

State of Washington
 Status of Audit Resolution
 December 2018

Department of Ecology

Agency 461

Audit Report	Finding Number	Finding and Corrective Action Status	
1020673	2017-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Ecology’s internal controls over financial statement preparation are inadequate to ensure accurate reporting.</p> <p>Some of the errors identified by the auditors on the cash flow statement were corrected in the Department’s final financial statements.</p> <p>In response to the audit finding, the Department has taken steps to address issues identified by the auditors:</p> <ul style="list-style-type: none"> • As of January 2018, obtained reassurance from the contractor that the Clean Water Revolving Fund financial audit was conducted in accordance with General Accepted Government Auditing Standards, as stipulated on the master contract with the state. • As of February 2018, consulted with the Office of Financial Management (OFM) Statewide Accounting unit regarding the preparation of the statewide Cash Flow Statements and the appropriate reports to use for verifying numbers. Based on OFM recommendation: <ul style="list-style-type: none"> ○ Consulted with the Department of Labor and Industries who contracted with an external auditor to assist them with the development of a Cash Flow Statement template. ○ Discussed with the Department’s contractor for their assistance in developing a template for internal use. • As of March 2018, developed procedures to perform reconciliation of fund activities for revenues and expenditures with the reports from the Treasurer Office’s cash management system. • As of April 2018, worked with OFM to design data queries for running financial reports from the statewide financial database to prepare financial statements. • As of September 2018, developed procedures to require additional review prior to publishing of the financial statements. <p>September 2018, subject to audit follow-up</p> <p>Janis Henry Senior Financial Advisor PO Box 47615 Olympia, WA 98504-7615 (360) 407-6386 Janis.Henry@ecy.wa.gov</p>

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1021796	2017-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Ecology did not have adequate internal controls over fee collections for the vehicle emission testing program.</p> <p>To address the audit recommendations, the Department has taken the following actions:</p> <ul style="list-style-type: none"> • As of September 2018, designated the Air Quality (AQ) Program’s Financial Unit to perform review and reconciliation of vehicle emission fees and implemented updated procedures for reconciliation and revenue review. The process includes: <ul style="list-style-type: none"> ○ Receiving weekly supporting documents via email from the Vehicle Emission Program’s contractor for the week’s payments. ○ Running a monthly revenue report from the state’s accounting system, Agency Financial Reporting System (AFRS), and from the contractor’s online system for the same period. ○ Reconciling revenue received in AFRS to supporting documentation received and the contractor’s report. ○ Providing training to staff responsible for the reconciliation process. • Established a quarterly monitoring process for AQ Program management to review and sign off on the monthly reconciliations performed in the prior quarter. AQ Budget Manager is responsible for investigating and correcting any variances or issues discovered in the review. • Clarified with the contractor what type of deductions are allowed under the contract. <p>The Department has requested and received a credit of \$1,376 from the contractor. By December 2018, the Department will complete quarterly review for the quarter ending December 2018.</p> <p>Corrective action is expected to be complete by December 2018</p> <p>Janis Henry Senior Financial Advisor PO Box 47615 Olympia, WA 98504-7615 (360) 407-6386 Janis.Henry@ecy.wa.gov</p>