

**State of Washington  
 Status of Audit Resolution  
 December 2017**

**Department of Enterprise Services**

**Agency 179**

<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2016 F	008	<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 and was not compliant with federal wage rate requirements for the Grants to States for Construction of State Home Facilities program.</p> <p>In response to the finding, the Department took the following corrective actions:</p> <ul style="list-style-type: none"> <li>• Immediately communicated auditors’ finding and recommendations to agency program representatives and management.</li> <li>• Reviewed all current program contracts subject to similar requirements to identify potential non-compliance. From this review, three federally funded contracts were identified and amendments were completed to clarify the Davis-Bacon Act requirement of submitting weekly-certified payroll reports by contractors and subcontractors to the Department.</li> <li>• Initiated and completed a program-wide verification with each client agency to identify contracts with federal funding. The Department ensured all contracts complied with the provisions under the Davis-Bacon Act and defined specific responsibilities by each party. The project supervisors overseeing the contracts are responsible for ensuring compliance with the provisions stipulated in the contracts.</li> <li>• Required a section of the supplemental conditions related to prevailing wages and certified payrolls drafted by the Attorney General’s Office (AGO) and accepted by Department’s management to be included in all federally funded contracts.</li> <li>• Provided a team-wide project services management training conducted by the AGO regarding the federal requirement.</li> <li>• Provided training to Contract Specialists to emphasize the need to verify that contractors and consultants meet all applicable federal requirements during the contract development process. As part of process improvement, eight forms used in the contract development process were revised and are being used to ensure compliance in the contract development process.</li> <li>• Included the review of the Federal Davis Bacon requirements in weekly management team meetings. In addition, supervisors and project managers hold monthly scheduled meetings to verify on-going compliance.</li> <li>• Ensured the corrective action process is monitored by the Department’s Internal Audit where assistance will be provided as needed.</li> </ul> <p>June 2017, subject to audit follow-up</p> <p>Francis McElroy          Internal Audit Manager          PO Box 41408          Olympia, WA 98504-1408          (360) 407-8285  <a href="mailto:francis.mcelroy@des.wa.gov">francis.mcelroy@des.wa.gov</a></p>