

State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2024

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-019	<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 reporting requirements for the Emergency Rental Assistance program.</p> <p>The Department has implemented procedures to strengthen internal controls and eliminate possible errors to ensure required approval of quarterly financial reports (SF-425) is documented within the Contracts Management System (CMS).</p> <p>The Accounting Department is responsible for the completion of the SF-425. Accounting management staff, or their delegate, utilize a newly created tracking log to document the date approval is submitted within CMS. The documentation of approval confirms the completion of management review prior to submission of the report.</p> <p>Funding for this program ended June 30, 2023. The Department will follow these updated procedures for other federal programs with similar reporting requirements.</p> <p>The conditions noted in this finding were previously reported in finding 2022-017.</p> <p>October 2023, subject to audit follow-up</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

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Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-020	<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 over and did not comply with subrecipient monitoring requirements for the Emergency Rental Assistance program.</p> <p>The U.S. Department of Treasury funding for this federal program ended June 30, 2023. As a result of a similar finding issued in fiscal year 2022, the Department has implemented procedures to strengthen internal controls to ensure compliance with the subrecipient fiscal monitoring requirements and confirm expenditures are allowable and properly supported.</p> <p>In fiscal year 2023, the program hired a new employee to assist with program monitoring duties.</p> <p>As of January 2024, the Department implemented the following procedures:</p> <ul style="list-style-type: none"> • Increased the number of client files reviewed during program monitoring from five to ten for each grantee. • Expanded monthly monitoring to include the collection and review of specific back-up documentation to accompany all payment requests to ensure payments are allowable and properly supported. <p>January 2024, subject to audit follow-up</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-021	<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 federal requirements to ensure subawards for the Emergency Rental Assistance program contained the correct federal award identification elements.</p> <p>During 2022, the Department identified the need to determine subrecipient and contractor classifications on the face sheet of all contracts. The Department implemented the following actions:</p> <ul style="list-style-type: none"> • Added a check box to all federal contract template face sheets to designate whether a contract is issued to a subrecipient or contractor. • Added all federal subaward required data elements to the face sheet. <p>The Department followed these updated procedures until the program ended June 30, 2023.</p> <p>October 2022, subject to audit follow-up</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525-2525 Olympia, WA 98504 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

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Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-028	<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 monitor subrecipients and 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 Legislature appropriated Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to the Department’s Energy Division to award assistance to utility service providers to eliminate customer account arrearages. Payments for the program ended in 2022 and the program is no longer funded by the Department.</p> <p>The Department will implement procedures to strengthen internal controls for future programs managed by the Energy Division to ensure payments to subrecipients are adequately supported, allowable, and only reimburse costs incurred during the grant period of performance.</p> <p>As part of the audit resolution process, the Department will:</p> <ul style="list-style-type: none"> • Work with utilities to obtain official client arrearage reports to verify the amounts paid and the period in which they were incurred. • Verify all households served were eligible per U.S. Treasury guidance. • Reconcile all allowable and unallowable expenditures. • Consult with the grantor to discuss the resolution of any questioned costs identified. <p>Corrective action is expected to be complete by March 2025</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-031	<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 does not concur with the audit finding.</p> <p>The Legislature appropriated Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to the Department’s Energy Division to award assistance to utility service providers to eliminate customer account arrearages.</p> <p>The Department maintains that internal controls were in place for the program requirements. A risk assessment was not necessary because all utility providers who applied and served eligible citizens were awarded funding. Payments for the program ended in 2022 and the program is no longer funded by the Department. As a result, the Department does not plan to implement any corrective action.</p> <p>Similar conditions noted in this finding were previously reported in finding 2022-021 for the Emergency Rental Assistance program which was also funded by SLFRF.</p> <p>Not applicable</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

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1034932	2023-032	<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 communicated federal award identification elements to subrecipients of the Coronavirus State and Local Fiscal Recovery Fund.</p> <p>During 2022, the Department identified the need to determine subrecipient and contractor classifications on the face sheet of all contracts. The Department implemented the following actions:</p> <ul style="list-style-type: none"> • Added a check box to all federal contract template face sheets to designate whether a contract is issued to a subrecipient or contractor. • Added all federal subaward required data elements to the face sheet. <p>October 2022, subject to audit follow-up</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-055	<p>Finding: 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>Corrective Action: The Low-Income Home Energy Assistance Program (LIHEAP) utilized a reporting process that was audited as part of the fiscal year 2023 audit. The LIHEAP program has the following process:</p> <ul style="list-style-type: none"> • The program manager prepares the necessary reports. • The managing director reviews reports before submittal. • The program manager submits reports once the managing director’s approval is received. • The program manager receives notice that the report has been accepted by the grantor. • The program manager saves a copy of the report, documentation and the report submission acceptance from the grantor. <p>To address the deficiencies reported by the auditors, program management implemented additional steps into their reporting process:</p> <ul style="list-style-type: none"> • The LIHEAP program manager retains all data reports from the LIHEAP data system used for reporting. • LIHEAP information technology staff save a snapshot of the entire database from the date of the report. This allows point-in-time reporting information to be retained as audit support documentation and for audit support. • The managing director sends written/email approval to the program manager for reports reviewed. • The program manager retains written approvals as audit support documentation and for audit support. <p>Following the auditors’ recommendations, the LIHEAP program submitted updated Grantee Survey and Household Reports, which were accepted by the grantor’s awarding portal.</p> <p>The conditions noted in this finding were previously reported in findings 2022-039 and 2021-032.</p> <p>Completion Date: March 2024, subject to audit follow-up</p> <p>Agency Contact: Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

Department of Commerce

Agency 103

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-056	<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 subawards for the Low-Income Home Energy Assistance Program contained the federal award identification elements.</p> <p>The Department has two programs that administer and award Low-Income Home Energy Assistance Program (LIHEAP) funds: the Energy Assistance program and the Weatherization program.</p> <p>The Energy Assistance program created a plan to improve the documentation and communication regarding required federal award identification elements to ensure compliance with 2 CFR 200.332, which outlines requirements for pass-through entities. For all contracts:</p> <ul style="list-style-type: none"> • The Federal Award Identification Number (FAIN) will be included on the face sheet, information sheet, and section one in each contract. This will eliminate errors resulting from multiple federal awards being issued from a single contract. • The information will be entered by the LIHEAP Commerce Specialist and reviewed by the LIHEAP Program Manager and the Community and Economic Opportunities Managing Director prior to execution of each contract. <p>The Weatherization program will also follow this process to correct similar deficiencies reported by the auditors.</p> <p>In the spring of 2023, the Department instituted an agency-wide process to comply with the Requirements for Pass Through Entities in 2 CFR 200.332. A template is completed and provided to all federal subrecipients at the time the subaward is issued. The agency requirements were also communicated through our Daily Digest Communication, once in 2022 and again in 2023. Additionally, the Internal Control Officer has worked with program staff to familiarize them with the requirements and process.</p> <p>December 2023, subject to audit follow-up</p> <p>Gena Allen, CFE Internal Control Officer PO Box 42525 Olympia, WA 98504-2525 (360) 480-5149 Gena.Allen@Commerce.wa.gov</p>

