external training opportunities in governmental accounting, Generally Accepted Accounting Principles, and Governmental Accounting Standards Board. • Hire a senior accountant to assist in financial statement preparation and to regularly verify financial data in coordination with SBCTC. <p>Standard operating procedures and review processes:</p> <ul style="list-style-type: none"> • Developed a comprehensive standard operating procedure document to guide the processing of cash and asset management transactions. • Implemented a revised review process for sub-module entries to ensure accuracy before monthly general ledger closings. This measure ensures the correct financial accounts are accurately updated through general ledger interfaces. • Plan to create a control document to: <ul style="list-style-type: none"> ○ Track and monitor timely and accurate preparation and review of financial statements and related schedules. ○ Assign employee responsibilities for the accounts based on their roles and ensure employees understand how their roles relate to the financial statements. |

South Puget Sound Community College

Agency 675

| Audit Report | Finding Number | Finding and Corrective Action Status |
|--------------|----------------------|---|
| 1036450 | 2023-001 (cont'd) | <ul style="list-style-type: none"> ○ Include the required frequency of account reconciliation and supporting documentation. ○ Assign review responsibility for each account and require evidence of the review. <p>Completion Date: Corrective action is expected to be complete by December 2026</p> <p>Agency Contact: Parminder Kaur Associate VP for Finance (360) 596-5334 pkaur4@spscc.edu</p> |

Spokane Community Colleges – District 17

Agency 676

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|---------------------|-----------------------|---|---|
| 1037119F | 2024-065 | Finding: | The Community Colleges of Spokane did not have adequate controls over and did not comply with program governance requirements for its Head Start program. |
| | | Corrective Action: | The College District has enhanced our monthly financial reporting to include a unique identifier for monthly expenditures. Additionally, a report of expenditures procured by credit card will be attached to the regular financial report. |
| | | | The College District acknowledges the importance of clear documentation and tracking of the required training and meeting attendance by all Board of Trustees members and Policy Council members. Beginning in March 2025, the College District started providing additional methods and opportunities for new members to receive fiscal and governance training. To strengthen controls over program governance requirements and to demonstrate the commitment to continuous improvement of existing processes, the College District will further document training completion and the distribution of monthly financial information to all members. |
| | | Completion Date: | June 2025, subject to audit follow-up |
| | | Agency Contact: | Linda McDermott Chief Financial Officer (509) 434-5275 Linda.McDermott@ccs.spokane.edu |

Lake Washington Institute of Technology

Agency 692

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|---|
| 1037650 | 2023-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>The College lacked adequate internal controls to ensure cash receipts and deposits were accurate and complete.</p> <p>In response to the auditor’s recommendation, the College has implemented the following changes:</p> <ul style="list-style-type: none"> • Hired an Assistant Director (AD) of Financial Services in January 2024 as part of the business office reorganization effort to address ongoing staffing challenges. The position is responsible for overseeing and performing monthly bank reconciliations. • Provided additional support staff for the AD of Financial Services to assist with the cash reconciliations of the various submodules in the newly implemented Enterprise Resource Planning system for all state community colleges. • Collaborated with the State Board for Community and Technical Colleges to improve the cash reconciliation process. <p>The College is also participating monthly in a bank reconciliation training group with other community and technical colleges.</p> <p>The College will conduct monthly bank reconciliations as required by the State Administrative and Accounting Manual to ensure the College adequately safeguards public funds from loss or misappropriation. The College anticipates that all bank reconciliations will be complete by July 2027.</p> <p>Corrective action is expected to be complete by July 2027</p> <p>Dr. Darcy Cookson-Kipnis Chief Financial Officer (425) 739-8100 ext. 8475 darcy.kipnis@lwtech.edu</p> |

Clover Park Technical College

Agency 696

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037574 | 2022-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>Clover Park Technical College lacked adequate internal controls to ensure its financial statements and related schedules were accurately prepared and reviewed.</p> <p>The College has initiated actions to improve internal controls and will continue to implement the following corrective actions:</p> <p>Enhanced staffing and training:</p> <ul style="list-style-type: none"> • Identified and filled key positions in the Finance Department since fiscal year 2024 to address staffing challenges. • Required finance staff to participate in the State Board for Community and Technical Colleges (SBCTC) regularly-held Budget, Accounting, and Reporting (BAR) Council meetings, which provide training and support to the community and technical college system, ERP best practices and financial statement preparation and review. <p>Enhanced reconciliation process:</p> <ul style="list-style-type: none"> • Improved the bank reconciliation process, ensuring that all general ledger and sub-module activity is properly accounted for. • Developed a more robust reconciliation process for all general ledger accounts, including improved procedures, reviews and frequent account reconciliations. <p>Additionally, the College will:</p> <ul style="list-style-type: none"> • Ensure policies and procedures are in compliance with the State Administrative & Accounting Manual, SBCTC Policy Manual, and the ctcLink Accounting Manual. • Implement an effective review process for preparing financial statements to ensure they are supported by underlying general ledger data and that all accounts are properly classified in the financial statement presentation. <p>Corrective action is expected to be complete by December 2025</p> <p>Amelia Grayson Vice President of Finance and Administration (253) 589-5599 Amelia.Grayson@cptc.edu</p> |

Clover Park Technical College

Agency 696

| Audit Report | Finding Number | Finding and Corrective Action Status | |
|--------------|----------------|--|--|
| 1037576 | 2023-001 | <p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p> | <p>Clover Park Technical College lacked adequate internal controls to ensure its financial statements and related schedules were accurately prepared and reviewed.</p> <p>The College has initiated actions to improve internal controls and will continue to implement the following corrective actions:</p> <p>Enhanced staffing and training:</p> <ul style="list-style-type: none"> • Identified and filled key positions in the Finance Department since fiscal year 2024 to address staffing challenges. • Required finance staff to participate in the State Board for Community and Technical Colleges (SBCTC) regularly-held Budget, Accounting, and Reporting (BAR) Council meetings, which provide training and support to the community and technical college system, ERP best practices and financial statement preparation and review. <p>Enhanced reconciliation process:</p> <ul style="list-style-type: none"> • Improved the bank reconciliation process, ensuring that all general ledger and sub-module activity is properly accounted for. • Developed a more robust reconciliation process for all general ledger accounts, including improved procedures, reviews and frequent account reconciliations. <p>Additionally, the College will:</p> <ul style="list-style-type: none"> • Ensure policies and procedures are in compliance with the State Administrative & Accounting Manual, SBCTC Policy Manual, and the ctcLink Accounting Manual. • Implement an effective review process for preparing financial statements to ensure they are supported by underlying general ledger data and that all accounts are properly classified in the financial statement presentation. <p>Corrective action is expected to be complete by December 2025</p> <p>Amelia Grayson Vice President of Finance and Administration (253) 589-5599 Amelia.Grayson@cptc.edu</p> |

Schedule 2 – Fraud Findings by Agency

| AGENCY NUMBER | AGENCY | AUDIT NUMBER | FINDING NUMBER | PAGE |
|--------------------------|-------------------------------|-------------------------|---------------------------|-------------|
| 375 | Central Washington University | 1036176 | 001 | 134 |

Central Washington University

Agency 375

| Audit Report | Finding Number | Finding and Resolution | |
|--------------|----------------|---|--|
| 1036176 | 001 | <p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to Date:</p> <p>Resolution/ Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p> | <p>The Central Washington University’s internal controls were inadequate for safeguarding public resources, resulting in misappropriation of funds and questionable expenses by an employee between March 14, 2019, and March 27, 2023.</p> <p>\$25,194</p> <p>\$6,050.45</p> <p>\$6,050.45</p> <p>The University agrees with the audit conclusions and recommendations. In response to this audit finding, the University will:</p> <ul style="list-style-type: none"> • Conduct additional and ongoing training for accounts payable and travel department staff on appropriate documentation to ensure reimbursements are supported and for allowable expenses. • Spot check processed reimbursements for adherence to rules and policies. • Offer additional travel and reimbursement training to faculty and staff. • Review, update and further document our internal procedures related to travel, reimbursements and hosting of events on campus. <p>The employee resigned from the University in July 2023.</p> <p>In January 2024, the University Police Department referred this case to the Kittitas County Prosecutor’s Office, which filed criminal charges against the former employee. On August 27, 2024, the former employee reached a plea agreement with prosecutors for third-degree theft, and the recovered amount was mandated by court order.</p> <p>Stuart Thompson AVP Campus Planning & Facilities Management (509) 963-1004 Stuart.thompson@cwu.edu</p> |