



Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-017	<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 Emergency Rental Assistance program.</p> <p>The Department implemented procedures to strengthen internal controls to ensure compliance with reporting and special test compliance requirements.</p> <p>In December 2021, the Department contracted with a vendor skilled in performing data analytics. The vendor:</p> <ul style="list-style-type: none"> <li>• Helped aggregate the data required in the monthly and quarterly reports submitted to Treasury.</li> <li>• Worked with the Department to create a report form, with embedded data validation checks, to ensure data quality and accuracy.</li> </ul> <p>The Department updated its process to document review of the aggregated report form data prior to submission to Treasury. Additionally, bi-monthly meetings are held with the vendor staff to ensure understanding of any updated Emergency Rental Assistance reporting requirements and discuss potential impact to the data aggregation process.</p> <p>Funding for this program ended June 30, 2023. The Department followed these updated procedures until final reporting was completed.</p> <p>September 2023, subject to audit follow-up</p> <p>Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-019	<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 for monitoring subrecipients to ensure payments were allowable, properly supported, and met period of performance requirements for the Coronavirus State and Local Fiscal Recovery Funds.</p> <p>The Department implemented procedures to strengthen internal controls to ensure program expenditures are allowable, properly supported, and in compliance with the subrecipient fiscal monitoring requirements.</p> <p>The Homelessness Assistance Unit managing director completed the following corrective actions in July 2022:</p> <ul style="list-style-type: none"> <li>• Updated unit reimbursement procedures to include a requirement for specific supporting documentation to accompany payment requests from all subrecipients.</li> <li>• Provided training to staff on reviewing supporting documentation to ensure expenditures reconcile with reimbursement requests and to verify expenditures are within the period of performance.</li> <li>• Reviewed 2 CFR 200.332 and updated procedures to include additional requirements for pass-through entities.</li> <li>• Worked with the Department’s internal control officer for review and feedback of the updated procedures.</li> </ul> <p>The managing director performed a review of the reimbursement process during fiscal year 2024, which began July 1, 2023, to ensure procedures were followed.</p> <p>The Department increased the number of client files reviewed during program monitoring. The client file review included verifying household assistance expenses were allowable and incurred within the period of performance.</p> <p>Since the Department received Coronavirus State and Local Fiscal Recovery Funds through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the Office of Financial Management.</p> <p>September 2023, subject to audit follow-up</p> <p>Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-021	<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 perform risk assessments for subrecipients of the Coronavirus State and Local Fiscal Recovery Funds.</p> <p>The Department implemented procedures to strengthen internal controls to ensure the program complies with the subrecipient monitoring risk assessment requirements.</p> <p>The Homelessness Assistance Unit managing director completed the following corrective actions:</p> <ul style="list-style-type: none"> <li>• Updated the unit risk assessment procedures to require risk assessment forms to be completed prior to contract execution for all subawards.</li> <li>• Reviewed 2 CFR 200.332 to ensure procedures are updated to comply with all requirements for pass-through entities.</li> <li>• Reviewed the updated procedures and risk assessment form with the Department’s central contract office.</li> </ul> <p>The federal team managers provided training to current staff and new hires on the updated procedures and are responsible for reviewing completed risk assessments.</p> <p>The Homelessness Assistance Unit managing director performed a review of the process at the end of fiscal year 2023 to ensure procedures were followed and the form adequately captured all required elements.</p> <p>September 2023, subject to audit follow-up</p> <p>Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-038	<p>Finding:</p> <p>Corrective Action:</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 has two programs that administer the two different program funding activities. Corrective actions are listed separately for each program to reflect slightly different implementation timelines.</p> <p><b>Low-Income Home Energy Assistance Program (LIHEAP)</b></p> <p>The program added all current awards to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System and data entry for the sub-awardees was completed as of April 15, 2022.</p> <p>In April 2022, the program implemented the following procedures to strengthen internal controls and to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> <li>• Designated the LIHEAP program manager to be responsible for performing the FFATA reporting duties.</li> <li>• Established a procedure to monitor subawards upon receiving an award letter from the federal grantor, including reviewing incoming amendments and determining if the threshold for FFATA reporting has been reached.</li> <li>• Stipulated the due date of report submission to be 30 days after the assistant director signs the obligation memo to ensure that the program meets FFATA reporting deadlines.</li> <li>• Required each award and amendment to be entered separately into the FFATA Subaward Reporting System.</li> </ul> <p>The program provided and will continue to provide training to program staff before the annual technical assistance and training conference for sub-grantees. The training consists of the FFATA requirement overview and walkthrough of the Department’s internal FFATA reporting procedures.</p> <p>The program will continue to review the FFATA procedures on an annual basis to ensure compliance with current federal requirements.</p> <p>Corrective action was completed for the Low-Income Home Energy Assistance Program in April 2022.</p> <p><b>Low-Income Weatherization Program</b></p> <p>The Low-Income Weatherization Program added all current awards to the FFATA Subaward Reporting System and data entry of the awards was completed as of January 15, 2023.</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-038 (cont'd)	<p>In response to the finding, the program implemented the following procedures to strengthen internal controls and to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> <li>• Award letters and funding allocations will be reviewed by the budget team and assistant director before issuing subawards to the weatherization network.</li> <li>• Added FFATA reporting requirements to the obligation process for contracting funds, which includes an obligation memo that outlines the amounts the program intends to pass through to subrecipients and contractors.</li> <li>• Designated the Weatherization Program coordinator to be responsible for performing the FFATA reporting duties.</li> <li>• Established a procedure to monitor subawards upon receiving an award letter from the federal grantor, including reviewing incoming amendments and determining if the threshold for FFATA reporting has been reached.</li> <li>• Stipulated the due date of report submission to be 30 days after the assistant director signs the obligation memo to ensure that the program meets FFATA reporting deadlines.</li> </ul> <p>The program will provide training to all relevant current staff and future staff at the time of onboarding, including supervisors, program managers, and program coordinators. The training will consist of a FFATA requirement overview and walkthrough of the Department’s internal FFATA reporting procedures.</p> <p>The Department will review the FFATA procedures on an annual basis to ensure compliance with current federal requirements.</p> <p>Corrective action was completed for the Low-Income Weatherization Program in January 2023.</p> <p>The conditions noted in this finding were previously reported in finding 2021-031.</p> <p>Completion Date: January 2023, subject to audit follow-up</p> <p>Agency Contact: Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>

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1032843	2022-039	<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) receives awards from one funding source in a typical program year. During fiscal year 2022, the Department received additional COVID Pandemic funds from additional sources. The Department was instructed to keep and track all funds separately.</p> <p>The U.S. Department of Health and Human Services (HHS) issued the Action Transmittal LIHEAP-AT-2022-02 Performance Data Form for fiscal year 2021 on March 14, 2022. The Action Transmittal states that the first page of the federal report was to include all Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan Act funds as combined and separated out in subsequent pages of the report.</p> <p>To meet reporting requirements, the Department tracked and reported all funds separately for regular LIHEAP funding and additional LIHEAP funding. The reports were reviewed and accepted by HHS and APPRISE, a contractor of HHS.</p> <p>The Department follows the reporting process outlined below:</p> <ul style="list-style-type: none"> <li>• Program manager pulls the necessary reports.</li> <li>• Managing director (MD) reviews reports before submittal.</li> <li>• Program manager submits reports once MD approval is received.</li> <li>• Program manager receives notice that the report has been accepted by the funder.</li> <li>• Program manager saves a copy of the report, documentation, and acceptance.</li> </ul> <p>The program manager is working with the HHS contractor, APPRISE, to revise the reporting submission.</p> <p>The conditions noted in this finding were previously reported in finding 2021-032.</p> <p>March 2023, subject to audit follow-up</p> <p>Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>

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1032843	2022-040	<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 issue management decisions for audit findings to subrecipients of the Low-Income Home Energy Assistance Program.</p> <p>The Department’s internal control officer is responsible for completing the monitoring of federal reporting and issuing management decisions for subrecipients who receive federal audit findings for programs funded with the Department’s federal pass-through funding.</p> <p>Beginning in December 2021, the internal control officer documented all findings, corrective action plans, and communication with subrecipients in a monitoring spreadsheet. This enabled the Department to ensure all efforts in monitoring subrecipients were taken. In May 2022, all management decisions were added to the monitoring spreadsheet which documented the Department’s management decisions.</p> <p>To ensure compliance with federal requirements for subrecipient monitoring, the Department has implemented the following process:</p> <ul style="list-style-type: none"> <li>• Review all audit findings issued to Department subrecipients.</li> <li>• Review each subrecipient’s corrective action plan.</li> <li>• Review and discuss all findings and corrective action plans with subrecipients to identify and understand the basis for the deficiency and planned corrections.</li> <li>• Create a management decision for each subrecipient finding, receive leadership approval, and formally communicate the decision to our subrecipient.</li> <li>• All management decisions will be formally communicated to our pass-through subrecipients within the six-month federal deadline.</li> </ul> <p>September 2022, subject to audit follow-up</p> <p>Gena Allen                      Internal Control Officer                      PO Box 42525                      Olympia, WA 98504-2525                      (360) 480-5149  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>