

# 2024 Audit Resolution Report

FOR CALENDAR YEAR 2024

State of Washington  
Office of Financial Management  
December 2024



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STATE OF WASHINGTON  
OFFICE OF FINANCIAL MANAGEMENT

# 2024 Audit Resolution Report

ACCOUNTING DIVISION  
DECEMBER 2024

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**THIS REPORT SUMMARIZES** the status of corrective actions taken by state agencies, in conjunction with the Office of Financial Management (OFM), to resolve exceptions to specific expenditures or financial transactions reported in audits performed under RCWs 43.09.310 and 43.09.340.

Washington State laws require post audits of every state agency. As part of the audit process, exceptions to specific expenditures or financial transactions become a matter of public record. OFM is required to ensure that agencies take corrective actions to address exceptions and to annually report on the status of these audit resolutions.

This annual report is required by RCW section 43.88.160 (6)(d) which states, “The director of financial management shall annually report by December 31<sup>st</sup> the status of audit resolution to the appropriate committees of the legislature, the state auditor, and the attorney general. The director of financial management shall include in the audit resolution report actions taken as a result of an audit including, but not limited to, types of personnel actions, costs and types of litigation, and value of recouped goods or services.”

This report summarizes the status of resolution of audit exceptions reported in conjunction with individual agency post audits and the statewide single audit, as well as other special State Auditor’s Office (SAO) reports. These reports were issued between November 1, 2023, and October 31, 2024.

The audit reports issued during that period include:

- 86 federal compliance findings
- 9 non-federal findings
- 7 findings of fraud

Agencies are required to submit corrective action plans to OFM within 30 days of issuance of audit reports in which exceptions are taken. OFM participates in the corrective action process, which is subject to a follow-up review by SAO.

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**Schedule 1 – Audit Findings by Agency**

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Audit Report #1034932 = FY23 Statewide Single Audit Report

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-017	<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 requirements to ensure payments to subrecipients of the Emergency Rental Assistance program were allowable and properly supported.</p> <p>The funding for the Emergency Rental Assistance program ended on June 30, 2023. The Department is no longer funding this program.</p> <p>To address the control deficiencies reported in the prior year’s finding, the Department improved internal control processes, resulting in improved compliance.</p> <p>The Department strives to meet all federal requirements, and any repayment of questioned costs will be determined through the normal audit resolution process with the U.S. Treasury.</p> <p>The conditions noted in this finding were previously reported in finding 2022-016.</p> <p>July 2023, subject to audit follow-up</p> <p>Gena Allen, CFE            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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<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>	
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  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>

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<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>	
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"> <li>• Increased the number of client files reviewed during program monitoring from five to ten for each grantee.</li> <li>• 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.</li> </ul> <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  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>

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<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>	
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"> <li>• Added a check box to all federal contract template face sheets to designate whether a contract is issued to a subrecipient or contractor.</li> <li>• Added all federal subaward required data elements to the face sheet.</li> </ul> <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  <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	
1034932	2023-027	<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’s Eviction Rental Assistance program which was funded with the Coronavirus State and Local Fiscal Recovery Funds ended in June 2023. During the audit period, the Department implemented procedures to strengthen internal controls to ensure expenditures were allowable, properly supported, and in compliance with the subrecipient fiscal monitoring requirements.</p> <p>The Department’s Homelessness Assistance Unit implemented the following corrective actions:</p> <ul style="list-style-type: none"> <li>• Updated unit reimbursement procedures to include a requirement for supporting documentation that details transaction level expenditure information for direct expenses that reconciles to payment requests.</li> <li>• Provided training to staff on reviewing transaction level supporting documentation to ensure expenditures reconcile with reimbursement requests and are within the period of performance.</li> <li>• Added a review note to each reimbursement request to document the grant coordinator’s review of documentation and reconciliation to payment requests.</li> <li>• Worked with the Department’s internal control officer for review and feedback of the updated procedures.</li> </ul> <p>The Department is currently working to standardize a reimbursement documentation process that is in compliance with federal requirements.</p> <p>The Department will discuss any repayment of questioned costs through the normal audit resolution process with the Department of Treasury.</p> <p>The conditions noted in this finding were previously reported in finding 2022-019.</p> <p>April 2024, subject to audit follow-up</p> <p>Gena Allen, CFE                      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
1034932	2023-028	<p><b>Finding:</b> 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><b>Corrective Action:</b> 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"> <li>• Work with utilities to obtain official client arrearage reports to verify the amounts paid and the period in which they were incurred.</li> <li>• Verify all households served were eligible per U.S. Treasury guidance.</li> <li>• Reconcile all allowable and unallowable expenditures.</li> <li>• Consult with the grantor to discuss the resolution of any questioned costs identified.</li> </ul> <p><b>Completion Date:</b> Corrective action is expected to be complete by March 2025</p> <p><b>Agency Contact:</b> Gena Allen, CFE                      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	
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  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></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"> <li>• Added a check box to all federal contract template face sheets to designate whether a contract is issued to a subrecipient or contractor.</li> <li>• Added all federal subaward required data elements to the face sheet.</li> </ul> <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  <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	
1034932	2023-055	<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) 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"> <li>• The program manager prepares the necessary reports.</li> <li>• The managing director reviews reports before submittal.</li> <li>• The program manager submits reports once the managing director’s approval is received.</li> <li>• The program manager receives notice that the report has been accepted by the grantor.</li> <li>• The program manager saves a copy of the report, documentation and the report submission acceptance from the grantor.</li> </ul> <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"> <li>• The LIHEAP program manager retains all data reports from the LIHEAP data system used for reporting.</li> <li>• 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.</li> <li>• The managing director sends written/email approval to the program manager for reports reviewed.</li> <li>• The program manager retains written approvals as audit support documentation and for audit support.</li> </ul> <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>March 2024, subject to audit follow-up</p> <p>Gena Allen, CFE                      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>

Department of Commerce

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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"> <li>• 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.</li> <li>• 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.</li> </ul> <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  <a href="mailto:Gena.Allen@Commerce.wa.gov">Gena.Allen@Commerce.wa.gov</a></p>



Office of Financial Management

Agency 105

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-026	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Financial Management did not have adequate internal controls over and did not comply with requirements to ensure Coronavirus State and Local Fiscal Recovery Funds were used for only allowable activities.</p> <p>The Office does not concur with the audit finding.</p> <p>The state of Washington implemented internal controls and created Fund 706 to track the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) expenditures. The state, through legislation, approved the transfer of \$300 million from the SLFRF account to various state transportation accounts under the revenue loss provision. The Office reaffirms that all expenditures from the transportation accounts that received the SLFRF funds were used to maintain government services.</p> <p>The <i>State Administrative and Accounting Manual</i> requires all state agencies to establish internal controls over payments for goods and services, including ensuring payments are lawful and for proper purposes, reviewing payments to ensure they are supported, as well as documenting the review of all payments. State agencies continued to follow their established internal controls to ensure expenditures from the transportation accounts were proper and allowable for both non-SLFRF and SLFRF funds.</p> <p>The Office will continue to:</p> <ul style="list-style-type: none"> <li>• Work with the U.S. Treasury, through the audit resolution and management decision process, to ensure no questioned costs are required to be repaid.</li> <li>• Document all correspondence with the grantor during the audit resolution process.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2022-018.</p> <p>Not applicable</p> <p>Sara Rupe                      Deputy Statewide Accounting Director                      PO Box 43127                      Olympia, WA 98504-3127                      (360) 974-9252  <a href="mailto:sara.rupe@ofm.wa.gov">sara.rupe@ofm.wa.gov</a></p>



Office of Financial Management

Agency 105

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-030	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Financial Management did not have adequate internal controls over and did not comply with reporting requirements for the Coronavirus State and Local Fiscal Recovery Funds.</p> <p>The Office has continued to strengthen internal controls for the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) reporting to ensure compliance with the federal requirements.</p> <p>The Office will continue to:</p> <ul style="list-style-type: none"> <li>• Monitor updates to the U.S Treasury’s Project and Expenditure Report User Guide.</li> <li>• Improve the quarterly reporting template and assist state agencies during the reporting process.</li> <li>• Communicate with agencies to remind them of the requirement to maintain adequate supporting documentation for all reports, including quarterly reported obligations.</li> <li>• Ensure reported amounts, including corrections or adjustments made during the reporting period, are properly tracked and documented for the subsequent reporting cycles.</li> <li>• Perform reconciliations of reported expenditures to ensure agency expenditures are accurately reported, allowing for adjustments/ corrections required due to issues with the reporting system.</li> <li>• Ensure reported expenditures and supporting accounting records are adequately reviewed by management before the information is uploaded to the federal reporting system.</li> <li>• Document correspondences with the U.S. Treasury when system errors are identified and resolutions recommended by the grantor, if received.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2022-020.</p> <p>January 2024, subject to audit follow-up</p> <p>Sara Rupe                      Deputy Statewide Accounting Director                      PO Box 43127                      Olympia, WA 98504-3127                      (360) 974-9252  <a href="mailto:sara.rupe@ofm.wa.gov">sara.rupe@ofm.wa.gov</a></p>

Office of Financial Management

Agency 105

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-037	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Financial Management did not have adequate internal controls over and did not comply with federal level of effort requirements for the Education Stabilization Fund program.</p> <p>The Office does not concur with the audit finding.</p> <p>The Office maintains monthly monitoring details on agency expenditures. The expenditure data has not changed since the close of the fiscal year. The finding was based on preliminary information and data that the auditors obtained in November 2023.</p> <p>In December 2023, the Office submitted updated expenditure data to the Office of Elementary and Secondary Education (OESE) in accordance with OESE guidance to correctly include every budgeted funding source in the maintenance of effort (MOE) calculations. The Office met the MOE requirement for fiscal year 2023; therefore, there is no need for a waiver request.</p> <p>The Office will also continue to work with the Legislature, which is the state-level authority for state appropriations, to ensure the state maintains the MOE requirements.</p> <p>Not applicable</p> <p>Sara Rupe          Deputy Statewide Accounting Director          PO Box 43127          Olympia, WA 98504-3127          (360) 974-9252  <a href="mailto:sara.rupe@ofm.wa.gov">sara.rupe@ofm.wa.gov</a></p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-073	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with managed care financial audit requirements.</p> <p>The Authority partially concurs with the finding.</p> <p>Audited financial reports:                      The Authority agrees it allowed Managed Care Organizations (MCO) to submit annual audited financial reports in accordance with Statutory Accounting Principles to be consistent with the standards used by the Washington State Office of the Insurance Commissioner. The Authority amended contract language to require MCOs to submit audited financial reports prepared in accordance with Generally Accepted Accounting Principles and Generally Accepted Auditing Standards, in order to comply with federal requirements.</p> <p>The Managed Care Oversight Audit Plan details the scheduled audits and prioritizes the various required audits. Going forward, the audit plan will list more specific information regarding the requirements and these changes will be added to the strategic plan.</p> <p>Periodic audits:                      The Authority implemented internal controls to ensure periodic audits are completed at least once every three years and is monitoring the progress of the audits by utilizing project timelines, Gantt Charts, and weekly huddle meetings.</p> <p>The conditions noted in this finding were previously reported in findings 2022-054 and 2021-048.</p> <p>July 2024, subject to audit follow-up</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 42724                      Olympia, WA 98504-2691                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-074	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal provider eligibility requirements for the Medicaid and Children’s Health Insurance Program.</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority does not concur that four providers did not receive a proper license check, nor that the backdated provider was noncompliant with regulations prior to receiving a National Provider Identifier (NPI). When a provider’s license expires, the Authority enters an end date for the provider taxonomy to prevent future payments. The Authority does not pay claims without an NPI and this is compliant with federal requirements.</p> <p>Corrective action has been in process to address revalidation issues. As of January 1, 2024, the Authority implemented a system change moving the revalidation date to 90 days before the end of the five-year period.</p> <p>The Authority is developing additional procedures to strengthen internal controls over provider enrollment.</p> <p>The conditions noted in this finding were previously reported in findings 2022-055, 2021-047, 2020-046, 2019-048, 2018-042 and 2017-033. 2016-035 was considered resolved by the auditors in fiscal year 2017.</p> <p>Corrective action is expected to be complete by January 2025</p> <p>William Sogge, CPA, CIA                      External Audit Compliance Specialist                      PO Box 42724                      Olympia, WA 98504-2691                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-075	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority improperly charged \$3,491 to the Medicaid program.</p> <p>The Authority partially concurs with the finding. The condition identified by the auditors was the result of federal requirements in place during the COVID-19 public health emergency. The condition will be addressed by existing procedures during the unwinding process.</p> <p>No corrective action is necessary.</p> <p>In accordance with 42 U.S.C. § 1396b(u), questioned costs will not be repaid as they do not exceed the allowable error rate of three percent of total expenditures verified by the Center for Medicare and Medicaid Services Payment Error Rate Measurement process.</p> <p>Not applicable</p> <p>William Sogge, CPA, CIA        External Audit Compliance Specialist        PO Box 42724        Olympia, WA 98504-2691        (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>



Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-082	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it performed procedures to safeguard against unnecessary utilization of care and services for the Medicaid program.</p> <p>The Authority does not concur with the auditor’s conclusion that it needs to update the state plan to include all methods and procedures used to safeguard against unnecessary utilization of care and services. The Authority has received written guidance from the Centers for Medicare &amp; Medicaid Services (CMS) that it does not need to individually list the methods and procedures but rather complete the template document in the state plan and select from a list of applicable methods. CMS approved this portion of the state plan effective July 1, 2023.</p> <p>The Authority has adequate internal controls to ensure compliance with utilization control requirements and partially concurs with the auditor’s recommendation related to implementing and monitoring a statewide surveillance and utilization control program. The Authority recently updated the Fraud and Detection System (FADS) and is in the process of updating policies and procedures related to FADS operation and the statewide surveillance and utilization control program. The FADS system triggers alerts and judgmental sampling is used by staff to assess risk and determine follow-up procedures. The system is in its early implementation phase and the Authority is still in the process of establishing written criteria.</p> <p>The conditions noted in this finding were previously reported in findings 2022-061, 2021-050, 2020-047, 2020-048, 2019-052, 2019-053, and 2018-047.</p> <p>Corrective action is expected to be complete by June 2025</p> <p>Kari Summerour, CPA          External Audit Compliance Manager          PO Box 42724          Olympia, WA 98504-2691          (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-084	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure payments to providers for the Block Grants for Prevention and Treatment of Substance Abuse program were allowable and met period of performance requirements.</p> <p>The Authority does not concur with the finding.</p> <p>The Authority maintains that its internal controls are effective, and procedures are compliant with grant requirements. No corrective action will be implemented.</p> <p>The costs questioned by the auditor do not reflect funds that have been paid or drawn from the grantor. As a result, there are no funds to return to the grantor.</p> <p>The conditions noted in this finding were previously reported in findings 2022-067, 2021-057, and 2020-059.</p> <p>Not applicable</p> <p>William Sogge, CPA, CIA          External Audit Compliance Specialist          PO Box 42724          Olympia, WA 98504-2691          (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>



Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-085	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over earmarking requirements for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <p>Monthly tracking workbooks are being completed and reviewed throughout the fiscal year. To address the audit recommendation, the Authority implemented formal communication for review of the monthly tracking workbooks and began maintaining documentation of the review in December 2022.</p> <p>The Authority is in compliance with the earmarking requirements of the program. No further procedural changes are needed.</p> <p>The conditions noted in this finding were previously reported in findings 2022-068 and 2021-056.</p> <p>December 2022, subject to audit follow-up</p> <p>William Sogge, CPA, CIA                      External Audit Compliance Specialist                      PO Box 42724                      Olympia, WA 98504-2691                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-086	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Authority 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 Block Grants for Prevention and Treatment of Substance Abuse.</p> <p>The Authority concurs with the finding.</p> <p>The Authority implemented the following to comply with the reporting requirements:</p> <ul style="list-style-type: none"> <li>• Office of Contracts and Procurement includes a Federal Funding Accountability and Transparency Act (FFATA) form as the last attachment in all subawards and ensures it is complete prior to forwarding it to Grants Accounting.</li> <li>• Grants Accounting staff were trained on an interim process to routinely monitor FFATA contracts forwarded by the Office of Contracts and Procurement and enter agency information into the FFATA Subaward Reporting System.</li> <li>• Established a validation process to ensure executed subawards are identified for reporting and completed reports are reviewed.</li> <li>• Formalized internal processes into procedures and will continue to provide training to staff involved in the process.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2022-069 and 2021-058.</p> <p>July 2024, subject to audit follow-up</p> <p>William Sogge, CPA, CIA            External Audit Compliance Specialist            PO Box 42724            Olympia, WA 98504-2691            (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-087	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program received required single audits, and that it appropriately followed up on findings and issued management decisions.</p> <p>The Authority partially concurs with the finding.</p> <p>Effective July 2023, the Authority transitioned the subrecipient monitoring single audit tracking process to a new unit. The Authority will:</p> <ul style="list-style-type: none"> <li>• Implement and formalize new procedures to ensure subrecipients receive required single audits.</li> <li>• Follow up on findings and issue timely management decisions.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2022-066.</p> <p>June 2024, subject to audit follow-up</p> <p>William Sogge, CPA, CIA                      External Audit Compliance Specialist                      PO Box 42724                      Olympia, WA 98504-2691                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>

Office of Administrative Hearings

Agency 110

Audit Report	Finding Number	Finding and Corrective Action Status	
1035188	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Administrative Hearings did not have adequate internal controls over and did not comply with requirements for credit cards.</p> <p>To address the internal control weaknesses identified by the audit, the Office hired a consulting firm to review its financial processes and make recommendations for improvement. In December 2023, the Office received the consultant’s final report and adopted all of the recommendations and immediately began revising its fiscal policies and procedures.</p> <p>The Office has implemented all of the recommendations by the State Auditor’s Office and the independent consultant and is integrating ongoing oversight and monitoring to ensure internal controls remain effective. This includes:</p> <ul style="list-style-type: none"> <li>• Rigorous oversight and monitoring of the Office’s credit card activities, including independent review of the credit card charges and monthly payments reconciliation.</li> <li>• Designating several employees to have access to the credit card online account and credit card statements to ensure cross-monitoring and appropriate sharing of expenditure information.</li> <li>• Requiring sufficient documentation to support each credit card charge. Review of this documentation is required prior to approval and payment of the credit card bills.</li> <li>• Modifying the Office’s accounting system to prevent uploading and releasing payment batches by the same employee. To ensure proper segregation of duties, the employee preparing a payment must be different from the employee reviewing and approving the payment.</li> </ul> <p>July 2024, subject to audit follow-up</p> <p>Rob Cotton            Chief Financial Officer            PO Box 42488            Olympia, WA 98504-2488            (360) 407-2708  <a href="mailto:rob.cotton@oah.wa.gov">rob.cotton@oah.wa.gov</a></p>

Housing Finance Commission

Agency 148

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-022	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Housing Finance Commission did not have adequate internal controls over eligibility requirements for the Homeowner Assistance Fund program.</p> <p>The Commission has taken the following corrective actions to strengthen controls over eligibility requirements for the Homeowner Assistance Fund (HAF) program:</p> <ul style="list-style-type: none"> <li>• Selected an increased percentage of approved, denied, and withdrawn HAF applications that have previously been reviewed by the contractor, as part of the Quality Control process, for a secondary review by program staff.</li> <li>• Reviewed a selection of HAF applications independent of the Quality Control process performed by the contractor.</li> <li>• Reviewed a selection of approved HAF applications prior to disbursing funds to confirm eligibility determinations are proper.</li> </ul> <p>June 2024, subject to audit follow-up</p> <p>Lucas Loranger                      Senior Finance Director                      1000 Second Ave, Suite 2700                      Seattle, WA 98104-3601                      (206) 464-7139  <a href="mailto:Lucas.Loranger@wshfc.org">Lucas.Loranger@wshfc.org</a></p>

Housing Finance Commission

Agency 148

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-023	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Housing Finance Commission did not have adequate internal controls over earmarking requirements for the Homeowner Assistance Fund program.</p> <p>The Commission will take the following corrective actions to strengthen controls over earmarking requirements for the Homeowner Assistance Fund (HAF) program:</p> <ul style="list-style-type: none"> <li>• Develop a system to track and monitor expenditures in relation to overall program expenditures to ensure earmarking requirements are within allowable parameters.</li> <li>• Select an increased percentage of approved, denied, and withdrawn HAF applications that have previously been reviewed by the contractor, as part of the Quality Control process, for a secondary review by program staff.</li> <li>• Review a selection of HAF applications independent of the Quality Control process performed by the contractor.</li> <li>• Review a selection of approved HAF applications prior to disbursing funds to confirm eligibility determinations are proper.</li> </ul> <p>October 2024, subject to audit follow-up</p> <p>Lucas Loranger                      Senior Finance Director                      1000 Second Ave, Suite 2700                      Seattle, WA 98104-3601                      (206) 464-7139  <a href="mailto:Lucas.Loranger@wshfc.org">Lucas.Loranger@wshfc.org</a></p>

Housing Finance Commission

Agency 148

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-024	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Housing Finance Commission did not have adequate internal controls over and did not comply with reporting requirements for the Homeowner Assistance Fund program.</p> <p>To address the deficiencies identified by the auditors in completing quarterly performance reports, the Commission has taken the following corrective actions to strengthen controls over reporting for the Homeowner Assistance Fund (HAF) program:</p> <ul style="list-style-type: none"> <li>• The Homeownership Division and Finance Division staff will perform regular reconciliation of records to identify any discrepancies and to ensure all records are complete and accurate.</li> <li>• The records maintained by the Finance Division, specifically the general ledgers, are the designated source of financial data for the quarterly and annual reports for the Washington HAF program.</li> <li>• Third parties are required to develop or update the program manual regarding data used for reporting purposes by June 30, 2024. The manual needs to incorporate recommendations of the audit finding.</li> <li>• Any supporting data obtained from a third party needs to be vetted by the third party and the Homeownership Division staff.</li> <li>• Leadership (division manager or above) will perform final review of data as well as the quarterly or annual report to be submitted to the grantor.</li> </ul> <p>As of June 30, 2024, the Commission consulted with the U.S. Department of the Treasury to determine if revision and resubmission of the reports are necessary to correct amounts reported. The Commission will follow the audit resolution process as determined by the grantor.</p> <p>June 2024, subject to audit follow-up</p> <p>Lucas Loranger                      Senior Finance Director                      1000 Second Ave, Suite 2700                      Seattle, WA 98104-3601                      (206) 464-7139  <a href="mailto:Lucas.Loranger@wshfc.org">Lucas.Loranger@wshfc.org</a></p>

Housing Finance Commission

Agency 148

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-025	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Housing Finance Commission did not have adequate internal controls over and did not comply with reporting requirements for the Homeowner Assistance Fund program.</p> <p>To address the deficiencies identified by the auditors in completing annual performance reports, the Commission has taken the following corrective actions to strengthen controls over reporting for the Homeowner Assistance Fund (HAF) program:</p> <ul style="list-style-type: none"> <li>• Homeownership Division and Finance Division staff will perform regular reconciliation of records to identify any discrepancies and to ensure all records are complete and accurate.</li> <li>• The records maintained by the Finance Division, specifically the general ledgers, are the designated source of financial data for the quarterly and annual reports for the Washington HAF program.</li> <li>• Third parties are required to develop or update a program manual regarding data used for reporting purposes by June 30, 2024. The manual needs to incorporate recommendations of the audit finding.</li> <li>• Any supporting data obtained from a third party needs to be vetted by the third party and the Homeownership Division staff.</li> <li>• Leadership (division manager or above) will perform final review of data as well as the quarterly or annual report to be submitted to the grantor.</li> </ul> <p>As of June 30, 2024, the Commission consulted with the U.S. Department of the Treasury to determine if revision and resubmission of the reports are necessary to correct amounts reported. The Commission will follow the audit resolution process as determined by the grantor.</p> <p>June 2024, subject to audit follow-up</p> <p>Lucas Loranger          Senior Finance Director          1000 Second Ave, Suite 2700          Seattle, WA 98104-3601          (206) 464-7139  <a href="mailto:Lucas.Loranger@wshfc.org">Lucas.Loranger@wshfc.org</a></p>



Department of Licensing

Agency 240

Audit Report	Finding Number	Finding and Corrective Action Status	
1034902	2023-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department did not have adequate internal controls over its disbursement of public funds.</p> <p>In response to the auditor’s recommendations, the Department will update payment-related policies and procedures to ensure they reflect current practices and align with the State Administrative &amp; Accounting Manual (SAAM) and purchasing requirements. Specifically, the Department will implement processes to:</p> <ul style="list-style-type: none"> <li>• Ensure it properly reviews, approves and adequately documents general disbursements in the accounts payable process. The Department will provide staff training on proper payment processing documentation as stated in SAAM 85.32.30.a.</li> <li>• Detect and prevent duplicate vendor payments by requiring invoice numbers on each entry to ensure duplicate payments will be identified.</li> <li>• Ensure segregation of duties when establishing employee access to the Agency Financial Reporting System.</li> <li>• Safeguard the use of credit cards to prevent fraud and loss, and ensure proper pre-approvals are obtained and documents are retained for credit card purchases.</li> <li>• Continue improving the controls and safeguards at the Black Lake Building complex and retain building access logs in accordance with state retention policies.</li> </ul> <p>However, the Department does not agree that some divisions incurred expenses that did not align with their approved Public Service Recognition Week recognition plans. The Department based its authority to provide recognition to employees for outstanding achievement on plain reading of the laws, rules, policies, and common practices known at the time. Regarding the erroneous one-time overpayment made to the Director, the payroll department promptly corrected the overpayment once notified. If similar conditions occur in the future, the Department will consult with the Office of the Attorney General.</p> <p>Corrective action is expected to be complete by June 2026</p> <p>Sherman Enstrom                      Chief Financial Officer                      PO Box 9030                      Olympia, WA 98507-9030                      (360) 867-8233  <a href="mailto:sherman.enstrom@dol.wa.gov">sherman.enstrom@dol.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-029	<p><b>Finding:</b> The Department of Social and Health Services 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><b>Corrective Action:</b> The Department partially concurs with the finding.</p> <p>The Department’s Office of Refugee and Immigrant Assistance (ORIA) administered this funding through the Washington COVID-19 Immigrant Relief Fund program and contracted with a subrecipient organization to conduct eligibility determinations to approve and disburse funds to undocumented immigrants. This program is now closed, with all subrecipient contracts ended and the final payments sent in early 2023.</p> <p>The Department is taking action to strengthen internal controls over subrecipient monitoring for ORIA’s contracts.</p> <p>As of July 2024, the Department:</p> <ul style="list-style-type: none"> <li>• Completed a review of all active contracts utilizing federal funding to ensure subrecipients are accurately identified.</li> <li>• Explored the feasibility of increasing ORIA and Economic Services Administration accounting staff resources to support the workload increase associated with monitoring subrecipients.</li> </ul> <p>As of October 2024, the Department convened a work group with contracts and accounting staff to create effective internal controls and written procedures for fiscal and program monitoring of ORIA’s subrecipient contracts. This included the following:</p> <ul style="list-style-type: none"> <li>• Verify the subrecipient status for each contract is correctly determined and recorded in the Agency Contracts Database.</li> <li>• Include the required subrecipient language in the contract.</li> <li>• Obtain a copy of the indirect rate certification or cost allocation plan from the subrecipient.</li> <li>• Complete risk assessments.</li> <li>• Create appropriate monitoring plans for each subrecipient.</li> <li>• Conduct fiscal monitoring of each subrecipient to obtain assurance that the use of federal funds complies with federal laws and regulations.</li> <li>• Create corrective action plans when required.</li> </ul> <p>By January 2025, the Department will ensure all ORIA program staff responsible for monitoring receive training on the updated procedures.</p>

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-029 (cont'd)	<p>In addition, the Office of the Secretary will request the Department's Internal Audit and Consultation office conduct an internal audit of ORIA to ensure the program implements strong internal controls, properly accounts for federal funds, and materially complies with federal requirements.</p> <p>The Department does not concur with the questioned costs. The funds were used to assist Washington workers/families who were affected by the COVID-19 pandemic but were unable to access federal stimulus programs and other social support due to their immigration status. Repayment of these funds would only hinder the state's ability to provide critical services to our clients.</p> <p>If the grantor contacts the Department regarding the questioned costs, the Department will discuss this with the Department of Health &amp; Human Services and will take additional action as appropriate.</p> <p>Completion Date: Corrective action is expected to be complete by January 2025</p> <p>Agency Contact: Richard Meyer            External Audit Compliance Manager            PO Box 45804            Olympia, WA 98504-5804            (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-039	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services 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 concurs with the finding.</p> <p>As of January 2024, the Department:</p> <ul style="list-style-type: none"> <li>Created a subawards and amendments tracking spreadsheet with the required fields and contract information for reports required by the Federal Funding Accountability and Transparency Act (FFATA).</li> <li>Assigned two fiscal staff to ensure FFATA reporting activities are submitted in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS).</li> </ul> <p>As of February 2024, the Department:</p> <ul style="list-style-type: none"> <li>Ensured federal fiscal year 2024 funded contracts that were executed in December 2023 for the Office of Aging were entered in FSRS.</li> <li>Added procedures for the Office Chief or designee to review the subawards and amendments tracking spreadsheet monthly for FFATA reporting to ensure federal deadlines are met consistently.</li> </ul> <p>As of March 2024, the Department collaborated with the Administration of Community Living and developed a plan to address the FFATA reporting backlog in state fiscal years 2022 and 2023 and ensured all FFATA reports were entered in FSRS for all previous years.</p> <p>March 2024, subject to audit follow-up</p> <p>Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-040	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services 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 Aging Cluster Programs.</p> <p>The Department concurs with the finding.</p> <p>The Department receives Notices of Award (NOA) from the Administration of Community Living roughly three to four times per award in partial amounts.</p> <p>To reduce the time and effort it takes to issue subaward amendments to the 13 Area Agencies on Aging (AAA), the Department decided to post NOAs on the Department’s intranet used to communicate management bulletins and other documents to the AAAs to make the process more efficient.</p> <p>Unfortunately, the Department did not update subaward language to outline this change in the process.</p> <p>By January 2025, the Department will:</p> <ul style="list-style-type: none"> <li>• Include NOAs, with the required 14 federal identification elements, for each funding source in the initial subaward as an Exhibit D in the contracts. In addition, contract staff will ensure Exhibit D is attached to the initial subaward before the contracts are signed.</li> <li>• Add language to the subaward informing the AAAs that future NOAs will be posted on the Department’s intranet.</li> </ul> <p>Corrective action is expected to be complete by January 2025</p> <p>Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-041	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure subrecipients of the Aging Cluster programs obtained required single audits.</p> <p>The Department concurs with the finding.</p> <p>As of March 2024, the Department:</p> <ul style="list-style-type: none"> <li>• Issued communication and management letters to the two Area Agencies on Aging (AAAs) whose single audits were not submitted to the Federal Audit Clearinghouse (FAC).</li> <li>• Updated the single audit monitoring tracking sheet to document the dates of audit requests, receipts, dates of review, confirmation of FAC receipt, dates of communication with AAAs, dates when management letters are sent, and the AAAs' responses.</li> </ul> <p>As of October 2024, the Department:</p> <ul style="list-style-type: none"> <li>• Implemented a reminder process for all AAAs to submit single audit reports six months after the subrecipients' fiscal year-end.</li> <li>• Sent email reminders until audit reports are received or once AAAs communicate an estimated audit completion date.</li> <li>• Documented all communication.</li> <li>• Reviewed the monitoring tracking sheet nine months after the subrecipients' fiscal year-end to ensure all single audits are received timely.</li> <li>• Followed up monthly on outstanding audit reports and ensured timely issuance of management decision letters.</li> </ul> <p>October 2024, subject to audit follow-up</p> <p>Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-052	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services 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 for the Refugee and Entrant Assistance program.</p> <p>The Department concurs with the auditor’s findings.</p> <p>The Department will immediately report all first tier subawards, including amendments, totaling \$30,000 or more to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS).</p> <p>As of May 2024, to ensure ongoing compliance with the FFATA reporting requirements, the Department:</p> <ul style="list-style-type: none"> <li>• Established effective internal controls and written procedures to ensure:                             <ul style="list-style-type: none"> <li>○ All first-tier subawards of \$30,000 or more are reported.</li> <li>○ Grant amendments for initial awards that are below \$30,000 are tracked as soon as the modifications trigger reporting requirements.</li> <li>○ Reports for submission contain the required data elements.</li> </ul> </li> <li>• Implemented and communicated the procedures for reporting first tier subawards to the Division of Finance and Financial Resources (DFFR) for inputting into FSRS.</li> <li>• Developed written procedures for inputting subawards appropriately in FSRS and will communicate those procedures to DFFR staff.</li> </ul> <p>As of June 2024, the Department:</p> <ul style="list-style-type: none"> <li>• Compiled the required data elements for the 29 first tier subawards and the 18 subaward amendments, in addition to any new subawards in fiscal year 2024 that met the reporting threshold, and reported to DFFR for input into FSRS.</li> <li>• Worked with DFFR to develop and subsequently implement a process to verify all subawards and subaward amendments have been reported in FSRS.</li> </ul> <p>June 2024, subject to audit follow-up</p> <p>Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-053	<p><b>Finding:</b> The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Refugee and Entrant Assistance programs received required single audits, and that it followed up on findings and issued management decisions.</p> <p><b>Corrective Action:</b> The Department concurs with the finding.</p> <p>As of October 2024, the Department’s Office of Refugee and Immigrant Assistance (ORIA) followed up with the remaining 35 subrecipients and required the completion of the Subrecipient Federal Financial Assistance form for fiscal year 2023.</p> <p>As of November 2024, ORIA:</p> <ul style="list-style-type: none"> <li>• Followed up with the remaining 35 subrecipients to verify that they completed a single audit if they received \$750,000 or more in federal assistance.</li> <li>• Informed any subrecipients that have not been audited about the single audit requirement.</li> <li>• Worked with Economic Services Administration (ESA) accounting staff to review all completed audit reports and, for any findings found, issue a management decision on the effectiveness of the subrecipients’ proposed corrective actions to address the findings.</li> </ul> <p>By January 2025, ORIA will:</p> <ul style="list-style-type: none"> <li>• Work with ESA accounting unit to establish and implement effective internal controls and written procedures to:                             <ul style="list-style-type: none"> <li>○ Identify subrecipients who receive \$750,000 or more annually in federal assistance from all sources.</li> <li>○ Verify if subrecipients complete required audits, if applicable, and take appropriate action if audits are not completed.</li> <li>○ Review single and program-specific audit reports for findings.</li> <li>○ Write and issue a management decision, when appropriate, within six months outlining the Department’s determination of the adequacy of the subrecipient’s proposed corrective actions to address the finding.</li> </ul> </li> <li>• Monitor the subrecipient’s corrective action plan for timely and effective completion. Work with ESA accounting staff to track and monitor subrecipient activities to ensure appropriate and timely corrective action is taken to resolve single and programmatic audit findings.</li> </ul> <p>By March 2025, ORIA and ESA accounting unit will train all program staff responsible for monitoring the new procedures to ensure a full understanding of the shared responsibilities for compliance with department policies.</p>



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**Department of Social and Health Services**

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<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>
1034932	2023-053 (cont'd)	Completion Date: Corrective action is expected to be complete by March 2025  Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <u><a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></u>



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1034932	2023-054 (cont'd)	Agency Contact:	Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Department of Social and Health Services

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-077	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal provider eligibility requirements for the Medicaid Program.</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that the Medicaid Provider Disclosure Statement (MPDS) forms for the identified exceptions were not obtained within the five-year revalidation timeline due to the increased workload during the public health emergency. The Department does not agree all the exceptions should result in questioned costs.</p> <p>The Department is disputing the questioned costs related to one nursing home, totaling \$231,810. Although the MPDS was not submitted within the five-year revalidation timeline, the Department determined there were no changes to ownership or managing employees since the previous MPDS form was received.</p> <p>As of March 2023, automated provider screenings are completed monthly for all providers as required.</p> <p>As of March 2024, the Department’s nursing home revalidation process was modified to provide guidance to staff when a nursing home does not provide the required MPDS during the 5-year revalidation period. The process includes procedures prior to termination of the contract to ensure resident safety and choice, as well as when to stop payment.</p> <p>As of October 2024, the Department consulted with the U.S. Department of Health and Human Services (HHS) regarding the disagreement with the \$231,810 of questioned costs. The Department reimbursed HHS the remaining \$344,262 of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2022-059.</p> <p>October 2024, subject to audit follow-up</p> <p>Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-078	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with survey requirements for Medicaid intermediate care facilities.</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that it did not meet the Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF-IID) Survey requirements, due to the backlog created by the public health emergency and a 20 percent staff vacancy rate. The Department does not agree that it was due to lack of internal controls. It was through applied internal controls that we identified concerns and were able to allocate resources to meet the most serious concerns.</p> <p>As of March 2024, the Department:</p> <ul style="list-style-type: none"> <li>• Met the 15.9-month recertification timeline.</li> <li>• Created a statement of deficiency and plan of correction tracking tool in Smartsheet for each team in Residential Care Services to track deadlines. This system generates automatic email alerts to key staff on approaching deadlines and when recertification deadlines have arrived.</li> </ul> <p>The 12.9-month statewide average is based on the overall average of months for all ICF-IID surveys, which included some of those surveys that were in a significant backlog due to the pandemic. Statistically, even when the state is meeting the 15.9-month timeframe for each home and lowering the number of months between surveys, it is expected that the bell curve average will take time to shift toward 12.9 months. The Department believes this will be achieved by January 2026.</p> <p>The conditions noted in this finding were previously reported in findings 2020-053, 2019-061, 2018-052, 2017-042, 2016-037, 2015-045 and 2014-046.</p> <p>Corrective action is expected to be complete by January 2026</p> <p>Richard Meyer        External Audit Compliance Manager        PO Box 45804        Olympia, WA 98504-5804        (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-079	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with survey requirements for Medicaid nursing homes.</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that it did not meet the Nursing Home Recertification Survey requirements, due to the backlog created by the public health emergency and a 20 percent staff vacancy rate. The Department does not agree that it was due to lack of internal controls. It was through applied internal controls that we identified the need to hire a contractor to assist with the recertification backlog to meet compliance requirements.</p> <p>As of March 2024, the Department met the 15.9-month recertification timeline.</p> <p>The 12.9-month statewide average is based on the overall average of months for all nursing home surveys, which included some of those surveys that were in a significant backlog due to the pandemic. Statistically, even when the state is meeting the 15.9-month timeframe for each home and lowering the number of months between surveys, it is expected that the bell curve average will take time to shift toward 12.9 months. The Department believes this will be achieved by January 2026.</p> <p>The conditions noted in this finding were previously reported in finding 2020-054.</p> <p>Corrective action is expected to be complete by January 2026</p> <p>Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-080	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services' Aging and Long-Term Support Administration did not have adequate internal controls over and did not comply with requirements to ensure timely investigation of complaints of client abuse and neglect at Medicaid residential facilities.</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that it did not meet the Immediate Jeopardy and Non-Immediate Jeopardy complaint timelines due to the backlog created by the public health emergency and a 20 percent staff vacancy rate. The Department does not agree that it was due to lack of internal controls.</p> <p>Over the past two years, the Department had 30 new staff who were not certified to complete investigations independently; there were only three available trainers who spent the majority of their time in 2022 and early 2023 addressing training needs. Once staff completed the training and applied for certification, they had difficulty finding testing slots because there was a shortage of testing sites. In late 2022, this process transitioned from in-person to virtual which provided greater opportunity for timelier certification.</p> <p>As of March 31, 2023, all staff have the required certification, and the training backlog has been resolved.</p> <p>As of February 2024, Immediate Jeopardy (2 days) complaints were completed on time. The Department implemented a procedure to review the status of intakes at the regional level monthly to ensure timelines continue to remain compliant for Immediate Jeopardy complaints.</p> <p>As of June 2024, the Department ensured Non-Immediate Jeopardy intakes are completed in a timely manner. Monthly review procedures have been implemented.</p> <p>The conditions noted in this finding were previously reported in findings 2022-057 and 2021-054.</p> <p>June 2024, subject to audit follow-up</p> <p>Richard Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>





Department of Health

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-044	<p>Finding: 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>Corrective Action: 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 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>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"> <li>• 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.</li> <li>• Program staff refer to the federal Immunization Program Operations Manual to determine procedures related to allowable costs, purchases, and procurement.</li> <li>• 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.</li> <li>• Program staff provides policy guidance, technical assistance, and training to subrecipients related to program compliance requirements.</li> </ul> <p>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>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 2022-031.</p> <p>Completion Date: Not applicable</p>

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1034932	2023-044 (cont'd)	Agency Contact:	Jeff Arbuckle External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 701-0798 <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a>

Department of Health

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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  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></p>

Department of Health

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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"> <li>• Perform annual review and approval of detailed subrecipient budgets.</li> <li>• Compare invoice amounts to budgeted amounts for reasonableness before payment approval.</li> <li>• Provide subrecipients with regular technical assistance and training on applicable policies related to fiscal and programmatic processes.</li> <li>• Conduct biennial program and fiscal monitoring visits to subrecipients as part of the Department’s monitoring procedures.</li> </ul> <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  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></p>

Department of Health

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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  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></p>

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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  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
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"> <li>• Timely review of federal subrecipient single audits.</li> <li>• Management decision letters are issued to subrecipients.</li> <li>• Subrecipients take timely and appropriate action on all deficiencies pertaining to the federal award.</li> </ul> <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  <a href="mailto:Jeff.Arbuckle@doh.wa.gov">Jeff.Arbuckle@doh.wa.gov</a></p>

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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"> <li>• 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.</li> <li>• Program contract managers review supporting documentation prior to payment.</li> <li>• 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"> <li>○ 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.</li> <li>○ Reviewing entity policies, procedures, and history of compliance.</li> <li>○ Assessing manual and automated internal controls, and applicable cost allocation methodology.</li> <li>○ Reviewing applicable contracts.</li> </ul> </li> </ul> <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>



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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  <a href="mailto:Stephanie.Howard@doh.wa.gov">Stephanie.Howard@doh.wa.gov</a></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  <a href="mailto:Stephanie.Howard@doh.wa.gov">Stephanie.Howard@doh.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-051	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payments to child care providers paid with Temporary Assistance for Needy Families funds were allowable and properly supported.</p> <p>The Working Connections Child Care program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the Temporary Assistance for Needy Families grant. This consisted of making significant grant level adjustments between allowable grant sources to properly spend grant dollars within the allowable period of performance and ensure level of effort and matching requirements were met. The Department’s grant adjustments were processed based on eligible clients and allowable activities.</p> <p>The State Auditor’s Office (SAO) has taken issues in the past several audits and maintained that the program is not auditable without child-level data. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit for accurately testing compliance. During the audit period, the Department did not have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance as recommended by the SAO.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning in state fiscal year 2025, specifically:</p> <p><i>“Funding in this subsection must be expended with internal controls that provide child-level detail for all transactions, beginning July 1, 2024.”</i></p> <p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include child-level data related to the expenditures.</p> <p>The Department looks forward to working with SAO to resolve the child-level data concerns in the audit of the child care grant programs.</p> <p>The conditions noted in this finding were previously reported in findings 2022-035 and 2021-028.</p> <p>Corrective action is expected to be complete by December 2025</p>

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Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-051 (cont'd)	Agency Contact:	Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>



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Department of Children, Youth, and Families

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-058 (cont'd)	<p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include child-level data related to the expenditures.</p> <p>The Department looks forward to working with SAO to resolve the child-level data concerns in the audit of the CCDF grant programs.</p> <p>The conditions noted in this finding were previously reported in findings 2022-041, 2021-033, 2020-038, 2019-035, 2018-034, 2017-024, 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31, 9-12 and 8-13.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>



Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-059	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with client eligibility requirements for child care services paid with the Child Care and Development Fund and Temporary Assistance for Needy Families funds.</p> <p>The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department will continue to maintain internal controls using our program integrity procedures, utilizing a combination of centralized and local case reviews to identify error trends, identify root causes, and develop solutions to the root causes.</p> <p>To address the fiscal year 2023 eligibility audit finding, the Department has:</p> <ul style="list-style-type: none"> <li>As of April 2024, conducted a root cause analysis of internal audit findings, particularly for cases with errors due to household composition and approved activities, and updated the desk aid with corrective actions identified.</li> <li>As of May 2024, improved and published the desk aid outlining simplified eligibility determination process that includes procedures for those families who do not have an approved activity.</li> <li>As of May 2024, developed updated household composition training for all staff as part of core child care trainings.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2022-036, 2021-035, 2020-039, 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017 and 2012-30.</p> <p>May 2024, subject to audit follow-up.</p> <p>Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-060	<p><b>Finding:</b> The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with matching, level of effort, and earmarking requirements for the Child Care and Development Fund Cluster.</p> <p><b>Corrective Action:</b> The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children &amp; Families (ACF), which oversees the CCDF program at the federal level, reviews all the State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) where ACF did not sustain the disallowance of questioned costs for prior findings and stated:</p> <p><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p><i>“...that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The SAO has taken issues in the past several audits and maintained that the program is not auditable without child-level data. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit for accurately testing compliance. During the audit period, the Department did not have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance as recommended by the SAO.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning in state fiscal year 2025, specifically:</p> <p><i>“Funding in this subsection must be expended with internal controls that provide child-level detail for all transactions, beginning July 1, 2024.”</i></p>

Department of Children, Youth, and Families

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-060 (cont'd)	<p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include child-level data related to the expenditures.</p> <p>The Department looks forward to working with SAO to resolve the child-level data concerns in the audit of the CCDF grant programs.</p> <p>The conditions noted in this finding were previously reported in findings 2022-042, 2021-036 and 2020-040.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-061	<p>Finding:</p> <p>Corrective Action:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with period of performance requirements for the Child Care and Development Fund Cluster.</p> <p>The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children &amp; Families (ACF), which oversees the CCDF program at the federal level, reviews all the State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) where ACF did not sustain the disallowance of questioned costs for prior findings and stated:</p> <p><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p><i>“...that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The SAO has taken issues in the past several audits and maintained that the program is not auditable without child-level data. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit for accurately testing compliance. During the audit period, the Department did not have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance as recommended by the SAO.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning in state fiscal year 2025, specifically:</p> <p><i>“Funding in this subsection must be expended with internal controls that provide child-level detail for all transactions, beginning July 1, 2024.”</i></p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-061 (cont'd)	<p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include child-level data related to the expenditures.</p> <p>The Department looks forward to working with SAO to resolve the child-level data concerns in the audit of the CCDF grant programs.</p> <p>The conditions noted in this finding were previously reported in findings 2022-043, 2021-037, 2020-041.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-062	<p>Finding:</p> <p>Corrective Action:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with financial reporting requirements for the Child Care and Development Fund Cluster.</p> <p>The Child Care and Development Fund (CCDF) program was previously managed by the Department of Social and Health Services and the Department of Early Learning. Since the program transitioned in 2019, the Department has been making efforts to strengthen internal controls over payments to child care providers and other CCDF grant requirements.</p> <p>The Department implemented grant-level management of all federal funds, including the CCDF grant. The Department allocated the CCDF grant to eligible clients and allowable activities in compliance with 45 CFR 98.67.</p> <p>As part of the audit resolution process, the Department of Health and Human Services (HHS), Administration for Children &amp; Families (ACF), which oversees the CCDF program at the federal level, reviews all the State Auditor’s Office (SAO) findings and issues management decision letters. The Department received a management decision letter dated October 3, 2023, from HHS for finding 2021-033 (2020-038) where ACF did not sustain the disallowance of questioned costs for prior findings and stated:</p> <p><i>“Although the Department’s internal controls were lacking, the ACF has not identified any funds that were expended on ineligible activities.”</i></p> <p>The ACF recommended:</p> <p><i>“...that the Department work with the auditors to determine an appropriate methodology that can be tested to ensure child care payments comply with Federal regulations.”</i></p> <p>The SAO has taken issues in the past several audits and maintained that the program is not auditable without child-level data. The Department is committed to collaborating with SAO to determine an appropriate methodology that identifies a sampling unit for accurately testing compliance. During the audit period, the Department did not have the staff and resources to develop and maintain the business process redesign, as well as the information technology initiatives necessary to meet the level of assurance recommended by the SAO.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning in state fiscal year 2025, specifically:</p> <p><i>“Funding in this subsection must be expended with internal controls that provide child-level detail for all transactions, beginning July 1, 2024.”</i></p>

Department of Children, Youth, and Families

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-062 (cont'd)	<p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include child-level data related to the expenditures.</p> <p>The Department looks forward to working with SAO to resolve the child-level data concerns in the audit of the CCDF grant programs.</p> <p>The conditions noted in this finding were previously reported in findings 2022-044 and 2021-038.</p> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-063	<p>Finding: The Department of Children, Youth, and Families 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 for the Child Care and Development Fund.</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>During the audit period, the Department experienced a high level of staff turnover and vacancy rates resulting in missed and inaccurate Federal Funding Accountability and Transparency Act (FFATA) reporting.</p> <p>As of October 2023, the Department implemented the following corrective actions:</p> <ul style="list-style-type: none"> <li>• Reviewed written policies and procedures with cost allocation and grant management staff.</li> <li>• Corrected the FFATA reports in question and submitted them in the Subaward Reporting System.</li> </ul> <p>The Department is committed to strengthening internal controls and complying with FFATA reporting requirements. Management will continue to monitor the process to ensure future reports are submitted accurately and completely.</p> <p>Completion Date: October 2023, subject to audit follow-up</p> <p>Agency Contact: Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>



Department of Children, Youth, and Families

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-064	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund program.</p> <p>Corrective Action: The Department is strongly committed to ensuring the health, safety, and well-being of all children in care.</p> <p>The Department concurs with the finding and has taken the following actions:</p> <ul style="list-style-type: none"> <li>• In the fall of 2022, the Department began recruiting new staff to address staff turnover issues and providing training on child care licensing rules and regulations.</li> <li>• In November 2022, added new positions to assist supervisors with onboarding and training new staff and focused training on monitoring visits, caseload management, and health and safety requirements.</li> <li>• Implemented a data driven, phased in approach, to return staff to in-person field work after the COVID-19 pandemic:                         <ul style="list-style-type: none"> <li>○ In July 2022, implemented return to in-person field work by reducing pandemic level requirements and authorizing staff to visit providers on-site to assist with meeting health and safety requirements.</li> <li>○ In February 2023, developed and implemented a field practice onboarding process to streamline training for newly hired staff on practices to support the annual monitoring of all licensed child care providers.</li> <li>○ In the spring of 2023, prioritized monitoring visits to return to compliance with Child Care and Development Fund program health and safety requirements.</li> </ul> </li> <li>• Conducted a root cause analysis to determine other underlying causes for missed monitoring visits and untimely follow-ups, and how to address them.</li> <li>• For license-exempt family, friend, and neighbor (FFN) providers, the Department:                         <ul style="list-style-type: none"> <li>○ Received approval from the Office of Child Care for a hybrid monitoring approach (in-person and virtual visits).</li> <li>○ Dedicated staff resources to update the WA Compass system to include all health and safety requirements for FFNs and address data format issues.</li> </ul> </li> </ul> <p>In 2024, the Department strengthened internal controls as follows:</p> <p>For licensed providers:</p> <ul style="list-style-type: none"> <li>• Established new licensing staff positions to create a pathway for advancement to assist with staff recruitment efforts.</li> <li>• Developed and implemented a monitoring recheck tool in the WA Compass system to assist with tracking and monitoring requirements are completed prior to cases being marked complete within the system.</li> </ul>

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-064 (cont'd)	<ul style="list-style-type: none"> <li>• Created a new unit of licensing staff in King County to assist with caseload increases in the fastest growing provider area in Washington.</li> </ul> <p>For FFN providers:</p> <ul style="list-style-type: none"> <li>• Developed and implemented additional tools in the WA Compass system to better track and monitor FFN health and safety requirements.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2022-045, 2021-039, 2020-042, 2019-039, 2018-035, 2017-025, 2016-022 and 2015-024.</p> <p>Completion Date: October 2024, subject to audit follow-up</p> <p>Agency Contact: Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-065	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate controls over and did not comply with certain requirements of its Public Assistance Cost Allocation Plan.</p> <p>The Department concurs with the finding and is committed to improving internal controls.</p> <p>The Department did not have adequate staffing levels to maintain the business processes for one monthly workbook for the Public Assistance Cost Allocation Plan. The Department was not able to complete the September 2022 workbook for cost base 100 (administrative charges) due to competing state and federal fiscal year close deadlines. Available staff were focused on grant reconciliations and closing out the prior fiscal year financial transactions.</p> <p>The Department has reviewed the base edit form written procedures with staff and added monthly reminders for the Cost Allocation and Grants Management Unit. In addition, the Department has confirmed that all cost base 100 workbooks have been properly completed for the state fiscal year 2024.</p> <p>The conditions noted in this finding were previously reported in finding 2022-047.</p> <p>March 2024, subject to audit follow-up</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-066	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls to ensure payments to providers for travel and family visits were allowable and adequately supported for the Foster Care program.</p> <p>Corrective Action: The Department is committed to strengthening internal controls and complying with grant requirements. As stated in the finding's <i>Cause of Condition</i>, the Department was unable to fully implement the prior corrective action plan during the audit period.</p> <p>In April 2023, the Fiscal Integrity Unit collaborated with other divisions to implement the following internal controls:</p> <ul style="list-style-type: none"> <li>• Utilized algorithms in the Sprout system to identify reimbursement requests outside of a reasonable amount.</li> <li>• Required providers to submit additional documentation or explanation for those identified amounts.</li> <li>• Implemented a re-run process for prior billing periods to eliminate potential double billings by providers.</li> <li>• Trained headquarters and field office accounting staff to utilize the new algorithms and review additional documentation prior to processing payments.</li> <li>• Required program staff review and approval of all vendor invoices prior to release of payment for the Eastern Washington regions.</li> </ul> <p>In January 2024, the Fiscal Integrity Unit identified and implemented regional program approvals for Western Washington providers.</p> <p>The Contracts office has also taken the following actions:</p> <ul style="list-style-type: none"> <li>• In August 2023, filled one vacant staff position dedicated to reviewing child welfare contracts to include family time visit payments.</li> <li>• In November 2023, developed compliance audit plans for child welfare contracts and began fiscal monitoring of family time visit payments.</li> <li>• In December 2023, filled an additional vacant staff position dedicated to reviewing child welfare contracts.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2022-048 and 2021-040.</p> <p>Completion Date: January 2024, subject to audit follow-up</p> <p>Agency Contact: Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-067	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls to ensure monthly foster care maintenance payments to children’s caregivers were adequate and accurate for the Foster Care program.</p> <p>The Department is committed to strengthening internal controls and complying with grant requirements. As stated in the finding’s <i>Cause of Condition</i>, the Department utilizes FamLink as the case management system for the Foster Care program which, due to system limitations, did not have the reporting capabilities to track rate setting reviews during the audit period.</p> <p>To assist with tracking rate setting requirements, the Department:</p> <ul style="list-style-type: none"> <li>• Created new reports in FamLink to assist rate assessors in identifying:             <ul style="list-style-type: none"> <li>○ Six-month reviews that have not been performed timely.</li> <li>○ Cases with upcoming rate assessments and due dates for reviews.</li> </ul> </li> <li>• Implemented monthly tracking by supervisors to assist with internal controls and compliance.</li> </ul> <p>June 2024, subject to audit follow-up</p> <p>Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-068	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls to ensure group care facility employees and adults residing in prospective caregivers' households had cleared background checks before having unsupervised access to children.</p> <p>The Department partially concurs with the finding.</p> <p>The auditors identified two exceptions where fingerprint checks for two family foster home adults were completed two days later than the required timeline of 15 calendar days. The delay was due to the misspelling of one applicant's last name in the system. Upon correction, the applicants subsequently completed the fingerprint checks and were determined eligible.</p> <p>As stated in the finding's <i>Cause of Condition</i>, the Department developed a corrective action plan to address the internal control deficiencies in response to the prior year's finding which had not been fully implemented within the current audit period. The Department is confident that all staff who work with children and youth have cleared background checks.</p> <p>As of April 1, 2023, the Department implemented a new process for processing background checks for group care facilities to strengthen internal controls, documentation, and clarification on the "effective date." The updated process is outlined below:</p> <ul style="list-style-type: none"> <li>• A new form was created with clear instructions for the group care facilities to provide the applicant/employee information, including the background check confirmation code, directly to the Department's Background Check Unit (BCU).</li> <li>• The BCU works with the applicant/employee through the fingerprint background check process.</li> <li>• The results are sent directly to the BCU, at which time they complete a child abuse/neglect history check and if needed a suitability assessment. The BCU documents the results in FamLink with the date the background check is completed.</li> <li>• The BCU emails the results to the group care facility and the Department's Licensing Division (LD) group. If the applicant/employee is cleared and is not a renewal, LD staff adds the applicant/employee to the group care facility in FamLink with the clearance information attached.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2022-050.</p> <p>April 2023, subject to audit follow-up</p>

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**Department of Children, Youth, and Families**

**Agency 307**

<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>
1034932	2023-068 (cont'd)	Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-069	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over reporting requirements for the Foster Care program.</p> <p>The Department partially concurs with the finding.</p> <p>The Department acknowledges that errors were made in the crosswalks and quarterly reports submitted during the audit period. To address the auditor’s specific finding, the Department has:</p> <ul style="list-style-type: none"> <li>• Reviewed and updated all electronic versions of the quarterly crosswalks for accuracy.</li> <li>• Submitted corrections for the federal fiscal year 2023 Quarter 3 report.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2022-051.</p> <p>February 2024, subject to audit follow-up</p> <p>Stefanie Niemela            Audit Liaison            PO Box 40970            Olympia, WA 98504-0970            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>



Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-070	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payments to providers were allowable and properly supported for the Social Services Block Grant.</p> <p>The Department maintains that funds were not improperly charged to the Social Services Block Grant (SSBG) program. The Department utilizes grant-level management for all federal funds, including the SSBG program. This process consists of making grant-level adjustments between allowable grant sources to properly spend grant funds within the allowable period of performance and ensure level of effort and matching requirements are met. The Department allocated the SSBG funds to eligible clients and allowable activities in compliance with 45 CFR 98.67 but did not include the level of data recommended by the State Auditor’s Office (SAO) for some transfers.</p> <p>Cost objectives within the accounting system are used to track SSBG funding. Expenditures eligible for the SSBG program are transferred at the cost objective level and not the transaction level. The SAO tested a sample of 16,006 payments which totaled 94% of total provider payments charged to the grant. SAO found that all payments were for activities that were supported, allowable, authorized, and accurate.</p> <p>SAO is questioning the costs of the remaining payments because the transfer of expenditures was not completed at the transaction level. Those remaining payments were transferred from eligible and allowable expenditures for the SSBG program. In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning July 1, 2024.</p> <p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include transaction level data related to the expenditures. The Department is committed to collaborating with SAO to determine an appropriate methodology which identifies a sampling unit that can be used to accurately test compliance and looks forward to working with SAO to resolve the data concerns.</p> <p>Corrective action is expected to be complete by December 2025</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-071	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure cash draws for the Social Services Block Grant were properly supported.</p> <p>The Department maintains that funds were not improperly charged to the Social Service Block Grant (SSBG) program. This is a two-year grant that the Department spends down in one fiscal year. The expenditures drawn were allowable and within the period of performance and the one exception identified was due to the timing of expenditure transfers.</p> <p>The Department utilizes grant-level management for all federal funds, including the SSBG program. This process consists of making grant-level adjustments between allowable grant sources to properly spend grant dollars within the allowable period of performance and ensure level of effort and matching requirements are met. The Department allocated the SSBG funds to eligible clients and allowable activities in compliance with 45 CFR 98.67 but did not include the level of data recommended by the State Auditor’s Office (SAO) for some transfers.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning July 1, 2024.</p> <p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include transaction level data related to the expenditures. The Department is committed to collaborating with SAO to determine an appropriate methodology which identifies a sampling unit that can be used to accurately test compliance and looks forward to working with SAO to resolve the data concerns.</p> <p>Corrective action is expected to be complete by December 2025</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-072	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with reporting requirements to ensure reports were complete and accurate for the Social Services Block Grant program.</p> <p>The Department maintains that funds were not improperly charged or reported for the Social Services Block Grant (SSBG) program. The Department provided the State Auditor’s Office (SAO) with detailed expenditure data reports, email documentation showing management’s review of the expenditures being charged to the SSBG program, and changes being requested prior to federal submission. In addition, the federal reporting system creates an email after certification, which the Department shared with the SAO.</p> <p>The Department utilizes grant-level management for all federal funds, including the SSBG program. This process consists of making grant-level adjustments between allowable grant sources to properly spend grant funds within the allowable period of performance and ensure level of effort and matching requirements are met. The Department allocated the SSBG funds to eligible clients and allowable activities in compliance with 45 CFR 98.67 but did not include the level of data recommended by the SAO for some transfers. The Department is committed to collaborating with SAO to determine an appropriate methodology which identifies a sampling unit that can be used to accurately test compliance.</p> <p>In response to the auditor’s recommendations, the Department submitted a budget request for the 2024 supplemental budget. The enacted budget included funding to implement the Department’s budget request beginning July 1, 2024.</p> <p>The Department is working with a developer to assist with building out the required databases between the Social Service Payment System and the Agency Financial Reporting System to allow transfers between funding sources to include transaction level data related to the expenditures. The Department is committed to collaborating with SAO to determine an appropriate methodology which identifies a sampling unit that can be used to accurately test compliance and looks forward to working with SAO to resolve the data concerns.</p> <p>Corrective action is expected to be complete by December 2025</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504-0970                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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

Department of Corrections

Agency 310

Audit Report	Finding Number	Finding and Corrective Action Status	
1034570	2023-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Corrections did not have adequate internal controls over the addition of phone credits to the accounts of incarcerated people.</p> <p>The Department will ensure Intelligence and Investigations staff understand DOC Policy 470.150 and adhere to the requirement of not providing benefits to confidential informants in exchange for information.</p> <p>The Department recently switched phone vendors to Securus. The Securus phone system does not allow staff members to add phone credits to an incarcerated individual's phone account.</p> <p>March 2024, subject to audit follow-up</p> <p>Anita Kendall            Senior Director Business Services            PO Box 41107            Olympia, WA 98504-1107            (360) 480-7915  <a href="mailto:Amkendall@doc1.wa.gov">Amkendall@doc1.wa.gov</a></p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-002	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with required monitoring of subrecipients of the Child and Adult Care Food Program.</p> <p>The Office has established and implemented the following internal controls to ensure subrecipients are monitored according to program requirements:</p> <ul style="list-style-type: none"> <li>• A procedure where the program supervisor and program director assign and track the monitoring activities that have been assigned to staff.</li> <li>• A procedure utilizing a data dashboard to track subrecipient review progress and completion.</li> </ul> <p>November 2023, subject to audit follow-up</p> <p>Chaundi Barbosa            CACFP Director            PO Box 47200            Olympia, WA 98504-7200            (360) 764-0411  <a href="mailto:Chaundi.Barbosa@k12.wa.us">Chaundi.Barbosa@k12.wa.us</a></p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-003	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction 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 Child and Adult Care Food Program.</p> <p>In response to the audit finding, the Office:</p> <ul style="list-style-type: none"> <li>• Will establish policies and procedures and internal controls to communicate federal award information and requirements to all subrecipients.</li> <li>• Is consulting with the U.S. Department of Agriculture for additional guidance on communicating subaward information for programs that are reimbursement based.</li> </ul> <p>Corrective action is expected to be complete by August 2025</p> <p>Leanne Eko            Chief Nutrition Officer            PO Box 47200            Olympia, WA 98504-7200            (360) 725-0410  <a href="mailto:Leanne.eko@k12.wa.us">Leanne.eko@k12.wa.us</a></p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-004	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have internal controls over and did not comply with requirements to verify single audits were completed for all subrecipients of the Child and Adult Care Food Program.</p> <p>The Office has implemented internal controls to ensure all subrecipients requiring a single audit are identified, following up on any program-related findings that require a management decision and updating procedures on maintaining the subrecipient audit tracking log.</p> <p>The Office will implement a training plan for the Child Nutrition Services fiscal team, which includes cross training and completing the State Auditor’s Office subrecipient monitoring training.</p> <p>The Office will follow up with the subrecipient identified in the audit to ensure it obtains its required single audit.</p> <p>Corrective action is expected to be complete by June 2025</p> <p>Debbie Libra          Fiscal &amp; Claims Supervisor          PO Box 47200          Olympia, WA 98504-7200          (564) 233-8620  <a href="mailto:Debbie.libra@k12.wa.us">Debbie.libra@k12.wa.us</a></p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-005	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and was not compliant with requirements to perform risk assessments for subrecipients of the Child and Adult Care Food Program.</p> <p>The Office has established and implemented the following internal controls to ensure subrecipients are monitored according to program requirements:</p> <ul style="list-style-type: none"> <li>• Conduct a risk assessment annually on approved subrecipients during each renewal cycle.</li> <li>• Utilize the risk assessment results, Washington Integrated Nutrition System data, and USDA program specific guidance to determine how subrecipients will be monitored in the coming year.</li> <li>• Follow a risk assessment process to identify and track the monitoring status of each subrecipient.</li> </ul> <p>November 2023, subject to audit follow-up</p> <p>Chaudi Barbosa  CACFP Director  PO Box 47200  Olympia, WA 98504-7200  (360) 764-0411  <a href="mailto:Chaudi.Barbosa@k12.wa.us">Chaudi.Barbosa@k12.wa.us</a></p>



Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-033	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls to ensure it filed all reports required by the Federal Funding Accountability and Transparency Act for the Title I, Part A program.</p> <p>In response to the audit finding, the Office:</p> <ul style="list-style-type: none"> <li>• Established effective internal controls to ensure all required Federal Funding Accountability and Transparency Act reports are submitted. This includes ensuring Title IA is included in the cross-check of all federal programs after manual entries have been completed in the Subaward Reporting System.</li> <li>• Ensures management monitors reporting of this information monthly to ensure future reports are submitted completely and accurately.</li> </ul> <p>October 2023, subject to audit follow-up</p> <p>Michelle Sartain            Grants Management Supervisor            PO Box 47200            Olympia, WA 98504-7200            (360) 742-2045  <a href="mailto:Michelle.sartain@k12.wa.us">Michelle.sartain@k12.wa.us</a></p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-034	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with requirements to ensure it met the earmarking requirements for the Special Education program.</p> <p>When the Special Education program underwent a fiscal leadership transition in 2021, the incoming director identified necessary changes in agency procedures for closing out fiscal year (FY) 2021. The director and budget analyst have been maintaining weekly check-ins since May 2022 to discuss the implementation of proper internal controls.</p> <p>Beginning in FY 2023, the Office has fully implemented processes to ensure spending plans do not exceed the maximum allowable amounts earmarked for administration and other state-level activities.</p> <p>The updated procedures require the director of Operations and the budget analyst to perform the following:</p> <ul style="list-style-type: none"> <li>• Review criteria for spending plans at the beginning of the fiscal year.</li> <li>• Review the Grant Award Notice and Grants to States Summary Table and Preschool Grants to States Summary Table.</li> <li>• Review spending plans and update the maximum allowable amounts earmarked for administration and other state-level activities in the spending plan throughout the fiscal year.</li> <li>• Meet weekly to review spending plans and update plans as requests are received.</li> <li>• Review monthly expenditure reports during weekly meetings.</li> </ul> <p>These updated procedures have contributed to increased communication and partnership between the director of Operations and the budget analyst. These internal controls provide assurance that the Office will meet earmarking requirements and compliance with federal rules.</p> <p>The Office will consult with the federal grantor to discuss whether the questioned costs identified in the audit should be repaid.</p> <p>The conditions noted in this finding were previously reported in finding 2022-025.</p> <p>March 2024, subject to audit follow-up</p> <p>Tania May                      Assistant Superintendent, Special Education                      PO Box 47200                      Olympia, WA 98504-7200                      (360) 725-6075  <a href="mailto:Tania.may@k12.wa.us">Tania.may@k12.wa.us</a></p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-035	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction improperly charged \$42,265 to the Special Education Cluster.</p> <p>As stated in the finding, the Office has adequate internal controls to comply with period of performance requirements. To address the allowable periods for journal vouchers (corrections), the Office will ensure the correction cycle will align with federally established liquidation periods.</p> <p>In response to the finding, the Office has updated procedures to strengthen internal controls, as follows:</p> <ul style="list-style-type: none"> <li>• Monitor monthly expenditures to ensure the Office stays within the allowable pre-determined threshold and grant award limit.</li> <li>• Complete expenditure corrections within the grant liquidation period.</li> <li>• Liquidate obligations charged to the grant on the last business day of January (or 120 days after the budget period ends).</li> <li>• Request prior approval of late liquidations from the federal grantor as needed.</li> </ul> <p>The Office will communicate the corrective action plan with internal stakeholders to ensure compliance with updated process/procedures.</p> <p>The Office will consult with the federal grantor to discuss whether the questioned costs identified in the audit should be repaid.</p> <p>January 2024, subject to audit follow-up</p> <p>Amy Kollar                      Director of Agency Financial Services                      PO Box 47200                      Olympia, WA 98504-7200                      (360) 725-6283  <a href="mailto:Amy.kollar@k12.wa.us">Amy.kollar@k12.wa.us</a></p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-036	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls to ensure it performed risk assessments for subrecipients of the Special Education program.</p> <p>In April 2022, the Office’s Special Education division revised and expanded the form package that Educational Service Districts (ESDs) need to submit as part of year-end reporting. Additionally, ESDs are required to respond to a series of questions and provide applicable documentation for contracts and procurement, time and effort process and reports, documentation for professional development expenditures, and year-end expenditure reports.</p> <p>Based on the results from monitoring activities over year-end reporting, ESDs will be selected for additional monitoring and may be subject to an onsite visit if deemed necessary.</p> <p>In March 2023, the Office finalized the Fiscal Monitoring Procedures Handbook for ESDs. The following corrective actions have been implemented:</p> <ul style="list-style-type: none"> <li>• ESDs were required to upload documentation by February 1, 2024.</li> <li>• The Office completed a review of submitted documents and issued reports to ESDs as of February 29, 2024. The reports identified required or recommended corrective actions.</li> <li>• The Office issued final reports to ESDs within 60 calendar days after documentation was reviewed, as of April 30, 2024.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2022-026 and 2021-023.</p> <p>April 2024, subject to audit follow-up</p> <p>Tania May                      Assistant Superintendent, Special Education                      PO Box 47200                      Olympia, WA 98504-7200                      (360) 725-6075  <a href="mailto:Tania.may@k12.wa.us">Tania.may@k12.wa.us</a></p>

Office of Superintendent of Public Instruction

Agency 350

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-038	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal reporting requirements for the Education Stabilization Fund program.</p> <p>Certain data elements missing on the annual Elementary and Secondary School Emergency Relief (ESSER) performance report was not due to lack of internal controls, but rather a result of:</p> <ul style="list-style-type: none"> <li>• Late publication of the federal reporting template which did not allow timely collection of cost details from school districts.</li> <li>• Non-alignment of reporting time frame with school district fiscal year and the decision against assumptions of state level expenditure for reporting.</li> </ul> <p>To address the audit recommendations, the Office organized a series of webinars and trainings for school districts, so they are prepared to annually submit required key information directly to the Office for ESSER reporting. Through these training events, the Office’s fiscal team answered questions and assisted districts to ensure timely and accurate reporting and comply with federal requirements.</p> <p>The Office has been having ongoing conversations with the U.S. Department of Education regarding federal reporting on the ESSER funds. At this time, there is no indication that the grantor will request the information to be resubmitted.</p> <p>June 2024, subject to audit follow-up</p> <p>TJ Kelly                      Chief Financial Officer                      PO Box 47200                      Olympia, WA 98504-7200                      (360) 725-6301  <a href="mailto:Thomas.Kelly@k12.wa.us">Thomas.Kelly@k12.wa.us</a></p>

University of Washington

Agency 360

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-042	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The University of Washington 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 University acknowledges that two reports were submitted late, and therefore not in compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements.</p> <p>As of November 2023, the University submitted the two reports in the FFATA Subaward Reporting System and performed a review of all active subawards to ensure no other reports were required.</p> <p>The University is still working on developing automatic internal reports to assist in the identification and review of FFATA-reportable actions. Implementation of this process is expected to occur in fiscal year 2025.</p> <p>Meanwhile, the University is working toward implementing additional steps to:</p> <ul style="list-style-type: none"> <li>• Strengthen identification of subawards meeting the threshold for FFATA reporting through manual assessment or ad-hoc reports.</li> <li>• Improve tracking of submitted FFATA reports.</li> <li>• Strengthen management’s monitoring process through a secondary review by the leadership team.</li> </ul> <p>The automatic reports, once developed, will replace the manual process described above.</p> <p>The conditions noted in this finding were previously reported in finding 2022-029.</p> <p>Corrective action is expected to be complete by February 2025</p> <p>Erick Winger            Controller            4300 Roosevelt Way NE            Seattle, WA 98105-4718            (206) 543-5322  <a href="mailto:erickw@uw.edu">erickw@uw.edu</a></p>

University of Washington

Agency 360

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-043	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The University of Washington did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Global AIDS program received required single or program-specific audits, and that it followed up on findings and issued management decisions.</p> <p>The University uses an initial certification process to determine whether a subrecipient is subject to the single audit and requests a copy of or link to the online audit report. If the subrecipient is not subject to the single audit, a series of questions are asked and a risk assessment is carried out based on the information gathered.</p> <p>The University does not have an automatic annual process to determine if a subrecipient has received the required single or program-specific audits. Rather, the University relies on the terms of the subaward, which requires the subrecipient to certify that they:</p> <ul style="list-style-type: none"> <li>• Continue to comply with the Uniform Guidance requirements.</li> <li>• Notify the University of adverse findings.</li> <li>• If not subject to the single audit, provide copies of the most recent program audit or other financial statement audit to allow the University to assess internal controls.</li> </ul> <p>To address the audit finding, the University updated the initial certification form to allow for a more definitive determination of whether a subrecipient is subject to the single audit. The University also strengthened internal controls by:</p> <ul style="list-style-type: none"> <li>• Verifying with publicly available information to confirm if the audit requirement is applicable.</li> <li>• Implementing an annual assessment for each active federal subaward utilizing questionnaire and publicly available information to be aware of any findings or questioned costs.</li> <li>• Updating tracking mechanism to document each initial and ongoing assessment.</li> </ul> <p>The University will continue to issue written management decisions for all applicable audit findings and ensure subrecipients develop and perform acceptable corrective actions to address all audit recommendations.</p> <p>The conditions noted in this finding were previously reported in finding 2022-030.</p> <p>December 2024, subject to audit follow-up</p> <p>Erick Winger                      Controller                      4300 Roosevelt Way NE                      Seattle, WA 98105-4718                      (206) 543-5322  <a href="mailto:erickw@uw.edu">erickw@uw.edu</a></p>

Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-012	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Washington State Department of Transportation did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Highway Planning and Construction program.</p> <p>The Washington State Department of Transportation (WSDOT) is committed to ensuring our grant programs comply with federal regulations regarding required risk assessments.</p> <p>Risk assessments for subrecipients under the Federal Highway Administration grant programs are the responsibility of WSDOT’s Regional Local Programs Engineers, located in the six WSDOT regions. The Department has attempted to complete a risk assessment at each phase of a project, however, staff turnover contributed to the lack of consistency and timeliness in completing these assessments.</p> <p>To help ensure consistency, the Department has updated position descriptions for Local Programs Engineers to reflect this requirement. The Department:</p> <ul style="list-style-type: none"> <li>• Communicated with Regional Local Programs Engineers to ensure risk assessments are performed and properly documented in accordance with the risk assessment program guidelines.</li> <li>• Communicated with regional management to ensure required monitoring activities by staff are tracked, and the status of these activities are reported as part of annual performance evaluations.</li> </ul> <p>Communication with Regional Local Programs Engineers and regional management will continue to be on-going.</p> <p>June 2024, subject to audit follow-up</p> <p>Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504-7320                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>





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 Status of Audit Resolution  
 December 2024

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Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-013 (cont'd)	Completion Date: December 2024, subject to audit follow-up  Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a>



Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-014 (cont'd)	<ul style="list-style-type: none"> <li>• Communicated changes in policies and procedures to division staff and stakeholders.</li> <li>• Provided training to Project Engineering Office staff to emphasize QA program requirements. Training will continue to be on-going.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2022-011, 2021-011, 2020-017 and 2019-019.</p> <p>Completion Date: June 2024, subject to audit follow-up</p> <p>Agency Contact: Jesse Daniels            External Audit Liaison            PO Box 47320            Olympia, WA 98504            (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>

Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-015	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Washington State Department of Transportation did not have adequate internal controls over and did not comply with cash management requirements for the Formula Grants for Rural Areas program.</p> <p>The audit identified a payment that was entered into the Electronic Clearing House Operation (ECHO) system with incorrect project information. The Department has since implemented additional controls to help ensure the draws of program funds are timely and accurate and are drawn for the correct program.</p> <p>To address the audit recommendations, the Department:</p> <ul style="list-style-type: none"> <li>• Assigned Project Support and Receivable (PS&amp;R) staff to submit Public Transportation ECHO draws. Two additional staff have been identified as backup in this process to ensure draws are processed timely.</li> <li>• Rescheduled the entry of draw information into the ECHO system to the morning to allow for timely corrections as needed.</li> <li>• Updated the ECHO system to allow automatic confirmation email for payments entered into the system.</li> </ul> <p>Additionally,</p> <ul style="list-style-type: none"> <li>• The PS&amp;R Manager will automatically receive draw confirmation emails and conduct a review and check as the draws are being submitted.</li> <li>• Additional checks and balances will be performed by the person entering information into the ECHO system.</li> <li>• The Public Transportation division has a validation process in place for staff to check the amounts with the project.</li> </ul> <p>The Department will continue to review procedures regularly and update as required to ensure compliance.</p> <p>The questioned costs identified in the audit have been reimbursed to the incorrectly charged federal program.</p> <p>October 2023, subject to audit follow-up</p> <p>Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504-7320                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>

Department of Transportation

Agency 405

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-016	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Washington State Department of Transportation did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Formula Grants for Rural Areas program.</p> <p>The Washington State Department of Transportation concurs with the finding.</p> <p>As of October 2023, the Public Transportation Division (PTD) had conducted all five site visits identified in the condition of this finding.</p> <p>In addition, the PTD has updated the policies and procedures to document the risk-based site visit approach more accurately. This update clarified how an organization’s risk assessment score impacts the timing and number of administrative and financial site visits. This update did not impact capital reviews and drug and alcohol site visits because PTD staff conduct them every two years regardless of risk assessment scores.</p> <p>The PTD also implemented the auditor’s recommendations, specifically to evaluate new ways for management, supervisors, and staff to monitor site visit completion and established due dates more effectively. These processes were developed and management updated policies and/or procedures and communicated the new process to impacted staff.</p> <p>August 2024, subject to audit follow-up</p> <p>Jesse Daniels            External Audit Liaison            PO Box 47320            Olympia, WA 98504-7320            (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>

Department of Ecology

Agency 461

Audit Report	Finding Number	Finding and Corrective Action Status
1035573	2023-001	<p>Finding: The Department of Ecology did not comply with requirements to conduct five-year reviews required for remedial actions at the former Camp Bonneville Military Reservation.</p> <p>Corrective Action: Clark County Public Works assumed ownership of the former Camp Bonneville Military Reservation site in 2011 and is contractually required to perform site cleanup and submit a report to the Department of Ecology before each five-year anniversary. The Department concurs that requirements to conduct five-year reviews required for remedial actions were not met.</p> <p>The Department is currently working with Clark County to ensure a draft periodic review is completed by January 20, 2025. Following receipt of the draft report, the Department will prepare the draft final periodic review for public comment.</p> <p>As of October 2023, the Department hired a new site manager for the reservation site.</p> <p>As of October 2024:</p> <ul style="list-style-type: none"> <li>• The Department hired a second site manager who will provide additional technical support for the site.</li> <li>• Clark County filled a project position dedicated to support the site cleanup, periodic review, and compliance.</li> </ul> <p>The Department is taking the following steps to ensure compliance with review requirements:</p> <ul style="list-style-type: none"> <li>• Requesting weekly updates on the status of the draft periodic review from Clark County.</li> <li>• Requesting Clark County notify the Department of any delay in the schedule as soon as it is identified. Any extension request by Clark County must include a detailed plan on how to achieve delivery with milestones to measure progress.</li> <li>• Working with Clark County to provide oversight of the site inspection and interviews in support of the periodic review.</li> </ul> <p>By December 20, 2024, the Department will determine if Clark County is able to deliver the draft periodic review by the due date. In the event the due date cannot be met, the Department will:</p> <ul style="list-style-type: none"> <li>• Issue a non-compliance letter to Clark County.</li> <li>• Notify the State Auditor’s Office.</li> <li>• Prepare the draft final periodic review for public comment by April 18, 2025.</li> </ul> <p>Completion Date: Corrective Action is expected to be complete by January 2025</p>

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Department of Ecology

Agency 461

Audit Report	Finding Number	Finding and Corrective Action Status	
1035573	2023-001 (cont'd)	Agency Contact:	Erik Snyder HQ Cleanup Section Manager PO Box 47600 Olympia, WA 98504-7600 (425) 466-6398 <a href="mailto:erik.snyder@ecy.wa.gov">erik.snyder@ecy.wa.gov</a>



Department of Agriculture

Agency 495

Audit Report	Finding Number	Finding and Corrective Action Status
1035267	2023-001	<p data-bbox="483 422 578 449">Finding:</p> <p data-bbox="672 422 1471 512">The Washington State Department of Agriculture did not have adequate internal controls and did not comply with state law and Department policies related to egg production and egg packing plant inspections.</p> <p data-bbox="483 552 602 609">Corrective Action:</p> <p data-bbox="672 552 1471 768">The Department agrees with the audit finding regarding inspection frequencies not conforming with state regulations and the lack of a current inventory of egg handlers needing inspection. The COVID-19 pandemic and the reemergence of highly pathogenic avian influenza in 2022 were contributing factors in the deficiency. The Department also agrees that one inspection criteria was not available for use during several inspections in the primary reporting system.</p> <p data-bbox="672 806 1471 896">The Department is committed to improving internal controls to ensure that inspections are properly documented in either the primary system or the backup reporting option.</p> <p data-bbox="672 934 1471 1213">The Department does not concur that a checklist method of inspection is statutorily required or necessary for a thorough inspection and/or proper documentation of inspection findings. The Department has a thorough inspection process of all facility types and a robust training plan for inspectors that includes classroom training, study of all applicable laws and regulations, and extensive on-the-job training with experienced inspection staff. Inspectors can expertly discern any violations of inspection criteria and have ready access to the necessary resources and tools to effectively perform their job duties.</p> <p data-bbox="672 1251 1276 1278">The Department has already taken the following actions:</p> <ul data-bbox="691 1289 1471 1619" style="list-style-type: none"> <li data-bbox="691 1289 1471 1444">• Met with the U.S. Department of Agriculture (USDA) and Food and Drug Administration (FDA) to obtain an understanding of the nature and frequency of federal monitoring and inspection programs specific to egg facilities in our state. This information will be considered when developing plans to strengthen the Department’s inspection program.</li> <li data-bbox="691 1455 1471 1545">• Reestablished access to the Department of Revenue’s (DOR) reporting service to obtain a current list of businesses in the state with egg handler/dealer endorsements.</li> <li data-bbox="691 1556 1471 1619">• Added the missing regulation reference to the primary reporting system prior to the close of the audit.</li> </ul> <p data-bbox="672 1656 1297 1684">The Department will take the following corrective actions:</p> <ul data-bbox="691 1694 1471 1898" style="list-style-type: none"> <li data-bbox="691 1694 1471 1793">• Conduct rulemaking activities to:                         <ul data-bbox="737 1734 1471 1793" style="list-style-type: none"> <li data-bbox="737 1734 1471 1793">○ Verify the Department’s legal authority to create exemptions in the state laws related to egg inspection frequency.</li> <li data-bbox="737 1803 1471 1898">○ Obtain input from egg industry facilities on suggested inspection frequency by the Department that is appropriate in view of current USDA and/or FDA visits received.</li> </ul> </li> </ul>

Department of Agriculture

Agency 495

Audit Report	Finding Number	Finding and Corrective Action Status
1035267	2023-001 (cont'd)	<ul style="list-style-type: none"> <li>○ Consult with the USDA and FDA to determine the appropriate risk level classification for shell eggs and inspection frequency for egg producers and packers who are not currently subject to federal inspections.</li> <li>○ Complete rule filing activities as needed, including public hearings.</li> <li>● Establish a process to maintain a current inventory of egg handler/dealers in the Department's inspection system by:                             <ul style="list-style-type: none"> <li>○ Migrating a list from the DOR reporting system and ensuring quarterly updates are performed by an assigned staff member.</li> <li>○ Ensuring the current list is posted in a location where inspection staff have ready access.</li> </ul> </li> <li>● Provide training to current inspection staff and their supervisors including:                             <ul style="list-style-type: none"> <li>○ Maintenance of the listing of egg facilities in their assigned areas.</li> <li>○ Familiarity with the laws and rules that apply to egg facilities in Washington.</li> <li>○ Policy review for firm risk classification and egg inspection frequency.</li> <li>○ Monitoring updated rules, policies and procedures related to egg production and egg packing plant inspections.</li> </ul> </li> </ul> <p>Completion Date: Corrective action is expected to be complete by December 2025</p> <p>Agency Contact: Evan Sheffels                      Senior Policy Advisor                      PO Box 42560                      Olympia, WA 98504-2560                      (360) 742-8157  <a href="mailto:ESheffels@agr.wa.gov">ESheffels@agr.wa.gov</a></p>

Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-006	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department made improper payments to ineligible beneficiaries of the Unemployment Insurance program.</p> <p>The Department does not concur with the finding.</p> <p>The State Auditor’s Office (SAO) made the assertion that the Department incorrectly interpreted guidance in the Unemployment Insurance Program Letter (UIPL) No. 16-20 requiring claimants to provide proof of employment to receive Pandemic Unemployment Assistance (PUA) payments. However, the section cited by SAO was paragraph b(ii) which only lays out the requirements for establishing the respond-by dates for providing documentation for review. The deadline for responses is different depending on whether the PUA claim was filed before January 31, 2021, or on/after that date. This paragraph does not establish the requirements for payment or non-payment of PUA weeks.</p> <p>In our finding response, the Department cited section C.2 of the UIPL, which states:</p> <p><i>If, in that timeframe, the individual fails to provide documentation or fails to show good cause to have the deadline extended, an overpayment must be established for all of the weeks paid beginning with the week ending January 2, 2021. This is because the individual cannot be deemed ineligible for a week of unemployment ending before the date of enactment solely for failure to submit documentation.</i></p> <p>Therefore, the three cases identified by SAO should not be exceptions under this guidance.</p> <p>Further, the Department received guidance from the U.S. Department of Labor on January 11, 2021, which confirmed the proper methodology used by the Department.</p> <p>Not Applicable</p> <p>Jay Summers                      External Audit Manager                      PO Box 9046                      Olympia, WA 98507-9046                      (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></p>

Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-007	Finding:  Corrective Action:  Completion Date:  Agency Contact:	The Employment Security Department did not have adequate internal controls to ensure it submitted accurate financial reports for the Unemployment Insurance program.  The Department has implemented procedures to ensure the ETA 9130 and ETA 2112 reports have a secondary review by management prior to submission to the federal grantor. Additionally, documentation of the review and submission will be maintained.  February 2024, subject to audit follow-up  Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a>

**Employment Security Department**

**Agency 540**

<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>	
1034932	2023-008	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls to ensure it submitted accurate monthly reports for the Unemployment Insurance program.</p> <p>In response to the prior year’s finding, the Department immediately implemented the secondary review of the monthly ETA 9055 performance reports. However, the auditor’s recommendation and the Department’s implementation occurred after state fiscal year 2023 had begun.</p> <p>The Department expects adequate internal controls to be in place and functioning for fiscal year 2024 and onward.</p> <p>The conditions noted in this finding were previously reported in finding 2022-005.</p> <p>May 2023, subject to audit follow-up</p> <p>Jay Summers                      External Audit Manager                      PO Box 9046                      Olympia, WA 98507-9046                      (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></p>

Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-009	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with federal requirements to conduct case reviews for the Benefit Accuracy Measurement program of the Unemployment Insurance program in a timely manner.</p> <p>Historically, the Benefit Accuracy Measurement (BAM) unit has been challenged to maintain full levels of staffing. Staff turnover, long training requirements, and unique skill sets make these positions difficult to maintain.</p> <p>During the prior audit period, the Department was in a hiring freeze for Unemployment Insurance administrative funding, furthering the challenge to fully staff the unit and meet program requirements. The hiring freeze was lifted in April 2023 and the unit began filling vacant positions in May 2023. Due to the lengthy training timelines for new positions, the Department anticipated the unit would not meet federally mandated performance measures for case reviews for state fiscal year 2023.</p> <p>As of November 2024, the Department has staffed the unit and improved its BAM sampling measurements and metrics in the required areas. The Department anticipates meeting the case sampling requirements in state fiscal year 2025.</p> <p>The Department continues to partner and frequently communicate with the U.S. Department of Labor (USDOL) Regional Offices to discuss staffing and training models. The Quality Assurance Manager and the Case Review Supervisor are committed to routinely monitor caseload, workload, and the overall assurance of meeting the BAM operations performance goals and measures as set forth by USDOL.</p> <p>The conditions noted in this finding were previously reported in findings 2022-006, 2021-005, and 2020-011.</p> <p>Corrective action is expected to be complete by March 2025</p> <p>Jay Summers                      External Audit Manager                      PO Box 9046                      Olympia, WA 98507-9046                      (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></p>



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**Employment Security Department**

**Agency 540**

<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>	
1034932	2023-010 (cont'd)	Agency Contact:	Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a>



Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-011	Finding:	The Employment Security Department 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 for the Workforce Innovation and Opportunity grant.
		Corrective Action:	<p>The Department has implemented procedures to ensure the Federal Funding Accountability and Transparency Act (FFATA) reports are completed timely, and documentation of the review and submission to the federal agency is maintained. The Department:</p> <ul style="list-style-type: none"> <li>• Established new credentials within the federal reporting system which will allow the Department to provide verification of the timeliness of the reports.</li> <li>• Updated the process to require completing and saving supporting documentation for the reports prior to entering data into the federal system separately by the Grants Manager.</li> <li>• Expanded training on the federal FFATA requirements and system to additional staff within the Grants Management Unit to ensure adequate coverage.</li> </ul>
		Completion Date:	January 2024, subject to audit follow-up
		Agency Contact:	Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a>



State Board for Community and Technical Colleges

Agency 699

Audit Report	Finding Number	Finding and Corrective Action Status
1035361	2024-001 (cont'd)	<p><b>End User Training</b></p> <p>The Board has been making continuous improvement efforts over the past several years:</p> <ul style="list-style-type: none"> <li>• Created multiple Canvas training courses and quick reference guides and conducted numerous instructor-led training courses for the colleges.</li> <li>• Developed and delivered modular onboarding manuals for college use.</li> <li>• Released an online training application tracking the progress and completion of ctcLink training courses for staff across all 34 community and technical colleges.</li> <li>• Created and implemented a Controller Handbook and Accounting Manual to provide colleges with standardized accounting practices across all colleges.</li> <li>• Developed a robust set of training offerings for accounting and student financials staff on how to perform specific fiscal-related processes.</li> </ul> <p>The Board will continue to develop and provide relevant end-user training to ensure consistency and strive for accuracy of information in ctcLink.</p> <p><b>Third Party Monitoring</b></p> <p>To build on the existing provisions in contracts covering data protection, the Board has been actively working to develop a specific data sharing section in recognition of the need for more specificity and attention to the areas of concern.</p> <p>As of July 1, 2024, the Board added a “Data Sharing” section to all contracts to ensure all elements required by state law and the standards prescribed by the State Office of Cybersecurity are covered.</p> <p>Completion Date: October 2024, subject to audit follow-up</p> <p>Agency Contact: Teresa Sexton          Director of Accounting &amp; Business Services          PO Box 42495          Olympia, WA 98504-2495          360-704-4400  <a href="mailto:ts Sexton@sbctc.edu">ts Sexton@sbctc.edu</a></p>

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**Schedule 2 – Fraud Findings by Agency**

<b>AGENCY NUMBER</b>	<b>AGENCY</b>	<b>AUDIT NUMBER</b>	<b>FINDING NUMBER</b>	<b>PAGE</b>
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Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Resolution	
1033174	001	<p>Finding:</p> <p>Fraud Amount: \$0</p> <p>Amount to be Recovered: \$0</p> <p>Recovery to Date: \$0</p> <p>Resolution/ Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p>	<p>The Authority’s internal controls were inadequate for safeguarding public resources, resulting in questionable payroll disbursements between August 1, 2022, and September 23, 2022.</p> <p>The former employee met their employment responsibilities with the Health Care Authority. The Authority accepted the employee’s resignation following an interview regarding their employment status with the City of Spokane. The State Auditor’s Office referred the case to the Washington State Executive Ethics Board.</p> <p>The Authority did not concur with the auditor’s recommendations. The employee’s supervisor provided an appropriate amount of supervision and the employee accomplished an appropriate amount of work while employed. The Authority ensures that new employees receive training on reporting outside employment, including what constitutes a conflict of interest, as well as state ethics rules and use of state time.</p> <p>The employee’s resignation was accepted following an interview regarding their employment status with the City of Spokane.</p> <p>None</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 42724                      Olympia, WA 98504-2691                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>

Office of Administrative Hearings

Agency 110

Audit Report	Finding Number	Finding and Resolution
1035189	001	<p><b>Finding:</b> The Department’s internal controls over agency purchase cards were inadequate for safeguarding public resources, resulting in a misappropriation by an employee between June 2019 and May 2023.</p> <p><b>Fraud Amount:</b> \$878,115</p> <p><b>Amount to be Recovered:</b> \$994,115 (fraud and investigation costs)</p> <p><b>Recovery to Date:</b> \$0</p> <p><b>Resolution/ Status:</b> To address the internal control weaknesses identified by the audit, the Office hired a consulting firm to review its financial processes and make recommendations for improvement. In December 2023, the Office received the consultant’s final report and adopted all the recommendations and immediately began revising its fiscal policies and procedures.</p> <p>The Office has also implemented the auditor’s recommendations and is integrating ongoing oversight and monitoring of credit card activities to ensure internal controls remain effective. This includes establishing segregation of duties, strengthening review processes and updating system access roles and security.</p> <p>The Office is seeking recovery of the misappropriated and questionable amounts, and related investigation costs, from the former employee and from the Office’s insurance bond, as appropriate.</p> <p>As of November 2024, there has been no recovery of the \$878,115 fraud amount or the \$116,000 in the State Auditor’s Office (SAO) investigation audit costs.</p> <p><b>Personnel Action Taken:</b> When the suspicious activity was discovered, the Analyst immediately took leave, and then resigned as SAO began its investigation.</p> <p><b>Criminal Action Taken:</b> The Office notified the SAO under RCW 43.09.185, as well as the Olympia Police Department (OPD). OPD elected to wait for the forensic accounting of SAO. SAO provided OPD with their working papers around July 1, 2024, and OPD will determine next steps that may include criminal prosecution.</p> <p><b>Agency Contact:</b> Rob Cotton                      Chief Financial Officer                      PO Box 42488                      Olympia, WA 98504-2488                      (360) 407-2708  <a href="mailto:rob.cotton@oah.wa.gov">rob.cotton@oah.wa.gov</a></p>



Department of Revenue

Agency 140

Audit Report	Finding Number	Finding and Resolution	
1034565	001	<p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to Date:</p> <p>Resolution/ Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p>	<p>The Department’s internal controls were inadequate for safeguarding public resources, resulting in misappropriation and questionable payments to an out-of-state employee from November 2020 to October 2023.</p> <p>\$5,600</p> <p>\$12,950 (fraud and investigation costs)</p> <p>\$0</p> <p>The Department conducted an internal investigation after notifying the State Auditor’s Office of the suspected loss. The Department’s Audit Division has addressed the findings of the internal investigation, as follows:</p> <ul style="list-style-type: none"> <li>• Implemented policies and procedures specific to the payment of out-of-state auditor special allowances and reimbursements.</li> <li>• Updated training manuals for supervisors.</li> <li>• Resumed the requirement for supervisors to verify out of state employees’ work locations physically within six months of employment, and annually thereafter.</li> </ul> <p>The Department is also exploring other address verification processes and additional supervisory training on verifying the authenticity of documents.</p> <p>The Department prepared to take disciplinary action; however, the employee resigned prior to the action being taken.</p> <p>The Department is seeking guidance from the Attorney General’s Office on restitution options.</p> <p>Sarah Saavedra                      Internal Audit Manager                      6400 Linderson Way SW                      Tumwater, WA 98501                      (360) 596-3632  <a href="mailto:SarahS2@dor.wa.gov">SarahS2@dor.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Resolution
1033881	001	<p>Finding: The Department’s internal controls were inadequate for safeguarding public resources, resulting in an employee using state fleet fuel cards to make personal fuel purchases between December 2019 and September 2021.</p> <p>Fraud Amount: \$8,257</p> <p>Amount to be Recovered: \$20,962 (fraud and investigation costs)</p> <p>Recovery to Date: \$0</p> <p>Resolution/ Status: The Department is committed to safeguarding state funds and strengthening internal controls. In response to the investigation, the Department took the following actions:</p> <ul style="list-style-type: none"> <li>• In January 2024, appointed a new agency transportation officer (ATO) to verify that monthly fuel reports are received from the Department of Enterprise Services (DES) system for leased vehicles and distributed to the local vehicle coordinators to review and process monthly reconciliation of mileage and fuel usage.</li> <li>• In February 2024, reviewed the last quarter of calendar year 2023 DES fuel reports for inaccuracy and found no areas of concern or misuse.</li> </ul> <p>The Department will:</p> <ul style="list-style-type: none"> <li>• Create procedures and implement the following internal controls in the juvenile rehabilitation facilities and region offices:                             <ul style="list-style-type: none"> <li>○ The Community Facility Administrator or Community Reentry Service Manager will:                                     <ul style="list-style-type: none"> <li>• Remove fuel cards from all vehicles and keep them in a locked safe available for check out.</li> <li>• Limit access and increase controls around vehicle keys and fuel cards.</li> <li>• Notify ATO of staff identified as fuel card stewards and local vehicle coordinators at each facility in order to obtain access to the WEX fuel card system.</li> <li>• Receive monthly WEX fuel usage reports to check for unauthorized usage and reconcile with vehicle usage logs and receipts.</li> </ul> </li> <li>○ Supervisors will review mileage logs and destination locations for accuracy each month.</li> </ul> </li> <li>• Create and provide training to field staff on current policies and procedures related to state vehicle usage and accountability.</li> <li>• Consult with the internal audit unit to review additional internal controls procedures that can be implemented.</li> </ul>

Department of Children, Youth, and Families

Agency 307

Audit Report	Finding Number	Finding and Resolution	
1033881	001 (cont'd)	Personnel Action Taken:	The employee was dismissed on December 23, 2022.
		Criminal Action Taken:	The Department will work with the Washington State Attorney General's Office and King County Prosecutors Office to determine next steps in recovery of misappropriated funds.
		Agency Contact:	Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>

Department of Corrections

Agency 310

Audit Report	Finding Number	Finding and Resolution	
1034581	001	<p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to Date:</p> <p>Resolution/ Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p>	<p>The Department’s internal controls were inadequate for safeguarding public resources, resulting in an employee being paid for time not worked and questionable overtime payments between January 3, 2023, and July 21, 2023.</p> <p>\$10,229.26</p> <p>\$18,629.26 (fraud and investigation costs)</p> <p>\$0</p> <p>The Department started the process of recovering the overpayment amount. However, collection efforts for the misappropriated funds were suspended due to the former employee being incarcerated on an unrelated conviction.</p> <p>Supervisors of the unit where this fraud occurred are now using performance standards to actively monitor performance and discuss concerns with employees on a regular basis.</p> <p>The Department continues to strengthen internal controls around timecards and leave slip submission. The Human Resources (HR) division is providing the Essential Skills for Supervisors training, which was delayed due to the pandemic, but the training unit is close to getting caught up. The HR division also offers additional training for supervisors/managers on performance management, upon request.</p> <p>The State Auditor’s Office referred the case to the Washington State Executive Ethics Board for further action. The employee resigned prior to disciplinary action being taken.</p> <p>None</p> <p>Anita Kendall                      Senior Director Business Services                      PO Box 41107                      Olympia, WA 98504-1107                      (360) 480-7915  <a href="mailto:Amkendall@doc1.wa.gov">Amkendall@doc1.wa.gov</a></p>

Department of Agriculture

Agency 495

Audit Report	Finding Number	Finding and Resolution	
1034735	001	<p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to Date:</p> <p>Resolution/ Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p>	<p>Internal controls were inadequate to safeguard public resources, resulting in inappropriate payroll time reporting between January 1, 2022, and March 31, 2022.</p> <p>\$50,986</p> <p>\$50,986</p> <p>\$36,692.47</p> <p>Since the conclusion of the investigation, the Department entered into overpayment and settlement agreements with each of the 28 employees involved in the investigation. As of November 2024:</p> <ul style="list-style-type: none"> <li>• 20 employees have fully repaid the payments.</li> <li>• Six employees are still making payments, with the final payment scheduled for April 15, 2025.</li> <li>• Two employees are no longer employed by the Department and have not responded to requests for payment (totaling \$2,098.02).</li> </ul> <p>The Department is committed to safeguarding state funds and is working with regional management to continually review additional internal control procedures and areas of weakness identified in the audit. The Department:</p> <ul style="list-style-type: none"> <li>• Updated the Grain Program payroll process to require employees to submit their own daily time which is then approved by a supervisor and audited by a regional manager.</li> <li>• Implemented management attendance verification on alternative shifts.</li> </ul> <p>15 employees received written reprimands. One employee received a written reprimand and voluntary demotion, one employee resigned in lieu of termination, and three employees received a 10% reduction in pay for three months.</p> <p>The Department notified the Kalama Police Department prior to initiating an internal investigation.</p> <p>The State Auditor’s Office referred the case to the Cowlitz County Prosecuting Attorney’s Office and the Washington State Executive Ethics Board for any further action.</p> <p>Evan Sheffels                      Senior Policy Advisor                      PO Box 42560                      Olympia, WA 98504-2560                      (360) 742-8157  <a href="mailto:ESheffels@agr.wa.gov">ESheffels@agr.wa.gov</a></p>

Bellevue College

Agency 627

Audit Report	Finding Number	Finding and Resolution	
1034701	001	<p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to Date:</p> <p>Resolution/ Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p>	<p>The College’s internal controls were inadequate for safeguarding public resources, resulting in an employee misappropriating funds on a purchase card and other questionable activities between January 23, 2017, and December 22, 2021.</p> <p>\$31,510</p> <p>\$38,781 (fraud and investigation costs)</p> <p>\$0</p> <p>After the misappropriation was suspected, all travel cards were collected and reconciled to ensure activity was allowable and complied with cardholder use policy. No additional suspected activities were found. With the exception of four cards held by the Athletics Office, all travel cards had been canceled.</p> <p>The College has implemented the following:</p> <ul style="list-style-type: none"> <li>• Requiring purchase card approvals in ctcLink have supporting documentation and secondary review prior to acceptance and payment.</li> <li>• Providing additional training to staff on reviewing and reconciling purchase cards.</li> <li>• Periodically reviewing the level of scrutiny applied to the transaction review process as the system is refined and other opportunities or gaps are identified.</li> <li>• Reviewing employee travel cards quarterly to ensure compliance with policies.</li> </ul> <p>Employee was terminated from their position.</p> <p>The College filed a police report and the State Auditor’s Office referred the case to the King County Prosecuting Attorney’s Office.</p> <p>Tyrell Bergstrom                      Executive Director of Finance                      3000 Landerholm Circle SE                      Bellevue, WA 98007-6406                      (425) 564-4250  <a href="mailto:Tyrell.Bergstrom@bellevuecollege.edu">Tyrell.Bergstrom@bellevuecollege.edu</a></p>