

State of Washington
 Status of Audit Resolution
 December 2016

State of Washington

Audit Report	Finding Number	Finding and Corrective Action Plan	
2015 F	001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The State’s internal controls over Medicaid payments processed by ProviderOne are inadequate to ensure those payments are properly processed and recorded.</p> <p>The state recognizes the significance and priority of internal controls over recording and reporting financial transactions. Currently the ProviderOne vendor provides an independent service organization control audit every other year. The state has submitted a decision package requesting funding from the Legislature to contract for an annual report that covers the entire fiscal year.</p> <p>Corrective action is expected to be complete by June 2017</p> <p>Kathy E. Smith Audit & Accountability Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 kathy.smith2@hca.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Plan
2015 F	002	<p>Finding: The State should improve internal controls over the processing and recording of Unemployment Insurance premium payment and wage information to ensure accurate reporting.</p> <p>Corrective Action: As soon as the finding was received in September 2015, the Employment Security Department created a workgroup, including the Department’s Commissioner, to review the recommendations identified in the finding to ensure all recommendations are addressed timely. By April 2016, the workgroup conducted a root cause analysis of all issues identified in the audit.</p> <p>As of September 2015, the Department implemented a process to ensure employer payments and tax and wage information identified for manual reviews are processed timely. The failed report and failed payment workflow queues are now being worked daily.</p> <p>As of January 2016, the Department began a process to ensure the nightly file received from the bank is available in the Next Generation Tax System (NGTS) and the bank reconciliation is performed on a daily basis. The Department’s Tax Accounting unit manager reviews the reconciliation to ensure it is completed daily.</p> <p>Also in January 2016, the Department developed and implemented a new review and approval process for validating wage adjustment accuracy in the Department’s Tax Accounting unit. Spreadsheets are used to track staff assignments, audits progress, and results of audits.</p> <p>As of March 2016, the Department manually corrected all errors identified in the audit related to NGTS incorrectly assessing tax rates for employer experience ratings when a business is purchased by a successor owner. The Department’s Rates unit now receives a weekly spreadsheet to identify new successor employer accounts that are not applying the correct tax rate. If any discrepancies are found, the account is submitted for a rate review. Additionally, the Department made changes within NGTS, including correcting the coding formula, which has decreased the number of errors significantly.</p> <p>As of August 2016, the Department implemented a temporary work around process to reconcile NGTS with the state accounting system, Agency Financial Reporting System, for refunds. The temporary process addresses the defects within NGTS until permanent fixes are implemented.</p> <p>By December 2016, the Department will:</p> <ul style="list-style-type: none"> • Implement system enhancements within NGTS to ensure all new tax and wage report and payment exceptions identified are assigned to department staff daily. Each unit manager is responsible for reviewing the exception queues daily to ensure exceptions are being processed timely.

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2015 F	002 (cont'd)	<ul style="list-style-type: none"> • Ensure all old tax and wage reports and payment exceptions are processed and corrected timely. <p>By January 2018, the Department anticipates implementing the following actions:</p> <ul style="list-style-type: none"> • Work with NGTS programmers to identify new reports needed and revise current accounting reports to ensure they are complete and accurate. • Prioritize and correct interfaces to ensure information transmitted is complete and accurate. • Correct coding within NGTS to ensure benefit charges are consistent with the benefit charge history. <p>Completion Date: Corrective action is expected to be complete by January 2018</p> <p>Agency Contact: Ben Hainline Director of Internal Audit Employment Security Department PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 bhainline@esd.wa.gov</p>