

**State of Washington
Corrective Action Plan**

***OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2010***

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

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Office of Financial Management (OFM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
10	01	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The State's internal controls are inadequate to ensure the Schedule of Expenditures of Federal Awards is accurately prepared, placing the state at risk of incomplete and inaccurate reporting to the federal government. This could affect the amount of federal funding the state receives in the future.</p> <p>None</p> <p>Corrective action in progress</p> <p>The Office of Financial Management (OFM) concurs that internal controls related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA) need to be strengthened. OFM corrected the SEFA prior to submitting it to the federal government by the deadline of March 31 and releasing it to the public. To address the weaknesses noted in the finding, OFM has taken or will take the following actions.</p> <p>Oversight and Reconciliation: OFM will assign staff to independently review preparation of the Schedule of Expenditures of Federal Awards (SEFA) and its reconciliation to the Agency Financial Reporting System (AFRS), and to follow up on any questioned areas. The SEFA will be analyzed for exceptions and deviations from the prior year to enhance accuracy and completeness. System integrity and reconciliation checklists will also be reviewed.</p> <p>Systems: OFM has modified various system table change processes. These changes strengthen controls over the tables, which determine important elements of SEFA reporting. OFM is in the process of changing upload and input steps to strengthen controls over system-derived CFDA number, title, and cluster that are reported on the SEFA.</p> <p>Guidance: OFM will strengthen reporting requirements in the State Administrative and Accounting Manual (SAAM) as appropriate, focus on reporting errors noted in this finding during training, and will consider developing additional guidance and tools that will be available on OFM's Administrative and Accounting Resources website, such as a Q&A document and SEFA preparation checklist.</p> <p>November 2011</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	02	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Economic Services Administration, did not comply with federal regulations regarding support of salaries and wages paid to employees.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>10.561</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.558</td> <td></td> </tr> <tr> <td>93.563</td> <td></td> </tr> <tr> <td>93.575</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department's Economic Services Administration (ESA) concurs with this finding. The ESA has taken the following actions to correct the deficiencies identified in the audit:</p> <ul style="list-style-type: none"> · In January 2011, ESA's Operation Support Division (OSD) updated their Business Center Process Manual that is used by Community Services Division (CSD) Business Center staff. The updates to the manual coincide with federal requirements and quarterly reviews are now a requirement. OSD Headquarters staff held a conference call with CSD Regional Business Managers to explain this process change. · In February 2011, ESA staff notified the Chief of the Department's Office of Accounting Services that the Department's policy regarding time certifications needs to be brought into compliance with the federal requirements. · In March 2011, proposed changes to the Department's policy regarding time certifications will be presented to the Accounting Policy Management Board (APMB). The APMB will decide on further action. <p>March 2011</p>	<u>CFDA #</u>	<u>Amount</u>	10.561	\$0	93.558		93.563		93.575	
<u>CFDA #</u>	<u>Amount</u>												
10.561	\$0												
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93.575													

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
10	03	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not issue retroactive food assistance payments in accordance with federal law.</p> <table border="0" data-bbox="609 682 1474 766"> <thead> <tr> <th data-bbox="609 682 1015 714"><u>CFDA #</u></th> <th data-bbox="1015 682 1474 714"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 714 1015 745">10.551 ARRA and non-ARRA</td> <td data-bbox="1015 714 1474 745">ARRA: \$15,000 (approx)</td> </tr> <tr> <td data-bbox="609 745 1015 777">10.561 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding. By April 2011, the Department will take the following actions:</p> <ul style="list-style-type: none"> · Field staff will be retrained on the proper calculation of retroactive payments. The training will focus on when a retroactive payment is indicated and allowed, along with the time limitations required by law. The training will be required for all new staff responsible for issuing benefits. · All retroactive payment exceptions identified during the audit will be reviewed to determine the correct supplement amount for which the client was eligible. For cases where unallowable payments were made, the Department will follow existing rules and policies for establishing overpayments. · Overpayments that are identified during the review will be referred to the Department's Office of Financial Recovery (OFR). OFR will take steps to collect the identified overpayments. · The Department will work with the respective federal agencies to determine if the costs identified need to be adjusted or repaid. <p>The conditions noted in this finding were previously reported in finding 08-01.</p> <p>April 2011</p>	<u>CFDA #</u>	<u>Amount</u>	10.551 ARRA and non-ARRA	ARRA: \$15,000 (approx)	10.561 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>								
10.551 ARRA and non-ARRA	ARRA: \$15,000 (approx)								
10.561 ARRA and non-ARRA									

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Recreation and Conservation Funding Board (RCFB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	04	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Recreation and Conservation Office is not in compliance with federal cash management requirements.</p> <table border="0" data-bbox="609 682 1128 745"> <tr> <td data-bbox="609 682 698 709"><u>CFDA#</u></td> <td data-bbox="1015 682 1104 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 709 698 737">11.438</td> <td data-bbox="1015 709 1104 737">Unknown</td> </tr> </table> <p>Corrective action complete</p> <p>The Recreation and Conservation Funding Board (Board) finalized the process of reviewing and updating policies and processes and is now in compliance with the federal requirements for cash advances to subrecipients. These modifications were effective August 14, 2010.</p> <p>Currently, there are no federal cash advances that exceed the cash requirements for 30 days. With the updating of policies, the Board has started collecting a cash advance agreement which details the advance policy and consequences for noncompliance.</p> <p>The conditions noted in this finding were previously reported in finding 09-03.</p> <p>August 2010</p>	<u>CFDA#</u>	<u>Amount</u>	11.438	Unknown
<u>CFDA#</u>	<u>Amount</u>						
11.438	Unknown						

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	05	<p>Finding: The Department of Commerce, Local Government and Infrastructure Division, does not have controls to ensure it complies with reporting requirements for the Community Development Block Grant program.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>14.228</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>14.255 ARRA</td> <td></td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding. This occurred because instructions from the federal granting agency, the Department of Housing and Urban Development, (HUD), for the Section 3 report were not clear. In June 2010, HUD provided updated instructions clarifying that only the Community Development Program (CDP) portion of funding awarded to Section 3 businesses should be reported. As one of the CDP federal grantee programs, the Community Development Block Grant (CDBG) program Section 3 reporting should have been separated as directed.</p> <p>The Department is taking the following actions to ensure the 2010 Section 3 report due on March 31, 2011 and all future reports are accurate.</p> <ol style="list-style-type: none"> 1) The Department is monitoring grant recipients' Contractor/Sub Contractor semi-annual reports to ensure only the CDBG portion of funds awarded to Section 3 businesses is reported. The Contractor/Sub Contractor reports are submitted to HUD on a semi-annual basis and are compiled and reported on the Section 3 report. Contractor/Sub Contractor reports that include other funding will be corrected to include only the CDBG portion of funding before submitting to HUD and before being included in the annual Section 3 report. 2) The Department is providing technical assistance to current grant recipients to ensure they are reporting only the CDBG portion of awards to Section 3 businesses hiring and/or training Section 3 persons. 	<u>CFDA#</u>	<u>Amount</u>	14.228	\$0	14.255 ARRA	
<u>CFDA#</u>	<u>Amount</u>							
14.228	\$0							
14.255 ARRA								

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	05 (Cont'd)	<p>3) The Department is updating the 2011 CDBG Management Handbook to provide clear instructions for completing the Contractor/Sub Contractor reports, documenting hiring and/or training of Section 3 persons. Department staff will provide training to the 2011 CDBG grant recipients at CDBG Management Handbook workshops on the reporting requirements in May and June 2011.</p> <p>Department staff responsible for compiling the data will review it for completeness and accuracy and work with grant recipients to resolve any discrepancies. Department management will review and approve Section 3 reports before submittal to HUD and provide an explanation when any outcomes of hiring and/or training Section 3 persons are not documented in the annual Performance Evaluation Report.</p> <p>Completion Date: March 2011</p>

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Department of Social and Health Services (DSHS)

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10	06	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Division of Behavioral and Health Services, does not ensure Justice Assistance Grant subrecipients are registered in the Central Contractor Registration database as required by federal regulation.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>16.738</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>16.803 ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding. By April 2011, the Department will ensure that any future federal funds that come with the requirement to register in the Central Contractor Registration database (CCR) will be monitored by Department staff.</p> <p>The Department will first confirm the requirement is included in the award instructions received from a federal agency. Secondly, the Department will use the CCR to review the status of any potential subrecipient. If the subrecipient is listed, the Department will proceed with a contract. If the subrecipient is not listed, the Department will require the potential subrecipient to register at https://www.bpn.gov/CCR/default.aspx. The Department will confirm the registration is completed before issuing a contract to the subrecipient.</p> <p>April 2011</p>	<u>CFDA #</u>	<u>Amount</u>	16.738	\$0	16.803 ARRA	
<u>CFDA #</u>	<u>Amount</u>								
16.738	\$0								
16.803 ARRA									

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
10	07	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not provide adequate information to its Justice Assistance Grant subrecipients, nor did it monitor subrecipients' use of those funds.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>16.738</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>16.803 ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>By April 2011 the Department will:</p> <ul style="list-style-type: none"> · Ensure that federal funds listed in any subrecipient contract will include the grant name, the federal award number, and the amount of federal funds associated with the contract will be listed on the contract's facesheet. Also, the Department will "highlight" the amount of federal funds noted on internal documents and the contract itself. · Review the monitoring protocols used by the Division of Behavioral Health and Recovery (DBHR) staff who are responsible for contracts to ensure the protocols comply with subrecipient monitoring requirements and DSHS Administrative Policy 19.50.30. <p>Also, the Department will continue the following monitoring practices that have been in place for some years:</p> <ul style="list-style-type: none"> · Review and approve monthly invoices from counties. · Have the counties monitor prevention/treatment services available from their providers. · Monitor county records during the biennial review of the county community services contract. During the biennial review, billing documents and supporting documentation for services rendered are reviewed. <p>April 2011</p>	<u>CFDA #</u>	<u>Amount</u>	16.738	\$0	16.803 ARRA	
<u>CFDA #</u>	<u>Amount</u>								
16.738	\$0								
16.803 ARRA									

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	08	<p>Finding: The Employment Security Department did not comply with U.S. Department of Labor requirements for determining the accuracy of benefit payments.</p> <p>Questioned</p> <table border="0"> <tr> <td data-bbox="440 680 509 705">Costs:</td> <td data-bbox="610 680 696 705"><u>CFDA#</u></td> <td data-bbox="1016 680 1105 705"><u>Amount</u></td> </tr> <tr> <td></td> <td data-bbox="610 709 943 735">17.225 ARRA and non-ARRA</td> <td data-bbox="1016 709 1045 735">\$0</td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: During the Fiscal Year 2010 audit period, staff in the unit were relatively new to their positions. In addition, the unit lacked a supervisor during much of the audit period.</p> <p>Over the last year, staff in the unit have gained additional experience and have received additional training to ensure completeness and accuracy of the Benefit Accuracy Measurement (BAM) audits they perform.</p> <p>In addition to the increase in the level of staff experience, the unit also hired a new supervisor with extensive BAM experience to oversee the function and perform the necessary quality assurance reviews. These reviews have been implemented to ensure audits are compliant with U.S. Department of Labor (USDOL) requirements.</p> <p>The Department will discuss the issue of in-person employer contacts with the USDOL and seek clarification on this requirement.</p> <p>The condition noted in this finding was previously reported in finding 09-05.</p> <p>Completion Date: June 2011</p>	Costs:	<u>CFDA#</u>	<u>Amount</u>		17.225 ARRA and non-ARRA	\$0
Costs:	<u>CFDA#</u>	<u>Amount</u>						
	17.225 ARRA and non-ARRA	\$0						

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	09	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Employment Security Department did not comply with federal cash management requirements.</p> <table border="0"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>17.225 ARRA and non-ARRA</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department requested and received approval to change the draw method used for the Unemployment Insurance program to a more appropriate method in January 2011. This change is in effect for Fiscal Year 2011.</p> <p>The Department will address the auditor's concern regarding interest earnings with the U.S. Department of Labor.</p> <p>June 2011</p>	<u>CFDA#</u>	<u>Amount</u>	17.225 ARRA and non-ARRA	\$0
<u>CFDA#</u>	<u>Amount</u>						
17.225 ARRA and non-ARRA	\$0						

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	10	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Employment Security Department did not adequately review job search logs to ensure unemployment insurance claimants are eligible for benefits.</p> <table border="0"> <tr> <td data-bbox="609 682 698 709"><u>CFDA#</u></td> <td data-bbox="1015 682 1104 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 709 950 737">17.225 ARRA and non-ARRA</td> <td data-bbox="1015 709 1047 737">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department revised WAC 192-180-015 in June 2010. This WAC provides direction to Unemployment Insurance claimants on requirements for on-line job search efforts. As noted by the auditor in the finding, compliance with the revised WAC could not be verified during the Fiscal Year 2010 audit cycle. The Department's expectation is that the WAC revision will eliminate many of the exceptions noted by the auditors in the testing of job search logs for the Fiscal Year 2010 audit.</p> <p>In addition to the WAC change, the Department is scheduling additional training for staff, supervisors and managers in how to properly conduct job search reviews, scheduling follow-up reviews and handling non-compliant job search logs. These training efforts are planned for completion by May 31, 2011. Technical materials used in this training effort along with periodic updates will be available electronically for staff reference.</p> <p>Central office program staff will conduct reviews of job search logs selected for every local office performing job search review. Timely feedback to each location followed by technical assistance will be provided as reviews are completed. These reviews will focus on the completeness of the logs as well as provision of assistance to claimants with other job seeker services. It is expected that these reviews will be completed by May 31, 2011. In addition to the review of all offices, central office program staff will also continue to perform intensive quarterly reviews in future periods.</p> <p>The condition noted in this finding was previously reported in finding 09-06.</p> <p>June 2011</p>	<u>CFDA#</u>	<u>Amount</u>	17.225 ARRA and non-ARRA	\$0
<u>CFDA#</u>	<u>Amount</u>						
17.225 ARRA and non-ARRA	\$0						

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Washington State Department of Transportation (WSDOT)

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10	11	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Transportation does not have adequate controls to ensure that information the American Recovery and Reinvestment Act requires to be reported for its Highway Planning and Construction program is accurate.</p> <table border="0"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>20.205 ARRA and non-ARRA</td> <td>\$0</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.003 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>Prior to the commencement of the audit, the Department identified and corrected the error reported as part of the March 2010 quarterly reporting cycle. Since the reporting process only allowed for cumulative expenditures to be included in this American Recovery and Reinvestment Act (ARRA) report, correcting the next quarterly report for April through June 2010 was the only means of correcting the reported expenditures for January through March 2010. The Department properly reported the information in question in the Federal Fiscal Management Information System (FMIS) and Oberstar reporting systems, which are used by the grantor to manage grant programs and by Congress and staff to monitor delivery performance.</p> <p>The Department's Capital Program Development and Management Office (CPDM) has further strengthened internal controls to ensure proper reporting associated with the transparency reporting requirements of ARRA.</p> <p>December 2011</p>	<u>CFDA#</u>	<u>Amount</u>	20.205 ARRA and non-ARRA	\$0	20.219		20.003 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
20.205 ARRA and non-ARRA	\$0										
20.219											
20.003 ARRA and non-ARRA											

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Washington State Department of Transportation (WSDOT)

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
10	12	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Transportation did not ensure highway construction contractor invoices were supported and approved before payment.</p> <table border="0"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>20.205 ARRA and non-ARRA</td> <td>ARRA: \$75,147</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.003 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>As soon as the Department's project office became aware of the finding staff conducted a full reconciliation of the force account payments associated with the contract, which at the time had approximately six months remaining on the project and had only been paid approximately fifty percent of the bid amount. The Department then recovered the overbilled amounts by reducing subsequent payments to the contractor. Not only does the project office now ensure that payments are made in accordance with guidance outlined in the Construction Manual, they have also worked with this particular contractor to create an informal invoice submittal process for the force account work.</p> <p>In addition to the increased awareness from the particular project office involved, the WSDOT Headquarters Construction Office issued a memorandum to all project offices and construction project engineers reminding them of the importance of strong internal controls and related documentation requirements for contractor payments, particularly force account payments in place. The memo also mentions the upcoming 2011 Construction Office training season, which will include contractor payments as a major topic. The Construction Office is also seeking feedback from all project offices on any suggestions, comments, or best practices related to contractor and force account payments to further improve internal control procedures.</p> <p>December 2011</p>	<u>CFDA#</u>	<u>Amount</u>	20.205 ARRA and non-ARRA	ARRA: \$75,147	20.219		20.003 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
20.205 ARRA and non-ARRA	ARRA: \$75,147										
20.219											
20.003 ARRA and non-ARRA											

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Washington State Department of Transportation (WSDOT)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	13	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Transportation did not support over \$759,000 in payroll costs in accordance with federal regulations for the Formula Grants for Other Than Urbanized Areas.</p> <table border="0" data-bbox="602 709 1474 772"> <tr> <td data-bbox="602 709 699 741"><u>CFDA#</u></td> <td data-bbox="1013 709 1105 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 741 948 772">20.509 ARRA and non-ARRA</td> <td data-bbox="1013 741 1297 772">ARRA: \$759,869.57</td> </tr> </table> <p>Corrective action in progress</p> <p>At this time, the Department is awaiting required authorization from the federal grantor to implement its planned correction.</p> <p>In June 2010, the Department submitted a formalized direct payroll allocation plan, known as a substitute system, to the Federal Transit Administration (FTA) to meet the federal regulations (OMB Circular A-87). Upon receipt of the plan, the FTA requested that the Department continue to allocate payroll costs under the current method which was approved by the local FTA Regional Office, until such time as the new plan can be reviewed and approved. The FTA conducted fieldwork for their review in January 2011, and the Department is awaiting their results. The Department will continue to work with the FTA to receive grantor approval of the payroll allocation plan. Once approved, the Department's Public Transportation Division will allocate direct payroll costs using the new method and will incorporate the new method into its policies and procedures.</p> <p>The conditions noted in this finding were previously reported in finding 09-09.</p> <p>December 2011</p>	<u>CFDA#</u>	<u>Amount</u>	20.509 ARRA and non-ARRA	ARRA: \$759,869.57
<u>CFDA#</u>	<u>Amount</u>						
20.509 ARRA and non-ARRA	ARRA: \$759,869.57						

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Department of Ecology (ECY)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	14	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Ecology does not have adequate internal controls to ensure it complies with suspension and debarment requirements.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>66.458 ARRA and non-ARRA</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department respectfully disagrees with the finding that the Department does not have adequate internal controls to ensure it complies with suspension and debarment requirements. The Department agrees that it could update and enhance the suspension and debarment language in contract, grant, and loan documents.</p> <p>Department contract, grant, and loan language requires subrecipients and vendors to certify they have not been suspended, debarred, or otherwise excluded from receiving federal funds. Department contract, grant, and loan agreements also require subrecipients and vendors to ensure all their subgrantees and subcontractors comply with the terms and conditions of the agreements. The Department believes this language is sufficient in communicating requirements to subrecipients. This is supported by the fact that there have been no substantiated violations in payments to suspended or debarred vendors.</p> <p>That said, the Department will:</p> <ul style="list-style-type: none"> · Include current federal suspension and debarment language in all new contracts, grants, and loans effective April 1, 2011, or later. · Update all current agreements with end dates beyond June 30, 2011, to include current federal suspension and debarment language. · Update all active agreements funded by the American Recovery Reinvestment Act to include current federal suspension and debarment language. <p>June 2011</p>	<u>CFDA#</u>	<u>Amount</u>	66.458 ARRA and non-ARRA	\$0
<u>CFDA#</u>	<u>Amount</u>						
66.458 ARRA and non-ARRA	\$0						

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	15	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not comply with time and effort requirement for the Capitalization Grants for Drinking Water State Revolving Fund program.</p> <table border="0"> <tr> <td data-bbox="609 682 698 709"><u>CFDA#</u></td> <td data-bbox="1015 682 1104 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 709 933 737">66.468 ARRA and non-ARRA</td> <td data-bbox="1015 709 1047 737">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>New procedures have been implemented by the Department's Grants and Accounting Office to ensure that documentation is submitted timely and that documents are securely stored and available for audit.</p> <p>The current procedure includes a notification from the Grants and Accounting Office to the unit managers whose employees are required to submit quarterly certifications.</p> <p>Certifications are collected centrally and stored in a secure file where they can be made available for subsequent review.</p> <p>The Department believes that it is now in full compliance with OMB A-87 requirements for employee time and effort certifications.</p> <p>July 2010</p>	<u>CFDA#</u>	<u>Amount</u>	66.468 ARRA and non-ARRA	\$0
<u>CFDA#</u>	<u>Amount</u>						
66.468 ARRA and non-ARRA	\$0						

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	16	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Energy Office of the Department of Commerce does not have controls to ensure it complies with Davis Bacon (prevailing wage) requirements.</p> <table border="0" data-bbox="609 682 1104 745"> <tr> <td data-bbox="609 682 698 714"><u>CFDA#</u></td> <td data-bbox="1015 682 1104 714"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 714 698 745">81.041 ARRA and non-ARRA</td> <td data-bbox="1015 714 1104 745">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding. When the original grants and loans were awarded, the Energy Office had many discussions with US Department of Energy (DOE) about the Davis Bacon Act requirements. Preliminary guidance from DOE indicated project costs could be split and Davis Bacon would not be applied if construction funding was not included in the ARRA award. Some of the projects undertaken are quite large and the federal contribution is a small portion of total funding. DOE reviewed each grant or loan and made determinations on which tasks required Davis Bacon compliance. Later guidance from DOE indicated that Davis Bacon would apply whenever construction was part of the project, even when construction was not funded by federal dollars.</p> <p>The specific incident cited in the finding occurred because of a misunderstanding between the Energy Office Program Manager and the grant recipient regarding what constituted the start of construction. The Program Manager notified the grant recipient as early as November 2009 that Davis Bacon requirements applied and that certified payrolls for construction projects must be collected. Prior to approval of the invoice noted in the incident, the Program Manager asked if construction had begun. The grant recipient indicated that construction would begin after a ground-breaking event in July 2009.</p> <p>On September 13, 2010, Commerce’s Contracts Administration Unit (CAU) staff reviewed the invoices in question for Davis Bacon compliance. During the review, staff discovered the invoice for work done through June 30, 2010 included site preparation work that had been reimbursed without monitoring for Davis Bacon compliance. The Department immediately requested certified payrolls and found a \$1.41 underpayment. This took place before the next reimbursement payment was made and the underpayment was resolved on January 1, 2011.</p>	<u>CFDA#</u>	<u>Amount</u>	81.041 ARRA and non-ARRA	\$0
<u>CFDA#</u>	<u>Amount</u>						
81.041 ARRA and non-ARRA	\$0						

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	16 (Cont'd)	<p>To ensure greater control over compliance with the Davis Bacon requirements, the Department has implemented changes to its invoice review and payment procedures. The function of invoice review and verification has been transferred to CAU. Commerce CAU staff have years of experience in processing requests for reimbursement that include Davis Bacon (prevailing wage) requirements. Experienced CAU staff members now review payment requests, collect and verify certified weekly payroll information, and process the payments.</p> <p>In addition, the Energy Office is now utilizing agency-wide expertise including consultation with the Community Services and Housing Division staff members who regularly work with Davis Bacon requirements. In this way, the Department can ensure a consistent understanding of Davis Bacon requirements throughout the agency and ensure ongoing compliance.</p> <p>Completion Date: January 2011</p>

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	17	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Energy Office at the Department of Commerce does not have controls to ensure it complies with reporting requirements for the State Energy Program.</p> <table border="0" data-bbox="609 682 1104 745"> <tr> <td data-bbox="609 682 698 709"><u>CFDA#</u></td> <td data-bbox="1015 682 1104 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 709 698 737">81.041</td> <td data-bbox="1015 709 1104 737">\$0</td> </tr> </table> <p>ARRA and non-ARRA</p> <p>Corrective action complete</p> <p>The Department concurs with the finding. The Department's Energy Office submits quarterly financial reports to the US Department of Energy (DOE) electronic system with data received from Department's accounting staff.</p> <p>Communications between program staff and accounting staff were not sufficient at that time to ensure the accounting staff was aware of a new project number for Fiscal Year 2011 where expenditures were accumulated. As a result, accounting staff did not include charges accumulated against the new project number in the July to September 2009 quarterly report to DOE. In addition, the report was not adequately verified by the State Energy Office to make sure all expenditures were accurately reflected. As a result, \$45,278.80 was not reported.</p> <p>The expenditure was included in the next October-December 2009 quarterly report. In 2009, no mechanism existed to revise a report once it had been submitted. Corrections had to be made in the subsequent report. With the Energy Office's new reporting program, future corrections, if needed, can be made to the impacted quarter with approval from DOE.</p> <p>The Department has assessed its internal controls and implemented measures to ensure compliance with reporting requirements through clearly defined expectations and access to the appropriate information. Department accounting staff updated the federal reporting procedures in September 2010, adding steps to ensure all quarterly federal expenditure activity is reported. These procedures have been followed since the procedure update. Additional controls implemented include 1) comparing federal expenditures by project code with federal report project listing; 2) supervisor review of all financial status reports or federal financial reports prior to review by Energy Office staff; and 3) communication and review with Energy Office staff prior to submitting reports.</p> <p>The Department further plans to implement periodic monitoring by personnel not performing the tasks to ensure the above activities are taking place.</p> <p>September 2010</p>	<u>CFDA#</u>	<u>Amount</u>	81.041	\$0
<u>CFDA#</u>	<u>Amount</u>						
81.041	\$0						

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	18	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Energy Office at the Department of Commerce did not adequately monitor grantees and loan recipients and paid for unallowable costs under the State Energy Program.</p> <table border="0"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>81.041 ARRA and non-ARRA</td> <td>ARRA: \$13,691</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding. The Department authorized and paid a grant recipient's invoice for undocumented expenses. This occurred due to an inexperienced program staff member's mistake in the invoice verification and approval process.</p> <p>To ensure greater control over invoice monitoring, the Department has increased desk top monitoring. On September 1, 2010, monitoring of invoice payments on Energy ARRA contracts was transferred to the Department's Contracts Administration Unit (CAU). CAU has experienced staff dedicated to reviewing all grant recipient requests for payments and the supporting documentation before payments are approved.</p> <p>On September 20, 2010, CAU staff reviewed the grant recipient's contract file and identified \$13,691 in questionable costs. Department staff contacted the grant recipient and requested clarification of costs and additional supporting documentation. As a result, CAU determined \$6,894.41 was supported by the documentation and therefore allowable. CAU also determined that the remaining \$6,796.86 was unallowable. The grant recipient was notified that these costs were unallowable and the amount was deducted from the next invoice. The Department has received satisfactory documentation from this grant recipient for all other invoices to-date. In addition, the Department is working with US Department of Energy to satisfy any questions regarding the questioned costs.</p> <p>September 2010</p>	<u>CFDA#</u>	<u>Amount</u>	81.041 ARRA and non-ARRA	ARRA: \$13,691
<u>CFDA#</u>	<u>Amount</u>						
81.041 ARRA and non-ARRA	ARRA: \$13,691						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	19	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce, Community Services and Housing Division, does not have controls to ensure it complies with subrecipient monitoring requirements for the Weatherization Assistance for Low-Income Persons program.</p> <table border="0"> <tr> <td data-bbox="609 745 698 772"><u>CFDA#</u></td> <td data-bbox="1015 745 1104 772"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 772 950 800">81.042 ARRA and non-ARRA</td> <td data-bbox="1015 772 1047 800">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding and has taken immediate corrective action. Since learning of the oversight, the Department checked the national Central Contractor Registration (CCR) system for the past quarter, completing and documenting the check on January 10, 2011. The Department contacted three contractors to correct issues of non-compliance.</p> <p>In the future, an assigned staff member will review the CCR system (https://www.bpn.gov/CCR/default.aspx) at the end of each quarter (March, June, September, December) for each contractor, noting any comments regarding missing information and documenting the information and date in a spreadsheet.</p> <p>If the CCR indicates that information is missing or outdated for any contractor, the staff member assigned as liaison with the contractor will contact the contractor, requesting they go to the CCR system to review and update the entry within one week of notification. The assigned staff member will perform a follow up check on the CCR system to verify that the contractor has updated or corrected its information and note the date of contact and correction in the CCR tracking spreadsheet. This will be implemented beginning March 31, 2011.</p> <p>The Department will include the CCR check and documentation in contracting action items or in the steps taken by Housing Improvement and Preservation unit when creating new contracts or grants, or amending existing contracts or grants.</p> <p>March 2011</p>	<u>CFDA#</u>	<u>Amount</u>	81.042 ARRA and non-ARRA	\$0
<u>CFDA#</u>	<u>Amount</u>						
81.042 ARRA and non-ARRA	\$0						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	20	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce, Community Services and Housing Division, does not have controls to ensure it complies with suspension and debarment requirements for the Weatherization Assistance for Low-Income Persons program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>81.042 ARRA and non-ARRA</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding. In order to ensure compliance, the Department designated one position, the unit contracts manager, to be responsible for ensuring that all appropriate terms are addressed in contracts, including suspension and debarment, before moving any contract forward for signatures. This is part of the contract compliance checklist. The contracts manager or other designee will check the Excluded Parties List System (EPLS) when entering into a contractual agreement with a new vendor, including documenting a print-screen of the EPLS confirmation of vendor standing and placing it in the contract file. The contracts manager will train unit members and new employees on contracting requirements and procedures. These measures will be in place and operational March 1, 2011.</p> <p>March 2011</p>	<u>CFDA#</u>	<u>Amount</u>	81.042 ARRA and non-ARRA	\$0
<u>CFDA#</u>	<u>Amount</u>						
81.042 ARRA and non-ARRA	\$0						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan				
10	21	<p>Finding: The Department of Commerce, Community Services and Housing Division, did not comply with subrecipient monitoring requirements for the Weatherization Assistance for Low-Income Persons program.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 709 1250 772"> <tr> <td data-bbox="609 709 698 741"><u>CFDA#</u></td> <td data-bbox="1015 709 1104 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 941 772">81.042 ARRA and non-ARRA</td> <td data-bbox="1015 741 1250 772">ARRA: \$38,694</td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding and has taken immediate steps to correct and improve monitoring and inspection protocol, checklists, consistency, and training. The failure to complete comprehensive monitoring in 2009 was a reflection of a number of events, including preparing to receive a 10-fold increase in weatherization funding, delays in hiring and training new staff for technical positions due to a hiring freeze, the collapse of a community action agency, and providing direct weatherization service for the first time to meet state ARRA weatherization production goals. While these are legitimate reasons that disrupted local agency monitoring plans, the Department acknowledges that program monitoring requirements were not fully satisfied.</p> <p>The Department has always worked to refine and improve monitoring and inspection protocol. Historically, Washington has been among a handful of states asked to share and present monitoring and inspection policies and tools as best practices. In April 2010, the Department implemented the first PDF-based monitoring tool and database. It was revised in July 2010. After testing and reviewing the results, Department staff determined the tool was not sufficient for comprehensive program monitoring. In October 2010, the Department implemented a revised Performance Assessment Tool, as part of a completely revised Monitoring Assessment Packet, which included fiscal review questions and a new monitoring report template.</p> <p>The lead weatherization monitoring team met in January 2011 and outlined additional revisions to the Program Assessment Tool that consolidated fiscal and administrative monitoring into five key areas. An assigned Lead Weatherization Monitor is working closely with the Fiscal Monitor to re-design the Weatherization Program Fiscal/Admin monitoring checklist. It will be more effective, comprehensive, and coordinated with other fiscal monitoring activities. Two additional sections of the tool are being revised to evaluate the technical and program management systems of a local agency and are targeted to be complete by the end of February 2011.</p>	<u>CFDA#</u>	<u>Amount</u>	81.042 ARRA and non-ARRA	ARRA: \$38,694
<u>CFDA#</u>	<u>Amount</u>					
81.042 ARRA and non-ARRA	ARRA: \$38,694					

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	21 (Cont'd)	<p>For the period July-December 2010, 15 of the 25 weatherization delivery agencies received comprehensive monitoring, including completion of the fiscal tool checklist. By July 2011, the remaining 10 agencies will have the weatherization monitoring fiscal tool completed.</p> <p>Over the course of the audit, the Department has responded seriously and quickly to observations and concerns expressed by the auditors. The Department acted immediately in October 2010, for example, when it learned that the file checklist was not applied consistently. Questions were changed to eliminate simple “yes” or “no” responses, monitors were coached and questions rewritten to probe deeper and to ask for documentation and verification. Additional weatherization monitor training is planned during regularly scheduled lead monitor meetings throughout the first quarter of 2011. These trainings will focus on Fiscal/Admin monitoring, proper use of revised evaluation tools, and the application of Department of Energy (DOE) monitoring guidelines.</p> <p>The Department initiated planning for statewide refresher training in May 2011 for all inspectors, including local agencies and Department personnel. The purpose is to reaffirm inspection expectations, consistency, and accountability for immediate implementation and long-term application.</p> <p>The findings attributed to King County Housing Authority (KCHA) for serving clients after their income eligibility period expired are being addressed immediately. A letter was issued to KCHA to formally disallow costs totaling \$38,694 and seek refund unless supporting documentation can be provided to verify eligibility.</p> <p>The Department issued notification on January 13, 2011 to all local agency executive directors, chief financial officers, and program managers regarding the observations and concerns received from the auditor, DOE and DOE’s Inspector General. The Department encouraged all parties to compare current practices to concerns registered and make immediate corrections if warranted. The Department updated our inspection checklist to include checking income eligibility documentation, rather than limit the review to only the in-office monitoring. Training on how to review eligibility and properly document the results is planned for all lead monitors and inspectors in February 2011. The Department is determining how to manage this element for large multi-family buildings when there isn’t individual income verification documented.</p>

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	21 (Cont'd)	<p>To summarize actions steps and target completion dates:</p> <ol style="list-style-type: none"> 1. February 2011 - Issue a finding letter to King County Housing Authority on serving households after term of eligibility. 2. March 2011 - Refine program monitoring tools and reinforce consistent procedures to be employed by monitors and inspectors. 3. May 2011 - Convene a statewide inspector refresher training. 4. July 2011 – Complete the weatherization monitoring fiscal tool on 10 local agencies. <p>Completion Date: July 2011</p>

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Department of Services for the Blind (DSB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
10	22	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of the Services for the Blind is not complying with federal requirements regarding payroll costs charged to the Vocational Rehabilitation Program.</p> <table border="0" data-bbox="609 709 1474 800"> <tr> <td></td> <td style="text-align: center;"><u>CFDA#</u></td> <td style="text-align: center;"><u>Amount</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">84.126</td> <td style="text-align: center;">ARRA:</td> <td style="text-align: right;">\$947,414</td> </tr> <tr> <td></td> <td style="text-align: center;">84.390</td> <td style="text-align: center;">ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department of Services for the Blind (DSB) agrees with the audit finding and recommendations. A corrective action plan has been completed which included:</p> <ul style="list-style-type: none"> · An Effort Certification form for staff working solely on a single federal award or cost objective has been adopted into DSB procedures. · Effort Certifications have been completed on all impacted staff for the latest 6-month period of time. · The Effort Certification process has been added to the Department's due dates calendar in coordination with the federal fiscal year. · The Department has contacted the US Department of Education Rehabilitation Services Administration for their review of any costs that are to be repaid as a result of the lack of certifications. <p>March 2011</p>		<u>CFDA#</u>	<u>Amount</u>			84.126	ARRA:	\$947,414		84.390	ARRA	
	<u>CFDA#</u>	<u>Amount</u>													
	84.126	ARRA:	\$947,414												
	84.390	ARRA													

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
10	23	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services is not complying with federal requirements for suspension and debarment for the federal Vocational Rehabilitation Program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>84.126</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>84.390 ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding. The Division of Vocational Rehabilitation (DVR) was the program within the Department that received the finding.</p> <p>By June 2011, DVR will work with Central Contracts Services (the Department's contracts unit) and the Attorney General's Office to review terms and conditions. A recommendation will be made on suspension language that should be added to terms and conditions. Also, DVR will begin including a review of a contractor's suspension and debarment status as part of their monitoring of contractors.</p> <p>June 2011</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0	84.390 ARRA	
<u>CFDA #</u>	<u>Amount</u>								
84.126	\$0								
84.390 ARRA									

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
10	24	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services is not complying with federal requirements for time and effort documentation for the Vocational Rehabilitation Program.</p> <table border="0" data-bbox="607 709 1472 800"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">84.126</td> <td style="text-align: center;">ARRA:</td> <td style="text-align: right;">\$662,958</td> </tr> <tr> <td></td> <td style="text-align: center;">84.390</td> <td style="text-align: center;">ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with this finding in that the time certifications from October 2009 to March 2010 did not include staff who left employment during this certification period.</p> <p>The Department does not concur with the questioned costs as each employee has been certified as having worked one hundred percent on Vocational Rehabilitation grant activities, although after the fact.</p> <p>The Department has taken or will take the following actions to ensure payroll certifications are completed.</p> <ul style="list-style-type: none"> · In January 2011, supervisors were informed they have to double check the certifications to ensure they include all staff who worked during the certification period. · By May 2011: <ul style="list-style-type: none"> ○ Time certifications will be developed using salary and benefit expenditure information from the state's payroll system so that certifications are reconciled to payroll costs charged to the grant. ○ The Department will work with the Rehabilitative Services Administration to determine if any of the questioned costs need to be reimbursed. <p>May 2011</p>		<u>CFDA #</u>	<u>Amount</u>			84.126	ARRA:	\$662,958		84.390	ARRA	
	<u>CFDA #</u>	<u>Amount</u>													
	84.126	ARRA:	\$662,958												
	84.390	ARRA													

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
10	25	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health does not monitor subrecipient expenditures of the National Bioterrorism Hospital Preparedness and Public Health Emergency Preparedness programs.</p> <table border="0"> <tr> <td data-bbox="609 716 698 743"><u>CFDA#</u></td> <td data-bbox="1015 716 1104 743"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 743 698 770">93.069</td> <td data-bbox="1015 743 1104 770">\$0</td> </tr> <tr> <td data-bbox="609 770 698 798">93.889</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department is reevaluating its subrecipient monitoring procedures as well as the requirements currently in place on subgrants to provide documentation in support of invoiced charges on federal grant sources.</p> <p>One possible approach is to implement a Department-wide subrecipient monitoring policy that standardizes invoicing formats and specifies periodic desk reconciliations of revenues provided and expenditures charged by subgrants.</p> <p>July 2012</p>	<u>CFDA#</u>	<u>Amount</u>	93.069	\$0	93.889	
<u>CFDA#</u>	<u>Amount</u>								
93.069	\$0								
93.889									

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
10	26	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not support over \$448,000 in payroll costs in accordance with federal regulations for the National Bioterrorism Hospital Preparedness and Public Health Emergency Preparedness Programs.</p> <table border="0" data-bbox="609 709 1472 800"> <tr> <td></td> <td style="text-align: center;"><u>CFDA#</u></td> <td style="text-align: center;"><u>Amount</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.069</td> <td style="text-align: center;">ARRA:</td> <td style="text-align: right;">\$448,344.90</td> </tr> <tr> <td></td> <td style="text-align: center;">93.889</td> <td></td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>Prior to the audit, the Department's Grants and Accounting Office changed the time and effort reporting policy for supervisory staff who charge their salaries to more than one funding source.</p> <p>The new policy requires managers to complete time and effort records in accordance with OMB A-87 requirements.</p> <p>If the manager's position is only funded by one federal grant, quarterly certifications are required. If the manager's position is funded by two or more sources, regular time keeping in the form of time sheets is required.</p> <p>July 2010</p>		<u>CFDA#</u>	<u>Amount</u>			93.069	ARRA:	\$448,344.90		93.889		
	<u>CFDA#</u>	<u>Amount</u>													
	93.069	ARRA:	\$448,344.90												
	93.889														

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	27	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce does not ensure the Temporary Assistance for Needy Families funding it provides to subrecipients is reported and audited in accordance with federal regulations.</p> <table border="0"> <tr> <td data-bbox="609 709 698 741"><u>CFDA#</u></td> <td data-bbox="1015 709 1104 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 698 772">93.558</td> <td data-bbox="1015 741 1104 772">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the finding. The Department agrees that not all subrecipients submitted audit reports as required and it did not catch the oversight. Terms and conditions of contracts with the subrecipients identify the requirement that organizations receiving in excess of \$500,000 in federal funds must have a Circular A-133 audit. The Department is satisfied that program funds expended during this period were appropriate and correct through the monthly invoice verification process, the required documentation and on-site monitoring conducted for each subrecipient.</p> <p>In the future, based on direction from our funding source, the Department will consider the WorkFirst contractors as vendors, thus negating the requirements for Circular A-133 audit reports.</p> <p>March 2011</p>	<u>CFDA#</u>	<u>Amount</u>	93.558	\$0
<u>CFDA#</u>	<u>Amount</u>						
93.558	\$0						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	28	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services requested federal grant funding in excess of its immediate needs.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.563 ARRA and non-ARRA</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding. The errors occurred as a result of American Reinvestment and Recovery Act (ARRA) funds adjustments which caused inadvertent “draw downs” of federal funds over a four quarter period. The draw downs were not noticed immediately because the Department’s Grants Management System (GMS) does not interface with the federal Payment Management System (PMS).</p> <p>Economic Services Administration (ESA) was the administration responsible for errors with ARRA funds. All inappropriately received federal funds were returned in October 2010. Additionally, in February 2011, ESA reported the overpayment to the Department’s Office of Accounting Services (OAS). OAS is responsible for preparing and submitting the Department’s interest liability obligations for the State’s Cash Management Improvement Act (CMIA) Annual Report.</p> <p>By June 2011, the Department will develop a quarterly reconciliation procedure to ensure that the GMS and the PMS data match. The Department’s OAS has agreed to send quarterly PMS reports to staff assigned responsibility for the quarterly reconciliation.</p> <p>June 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.563 ARRA and non-ARRA	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.563 ARRA and non-ARRA	\$0						

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
10	29	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Commerce, Community Services and Housing Division, did not comply with subrecipient monitoring requirements for the Community Services Block Grant program.</p> <table border="0" data-bbox="609 709 1104 800"> <tr> <td data-bbox="609 709 698 741"><u>CFDA#</u></td> <td data-bbox="1015 709 1104 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 698 772">93.569</td> <td data-bbox="1015 741 1104 772">\$0</td> </tr> <tr> <td data-bbox="609 772 698 800">93.710</td> <td data-bbox="698 772 1104 800">ARRA</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding. When a staff member assumed program management responsibilities for the Community Service Block Grant (CSBG) in July 2009, she noted that two subrecipients had not received on-site monitoring within the required three year period. In the summer and fall of 2009, the upcoming monitoring schedule was updated, but since the schedule was already set for 2009, the two subrecipients were not added to the schedule. With only two employees monitoring approximately 10 subrecipients per year, and the addition of American Reinvestment and Recovery Act (ARRA) funding awards in the spring of 2009, it was difficult to add the two subrecipients to the monitoring schedule for 2009. The entire grant process—from application to award, from tracking expenditures to assessing risk, from additional fiscal monitoring to state and federal reporting—had to be ramped up under significantly constrained staffing conditions. Monitoring visits are typically scheduled March or April through October, to a) avoid hazardous driving conditions in the winter, and b) because the annual application and reporting processes consume most of staff’s time from October through March.</p> <p>Both subrecipients were contacted on March 11, 2010 when the 2010 monitoring schedule was being prepared for that year. Monitor dates were arranged for May and November 2010. Monitoring visits were completed as scheduled.</p> <p>At present, the monitoring schedule has been adjusted so that 10 subrecipients will be monitored on-site each year, to ensure that all 30 subrecipients are monitored on-site every three years. Any additional on-site monitor visits triggered by a risk assessment, request by the subrecipient, or poor performance will be added to the normal three-year rotation schedule.</p>	<u>CFDA#</u>	<u>Amount</u>	93.569	\$0	93.710	ARRA
<u>CFDA#</u>	<u>Amount</u>								
93.569	\$0								
93.710	ARRA								

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	29 (Cont'd)	<p>In addition to on-site monitoring, other monitoring activities are performed by Department staff that yield information about the performance of the subrecipients:</p> <ul style="list-style-type: none"> · Annual application process—includes review of their annual plan, community needs assessment, strategic planning documents, and budget. · Monthly review and processing of requests for reimbursement—yields a picture of their spend-down of the grant, and adherence to expenditures based on their stated plan. · Periodic phone calls—includes technical assistance. · Desk monitoring—fiscal documents for ARRA grants mailed by grant subrecipients were reviewed by the Department. <p>Completion Date: November 2010</p>

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	30	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce, Community Services and Housing Division, did not comply with period of availability requirements for the Community Services Block Grant program.</p> <table border="0" data-bbox="609 703 1474 808"> <tr> <td></td> <td style="text-align: center;"><u>CFDA#</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.569</td> <td style="text-align: center;">\$55,593.11 non-ARRA</td> </tr> <tr> <td></td> <td style="text-align: center;">93.710 ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding. The Department did not properly review costs transferred from one grant year to another grant year to ensure costs were within the proper period of availability. Fiscal staff did not clarify nor consult with program staff when program staff requested cost transfers between grant years. Fiscal staff reviewing the work of newly hired staff did not properly verify backup documentation for the transfer. As a result, \$55,593.11 transferred was not properly identified within the period of availability.</p> <p>In January 2011, fiscal and program staff reviewed and corrected the original \$55,593.11 costs transferred between grant years. Appropriate costs within the period of availability were identified and transferred.</p> <p>The Department concurs with the auditors' recommendation that fiscal staff consult with program staff when transferring costs between grant years. The Department has assessed its internal controls and implemented measures to ensure proper review of costs transfer through clearly defined expectations and responsibilities. Program and fiscal staff have updated the transfer / correction request form to include identification of specific items to transfer and provided training to fiscal and program staff. Fiscal has reiterated document review and approval expectations with supervisors and lead workers.</p> <p>January 2011</p>		<u>CFDA#</u>	<u>Amount</u>		93.569	\$55,593.11 non-ARRA		93.710 ARRA	
	<u>CFDA#</u>	<u>Amount</u>										
	93.569	\$55,593.11 non-ARRA										
	93.710 ARRA											

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Department of Early Learning (DEL)/Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
10	31	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Early Learning and the Department of Social and Health Services do not have adequate internal controls over direct payments to child care providers.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.713 ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department of Early Learning (DEL) does not concur with this audit finding. In July 2008, the DEL and the Department of Social and Health Services (DSHS) implemented a process to reconcile child care payments to attendance records to determine if the payments were supported by appropriate documentation.</p> <p>On a monthly basis, payment files are randomly selected from child care centers and family child care homes by DSHS. Those records are audited by DSHS to monitor for correct payments. Overpayments and underpayments are written by DSHS if found during the monitoring.</p> <p>This reconciliation occurred through the Fiscal Year 2010 audit period.</p> <p>The conditions noted in this finding were previously reported in finding 09-12.</p> <p>February 2011</p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596		93.713 ARRA	
<u>CFDA#</u>	<u>Amount</u>										
93.575	\$0										
93.596											
93.713 ARRA											

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
10	32	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Children's Administration, is not ensuring the eligibility of clients receiving adoption assistance payments.</p> <p><u>CFDA #</u> 93.659 ARRA and non-ARRA</p> <p><u>Amount:</u> ARRA: \$61,918</p> <p>Corrective action in progress</p> <p>The Department concurs with this finding. The Department believes control procedures are in place to avoid payments for adopted children over ages 18 and 21. The process works very well in most regions across the state. The Department will evaluate why the process has not worked in the region where exceptions were found.</p> <p>The Department will take the following actions to address the deficiencies identified during the audit.</p> <ul style="list-style-type: none"> · By March 2011 a memo will be sent to staff that describes the established procedures that are to be followed for monitoring case files and ensuring eligibility requirements are met. · By April 2011 the office responsible for the exceptions will review them and process overpayments for those that should not have been paid. This process will automatically return the federal share of the payment. <p>The conditions noted in this finding were previously reported in finding 09-14.</p> <p>April 2011</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
10	33	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services spent approximately \$2.7 million of federal Children Health Insurance Program (CHIP) money on unallowable administrative activities.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> <td></td> </tr> <tr> <td>93.767</td> <td>ARRA:</td> <td>\$2,708,627.53</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department’s Medicaid Purchasing Administration (MPA) concurs with this finding.</p> <p>In February 2011, MPA established communication with program, fiscal, and budget staff to ensure the operation, maintenance, and fiscal review of the CHIP program includes all appropriate parties.</p> <p>The MPA developed internal financial procedures and monthly fiscal reports to monitor the Children’s Health Insurance Program (CHIP) expenditures to ensure the MPA does not exceed the administrative cap.</p> <p>The MPA implemented a process for the full recovery of the CHIP funds from the Local Health Jurisdictions (LHJ) and will coordinate with the Centers for Medicaid and Medicare Services (CMS) to repay the federal portion. By February 8, 2011, MPA had recovered fifty percent of the funds.</p> <p>June 2011</p>	<u>CFDA #</u>	<u>Amount</u>		93.767	ARRA:	\$2,708,627.53
<u>CFDA #</u>	<u>Amount</u>								
93.767	ARRA:	\$2,708,627.53							

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
10	34	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services does not have adequate procedures to ensure compliance with earmarking requirements for the Children’s Health Insurance Program.</p> <table border="0" data-bbox="609 709 1474 772"> <tr> <td data-bbox="609 709 706 741"><u>CFDA #</u></td> <td data-bbox="1015 709 1112 741"><u>Amount</u></td> <td data-bbox="1177 709 1474 741"></td> </tr> <tr> <td data-bbox="609 741 706 772">93.767</td> <td data-bbox="1015 741 1112 772">ARRA:</td> <td data-bbox="1177 741 1474 772">\$98,754</td> </tr> </table> <p>Corrective action in progress</p> <p>The Medicaid Purchasing Administration (MPA) concurs with this finding.</p> <p>MPA will take the following actions to correct the deficiencies identified in the audit.</p> <ul style="list-style-type: none"> · By March 2011, MPA will implement processes and procedures to monitor on a monthly basis all Children’s Health Insurance Program (CHIP) expenditures to ensure the Department does not exceed the CHIP Administrative cap. Monthly CHIP expenditure reports will be maintained tracking all CHIP expenditures for fiscal review. · By June 2011, MPA will fully recover the CHIP administrative funds submitted to the local health jurisdictions. As of February 8, 2011, MPA had recovered fifty percent of the funds. · MPA will coordinate with the Centers for Medicaid and Medicare Services to repay the federal portion. <p>June 2011</p>	<u>CFDA #</u>	<u>Amount</u>		93.767	ARRA:	\$98,754
<u>CFDA #</u>	<u>Amount</u>								
93.767	ARRA:	\$98,754							

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
10	35	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate internal controls to accurately identify and claim all eligible Children’s Health Insurance Program expenditures.</p> <table border="0" data-bbox="609 682 1481 745"> <tr> <td data-bbox="609 682 706 745"><u>CFDA #</u></td> <td data-bbox="706 682 1015 745"></td> <td data-bbox="1015 682 1112 745"><u>Amount</u></td> <td data-bbox="1112 682 1481 745"></td> </tr> <tr> <td data-bbox="609 703 706 745">93.767</td> <td data-bbox="706 703 1015 745"></td> <td data-bbox="1015 703 1112 745">\$0</td> <td data-bbox="1112 703 1481 745"></td> </tr> </table> <p>Corrective action in progress</p> <p>The Aging and Disability Services Administration (ADSA) and the Medicaid Purchasing Administrations (MPA) both concur with this finding. MPA and ADSA will work together to establish a workgroup to communicate the availability of Children’s Health Insurance Program (CHIP) funding and regulation changes, and develop a system to identify CHIP eligible costs.</p> <p>The specific actions ADSA and MPA will take are:</p> <ul style="list-style-type: none"> · By March 2011 a CHIP workgroup will be established that will be comprised of MPA, ADSA, and other Department staff as needed. The purpose of the group will be to communicate availability of funding, regulation changes, and establish a system to identify CHIP eligible costs. · By April 2011 the CHIP workgroup will: <ul style="list-style-type: none"> ○ Evaluate CHIP regulation revisions and their impact on the ability to claim CHIP funds. ○ Develop a process/procedure for communicating the status of CHIP funding availability on a routine basis. · By May 2011: <ul style="list-style-type: none"> ○ The workgroup will establish a process for identifying CHIP clients and journal vouchering CHIP eligible expenditures when necessary. ○ MPA will establish a routine process to identify all Medicaid eligible costs for CHIP reimbursement. <p>May 2011</p>	<u>CFDA #</u>		<u>Amount</u>		93.767		\$0	
<u>CFDA #</u>		<u>Amount</u>									
93.767		\$0									

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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	36	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Based Services Division, does not have adequate controls to ensure Medicaid recipients have received the services for which Medicaid is billed.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding. The Department has plans to implement the Provider Compensation System (PCS) by the end of 2012 which will allow for an automated review process. PCS will be a sub-system of ProviderOne and is designed to generate intermittent, random notices to clients informing them how many hours were paid to the provider on their behalf during the previous month. The clients will be instructed to notify the Department if they notice a discrepancy in the hours provided versus the hours billed.</p> <p>Until PCS is implemented, the Department will rely on the following controls that are currently in place:</p> <ul style="list-style-type: none"> • Case managers complete an assessment that results in an authorization of hours that cannot be exceeded by a provider invoice. • Clients receive a copy of the service summary that tells them the number of hours of service they are eligible to receive. Clients are advised they can choose when those hours are provided and direct the individual provider when to provide them. Case Managers also advise clients to contact them if they are not receiving the hours (or care) for which they are eligible. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778	ARRA and non-ARRA												

**State of Washington
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	36 (Cont'd)	<ul style="list-style-type: none"> · Clients are expected to keep copies of timesheets for their individual providers. Case managers periodically review these time sheets and verify with the client that authorized services have been provided. Case managers are instructed to document the review of time sheets and the discussion of service verification in a Service Episode Record. · The Department, through its Payment Review Program, runs algorithms to detect possible fraudulent claims. Overpayments are initiated and referrals are made to the Medicaid Fraud Control Unit as indicated by findings. · The Social Service Payment System will not process payments in excess of hours authorized. A provider is therefore unable to claim and be reimbursed for hours that exceed those authorized by the case manager. <p>By June 2011, the Department will audit a randomly selected sample of individual providers' timesheets to determine if services billed for are consistent with the timesheet documentation submitted to the Department.</p> <p>The conditions noted in this finding were previously reported in finding 09-18.</p> <p>Completion Date: June 2011</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	37	<p>Finding: The Department of Social and Health Services does not have an adequate process to identify ineligible Medicaid expenditures for nonqualified aliens at the time of payment, resulting in \$187,557 in questionable costs.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="607 709 1328 861"> <thead> <tr> <th data-bbox="607 709 704 737">CFDA #</th> <th data-bbox="1013 709 1110 737">Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="607 737 704 764">93.775</td> <td data-bbox="1013 737 1328 764">Non-ARRA: \$149,965.40</td> </tr> <tr> <td data-bbox="607 764 704 791">93.776</td> <td data-bbox="1013 764 1328 791">ARRA: \$37,591.93</td> </tr> <tr> <td data-bbox="607 791 704 819">93.777</td> <td></td> </tr> <tr> <td data-bbox="607 819 948 861">93.778 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: This finding involved the Department's Aging and Disability Services Administration (ADSA) and Medicaid Purchasing Administration (MPA). Both administrations concur with the finding.</p> <p>ADSA will take the following actions to correct the deficiencies identified during the audit:</p> <ul style="list-style-type: none"> · By May 2011: <ul style="list-style-type: none"> ○ Codes will be established in the Social Services Payment System (SSPS) for state only clients and authorizations for existing clients will be corrected. ○ Field staff will be trained to identify client citizenship and assign correct SSPS codes when services are authorized. ○ Because Medicaid funding is no longer allowable for emergency services for ADSA clients, expenditures are currently transferred to state only funding quarterly. The expenditures will be moved to a state only SSPS code when they are established. · By June 2011: <ul style="list-style-type: none"> ○ Staff will review clients on the exception list to determine whether or not they are eligible for Medicaid. If they are not, costs will be moved to state only funding and the correct SSPS code will be applied for future authorizations. 	CFDA #	Amount	93.775	Non-ARRA: \$149,965.40	93.776	ARRA: \$37,591.93	93.777		93.778 ARRA and non-ARRA	
CFDA #	Amount											
93.775	Non-ARRA: \$149,965.40											
93.776	ARRA: \$37,591.93											
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Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	37 (Cont'd)	<p>MPA has taken or will take the following actions:</p> <ul style="list-style-type: none"> · In January 2010, a procedure was developed and implemented where the client's eligibility for federal funding is verified at the time of application. An interface with the Social Security Administration is used to confirm Social Security Numbers (SSN) and citizenship status. · By June 2011: <ul style="list-style-type: none"> ○ A process will be developed to move claims for Medicaid services provided to nonqualified aliens from Medicaid to state only. The process will entail periodic identification of non-citizens with invalid SSNs. This list will be passed to financial staff who will identify the non-emergent Medicaid claims data from ProviderOne and perform an accounting adjustment to shift these dollars to state only funds ○ MPA will follow up on the questioned cost relating to Managed Care insurance premiums, dental services, and other services including physicians visits, prescription drugs, family services and vision identified as being provided to nonqualifying aliens and will coordinate with the Centers for Medicare and Medicaid Services (CMS) to determine if any related Medicaid funds must be returned. <p>Completion Date: June 2011</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	38	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Medicaid Purchasing Administration¹, does not have adequate controls to ensure controlled substances prescribed for Medicaid clients are authorized and allowable.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">Non-ARRA: \$119,829.99</td> </tr> <tr> <td>93.776</td> <td style="text-align: right;">ARRA: \$30,037.85</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td style="text-align: right;">ARRA and non-ARRA</td> </tr> </table> <p>Corrective action not taken</p> <p>The Department’s Medicaid Purchasing Administration (MPA) does not concur with the finding. There are no federal or state statutes that require a payer (e.g. state) to validate the Drug Enforcement Administration (DEA) number of a prescriber. Therefore, the MPA disagrees that the lack of an edit that validates DEA for Schedule 2-5 drugs constitutes inadequate internal controls or that the lack of such validation renders the payment unallowable.</p> <p>The MPA believes that responsibility for compliance with controlled substance requirements lies with the prescribing provider and the dispensing pharmacies. The Controlled Substance Act (21 USC Sec. 821) and the State Uniform Controlled Substance Act (RCW 69.50) do not regulate payment for controlled substances and there are no provisions in either that could be interpreted as a requirement relating to payment of claims for controlled substances. Title 21 CFR Section 1306.04 clearly states that the prescribing practitioner is responsible for assuring that the prescription conforms in all essential respects to the law and regulation:</p> <p style="padding-left: 40px;">(a) A prescription for a controlled substance to be effective must be issued for a legitimate medical purpose by an individual practitioner acting in the usual course of his professional practice. <u><i>The responsibility for the proper prescribing and dispensing of controlled substances is upon the prescribing practitioner, but a corresponding responsibility rests with the pharmacist who fills the prescription.</i></u></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	Non-ARRA: \$119,829.99	93.776	ARRA: \$30,037.85	93.777		93.778	ARRA and non-ARRA
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¹ Formerly Health and Recovery Services Administration (HRSA)

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	38 (Cont'd)	<p>This finding indicates that since the previous 2009 finding, the MPA has developed procedures to verify DEA for Schedule 2 drugs. That statement is incorrect. The automated edit procedure has been in place since 2002 when the MPA implemented a pharmacy Point of Sale (POS) edit for the purpose of validating the DEA of the prescribing physician for Schedule II drugs. The MPA considered this to be an essential POS validation because Schedule II drugs are subject to the highest risk of abuse. The MPA considered it prudent to provide this additional validation to guard against the potential for fraud and abuse.</p> <p>The MPA implemented a new pharmacy Point of Sale (POS) in October 2008. The POS design allowed us to require and utilize the National Provider Identifier (NPI) as the prescriber identifier. The POS was designed to utilize a national file that associated the NPI to the DEA number, theoretically allowing a match of the NPI to DEA that enforces the Schedule II edit. However, at implementation it was discovered that the national file that associated NPI to DEA was not complete and did not meet the business needs of matching NPI to DEA. As a result, the Schedule II edit in POS is based on a work-around. The POS maintains a “prescriber network” of known NPI/DEA associations, and it is updated by state staff as new associations become known. The work-around includes manual updates to a “blocked prescriber list” that identifies prescriber DEAs prevented from prescribing Schedule II drugs.</p> <p>There continues to be no complete external source of data that provides the NPI to DEA crosswalk. As a result, the work-around within the POS does not provide any external data file that can be utilized for analysis or that allows us to query the data and match DEA with NPI. So while the POS automatically associates the NPI with DEA for adjudication, external review of the NPI/DEA associations requires manual lookup to document the association. The MPA performed the following detailed claims analysis and responded to SAO as follows:</p> <ul style="list-style-type: none"> • Transactions with an invalid DEA number (4,071 records): The MPA reviewed the first 100 records in POS and found 100% were active in the POS prescriber file with valid DEA. The prescriber file does not currently include DEA end dates. • Transactions with an NPI number (9,946 records): A manual review of 50 records found 47 associations of NPI to valid DEA. In three instances, only the NPI was in the Prescriber Network file. These three claims paid because the NPI was not on the blocked Schedule II list. • SAO reviewers were provided with access to the POS as well as instruction on the screens showing how the NPI/DEA associations could be located.

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	38 (Cont'd)	<p>In addition to the POS edit that validates the DEA for Schedule II drugs, the MPA has a set of robust Program Integrity activities including pharmacy utilization review, pharmacy rules-based algorithms that identify improper payments, and data mining activities that identify patterns outside the norm. In the absence of any requirement to validate DEA for controlled substances, the MPA believes this set of Program Integrity activities provide adequate controls to ensure that controlled substances are authorized and allowable.</p> <p>The MPA continues to research the availability of a complete external file that accurately and completely associates NPI to DEA. Other states are faced with similar difficulties in utilizing the NPI for prescriber identifier.</p> <p>By June 2011, the MPA will work with the Department of Health and Human Services to determine if any questioned costs need to be reimbursed.</p> <p>The conditions noted in this finding were previously reported in finding 09-32. The auditors noted certain progress.</p> <p>Completion Date: N/A</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	39	<p>Finding: The Department of Health and Human Services, Aging and Disability Services Administration, did not ensure the level of in-home care services for some clients was evaluated at least annually.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount:</u> 93.775 Non-ARRA: \$36,372.24 93.776 ARRA: \$9,117.45 93.777 93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department of Social and Health Services partially concurs with this finding. The Department reviewed the 10 exceptions identified by the auditors. The Department determined two of the 10 clients had annual assessments completed within the required time frames; however, due to computer anomalies, they were coded as late. There was documentation in each client's Service Episode Record that documented the situation. The other eight clients remained eligible for services during the time their assessments were out of date. There are routine reasons an assessment may not be included within the required timeframe. Some examples are the client's inability to meet with the case manager, delays in locating a provider of personal care, and delays caused in obtaining specialized medical equipment or making environmental modifications. Also, a client may have been admitted to a nursing facility or hospital or had a break in service that nullified the annual assessment due date.</p> <p>During this audit cycle, the Department completed 59,570 assessments. If the 662 assessments identified by the auditors were actually late, this amounts to a compliance rate of 98.9% which is well within an acceptable threshold given the routine reasons why an assessment could be late. The Department has set a benchmark of 90% for compliance with assessment timeliness. This benchmark is measured during each quality monitoring cycle and was surpassed during this audit period when 98% compliance was achieved.</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	39 (Cont'd)	<p>The Department has taken or will take the following actions to address the recommendations of the auditors:</p> <ul style="list-style-type: none"> · In February 2011, the Department reviewed the Quality Assurance Monitoring Tool used in the quality assurance cycle to ensure the level of care assessment for clients receiving in-home care is performed at least once every twelve months. · By June 2011, the Department will contact the Department of Health and Human Services to determine if any of the questioned costs need to be reimbursed. The Department is of the opinion since all clients were eligible for services there should not be any questioned costs. <p>Completion Date: June 2011</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	40	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Medicaid Purchasing Administration², does not comply with state law and the federal Deficit Reduction Act of 2005, thereby increasing the likelihood that the state is paying claims that should have been paid by liable third parties.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding. The MPA continues to believe that it is in compliance with the Deficit Reduction Act (DRA) of 2005. The MPA meets this standard by making data available to all insurers to use for Third Party Liability (TPL) reporting and by matching data directly with those insurers most likely to provide third party coverage to Medicaid recipients.</p> <p>In January 2011, MPA signed a contract with Health Management Systems who will perform automated data matches of MPA enrollment data against health insurance carrier files. This is intended to enhance TPL information in ProviderOne, the Department's primary provider payment processing system.</p> <p>By January 2012, the MPA will implement in ProviderOne the data exchange format published by CMS in June 2010. This new format serves as a tool to enable all states and all payers to use and comply with the DRA data exchange requirements. The MPA is moving forward to incorporate this tool into ProviderOne to enhance cost avoidance and recovery activities.</p> <p>The conditions noted in this finding were previously reported in finding 09-19. The auditors noted certain progress.</p> <p>January 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
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² Formerly Health and Recovery Services Administration (HRSA)

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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	41	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not ensure all Medicaid providers were eligible to participate in the program.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>Non-ARRA: \$8,379.59</td> </tr> <tr> <td>93.776</td> <td>ARRA: \$2,100.52</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding. Medicaid dollars were used to reimburse an excluded party who happened to be a parent provider. The excluded party (parent provider) provided the client services as authorized, and was paid for those services. During the audit period, parent providers were exempt by rule (RCW 74.15.030 (3)) from background checks. This exemption will change in 2012, when all providers, including parent providers, will be required to be fingerprinted as part of the background check process.</p> <p>The Department will take the following actions in response to the audit finding:</p> <ul style="list-style-type: none"> · By April 2011, the Department's Central Contracts Office will be contacted to review the current processes used to identify excluded and debarred providers and identify potential steps that could improve the methods currently in place. · By June 2011, the Department will contact the federal grantor to determine if costs need to be repaid. <p>June 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	Non-ARRA: \$8,379.59	93.776	ARRA: \$2,100.52	93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>												
93.775	Non-ARRA: \$8,379.59												
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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	42	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Based Services Division, does not have adequate internal controls to ensure Medicaid payments to in-home service providers are allowable and supported.</p> <table border="0" data-bbox="609 735 1474 892"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">Non-ARRA: \$460,823</td> </tr> <tr> <td>93.776</td> <td style="text-align: right;">ARRA: \$115,515</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td style="text-align: right;">ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs that there are not adequate controls in place to ensure Medicaid payments to in-home service providers were allowable and supported. The Department is anticipating the Provider Compensation System (PCS) will be implemented by the end of 2012. PCS is a sub-system of ProviderOne that will generate intermittent notices to clients informing them of the number of hours providers were paid in the previous month. This will assist clients in determining if there is a discrepancy in the number of hours providers were authorized to provide services and the hours they were paid.</p> <p>Until the PCS is implemented, the Department has the following controls in place:</p> <ul style="list-style-type: none"> · As part of their client assessment, case managers authorize a certain amount of hours a provider can provide care. These hours cannot be exceeded by a provider invoice because the Social Service Payment System will not process payments in excess of the authorized hours. · Clients are informed they need to retain copies of their provider's timesheets. This will allow case managers to periodically review a sample of client's timesheets and verify services were provided. · During 2010 the Department: <ul style="list-style-type: none"> ○ Reviewed with clients their responsibilities as the employer of their individual providers. This will continue with new clients. ○ Sent individual providers a written notice of their obligation to keep a record of in-home services provided to Department clients. ○ Began auditing randomly selected samples of individual providers' timesheets to determine that services billed for are consistent with timesheet documentation submitted. 	<u>CFDA #</u>	<u>Amount</u>	93.775	Non-ARRA: \$460,823	93.776	ARRA: \$115,515	93.777		93.778	ARRA and non-ARRA
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Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	42 (Cont'd)	<p>The Department will take the following corrective actions as a result from this year's finding.</p> <ul style="list-style-type: none"> · By April 2011, the Department will provide a training module to the case management staff of the 13 Area Agencies on Aging. The training will focus on the requirement that case managers review clients' timesheets and verify authorized hours have been provided. · Also in April the Department will revise their Case Management Program Training curriculum to include an emphasis on review of timesheets. · By June 2011, the Department will: <ul style="list-style-type: none"> ○ Send written notification to individual providers regarding their obligation to keep a record of in-home services they provide to ADSA clients. ○ Audit a random sample of individual providers' timesheets to determine if services billed are consistent with timesheet documentation. ○ Work with the Department of Health and Human Services to determine if any questioned costs need to be reimbursed. <p>The conditions noted in this finding were previously reported in finding 09-21. The auditors noted certain progress.</p> <p>Completion Date: June 2011</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	43	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>Non-ARRA: \$143,270.78</td> </tr> <tr> <td>93.776</td> <td>ARRA: \$35,913.78</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>This finding involved the Department’s Children’s, Economic Services, and Medicaid Purchasing Administrations. Each administration provided individual responses.</p> <p><u>Children’s Administration (CA)</u> CA concurs with this finding. Only two of the exceptions identified during the audit were related to CA. In February 2011, CA initiated the process to obtain the correct Social Security Number (SSN) for the two clients.</p> <p><u>Economic Services Administration (ESA)</u> ESA concurs with this finding. During February 2011, ESA took actions to address the 326 exceptions identified during the audit. Fifty-eight of them were updated with a valid SSN and 254 were closed. The remaining fourteen cases were distributed to field staff for review and resolution.</p> <p>ESA, in conjunction with the Medicaid Purchasing Administration, has requested enhancements to their automated systems. The enhancements, which are expected by October 2011, will include:</p> <ul style="list-style-type: none"> · Automation of the State On-line Query (SOLQ) SSN verification process at the time of application. · System generated edits and assignments to ensure accurate processing and follow-up of cases with missing or invalid SSNs. 	<u>CFDA #</u>	<u>Amount</u>	93.775	Non-ARRA: \$143,270.78	93.776	ARRA: \$35,913.78	93.777		93.778	ARRA and non-ARRA
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Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	43 (Cont'd)	<p><u>Medicaid Purchasing Administration (MPA)</u> MPA partially concurs with this finding. MPA is of the opinion that the audit sample of the total caseload of 1.1 million clients was not valid. This sample consisted only of cases that might be in error -- in effect, inflating the number of potential errors that might exist within the total Title XIX and Title XXI caseload. By comparing to the total 1.1 million cases, the audit team initially found 8,727 potential errors, a 7.9% potential error rate. But of that number of potential errors, the audit team found only 410 actual errors, or a 0.047% error rate. In addition, only 84 of the cited errors were under Medicaid's control, resulting in a Medicaid error rate of only 0.009%.</p> <p>During July 2010, MPA took action on the 84 exceptions identified as belonging to MPA. The cases were either corrected or closed. Of the cases, 72 (86%) were Take Charge family-planning-only. In the past, these clients have received one medical ID card covering a 12-month certification period. Beginning in May 2010, however, the Medicaid payment system changed to ProviderOne. This system only shows one month of a client's eligibility, which enables the Department to close Take Charge certifications when needed. This new functionality in ProviderOne will eliminate the Take Charge problem since the Department regularly terminates these cases when eligibility ends, rather than waiting until the end of the certification period as before.</p> <p>During September 2010, MPA staff received training in the procedures for requiring and verifying SSNs. Also in September MPA began auditing two percent of Take Charge cases and 10 percent of MEDS applications and reviews monthly</p> <p>MPA shares monthly reports on cases that lack SSNs or have invalid SSNs with the ESA allowing workers in either administration to correct them quickly. Staff has now been trained on the need for SSNs and how to verify them through the State On-Line Query. In addition, the Eligibility A-Z manual has been updated with the most current procedures.</p> <p>Completion Date: October 2011</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	44	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services Medicaid Purchasing Administration's³ internal controls are insufficient to ensure payment rates for its Healthy Options managed care program are based on accurate data.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action not taken</p> <p>The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding. MPA believes there are sufficient controls in place to assure managed care rates are set based on the verified managed care organizations' (MCO) actual costs of care.</p> <p>The controls MPA has in place are:</p> <ul style="list-style-type: none"> • Actuarially certified, proprietary cost information is submitted directly to the MPA's actuary. The actuary verifies the information submitted by comparing it to audited financial statements submitted to the Office of the Insurance Commissioner, and encounter data submitted to the MPA. • The actuary also does analysis of prior years, compares MCOs to each other and resolves outliers that arise from its analyses with the MCOs. <p>In addition, the MCOs each have compliant fraud and abuse controls to prevent provider fraud. These controls provide reasonable assurance that the data used in rate-setting is accurate and complete. This assertion is supported by the fact that the MPA has had no findings regarding rate setting in two Centers for Medicare and Medicaid Services (CMS) reviews and has had its rates consistently approved by CMS with their full understanding of the rate setting methodology.</p> <p>The conditions noted in this finding were previously reported in finding 09-22.</p> <p>N/A</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
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³ Formerly Health and Recovery Services Administration (HRSA)

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10	45	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, does not have adequate controls in place to ensure all applicant-owned assets are counted when Medicaid eligibility is determined.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.776</td> <td></td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">ARRA and non-ARRA</td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with this finding. The Department disagrees with the SAO for the following reasons:</p> <ul style="list-style-type: none"> · Most clients do not have proof of all financial activities that occurred during the last five years, which would be all of their financial statements from banks and other financial institutions. The process that the client or Department would have to go through to provide that much history would be lengthy and expensive, and would not meet the federal requirement in 42CFR 435.902 that an agency's policies and procedures for determining eligibility must be conducted in a manner consistent with simplicity of administration and in the best interests of applicants and recipients. · The Department would have to pay banks to provide archived statements that the clients no longer have per WAC 388-490-0005(7). The length of time it would take to request and then review a minimum of 60 bank statements, with the possibility of hundreds more if there are multiple accounts at different banks, would make it impossible to meet our standard of promptness for Medicaid applications with existing staff. Many additional FTEs would be required. Requiring all clients to provide 60 months of bank statements would not be cost-effective. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	ARRA and non-ARRA
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Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	45 (Cont'd)	<ul style="list-style-type: none"> · Unless transfers were made with the intent of qualifying for long-term care benefits, the Department cannot impose a transfer penalty. RCW 74.08.080(2)(g) states that “the burden is on the department to prove by a preponderance of the evidence that the person knowingly and willingly assigned or transferred the resource at less than fair market value for the purpose of qualifying...for medical assistance.” Applicants who have or had enough resources to consider transferring assets are usually applying for public assistance for the first time. If transfers occurred between 2 – 5 years prior to applying, the Department finds that those persons were usually unaware of Medicaid policies at that time because they were in reasonably good health, were not contemplating future long-term care needs, and were simply helping family members. If they were transferring assets to qualify that long ago, it is often difficult to prove. Generally, specific planning for future Medicaid eligibility occurs within a few months of the application. · Requiring clients to provide five years of bank statements would only pertain to bank accounts that are declared. No system is in place to identify undeclared bank accounts and other types of undeclared transfers which is the primary reason for reliance on self-declaration. · The Department is committed to ensuring that Medicaid clients are financially eligible for the program benefits that they receive and will continue to pursue and verify any asset transfers that it becomes aware of through the written application, the subsequent interview, or other means. Applicants complete the DSHS Application for Benefits. This form specifically asks if the applicant or applicant’s spouse has sold, traded, given away, or transferred a resource in the last five years, and if so, what and when. The application states that the person signing it is declaring an understanding that they can be criminally prosecuted for making a false statement or failing to report something. The signature certifies and declares under penalty of perjury under the laws of the State of Washington that the information given is true and correct.

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	45 (Cont'd)	<p>In addition, the Department is taking the following actions:</p> <ul style="list-style-type: none"> • Staff routinely checks online county assessor systems to see if clients have transferred property in the county in which they reside. • If the bank statements from the last three or six months contain payments or credits that present red flags, staff looks as far into this as necessary to resolve the issue. • If the client declares a transfer, staff requests and obtains verification and thoroughly evaluates that transfer to ensure that it is consistent with Medicaid rules. • If the interview is inconsistent with the application, staff evaluates and probes inconsistencies as necessary. • If staff learn of possible transfers through other means, they always follow-up and verify. <p>The Department submitted policies and procedures to the Centers for Medicare and Medicaid Services (CMS) in June 2009 asking for an opinion as to whether or not federal guidelines were being met. CMS responded on December 22, 2009. CMS indicated that states have flexibility in implementing the 5 year look-back provision according to the “general rules of reason.”</p> <p>The Department believes the CMS response validates the position that asking for bank statements for the entire look-back period is not required. The Department believes the methods described above meet the “rules of reason” test referred to by CMS.</p> <p>The conditions noted in this finding were previously reported in finding 09-17.</p> <p>Completion Date: N/A</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	46	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Economic Services Administration, does not have adequate controls to ensure sufficient action is taken to correct errors identified by the Medical Eligibility Quality Control Unit.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td style="text-align: right;">ARRA and non-ARRA</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding. In April 2010 the Department formalized monitoring procedures for assigning, tracking and follow-up on the correction of errors identified through the MEQC reviews.</p> <p>The specific procedures are:</p> <ol style="list-style-type: none"> 1. Upon completion of an MEQC project review, the MEQC Unit creates a spreadsheet (problem report), identifying potential errors. 2. This spreadsheet is uploaded to Barcode and sent to the MEQC Program Manager at the Medicaid Purchasing Administration (MPA) for distribution to the field. Barcode is an internal database system that provides field staff access to data and applications needed to support field operations. 3. The MPA MEQC Program Manager classifies the problem report by Community Services Division Customer Service Center district (region) based on where the client resides. 4. Each district specific report is sent to the appropriate district contact (a supervisor in the district office) for correction. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	ARRA and non-ARRA
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Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	46 (Cont'd)	<p>5. The district contact (supervisor) assigns the case errors to staff in the district call center for correction.</p> <p>6. The district contact reports back to the MPA MEQC Program Manager upon completion of the corrections. Corrections are then reported back to the MEQC unit.</p> <p>The conditions noted in this finding were previously reported in finding 09-25.</p> <p>Completion Date: April 2010</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	47	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Medicaid Purchasing Administration⁴, does not have adequate controls in place to ensure all individuals who receive Medicaid benefits are financially eligible.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount:</u></td> </tr> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action complete</p> <p>The Department's Medicaid Purchasing Administration (MPA) partially concurs with this finding.</p> <p>The total children's medical caseload for July 1, 2009, through March 31, 2010, was at 384,033. Two hundred cases were sampled, and 15 cases were cited with exceptions. MPA agrees that two of the 15 cases lacked income documentation to determine if the clients were eligible for medical coverage. To address this, MPA took the following action in January 2010:</p> <ul style="list-style-type: none"> · Staff were trained on income eligibility determinations and required documentation. Classroom instruction was and continues to be provided with handouts that can be used at the worker's desk to reinforce class learning. Specific training and handouts are provided on self-employment and corporations. · Policy and Procedure Manual sections have been updated with requirements on income calculations and documentation. · Medicaid Eligibility Quality Control focused audits are performed on income eligibility requirements, calculations, and documentation to ensure staff follow rules and procedures. 	<u>CFDA #</u>	<u>Amount:</u>	93.775	\$0	93.776		93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount:</u>												
93.775	\$0												
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⁴ Formerly Health and Recovery Services Administration (HRSA)

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	47 (Cont'd)	<p>MPA disagrees with the other thirteen cases, which contained procedural errors even though the clients remained eligible for medical benefits. The procedural errors amounted to weak verification of determining accountable household income for self-employed individuals. Additionally, per RCW 74.09.402 (WAC 388-416-0015), children's medical cases remain open for a 12-month continuous certification period, regardless of changes other than death, moving out of Washington State, or aging out of the program. This means that any increase in income during the audit certification period would not affect the children's eligibility during those 12 months.</p> <p>Completion Date: January 2010</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	48	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services' internal controls are inadequate to ensure non-emergency medical transportation expenditures are allowable and adequately supported.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td style="text-align: right;">ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Medicaid Purchasing Administration (MPA) concurs with this finding.</p> <p>MPA acknowledged that on-site monitoring of activities for the transportation brokers was not completed according to the monitoring plan for 2010. This was primarily due to budget restrictions. Also, the workload required for the re-procurement of non-emergency medical transportation (NEMT) contracts was considerable.</p> <p>To address this finding, MPA is reviewing broker subcontractors monitoring schedules, broker incident/accident reports, and broker invoice packets. MPA is also reviewing and resolving broker complaints.</p> <p>Additionally, MPA will take the following actions:</p> <ul style="list-style-type: none"> · By February 2011, broker's fleet inventory reports will be reviewed. · By March 2011, the Trips Database will be developed and tested. This will allow for improved monitoring capabilities. The database will allow MPA to match a client's trip to a covered medical service. · By December 2011, desk audits of all NEMT brokers will be completed, along with site visits of those brokers. <p>The conditions noted in this finding were previously reported in finding 09-31.</p> <p>December 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>												
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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	49	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate controls to ensure the federal share of overpayments made to Medicaid providers are refunded to the federal government in an accurate and timely manner.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding. While the Department's Office of Financial Recovery (OFR) has found that monthly reminders to Administrations have not been effective in ensuring timely overpayment referrals, OFR will comply with current policy while working to change the policy and implement effective refund practices.</p> <p>The conditions noted in this finding were previously reported in finding 09-28.</p> <p>April 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>												
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10	50	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services paid Medicaid providers for services that were not provided to Medicaid beneficiaries.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>Non-ARRA: \$30,408.79</td> </tr> <tr> <td>93.776</td> <td>ARRA: \$7,622.59</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>This finding involved the Aging and Disability Services Administration and the Medicaid Purchasing Administration. Both administrations concur with the finding.</p> <p><u>Aging and Disability Services Administration (ADSA)</u></p> <p>ADSA will continue its work to strengthen processes that may provide a timelier and more consistent way to inform field staff about deceased clients. Currently, field staff receive this information from a variety of sources, including relatives, death notices in the papers, and ACES-Social Security Data Exchange matches. There is no departmental or legal requirement to notify field offices. The availability and consistency of this information will improve when phase two of ProviderOne is completed. At that time staff should have uniform access to the same data sources for information about client deaths.</p> <p>ADSA will take the following action in response to this finding:</p> <ul style="list-style-type: none"> · By March 2011: <ul style="list-style-type: none"> ○ Provide the Payment Review Program the client list with dates of death (DOD) to determine if there are algorithm improvements that will assist in strengthening procedures for identifying deceased beneficiaries. ○ Establish overpayments for those payments identified after the audit began. · By June 2011: <ul style="list-style-type: none"> ○ Federal share costs without an established overpayment will be reimbursed to the federal grantor. 	<u>CFDA #</u>	<u>Amount</u>	93.775	Non-ARRA: \$30,408.79	93.776	ARRA: \$7,622.59	93.777		93.778	ARRA and non-ARRA
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Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	50 (Cont'd)	<p><u>Medicaid Purchasing Administration (MPA)</u></p> <p>The audit identified transactions totaling \$3,266 in payments made through the Medicaid Management Information System (MMIS) that were paid after the date of death. In January 2011 the Date of Death was documented in the MMIS and the payments have been recouped.</p> <p>The audit recommended that MPA “continue to strengthen procedures for identifying deceased beneficiaries to prevent overpayments in the future.” MPA continues to be a stakeholder in a Department of Health (DOH) initiative that will provide on-line access to DOH death data. The initiative will provide death data in a timelier manner, but has yet to be implemented. DOH remains dependent upon counties for receipt of death data, resulting in a delay in receiving the information. Due to this delay, DSHS will continue its successful post-pay review activities by using the quarterly DOH death data file to identify and recoup claims paid for deceased clients.</p> <p>Completion Date: June 2011</p>

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10	51	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate procedures to ensure Medicaid is the payer of last resort for pharmacies.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td style="text-align: right;">ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding. However, MPA will take the following action to strengthen internal controls:</p> <p>MPA plans to enhance functionality related to third party payers in ProviderOne by December 2012 through implementation of a change request. Until then MPA will continue to allow providers to make eligibility checks with ProviderOne that include known third party payer information.</p> <p>In June 2010, CMS announced recommended transmission formats for sharing eligibility and benefit information. The formats are the Payer Initiated Eligibility/Benefit (PIE) Transaction and the Accredited Standards Committee (ASC). MPA will be pursuing implementation of these transactions.</p> <p>On an ongoing basis as resources are available, MPA will retrospectively examine pharmacy claims for the use of Third Party Liability override codes.</p> <p>The conditions noted in this finding were previously reported in finding 09-24.</p> <p>December 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	ARRA and non-ARRA
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	52	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Medicaid Purchasing Administration⁵, does not have adequate controls to ensure providers meet initial and ongoing eligibility requirements to participate in the Medicaid program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td style="text-align: right;">ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding. The MPA does ensure that all requirements for Durable Medical Equipment providers are met.</p> <p>Although MPA does not concur with this finding, the following actions will be taken to improve services.</p> <ul style="list-style-type: none"> · MPA has a Change Request (CR) in process with the ProviderOne vendor, CNSI, that will allow a data exchange of professional and facility license information between MPA and the Department of Health. This will identify claims from expired professional and facility licenses so that they will not be paid. This change request is expected to be in effect by September 2011. Business licenses were not captured in the MMIS system (the system that preceded ProviderOne). The business license field is new to the ProviderOne system. It is a requirement for enrollment to document the business license dates. ProviderOne automatically sends the provider a letter 30 days prior to the expiration date of a business license. The provider is required to then send the Provider Enrollment Unit proof of an updated license. There is currently no edit in place to deny claims on business license end dates. This edit will be put into place by February 2012. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778	ARRA and non-ARRA												

⁵ Formerly Health and Recovery Services Administration

**State of Washington
Corrective Action Plan**

***OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2010***

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	52 (Cont'd)	<ul style="list-style-type: none">Beginning in April 2011 new federal regulations will require the states to perform pre- and post-enrollment site visits of newly enrolling DME providers, and as current DME providers' enrollment is updated. Regulations allow that states may accept the results of Medicare's or another state Medicaid agency's screening results (i.e. if the provider is already a Medicare provider and Medicare has done the pre- and post-enrollment site visit). MPA will take all steps necessary to comply with these new federal requirements. <p>Completion Date: February 2012</p>

**State of Washington
Corrective Action Plan**

**OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2010**

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	53	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services Medicaid Purchasing Administration⁶ does not perform a retrospective drug use review of pharmaceutical claims data to identify patterns of fraud or abuse as required by federal law.</p> <table border="0"> <tr> <td>CFDA #</td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action not taken</p> <p>The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding.</p> <p>MPA believes that it is in full compliance with the federal rules for retrospective drug utilization review. The Centers for Medicare and Medicaid Services (CMS) has provided previous validation that MPA's retrospective Drug Utilization Review (DUR) reports meet all federal requirements.</p> <p>MPA will submit its required annual Drug Utilization Review report to CMS for federal fiscal year 2010 no later than the due date of July 1, 2011.</p> <p>The conditions noted in this finding were previously reported in finding 09-20.</p> <p>N/A</p>	CFDA #	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	ARRA and non-ARRA
CFDA #	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778	ARRA and non-ARRA												

⁶ Formerly Health and Recovery Services Administration (HRSA)

**State of Washington
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	54	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, billed approximately \$600,000 to the Medicaid program for services provided to ineligible individuals.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>Non-ARRA: \$322,204.66</td> </tr> <tr> <td>93.776</td> <td>ARRA: \$80,767.25</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding. Department staff within Aging and Disability Services Administration (ADSA) was not aware of the correct process and client eligibility criteria for charging funds to the State Children’s Health Insurance Program (SCHIP) grant. ADSA will work with other administrations within the Department, including the Medicaid Purchasing Administration (MPA) and the Economic Services Administration (ESA), to ensure that expenditures are properly charged to the SCHIP grant and not Medicaid.</p> <p>By May 2011 the Department will:</p> <ul style="list-style-type: none"> · Obtain reports from MPA to assist in identifying eligible SCHIP clients. · Establish Social Service Payment System (SSPS) codes for state only and SCHIP enhanced clients and move unidentified clients to state only until correct funding determination can be made. · Establish a routine process for identifying and journal vouchering SCHIP eligible expenditures. · Work with the Centers for Medicare and Medicaid Services (CMS) and the Department’s Office of Accounting Services to determine if the Medicaid expenditures can be moved to the enhanced SCHIP 2010 grant. <p>May 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	Non-ARRA: \$322,204.66	93.776	ARRA: \$80,767.25	93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>												
93.775	Non-ARRA: \$322,204.66												
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	55	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Medicaid Purchasing Administration, did not ensure managed care premium payments were paid only for Medicaid eligible clients, resulting in the loss of approximately \$1 million of public funds.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>Non-ARRA: \$474,387.67</td> </tr> <tr> <td>93.776</td> <td>ARRA: \$118,915.06</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Medicaid Purchasing Administration (MPA) concurs with this finding.</p> <p>MPA conducted a thorough analysis of the data submitted by the auditors and concluded that the small group of cases cited was accurately described. The findings were a result of limitations within the legacy Medicaid Management Information System (MMIS).</p> <p>With the implementation of ProviderOne in May 2010, this limitation was resolved. Currently, MPA has established business rules that will disenroll ineligible clients when their eligibility changes between cutoff and premium payment.</p> <p>By September 2011 the MPA will work with the Centers for Medicare and Medicaid Services (CMS) to refund the federal dollars identified in the audit.</p> <p>September 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	Non-ARRA: \$474,387.67	93.776	ARRA: \$118,915.06	93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>												
93.775	Non-ARRA: \$474,387.67												
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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
10	56	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health charged federal grants for expenditures after the grant period had closed.</p> <table border="0" data-bbox="609 682 1474 745"> <tr> <td></td> <td style="text-align: center;"><u>CFDA#</u></td> <td style="text-align: center;"><u>Amount</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.889</td> <td style="text-align: center;">ARRA:</td> <td style="text-align: right;">\$154,991.62</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department is reviewing its controls over expenditures for obligations incurred during the grant period, and will implement procedures to ensure that these are not paid after the grant closing date.</p> <p>These controls may involve further restrictions on the ability of Department staff to assign costs to accounting codes related to grants that have exceeded the ninety day period following the closing date.</p> <p>In addition, the Department will ensure that the required financial reports are filed with the federal grantor by the due date.</p> <p>July 2011</p>		<u>CFDA#</u>	<u>Amount</u>			93.889	ARRA:	\$154,991.62
	<u>CFDA#</u>	<u>Amount</u>									
	93.889	ARRA:	\$154,991.62								

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	57	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, Division of Behavioral Health and Recovery, did not comply with the federal requirement for independent peer reviews for the Substance Abuse Prevention and Treatment Block Grant.</p> <table border="0" data-bbox="609 743 1104 800"> <tr> <td data-bbox="609 743 706 772"><u>CFDA #</u></td> <td data-bbox="1015 743 1104 772"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 772 706 800">93.959</td> <td data-bbox="1015 772 1104 800">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>By August 2011, the Behavioral Health Advisory Council (BHAC) will be created. This council is being developed by the Mental Health Policy Advisory Council and the Chemical Dependency Citizen's Advisory Council. The BHAC will be responsible for facilitating and overseeing the peer review process.</p> <p>August 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						