

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-044	<p data-bbox="483 426 581 453">Finding:</p> <p data-bbox="667 426 1471 548">The Department of Health did not have adequate internal controls to ensure payments to subrecipients were allowable, met cost principles, and were within the period of performance for the Immunization Cooperative Agreements program.</p> <p data-bbox="483 583 602 642">Corrective Action:</p> <p data-bbox="667 583 1198 611">The Department does not concur with the finding.</p> <p data-bbox="667 646 1471 867">The Department disagrees with the State Auditor’s Office (SAO) assessment of a material weakness in internal controls over the consolidated contract provider payment process for the Immunizations Cooperative Agreements program. The level of documentation received from the subrecipient accounting system provided assurance that the exceptions questioned by SAO met federal cost principles for allowability and period of performance.</p> <p data-bbox="667 903 1471 961">The Department has established processes in place to ensure payments are allowable and meet cost principles for the program. These include:</p> <ul data-bbox="686 974 1471 1440" style="list-style-type: none"> • Program staff maintain detailed budget information for each subrecipient by project area, and as A-19s are submitted, program and accounting staff update budget spreadsheets. When reviewing the support provided by the subrecipient, staff ensure amounts submitted by project are reasonable and align with expectations for the budget period submitted. • Program staff refer to the federal Immunization Program Operations Manual to determine procedures related to allowable costs, purchases, and procurement. • The Fiscal Monitoring Unit provides technical assistance and training to program staff and subrecipients while onsite and at the request of the entities receiving funding. • Program staff provides policy guidance, technical assistance, and training to subrecipients related to program compliance requirements. <p data-bbox="667 1476 1471 1566">The program has continued to strengthen processes to ensure supporting documentation aligns with the agency’s documentation matrix for subrecipients in accordance with assigned risk level.</p> <p data-bbox="667 1602 1471 1661">The Department is planning on meeting with federal grantors to work through the exceptions and questioned costs identified in the finding.</p> <p data-bbox="667 1696 1471 1755">The conditions noted in this finding were previously reported in finding 2022-031.</p> <p data-bbox="483 1791 613 1850">Completion Date:</p> <p data-bbox="667 1822 824 1850">Not applicable</p>

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

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-044 (cont'd)	Agency Contact:	Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-045	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure it filed accurate and timely reports required by the Federal Funding Accountability and Transparency Act for the Immunization Cooperative Agreements program.</p> <p>The Department agrees with the finding.</p> <p>In response to the prior year’s finding, the Department implemented procedures to ensure Federal Funding Accountability and Transparency Act (FFATA) reports are submitted timely, and management performs and documents review of the reports before submission in the FFATA Subaward Reporting System (FSRS). These include using the signature date of the subaward documents as the obligation date to ensure timely submission of the FFATA reports.</p> <p>Due to the timing of the audit, the above procedures were not in place during all of state fiscal year 2023, which resulted in some of the exceptions noted by the auditors.</p> <p>As stated in the finding’s <i>Cause of Condition</i>, the subaward amendments were submitted late because the transition of the Data Universal Numbering System number to Unique Entity Identifier had caused significant delays for sub-awardees to provide the updated identifier information for reporting in FSRS.</p> <p>The conditions noted in this finding were previously reported in finding 2022-032.</p> <p>October 2022, subject to audit follow-up</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-046	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls to ensure payments to subrecipients were allowable, met cost principles, and were within the period of performance for the Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <p>The Department does not concur with the finding.</p> <p>The Department disagrees with the State Auditor’s Office (SAO) assessment of a material weakness in internal controls over the consolidated contract provider payment process for the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program. The Department has established processes in place to ensure payments are allowable and meet cost principles for the program. These include:</p> <ul style="list-style-type: none"> • Perform annual review and approval of detailed subrecipient budgets. • Compare invoice amounts to budgeted amounts for reasonableness before payment approval. • Provide subrecipients with regular technical assistance and training on applicable policies related to fiscal and programmatic processes. • Conduct biennial program and fiscal monitoring visits to subrecipients as part of the Department’s monitoring procedures. <p>In addition, the ELC program has monitoring controls in place and evidence of review at the program level. Program staff maintain a detailed spreadsheet that documents review and approval and includes any amounts that need to be withheld until issues with invoice support are resolved. These reviews are to be completed within the 10-day period before payment is released.</p> <p>The Department is planning on meeting with federal grantors to work through the exceptions and questioned costs identified in the finding.</p> <p>The conditions noted in this finding were previously reported in finding 2022-033.</p> <p>Not applicable</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-047	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with suspension and debarment requirements for the Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <p>During the COVID-19 pandemic, the Department operated under a competitive procurement waiver in order to expedite funding to critical partners throughout the state. Efforts to accelerate contracts combined with the misperception that Educational Service Districts (ESD) are an extension of the Office of Superintendent of Public Instruction prompted the decision to use an Interagency Agreement, and no suspension and debarment check was performed at the time the contract was signed.</p> <p>This was an isolated occurrence, and the Department has corrected the error moving forward to include the suspension and debarment clause with all ESD contracts.</p> <p>July 2023, subject to audit follow-up</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-048	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with reporting requirements for the Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <p>In response to the fiscal year 2022 audit recommendations, the Department implemented procedures to ensure management review and approval of the fiscal report, Case Investigation and Contact Tracing (CICT) report, and the Reopening Schools testing report are documented and retained before submission to the federal grantor.</p> <p>At the beginning of fiscal year 2023, the auditors were still conducting field work for the prior year’s audit. Procedures were not in place at that time when reports were submitted to the Case Risk and Exposure Surveillance Tool and RedCap systems. As a result, corrective actions were not fully implemented during the current audit year.</p> <p>The CICT reporting was discontinued as of August 2023, and the Reopening Schools project ended after July 31, 2023.</p> <p>The conditions noted in this finding were previously reported in finding 2022-034.</p> <p>January 2023, subject to audit follow-up</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>

Department of Health

Agency 303

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1034932	2023-049	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure subrecipients of the Epidemiology and Laboratory Capacity for Infectious Diseases program received required single audits, and that it appropriately followed up on findings and issued management decisions.</p> <p>The Department will review internal controls to ensure:</p> <ul style="list-style-type: none"> • Timely review of federal subrecipient single audits. • Management decision letters are issued to subrecipients. • Subrecipients take timely and appropriate action on all deficiencies pertaining to the federal award. <p>Management will monitor the control activities to ensure future compliance with the requirements.</p> <p>Corrective action is expected to be complete by December 2025</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-050	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with fiscal monitoring requirements for the Epidemiology and Laboratory Capacity for Infectious Diseases program.</p> <p>The Department has implemented corrective actions to address the prior year’s finding and does not concur with this finding.</p> <p>The State Auditor’s Office (SAO) did not report on the subrecipient review process in its entirety. The Department’s Fiscal Monitoring Unit (FMU) is not an audit department and functions differently than what SAO recommended in the finding. Federal guidance does not require a certain percentage of samples to be selected to ensure adequate review.</p> <p>The Department’s subrecipient monitoring process is comprehensive and involves the steps outlined below:</p> <ul style="list-style-type: none"> • Complete initial risk assessment of subrecipients post contract execution to determine the level of support required from each entity as backup documentation for payment requests. • Program contract managers review supporting documentation prior to payment. • FMU conducts subrecipient monitoring visits to ensure each entity has adequate internal controls to comply with federal requirements. This includes: <ul style="list-style-type: none"> ○ Reviewing at least three months of invoices submitted by subrecipients and judgmentally selecting transactions based on subject matter expertise about DOH, specific programs, and federal guidance. The review includes ensuring adequate supporting documentation is maintained for invoiced amounts, such as timesheets and receipts. ○ Reviewing entity policies, procedures, and history of compliance. ○ Assessing manual and automated internal controls, and applicable cost allocation methodology. ○ Reviewing applicable contracts. <p>Each entity has a consistent internal control structure across all funding types. As such, FMU performs subrecipient monitoring site reviews of the entity, not for a specific grant. The reviewers are required to document all grants received by the entity and select a few transactions from each, if applicable. FMU typically selects to review a quarter of the invoiced amounts. If a grant award is not represented in the invoices selected, FMU will select additional invoices to ensure all awards are included.</p> <p>Similar conditions noted in this finding were previously reported in finding 2022-033.</p> <p>Not applicable</p>

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

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-050 (cont'd)	Agency Contact:	Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-076	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure timely review of hospital complaints.</p> <p>The Department has a process to screen complaints for possible imminent danger and will evaluate current procedures to identify necessary changes to ensure initial screening dates are properly reflected for subsequent assessment and review.</p> <p>The Department has strengthened internal controls to ensure our licensing and regulatory systems are sufficient in managing the process of handling all facilities complaints to capture the screening for imminent danger within two working days. The Department will also perform quarterly audits to confirm and document that timely screening of complaints is taking place as required.</p> <p>The Department has also identified strategies to improve staffing challenges and stability.</p> <p>August 2024, subject to audit follow-up</p> <p>Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 Jeff.Arbuckle@doh.wa.gov</p>

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1035478	2023-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with state requirements and its own policies to ensure the physical therapist program was self-supported.</p> <p>The Department completed work on internal controls and policies between 2019 and 2021 to ensure compliance with state requirements. The Department subsequently completed fee analyses and projections for all profession fee accounts in accordance with the updated policies and procedures.</p> <p>Physical therapy fees were adjusted in 2022, with an implementation date of 2023. Self-sustained annual operating costs were already realized in 2024, and the program is projected to pay off the deficit by 2028.</p> <p>The Department will continue to monitor the fund balance for the physical therapy program to assess annual revenue and expenditure changes, adjust projections, and propose fee adjustments as needed.</p> <p>The Department will continue to evaluate fee revenues and expenditures annually to ensure that fees for each profession, occupation, or business are set at a rate sufficient to cover the costs of administering the program.</p> <p>December 2024, subject to audit follow-up</p> <p>Stephanie Howard External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (564) 233-8639 Stephanie.Howard@doh.wa.gov</p>

Department of Health

Agency 303

Audit Report	Finding Number	Finding and Corrective Action Status	
1035478	2023-002	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with state rules and policy requirements to ensure timely review of medical complaints.</p> <p>The Department has a process to screen complaints for possible imminent danger and has evaluated current procedures to identify necessary changes to ensure initial screening dates are properly reflected for subsequent assessment and review.</p> <p>In August 2024, the Department strengthened internal controls to ensure the Integrated Licensing and Regulatory System is effective in managing the process of handling complaints for imminent danger. The Department will perform quarterly audits to confirm and document that timely screening of complaints is taking place as required.</p> <p>August 2024, subject to audit follow-up</p> <p>Stephanie Howard External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (564) 233-8639 Stephanie.Howard@doh.wa.gov</p>