



Audit of Washington's Federal Dollars

Presentation to Senate Ways and Means Committee

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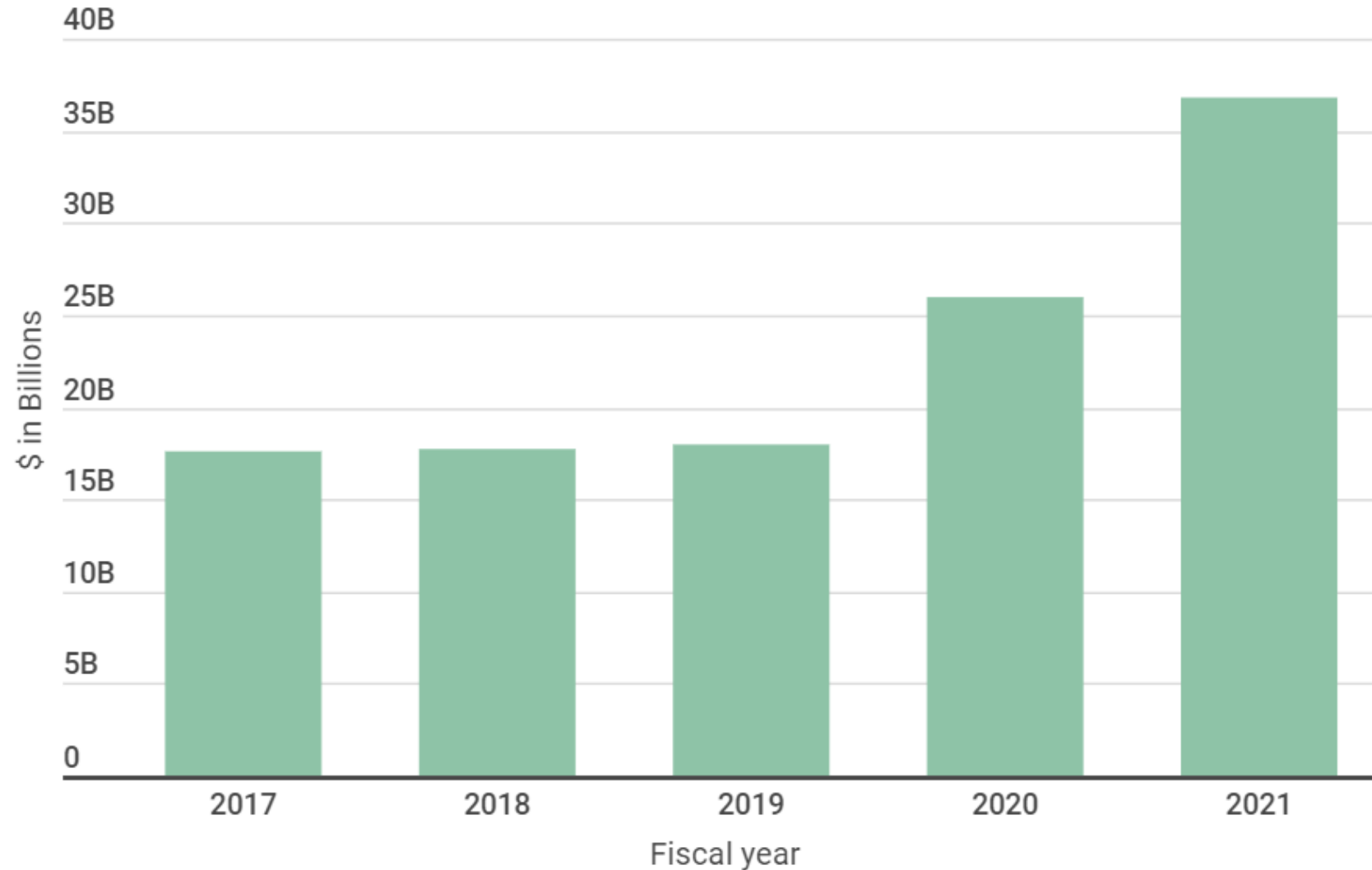
What is a “Single Audit”

- Audit answers the following questions:
 - Were federal funds spent properly and payments adequately supported?
 - Did the state have adequate internal controls over federal compliance requirements?
 - Did the state comply with grant regulations?
 - Did the state comply with special grant requirements established by federal grantors?





History of Washington's Federal Spending





Federal COVID-19 Relief



\$17.6 billion

COVID-19-related funding that state agencies spent between July 1, 2020, and June 30, 2021.



\$2 billion

COVID-19-related funding passed through to other entities.



Fiscal Year 2021 SWSA Recap

Total federal money that state agencies spent



almost \$37 billion

Total federal money that state agencies spent



\$31.6 billion

Federal money spent that we selected for audit, or about 86% of all the state's federal program expenses



What is Reported as Findings for a Single Audit?

- Significant or material internal control weaknesses
- Material non-compliance with grant requirements
- Known or likely questioned costs > \$25,000
- Fraud related to a federal program



Audit Results – A Quick Breakdown



25

Federal programs audited



21

Programs received at least 1 finding



61

Total findings



11

Findings for COVID-19-related programs



\$724 million

Known questioned costs



\$299 million

Likely questioned costs



Auditor's Responsibility

- Issue reports with opinions about whether the state materially complied with federal requirements and internal controls over compliance
- Types of audit opinions:
 - Unmodified (clean) opinion
 - Adverse
 - Disclaimer of opinion





Coronavirus Relief Fund

Department of Commerce

Department of Social and Health Services

Office of Financial Management



5

Findings



\$4,124,518

Questioned costs

**Adverse
Opinion**

We found several issues over subrecipient monitoring at the Department of Commerce and Department of Social and Health Services. This included not evaluating subrecipients' risk of not complying with program requirements, and not monitoring them to ensure they spent funds appropriately. We also found the Office of Financial Management did not comply with reporting requirements.



Coronavirus State and Local Fiscal Recovery Funds

Department of Agriculture

Department of Corrections



3

Findings



\$31,279,387

Questioned costs

**Adverse
Opinion**

The Department of Corrections did not use funds for allowable purposes within the program's specified timeframe, and the Department of Agriculture did not comply with federal procurement and subrecipient monitoring requirements.



Temporary Assistance for Needy Families

Department of Children, Youth, and Families

Department of Social and Health Services



3

Findings



\$119,918,044

Questioned costs

**Adverse
Opinion**

The Department of Children, Youth, and Families did not comply with requirements to ensure payments to child care providers were allowable. The Department of Social and Health Services did not comply with requirements to reduce or deny program assistance to recipients who did not comply with the Child Support Program.



Child Care Development Fund

Department of Children, Youth, and Families



7

Findings



\$293,237,395

Questioned
costs/Unauditable
program funds

More than 90% of the agency's program expenses were unauditable. In 2021, the Department of Children, Youth, and Families made significant changes to its accounting practices, which made it impossible for us to trace the federal money spent to a level of detail necessary to determine whether the agency spent program funds appropriately.

**Disclaimer
of Opinion**



Most common types of significant problems



Improper or unsupported payments

These primarily included payroll costs and payments on behalf of clients (21)



Insufficient monitoring of subrecipients

These included not performing risk assessments and not ensuring audits were performed (15)



Not meeting special provisions

Not meeting special program provisions the federal government requires (15)



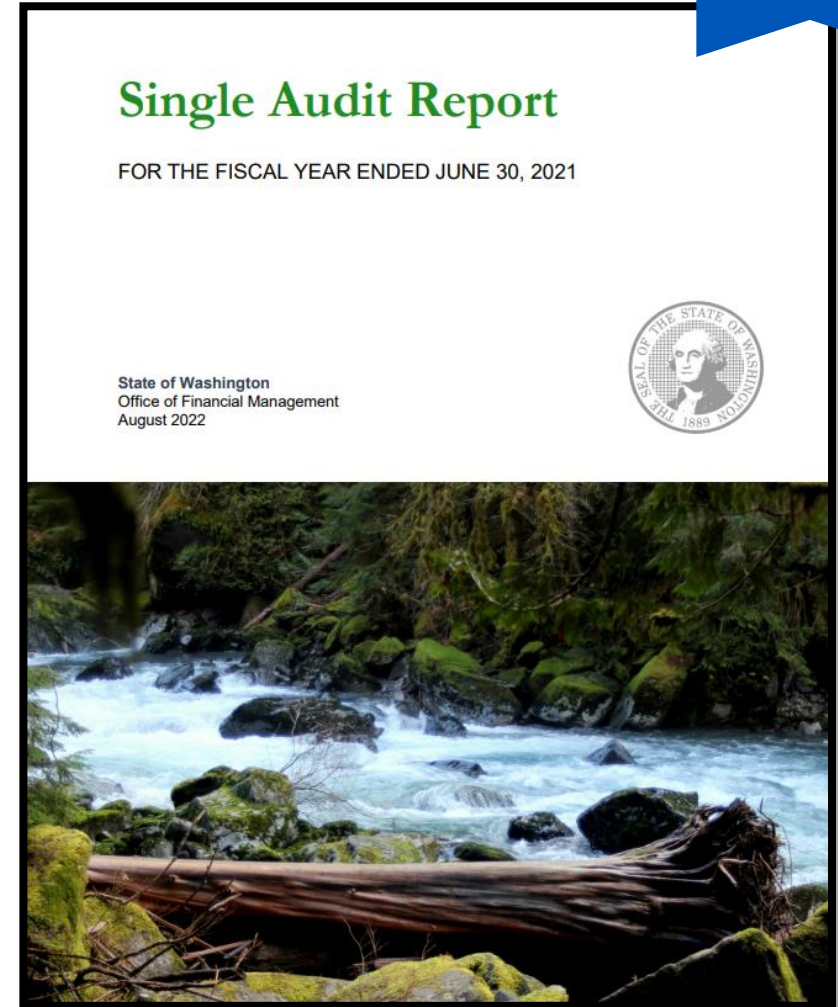
Inadequate reports

Reports to federal government that were not accurate, complete and adequately supported (8)



Single Audit Report

- 2021 report published on August 8, 2022
 - Over 1,000 pages
- Full report is available on both the SAO and OFM websites
- We published an [info-graphic summary report](#) on our website that summarizes the results and includes many of the visuals you see in today's presentation





What happens next?

- Federal agency management decisions
 - Could result in disallowed costs
- Follow-up of all prior audit findings by the SAO
- Fiscal year 2022 audit already underway





Thank you for the opportunity to present the results of our audit.

We are happy to answer your questions.

