

**State of Washington
Corrective Action Plan**

***OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2011***

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

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																							
11	01	<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 have controls in place to comply with federal regulations regarding costs of salaries charged to federal grants.</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>10.551</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>10.561</td> <td></td> </tr> <tr> <td>93.558</td> <td></td> </tr> <tr> <td>93.714 - ARRA</td> <td></td> </tr> <tr> <td>93.716 - ARRA</td> <td></td> </tr> <tr> <td>93.720</td> <td></td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>The Department has taken and will take action to correct the deficiencies identified in the audit.</p> <p>In March 2012 the Department:</p> <ul style="list-style-type: none"> · Reviewed and reduced the number of split coded positions which will limit the need for adjustments, and · Identified one staff in headquarters who will be responsible for ensuring time certification policies and procedures comply with federal requirements. <p>Beginning in April 2012, the staff person responsible for time certification will review salary charges on a monthly basis to ensure costs are transferred as appropriate. Also, a quarterly review will be completed to reconcile time spent with actual expenditures.</p> <p>Estimated April 2012</p>	<u>CFDA #</u>	<u>Amount</u>	10.551	\$0	10.561		93.558		93.714 - ARRA		93.716 - ARRA		93.720		93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>																								
10.551	\$0																								
10.561																									
93.558																									
93.714 - ARRA																									
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
11	02	<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, Economic Services Administration did not issue retroactive food assistance payments in accordance with federal law.</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>10.551</td> <td style="text-align: right;">\$11,300.00 (approx.)</td> </tr> <tr> <td>10.561</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>In April and May 2011 the Department trained field staff on the proper calculation of retroactive payments. The same training is required for new employees responsible for issuing benefits.</p> <p>By March 2012 all exceptions identified in the audit will be reviewed by Department staff to determine the correct supplement amount for which the client was eligible. For those payments determined to be unallowable the Department will establish an overpayment that will be issued to the client.</p> <p>By January 2013 the Department is planning to update the Automated Client Eligibility System (ACES) with an edit that will prevent retroactive benefit payments beyond the allowable 12 month period.</p> <p>The Department will address the issue of the questioned costs with the U.S. Department of Agriculture.</p> <p>The condition noted in this finding was previously reported in finding 10-03.</p> <p>Estimated January 2013</p>	<u>CFDA #</u>	<u>Amount</u>	10.551	\$11,300.00 (approx.)	10.561	
<u>CFDA #</u>	<u>Amount</u>								
10.551	\$11,300.00 (approx.)								
10.561									

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Recreation and Conservation Funding Board (RCFB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	03	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Recreation and Conservation Office did not support more than \$220,000 in payroll costs as required by federal regulations for the Pacific Coast Salmon Recovery Pacific Salmon Treaty Program.</p> <table border="0" data-bbox="602 709 1474 772"> <tr> <td data-bbox="602 709 706 741"><u>CFDA #</u></td> <td data-bbox="1008 709 1105 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 741 706 772">11.438</td> <td data-bbox="1008 741 1149 772">\$220,859.57</td> </tr> </table> <p>Corrective action in progress</p> <p>The Recreation and Conservation Funding Board (Board) concurs with this finding and will take the following corrective action:</p> <ul style="list-style-type: none"> · Draw payroll costs only as they occur. This change will cover salaries and benefits. · Verify the Board's handling of the payroll costs comply with the Cost Principles for State, Local and Indian Tribal Governments, OMB Circular A-87. · Update all staff on the audit outcomes, update timesheets and train fiscal staff on the detailed changes to processes needed. · Discuss the questioned costs with U.S. Department of Commerce, National Oceanic and Atmospheric Administration. The Board's actual payroll costs over the years have exceeded the amount that was charged to the U.S. Department of Commerce, National Oceanic and Atmospheric Administration for the Pacific Coast Salmon Restoration Fund (PCSRF). <p>Estimated May 2012</p>	<u>CFDA #</u>	<u>Amount</u>	11.438	\$220,859.57
<u>CFDA #</u>	<u>Amount</u>						
11.438	\$220,859.57						

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Recreation and Conservation Funding Board (RCFB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	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 did not support more than \$62,000 in administrative costs as required by federal regulations for the Pacific Coast Salmon Recovery Pacific Salmon Treaty Program.</p> <table border="0" data-bbox="609 714 1474 787"> <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;">11.438</td> <td style="text-align: right;">\$62,643.00</td> </tr> </table> <p>Corrective action in progress</p> <p>The Recreation and Conservation Funding Board (Board) concurs with this finding and will take the following corrective action:</p> <ul style="list-style-type: none"> · Base all administrative costs on the Board’s federally approved indirect rate. The Board will only draw administrative costs as they occur. · Work with U.S. Department of Commerce, National Oceanic and Atmospheric Administration to amend grant agreements to include indirect costs in the grant budget. · Share with U.S. Department of Commerce, National Oceanic and Atmospheric Administration the base of the administrative costs (agency pass-through). · Update all staff on the audit outcomes and train fiscal staff on the detailed changes to processes needed. · Discuss the questioned costs with U.S. Department of Commerce, National Oceanic and Atmospheric Administration. The Board’s actual administrative costs over the years have exceeded the amount that was charged to the U.S. Department of Commerce, National Oceanic and Atmospheric Administration for the Pacific Coast Salmon Restoration Fund (PCSRF). <p>Estimated April 2012</p>	<u>CFDA #</u>	<u>Amount</u>	11.438	\$62,643.00
<u>CFDA #</u>	<u>Amount</u>						
11.438	\$62,643.00						

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Military Department (MIL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	05	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department did not support \$155,647 in payroll costs in accordance with federal regulations for its National Guard Operations and Maintenance grant.</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>12.401 – ARRA and non-ARRA</td> <td style="text-align: right;">\$155,647.00</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding. By April 2012 the following steps will be taken:</p> <ul style="list-style-type: none"> • The Department will change its hiring procedures to include a notation on the Personnel Action Form to include whether or not the employee is required to submit quarterly certifications. This notation will be noted by the program hiring authority. • The Payroll Section will maintain a listing of employees who are required to submit quarterly certifications. • The Payroll Section will be responsible for collecting the required certifications on each employee and maintaining appropriate records. <p>The United States Property and Fiscal Office (federal granting agency) was forwarded a copy of the draft finding and the Department is waiting for their decision regarding the questioned costs.</p> <p>Estimated April 2012</p>	<u>CFDA #</u>	<u>Amount</u>	12.401 – ARRA and non-ARRA	\$155,647.00
<u>CFDA #</u>	<u>Amount</u>						
12.401 – ARRA and non-ARRA	\$155,647.00						

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Military Department (MIL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	06	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department does not have controls to ensure it complies with Davis-Bacon (prevailing wage) requirements.</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>12.401 – ARRA and non-ARRA</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding. The following actions have been taken to correct this deficiency:</p> <ul style="list-style-type: none"> · The responsibility for monitoring compliance with Davis-Bacon (prevailing wage) requirements has been assigned to the Contracting Section of the Military Department. · The Contracting Section is familiar with Davis-Bacon reporting requirements and has incorporated the submission and review of weekly certified payrolls into contracts requiring such reporting. · The Contracting Section is responsible for collecting certified payrolls and will monitor compliance. <p>February 2012</p>	<u>CFDA #</u>	<u>Amount</u>	12.401 – ARRA and non-ARRA	\$0
<u>CFDA #</u>	<u>Amount</u>						
12.401 – ARRA and non-ARRA	\$0						

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Washington State Housing and Finance Commission (WSHFC)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	07	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Washington Housing Finance Commission did not ensure funding it provided to subrecipients of the Tax Credit Assistance Program was reported and audited in accordance with federal regulations.</p> <table border="0"> <tr> <td data-bbox="609 709 998 741"><u>CFDA #</u></td> <td data-bbox="998 709 1474 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 998 772">14.258 - ARRA</td> <td data-bbox="998 741 1474 772">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Commission concurs with the determination of the State Auditor’s Office (SAO) that the Commission did not ensure sub-recipient received federal audits as required. As noted by the SAO, the Commission subsequently corrected the error by receiving and reviewing such audits and will continue to do so for any subsequent years in which the Commission provides Tax Credit Assistance Program funds to a sub-recipient.</p> <p>Additionally, the Commission will increase diligence in communicating federal grant information to sub-recipients, including providing CFDA numbers and adding clarity on federal requirements for subrecipient audits.</p> <p>February 2012</p>	<u>CFDA #</u>	<u>Amount</u>	14.258 - ARRA	\$0
<u>CFDA #</u>	<u>Amount</u>						
14.258 - ARRA	\$0						

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	08	<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 U.S. Department of Labor requirements for determining the accuracy of Unemployment Insurance benefit payments.</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 has made and continues to make the necessary improvements to ensure all BAM (Benefit Accuracy Measurement) investigations are accurate, complete and compliant with U.S. Department of Labor requirements.</p> <p>Improvements completed or planned include the following:</p> <ul style="list-style-type: none"> • Revised processes to improve claimant and employer response rates. • Increased supervisory case review and oversight. • Enhanced staff knowledge through training, sharing of best practices and peer case file reviews. • Recruitment and retention of experienced and knowledgeable investigators. • Increased communication and cooperation with others units in the Department, BAM staff in other states and external regulators. • Increased reference resources available within the Department. • Completion of updates to the BAM procedural manual and unit forms. <p>The condition noted in this finding was previously reported in finding 10-08.</p> <p>Estimated June 2012</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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Department of Transportation (DOT)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	09	<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 \$768,000 in payroll costs in accordance with federal regulations for the Formula Grants for Other Than Urbanized Areas.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>22.509 – ARRA and non-ARRA</td> <td>non-ARRA: \$643,146.33 ARRA: \$125,631.22</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department appreciates the State Auditor’s work regarding the Formula Grants for Other Than Urbanized Areas. At this time, the Department is awaiting required authorization from the federal grantor to implement its planned correction.</p> <p>The Department is considered an innovative leader by the Federal Transit Administration (FTA) for its grant administration methods, which include administering a number of closely related grant programs.</p> <p>After receiving a similar finding in 2009, the Department’s Public Transportation Division developed and submitted a formalized direct payroll cost allocation plan, known as a substitute system, to the 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 FTA approved method until such time as the new plan can be reviewed and approved. The FTA staff conducted fieldwork for their review in January 2011, and provided their results in June 2011. The FTA report offered recommendations that the Department will continue to implement in order to receive grantor approval of the cost allocation plan. Once approved, the Public Transportation Division will allocate direct payroll costs using the new method and will incorporate the new method into its policies and procedures. Until FTA approval is received, allocations are being based on actual time worked, which is in compliance with federal regulations.</p> <p>The FTA has not requested that any funds be repaid.</p> <p>The condition noted in this finding was previously reported in finding 10-13.</p> <p>Estimated June 2012</p>	<u>CFDA #</u>	<u>Amount</u>	22.509 – ARRA and non-ARRA	non-ARRA: \$643,146.33 ARRA: \$125,631.22
<u>CFDA #</u>	<u>Amount</u>						
22.509 – ARRA and non-ARRA	non-ARRA: \$643,146.33 ARRA: \$125,631.22						

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
11	10	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Commerce does not ensure the funding it provides to sub-recipients is reported and audited in accordance with federal regulations.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>66.468 - ARRA and non-ARRA</td> <td>\$0</td> </tr> <tr> <td>81.042 - ARRA and non-ARRA</td> <td></td> </tr> <tr> <td>93.569</td> <td></td> </tr> <tr> <td>93.710 - ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding. The Department agrees five sub-recipients did not submit audit reports as required and this oversight was not caught. The Department will contact those sub-recipients to verify compliance with A-133 and obtain copies of audit reports. Sub-recipient contract terms and conditions identify the requirement that organizations receiving in excess of \$500,000 in federal funds must have a Circular A-133 audit and submit copies to Commerce. The Department intends to increase periodic review of sub-recipients with federal expenditures provided from Commerce in excess of \$500,000 by refining specific audit requirements and reporting functionality in its tracking systems to better follow-up on delinquent reports. Since it is possible for sub-recipients to receive less than \$500,000 from Commerce plus additional funds from other sources to exceed the threshold for requiring an A-133, the Department intends to remind sub-recipients of this requirement; however, it has no method to determine when this threshold is met. Commerce is satisfied that program funds expended during this period were appropriate and correct through the monthly invoice verification process, the required documentation review and on-site monitoring conducted for each sub-recipient.</p>	<u>CFDA #</u>	<u>Amount</u>	66.468 - ARRA and non-ARRA	\$0	81.042 - ARRA and non-ARRA		93.569		93.710 - ARRA	
<u>CFDA #</u>	<u>Amount</u>												
66.468 - ARRA and non-ARRA	\$0												
81.042 - ARRA and non-ARRA													
93.569													
93.710 - ARRA													

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	10 (Cont'd)	<p>The Department does not agree that it has the responsibility to ensure sub-recipients are reporting all federal program funds in their Schedule of Expenditures of Federal Awards. Further, the Department does not believe it is required to re-audit an A-133 audit prepared by the sub-recipient's Certified Public Accountant. Generally accepted accounting principles and federal regulations enumerate many financial statement disclosure requirements with which auditees and auditors must comply. If the State Auditor's Office has concerns about the quality of an audit report, there are procedures for notifying the State Board of Accountancy of those concerns. The Department does not have the expertise to make such judgments.</p> <p>The Department believes timely and appropriate corrective action was completed for the four sub-recipient audit findings. There are instances where the Department made the decision to accept the sub-recipient's original response to the audit finding and, consequently, has not required any follow-up. This course of action is within the Department's purview. The Department intends to refine specific corrective action and management decision documentation and reporting functionality in its tracking systems to better centrally document timely and appropriate corrective action for sub-recipient audit findings.</p> <p>Completion Date: Estimated December 2012</p>

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Office of Superintendent of Public Instruction (OSPI)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
11	11	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Office of Superintendent of Public Instruction’s internal controls over sub-recipient monitoring is not adequate to ensure only proper and allocable costs are charged to the Title I program.</p> <table border="0"> <tr> <td data-bbox="609 716 706 741"><u>CFDA #</u></td> <td data-bbox="1015 716 1112 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 706 766">84.010</td> <td data-bbox="1015 741 1112 766">\$0</td> </tr> <tr> <td data-bbox="609 766 787 791">84.389 - ARRA</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Office does not concur with this finding and will work with the U.S. Department of Education through the resolution process.</p> <p>The Office produced ample documentation of payroll and non-payroll expenditure reviews which provided clear and convincing evidence that it monitored subrecipients in accordance with federal regulations and its monitoring plans.</p> <p>The Office does not believe this finding is supported nor is it consistent with federal laws and regulations. The Office will make improvements in documenting its monitoring activities, but based on all available evidence, the Office contends that it is meeting or exceeding the standards for federal sub-recipient monitoring or use of funds.</p> <p>The Office has no intention of placing unnecessary burdens on districts that are not efficient, effective or required. The Office takes the responsibility to be accountable for public funds it administers very seriously and has developed a risk based system of monitoring districts which is efficient and effective for identifying improper use of those funds. The Office plans to continue to utilize this approach in the future.</p> <p>N/A</p>	<u>CFDA #</u>	<u>Amount</u>	84.010	\$0	84.389 - ARRA	
<u>CFDA #</u>	<u>Amount</u>								
84.010	\$0								
84.389 - ARRA									

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

University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan												
11	12	<p>Finding: The University of Washington did not comply with the eligibility requirements of federal student financial aid programs.</p> <p>Questioned</p> <table border="0"> <tr> <td>Costs:</td> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td></td> <td>84.063 – ARRA and non-ARRA</td> <td>\$ 10,645.00</td> </tr> <tr> <td></td> <td>84.268</td> <td>\$102,418.00</td> </tr> <tr> <td></td> <td>93.658 – ARRA and non-ARRA</td> <td>\$ 13,562.00</td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The University’s School of Social Work has strengthened its internal control structure. Duties have been segregated so that the Assistant Dean for Student Affairs, who had complete control of the independent study process, no longer approves independent study course proposals. The Directors of the Masters of Social Work (MSW) and the Bachelor of Social Work (BASW) Programs now approve all independent study course proposals. To ensure compliance with this policy, two steps are in place. First, on day 10 of each quarter, the files of all students enrolled in independent study courses are reviewed to ensure that the independent study course proposals are properly documented and approved. Second, periodic checks are conducted by the Associate Dean for Academic Affairs on a sample of students enrolled in independent study courses to ensure that proposals are properly documented and approved.</p> <p>The University currently provides guidance to students regarding their eligibility for Student Financial Aid via a number of communication mechanisms, including secure websites with individual student eligibility information, written, verbal and email communication from financial aid counselors and printed publications and websites relating to general financial aid information. In the future, typically at the beginning of the Fall Quarter, alerts will be sent to undergraduate and graduate academic department advisors directing them to University policies regarding financial aid eligibility. These alerts will also serve to remind them that they should direct students who have questions or concerns about financial aid to the Office of Student Financial Aid.</p> <p>On March 9, 2012, the University of Washington received the Final Program Review Determination Letter from the U.S. Department of Education for the questioned costs related to the Pel Grant Program, CFDA #84.063. The total amount of repayment that they are requesting is \$10,668.62 (which is the amount of overpayment + interest). Payment is due within 45 days. Payment will be made to DOE per their instructions within 45 days.</p>	Costs:	<u>CFDA #</u>	<u>Amount</u>		84.063 – ARRA and non-ARRA	\$ 10,645.00		84.268	\$102,418.00		93.658 – ARRA and non-ARRA	\$ 13,562.00
Costs:	<u>CFDA #</u>	<u>Amount</u>												
	84.063 – ARRA and non-ARRA	\$ 10,645.00												
	84.268	\$102,418.00												
	93.658 – ARRA and non-ARRA	\$ 13,562.00												

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University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	12 (Cont'd)	<p>On March 9, 2012, the University of Washington received the Final Program Review Determination Letter from the U.S. Department of Education for the Federal Direct Student Loan Program, CFDA #84.268. The total amount of repayment that they are requesting is \$9,530.74. This figure takes into consideration the amount of loans improperly awarded (\$102,418), the expected repayment amount of the loans to be received from students after applying our institutional default rate, and additional interest incurred. Payment is due within 45 days. Payment will be made to DOE per their instructions within 45 days.</p> <p>The University of Washington sent a check to the Department of Social and Health Services on February 14, 2012 in the amount of \$13,562 to repay the questioned costs on the Foster Care Title IV-E grant, CFDA #93.658.</p> <p>Completion Date: Estimated October 2012</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
11	13	<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 its federal Vocational Rehabilitation Program.</p> <table border="0"> <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;">84.126</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">84.390 - ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding.</p> <p>The Department's Division of Vocational Rehabilitation (DVR) purchases client services with a STARS Authorization for Purchase (AFP).</p> <p>DVR added a suspension and debarment clause to the terms and conditions of the AFP. Also, language was added to the beginning of the AFP and to the terms and condition that states the AFP is a binding contract once the vendor agrees to the terms and/or begins providing the services.</p> <p>The condition noted in this finding was previously reported in finding 10-23.</p> <p>February 2012</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 Services for the Blind (DSB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
11	14	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Services for the Blind is not complying with federal requirements for suspension and debarment for its 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 and will take the following steps to ensure all vendors receiving more than \$25,000 in vocational rehabilitation funds are not suspended or debarred:</p> <ul style="list-style-type: none"> · Expand its General Terms and Conditions (GT&Cs) to include suspension and debarment certification language; · Attach the expanded GT&Cs to all service delivery outcome plans and contracts; · Review monthly if a current vendor has received more than \$25,000 in grant funds in the preceding twelve months. If so, staff will verify the vendor has signed the GT&Cs providing the necessary certification; and · Ensure applicable staff implements these procedures. <p>Estimated April 2012</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 Services for the Blind (DSB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
11	15	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Services for the Blind did not comply with federal requirements regarding services charged to the Vocational Rehabilitation Program.</p> <table border="0" data-bbox="609 703 1136 808"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>84.126</td> <td>\$20,676.00</td> </tr> <tr> <td>84.390 - ARRA</td> <td>\$ 36.00</td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department acknowledges the finding and plans to take the following steps to respond to the identified concerns:</p> <ul style="list-style-type: none"> · In March 2012, submit to the U.S. Department of Education Rehabilitation Services Administration (RSA) a request for determination whether the tools and methods developed by the Department for documenting estimated individual plans for employment (IPE) goods and services costs, modification of cost estimates, service date ranges, extension of general timeliness guidelines and active client involvement in decision making meet necessary requirements. · If RSA finds a need for closer alignment of IPE content and accompanying detailed case narrative, the Department will by August 15, 2012 focus staff training on updating standardized IPE responses, and making other necessary process adjustments. <p>The Department will handle questioned costs pursuant to direction from RSA.</p> <p>Estimated August 2012</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$20,676.00	84.390 - ARRA	\$ 36.00
<u>CFDA #</u>	<u>Amount</u>								
84.126	\$20,676.00								
84.390 - ARRA	\$ 36.00								

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Department of Early Learning (DEL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
11	16	<p>Finding: The Department of Early Learning did not comply with time and effort requirements for its Special Education Grants for Infants and Families for the Early Support for Infants and Toddlers Program.</p> <p>Questioned Costs:</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>84.181</td> <td style="text-align: right;">\$96,711.00</td> </tr> <tr> <td>84.393 - ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department acknowledges that two payroll certifications (for one employee) out of the entire Early Support for Infants and Toddlers (ESIT) program were not obtained. The Department did contact the employee after this was discovered, who responded that 100% of his time was devoted to the work funded under the Special Education Grant. However, this retroactive certification was not allowed by the auditor.</p> <p>This specific employee completed a certificate for every period while the program was at the Department of Social and Health Services. However, when the program transferred to the Department of Early Learning, somehow the follow-through did not occur and his certificates were never received by the Fiscal Manager. This was a clear indication that the Department needed to tighten up its process for ensuring a certificate is completed for all the ESIT staff.</p> <p>Steps have already been taken to ensure this does not happen again. The ESIT Fiscal Program Manager (FPM) implemented the following procedures:</p> <ul style="list-style-type: none"> · Developed a certification tracking grid containing a list of ESIT program and ESIT IT staff. · Scanned and electronically stored all certificates. · Delivered original hard copy certificates to the Fiscal Office for recording/filing. <p>The Department will continue to use the tracking grid as a checklist to ensure that all certificates are obtained from ESIT program and ESIT IT staff.</p> <p>The Department plans to address the questioned costs with the U.S. Department of Education to determine actions necessary to ensure resolution.</p> <p>Completion Date: February 2012</p>	<u>CFDA #</u>	<u>Amount</u>	84.181	\$96,711.00	84.393 - ARRA	
<u>CFDA #</u>	<u>Amount</u>							
84.181	\$96,711.00							
84.393 - ARRA								

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
11	17	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Health does not monitor subrecipients of the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.</p> <table border="0" data-bbox="602 709 1153 800"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.069</td> <td>\$480,000.00</td> </tr> <tr> <td>93.889</td> <td>\$190,832.00</td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the State Auditor’s Office (SAO) finding, and will implement corrective action to:</p> <ul style="list-style-type: none"> · Collect all required A-133 reports from subrecipient entities and ensure that they are reviewed. Where subrecipient entities do not comply with this requirement, the Department will initiate appropriate sanctions consistent with the A-133 compliance supplement. · Follow up on issues identified through both the A-133 audits and subrecipient monitoring in a more timely and coordinated manner and formalize this process in policy and procedure. However, the Department wishes to emphasize that these efforts are in place, and that it is collecting questioned costs relating to subrecipient monitoring activities. · Notify subrecipients of grant information as described in the A-133 compliance supplement. · Increase the scope of the documentary review performed in contracted monitoring visits, in a measured way, beginning with the calendar year 2012 fiscal monitoring visits. · Collect summary level expenditure information as part of its invoicing process for subrecipients participating in its consolidated contracting process · Consider similar summary-level documentation requirements for non profits and Native American tribes with whom the Department has subrecipient relationship. 	<u>CFDA #</u>	<u>Amount</u>	93.069	\$480,000.00	93.889	\$190,832.00
<u>CFDA #</u>	<u>Amount</u>								
93.069	\$480,000.00								
93.889	\$190,832.00								

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	17 (Cont'd)	<p>The Department is also reviewing OMB guidance in light of certain regulatory interpretations by the SAO, and will formalize Department subrecipient monitoring practices, including follow up, in policy and procedure.</p> <p>The Department will work with its federal grantor to resolve the questioned costs identified by the SAO.</p> <p>The condition noted in this finding was previously reported in finding 10-25.</p> <p>Completion Date: Estimated December 2012</p>

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
11	18	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not comply with federal reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.069</td> <td>\$0</td> </tr> <tr> <td>93.889</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department is evaluating the policies and procedures that govern the completion of progress and financial reports required by the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness grants. In addition, the Department will develop a record of report content and submission dates to enable retrieval of this information when requested by external reviewers.</p> <p>The Department's Grants Management Office is assessing its review and documentation procedures for completing the required reports. Augmenting current practices should address those errors that have not already been identified and corrected by the Grants Management Office. These controls will be evaluated internally to confirm their sufficiency.</p> <p>Estimated June 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										
11	19	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>Department of Health did not maintain the federally required documentation for \$189,000 in payroll costs charged to the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.</p> <table border="0"> <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;">93.069</td> <td style="text-align: center;">\$114,206.06</td> </tr> <tr> <td></td> <td style="text-align: center;">93.889</td> <td style="text-align: center;">\$ 75,686.14</td> </tr> </table> <p>Corrective action complete</p> <p>The State Auditor’s Office (SAO) first identified the time keeping record issue for the program managers in the 2010 state fiscal year single audit which was released in March of 2011. Effective January 1, 2011 when the Department became aware of the time keeping record issue, it was corrected and the Department believes this issue is resolved.</p> <p>The 2011 state fiscal year single audit also noted that a number of program employees began keeping time sheets during 2011 and also completed quarterly payroll certifications. SAO classified this as an exception and a questioned cost because the two documents did not agree. This error has also been corrected.</p> <p>The Department will work with the federal grantors to resolve the questioned costs identified by the SAO.</p> <p>The condition noted in this finding was previously reported in finding 10-26.</p> <p>January 2012</p>		<u>CFDA #</u>	<u>Amount</u>		93.069	\$114,206.06		93.889	\$ 75,686.14
	<u>CFDA #</u>	<u>Amount</u>										
	93.069	\$114,206.06										
	93.889	\$ 75,686.14										

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
11	20	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health does not have sufficient internal controls to ensure federal requirements for matching and level of effort are met for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.</p> <table border="0" data-bbox="609 735 1104 840"> <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;">93.069</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.889</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the State Auditor’s Office (SAO) finding. In response to the SAO recommendation, the Department has developed an additional means of tracking grant related transactions for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness grants that are identified as meeting the requirement for matching expenditures. The Department believes that these controls will allow it to confirm the level of match and maintenance of funding (MOF), if any, at any interim point in the reporting period. The Department will confirm the adequacy of these controls through an internal review.</p> <p>The Department does not fully concur with the SAO interpretation of MOF reporting requirements as reported in the finding and will seek clarification from its federal grantor.</p> <p>Estimated May 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 Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	21	<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, Division of Child Support, did not comply with federal regulations on documentation for employee salaries and wages charged to the Child Support Enforcement 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>93.563 – ARRA and non-ARRA</td> <td style="text-align: right;">\$65,432.56</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding however, the Department does not concur with the questioned costs.</p> <p>In October 2011 the Department implemented the following procedures to ensure only allowable salaries and benefits are charged to the Child Support Enforcement Grant:</p> <ul style="list-style-type: none"> · All employees who do not work 100% on the grant are required to complete monthly time sheets, recording the actual hours worked on each program; · Employees whose job duties change, or are reassigned, during the certification period, are required to complete time sheets beginning the month the change occur and each month thereafter; · Fiscal staff began and continue working with program staff to ensure that time sheets are completed and submitted for all affected employees; · Cost coding was changed for those employees serving in developmental job assignments (DJA) outside of the child support program, removing them from the grant; and · From October 2011 forward, semi-annual certifications are allowed only for employees who work 100% on the grant. <p>When the U.S. Department of Health and Human Services (DHHS) contacts the Department about questioned costs identified in this audit, the Department will negotiate repayment and take action as recommended by DHHS.</p> <p>October 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.563 – ARRA and non-ARRA	\$65,432.56
<u>CFDA #</u>	<u>Amount</u>						
93.563 – ARRA and non-ARRA	\$65,432.56						

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
11	22	<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 period of availability requirements for its Community Services Block Grant 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> </tr> <tr> <td></td> <td style="text-align: center;">93.569</td> <td style="text-align: center;">\$147,422.00</td> </tr> <tr> <td></td> <td style="text-align: center;">93.710 - ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding. Department program staff did not properly review the pre-coded payment documentation to ensure costs were within the proper period of availability. Subrecipients used an out-of-date pre-coded payment document template with closed 2009 award year coding. Neither program staff nor fiscal staff verified nor corrected the old coding. As a result, \$57,071.69 was paid beyond the period of availability for 2009. Commerce fiscal staff did not properly review costs transferred from one grant year to another grant year to ensure costs were within the proper period of availability. Program staff inadvertently chose items outside the period of availability when requesting a transfer. Fiscal staff reviewing the work of newly trained fiscal staff did not properly verify backup documentation for the transfer. As a result, \$90,350.46 transferred was not properly identified within the period of availability for the 2009 award year.</p> <p>In February 2012, fiscal and program staff reviewed and corrected the \$147,422.15 questioned 2009 grant year costs by transfer to the correct grant year per the period of availability. Appropriate costs within the period of availability for the 2009 grant were identified and subsequently transferred, resulting in zero net impact to the Community Services Block Grant 2009 award year.</p>		<u>CFDA #</u>	<u>Amount</u>		93.569	\$147,422.00		93.710 - ARRA	
	<u>CFDA #</u>	<u>Amount</u>										
	93.569	\$147,422.00										
	93.710 - ARRA											

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	22 (Cont'd)	<p>The Department concurs with the Auditors recommendations to properly review payment costs for proper period of availability and stop providing pre-coded payment documents to subrecipients. The Department has reiterated document review and approval expectations with program and fiscal staff. Payment document (invoice) templates with no pre-coding will be used in the future. Understanding a federal program may have awards with overlapping / concurrent periods of availability, the Department added award tracking to the Commerce Contract Management System (CMS) in January 2012, including award first-in-first-out (FIFO) functionality to help reduce or eliminate cost transfers at award end between award years. The Department intends to begin usage of this new functionality with the CSBG program. Additionally, the Department intends to add stop edits to the CMS invoice payment functionality to notify an award end date is past, prior to allowing any payment.</p> <p>The condition noted in this finding was previously reported in finding 10-30.</p> <p>Completion Date: Estimated May 2012</p>

**State of Washington
Corrective Action Plan**

**OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2011**

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

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
11	23	<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 in progress</p> <p>As reported in past audit reports, the Department of Early Learning (DEL) and the Department of Social and Health Services (DSHS) have taken steps to improve control over child care payments, such as increasing communications to the public on fraud-reporting options, and researching options for a new electronic attendance tracking system. The agencies have begun, or will implement additional measures as follows:</p> <ul style="list-style-type: none"> · In January 2012, DEL added 5 new staff specifically to audit child care subsidy payments by comparing subsidy child care provider billings with attendance records. · DEL auditors expand the audit scope when they identify a child care provider that billed incorrectly. Providers are randomly selected for audit and include high billing providers from all three types: centers, family homes and license exempt providers. This is an on-going activity. · In accordance with the terms of the collective bargaining agreement with Service Employees International Union 925, DEL contracts with a third party to provide training on subsidy billing to licensed family home and license exempt providers. · DEL will contract with a third party to develop on-line training for subsidy billing for child care center billing staff. <p>The condition noted in this finding was previously reported in finding 10-31.</p> <p>Estimated June 2013</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					
11	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, Children's Administration, is not ensuring the eligibility of clients receiving Adoption Assistance payments.</p> <table border="0"> <tr> <td data-bbox="609 682 706 709"><u>CFDA #</u></td> <td data-bbox="1015 682 1112 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 709 966 737">93.659 – ARRA and non-ARRA</td> <td data-bbox="1015 709 1144 737">\$33,624.00</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>The Department has trained staff and conducted spot checks of payments. By March 2012, the Children’s Administration will send communication to all adoption support staff and managers reminding them of established procedures and controls for managing adoption support payments. Also, an in-service will be conducted with staff to review procedures and controls.</p> <p>The Department is also developing system controls in Famlink (the Department’s child welfare and payment system) that suspend payments after a child turns 18 years. Payments can only be resumed after staff has manually confirmed the payments made for the adopted child are warranted. Additionally, staff must ask a separate fiduciary employee to continue the payments.</p> <p>The Department will review payments identified in the audit that contributed to questioned costs and return any federal share associated with unauthorized payments to the federal grantor.</p> <p>The condition noted in this finding was previously reported in finding 10-32.</p> <p>Estimated September 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.659 – ARRA and non-ARRA	\$33,624.00
<u>CFDA #</u>	<u>Amount</u>						
93.659 – ARRA and non-ARRA	\$33,624.00						

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	25	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not survey hospitals in accordance with state law, which could increase the risk of Medicaid clients receiving substandard care services.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>By March of 2012 the Department will begin to create a dedicated hospital survey team that will have sufficient staff resources to complete hospital surveys within the required time frames. This process should be completed by February 2014.</p> <p>By March of 2012 the Department will explore funding sources and expand recruitment efforts in order to attract and pay for more resources to support this team. The Department’s goal is to add two additional inspectors. This recruitment process should be completed by September of 2012.</p> <p>By April of 2012 the Department will begin a thorough study of its survey process to explore potential greater efficiencies in the face of ever-increasing regulatory burdens due to heightened federal standards, the hospital growth and the like. This study should be completed by April of 2013.</p> <p>Estimated February 2014</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	\$0														
93.775															
93.776															
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	26	<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 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>93.720</td> <td>non-ARRA: \$45,624.90</td> </tr> <tr> <td>93.775</td> <td>ARRA: \$ 9,899.69</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>The Department will continue its work to strengthen processes that may provide a timelier and more consistent way to inform field staff about deceased clients. More specifically, the Department will:</p> <ul style="list-style-type: none"> · Establish overpayments for those payment exceptions identified in the audit. This has an anticipated completion date of April 2012. · By June 2012 the Department will work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be reimbursed. · Implement a new Invalid Payment Report and Overpayment Policy. The report will enable field staff to discover and correct invalid payments more timely. This has an anticipated completion date of July 2012. <p>Estimated July 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$45,624.90	93.775	ARRA: \$ 9,899.69	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	non-ARRA: \$45,624.90														
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	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 Social and Health Services, Office of Financial Recovery, did not have adequate controls to ensure the federal share of overpayments made to Medicaid providers is 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>93.720</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding.</p> <p>Corrective action was implemented by the Department in October 2011. At that time all Department administrations and partners (Health Care Authority) received the first quarterly notification from the Department’s Office of Financial Recovery (OFR) that all overpayments were to be submitted to the OFR for collection and reimbursement to the federal government as required by administrative policy and law. Also, the notification was sent to all parties again in January 2012.</p> <p>In October 2011, OFR also started a quarterly notification process that reminds Department administrations to submit all overpayments to OFR in a timely manner. The second quarterly notification was sent to all parties again in January 2012. This will allow OFR to repay the federal government in a timely manner.</p> <p>The condition noted in this finding was previously reported in finding 10-49.</p> <p>October 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	\$0														
93.775															
93.776															
93.777															
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Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	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 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>93.720</td> <td>non-ARRA: \$25,498.50</td> </tr> <tr> <td>93.775</td> <td>ARRA: \$ 5,696.71</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>This finding involved two administrations within the Department, the Children’s Administration (CA) and the Economic Services Administration (ESA). Both concur with the finding. and have or will implement the following corrective action:</p> <p>By March 2012 the CA will:</p> <ul style="list-style-type: none"> · Review the four exceptions identified in the audit and determine if a Social Security number (SSN) can be obtained or applied for, for each client in question. If a valid SSN cannot be obtained any federal reimbursement received will be returned. · Communicate to staff who verify SSNs the Department’s procedures along with additional tools that have been developed to identify SSNs. <p>ESA has:</p> <ul style="list-style-type: none"> · In January 2012 the Automated Client Eligibility System (ACES) was updated to allow SSN verification at the time of application screening. Staff can verify an applicant’s SSN through a real time cross match with the Social Security Administration database by way of the State On-line Query (SOLQ). · In February 2012 the two exceptions identified in the audit were reviewed and corrected. <p>Estimated March 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$25,498.50	93.775	ARRA: \$ 5,696.71	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	non-ARRA: \$25,498.50														
93.775	ARRA: \$ 5,696.71														
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93.778 – ARRA and non-ARRA															

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Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	29	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services does not have adequate internal controls to ensure Medicaid payments to in-home service providers are allowable and supported.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td>non-ARRA: \$9,664.64</td> </tr> <tr> <td>93.775</td> <td>ARRA: \$2,367.93</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department does not concur with this finding. It is the Department’s opinion there are adequate controls in place. Current controls are:</p> <ul style="list-style-type: none"> · Individual providers submit a signed invoice through the mail or through the state’s Interactive Voice Response System to the Department of Social and Health Services for payment. This serves as verification and documentation that they have provided the services for which they are requesting payment. The state retains these invoices/records as the record that providers have attested to the number of service hours provided to the recipient. · Case managers complete an assessment that results in an authorization of hours that cannot be exceeded by a provider invoice. · Recipients receive a copy of the service summary that tells them the number of hours of service they are eligible to receive. Recipients are advised they can choose when those hours are provided and direct the individual provider when to provide them. Case Managers also advise recipients to contact them if they are not receiving the hours (or care) for which they are eligible. · Recipients are expected to keep copies of timesheets for their individual providers. Case Managers periodically review these time sheets and verify with the recipient 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. 	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$9,664.64	93.775	ARRA: \$2,367.93	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	non-ARRA: \$9,664.64														
93.775	ARRA: \$2,367.93														
93.776															
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	29 (Cont'd)	<ul style="list-style-type: none"> · Timesheet auditing has been added to the annual Quality Assurance monitoring cycle. <ul style="list-style-type: none"> ○ In August 2011, all individual providers delivering personal care services received a written reminder of their obligation to keep a record of the date/time that in-home services are provided to Aging and Disability Services Administration (ADSA) recipients and complete and retain copies of their timesheets. ○ In September 2011, ADSA audited a statistically valid sample of individual provider time sheets to ensure that services billed for were consistent with timesheet documentation submitted. In instances where the billed hours differed from timesheet records or timesheets were not provided, service receipt was verified with the recipient. Corrective actions were taken which included contract termination and processing overpayments. <p>In spite of these controls, the Department will take the following actions to ensure Medicaid payments to in-home service providers are allowable and supported.</p> <ul style="list-style-type: none"> · By October 2012 the Department will monitor a randomly selected, statistically valid sample of in-home providers. The Department will verify with selected recipients that Medicaid billed services were received. · By December 2012 the Department will audit a randomly selected sample of individual provider timesheets to determine if services billed for are consistent with timesheet documentation that was submitted. <p>By June 2012 the Department will contact the U.S. Department of Health and Human Services to determine if questioned costs need to be reimbursed.</p> <p>The condition noted in this finding was previously reported in finding 10-42.</p> <p>Completion Date: Estimated December 2012</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	30	<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, Aging and Disability Services Administration, did not ensure the level of in-home care services is appropriate and clients are still eligible for assistance at least annually.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td>non-ARRA: \$42,041.10</td> </tr> <tr> <td>93.775</td> <td>ARRA: \$ 8,894.94</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with this finding. The Department agrees that a very small percentage of assessments (56 out of 57,472) were late. However, the Department does not concur with the questioned costs as each client for whom payments were made remained eligible for Medicaid services during the period the assessment was out of date. The Department believes it has strong internal controls to ensure that level of care assessments for clients receiving in-home care is performed at least every twelve months.</p> <p>By July 2012 the Department will work with the U.S. Department of Health and Human Services to determine if any questioned costs need to be reimbursed.</p> <p>The condition noted in this finding was previously reported in finding 10-39.</p> <p>Estimated July 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$42,041.10	93.775	ARRA: \$ 8,894.94	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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11	31	<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, charged approximately \$36,000 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>93.720</td> <td>non-ARRA: \$18,101.36</td> </tr> <tr> <td>93.775</td> <td>ARRA: \$ 4,630.08</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding.</p> <p>The Department inadvertently did not account for the July 2010 CHIP expenditure correction. This was corrected in December 2011 by returning funds to Medicaid and charging the enhanced CHIP funding.</p> <p>Also, in July 2011 the Department established new payment codes for state only and CHIP enhanced clients. This ensures only eligible Medicaid expenditures are charged to the Medicaid program.</p> <p>December 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$18,101.36	93.775	ARRA: \$ 4,630.08	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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11	32	<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 an adequate process to identify ineligible Medicaid expenditures for nonqualified aliens at the time of payment, resulting in \$52,104 in questionable costs.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td>non-ARRA: \$43,039.37</td> </tr> <tr> <td>93.775</td> <td>ARRA: \$ 9,065.34</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding. The Department acknowledged that Medicaid funds were used to serve non-qualified alien clients. Procedures have been implemented to prevent this from occurring in the future.</p> <p>In November 2011 the Department corrected the exceptions identified in the audit. All questioned costs have been reimbursed to Medicaid.</p> <p>By March 2012 the Department will develop new payment codes to be used to move alien clients to state only funded programs.</p> <p>Estimated March 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$43,039.37	93.775	ARRA: \$ 9,065.34	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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11	33	<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, does not have adequate controls to ensure the accuracy of financial eligibility determinations for Medicaid clients receiving home and community based services.</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>93.720</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>The Department has taken or will take the following actions to correct the deficiencies identified in the finding:</p> <ul style="list-style-type: none"> · In February 2012 the Department convened a meeting of the Home and Community Services (HCS) Director, regional financial coordinators, and the HQ financial eligibility manager. All HCS offices will use the Audit 99 program to audit the financial determinations processed by all financial services specialists (FSS). Audit 99 is used to track case audits at the local office level. Data can be rolled-up for regional and state-wide reports. · Once an FSS is deemed proficient, his/her work will be audited three times per year. · By June 2012 HCS HQ staff will measure compliance quarterly using the Audit 99 report. <p>Estimated June 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	34	<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, did not perform background checks for some in-home care individual providers in accordance with state law.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td>non-ARRA: \$368,404.41</td> </tr> <tr> <td>93.775</td> <td>ARRA: \$ 81,221.28</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>The Department will work to ensure that each Area Agency on Aging (AAA) has a strong tracking system in place to ensure that all providers have current background checks and that authorizations are terminated when providers are noncompliant with background check requirements. By July 2012 the Department will take the following actions:</p> <ul style="list-style-type: none"> · Terminate payments to providers that do not have current background checks. · Terminate contracts of providers who fail to comply with requests to have current background checks completed. · Develop a Management Bulletin that will be distributed to direct field staff. The Management Bulletin will provide direction on how to deal with contractors and ensure they have current background checks. <p>By June 2012 the Department will work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be reimbursed.</p> <p>Estimated July 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$368,404.41	93.775	ARRA: \$ 81,221.28	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	35	<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 to ensure Medicaid recipients have received the services for which Medicaid is billed.</p> <table border="0" data-bbox="609 709 1104 892"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.720</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department did not concur with this finding and is of the opinion there are strong controls in place currently to ensure that recipients receive services for which Medicaid is being billed. These are:</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. · Recipients receive a copy of the service summary that tells them the number of hours of service they are eligible to receive. Recipients are advised they can choose when those hours are provided and direct the individual provider when to provide them. Case Managers also advise recipients to contact them if they are not receiving the hours (or care) for which they are eligible. · Recipients are expected to keep copies of timesheets for their individual providers which are periodically reviewed by case managers. · Timesheet auditing has been added to the Department’s annual Quality Assurance monitoring cycle. · 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 appropriate. · The Social Service Payment System will not process payments in excess of hours authorized 	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	35 (Cont'd)	<p>Also, the Department has added service verification monitoring to the Quality Assurance monitoring cycle. Starting in October 2012 the Department is verifying with the selected recipients that Medicaid billed services were received. Based on the findings, correction action is being taken. Such action includes, as appropriate, processing of overpayments, procuring the needed services that were not provided, terminating contracts with the providers, and referrals to the Medicaid Fraud Control Unit for further action.</p> <p>By December 2012 the Department will:</p> <ul style="list-style-type: none"> · Audit a randomly selected sample of Individual Provider's timesheets to determine if services billed for are consistent with timesheet documentation submitted. · Determine if an automated solution is a possibility. <p>The condition noted in this finding was previously reported in finding 10-36.</p> <p>Completion Date: Estimated December 2012</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	36	<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, 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="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department does not concur with this finding The Department does not agree that federal rules require verification of financial statements for the previous five years, unless a transfer has been declared or there are inconsistent facts in the record or other problems with the application. The Department submitted its policies and procedures to the Centers for Medicare and Medicaid Services (CMS) and asked if they met federal guidelines. The Department believes that the response from CMS validates its position.</p> <p>Even though the Department does not concur with the finding, it executed a contract with LexisNexis for a trial of their software that provides records of property and vehicles owned or transferred during the last five years and beyond. The trial period will give the Department the opportunity to assess the cost benefit of using such software.</p> <p>The condition noted in this finding was previously reported in finding 10-45.</p> <p>Estimated April 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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Health Care Authority/Department of Social and Health Services

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	37	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority and the Department of Social and Health Services do not have adequate controls to correctly report all Medicaid expenditures that are eligible for additional Children Health Insurance Program (CHIP) 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>93.720</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Health Care Authority agrees with the finding and has taken or will take the following corrective action:</p> <ul style="list-style-type: none"> · In November 2011, the Authority retroactively transferred all eligible Managed Care claims to CHIP. The Authority is currently working with the Department of Social and Health Services’ Aging and Disability Services Administration (ADSA) to ensure all eligible Medicaid claims for clients are transferred to CHIP. · The Health Care Authority now monitors CHIP funds on a monthly basis, and an internal staff workgroup conducts an additional review using an Excel tracking spreadsheet with data from Agency Financial Reporting System (AFRS) to ensure accuracy and proper use of funds. · The Authority will develop a report using data from its Medicaid Management Information System to identify claims by Recipient Aid Category (RAC) and Federal Poverty Level (FPL) based on net income. <p>The Department of Social and Health Services also concurs with the finding. The Department developed systems to appropriately expend CHIP funds for Section 214 and regular children. Further, once available, the Department will use the new report developed by the Health Care Authority to determine eligibility for Section 107 children.</p> <p>The condition noted in this finding was previously reported in finding 10-35.</p> <p>Estimated August 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	38	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority does not comply with state law and the federal Deficit Reduction Act of 2005, increasing the likelihood that the state is paying claims that should have been paid by liable third parties.</p> <table border="0"> <thead> <tr> <th data-bbox="607 716 704 741"><u>CFDA #</u></th> <th data-bbox="1013 716 1110 741"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="607 741 704 766">93.720</td> <td data-bbox="1013 741 1110 766">\$0</td> </tr> <tr> <td data-bbox="607 766 704 791">93.775</td> <td></td> </tr> <tr> <td data-bbox="607 791 704 816">93.776</td> <td></td> </tr> <tr> <td data-bbox="607 816 704 842">93.777</td> <td></td> </tr> <tr> <td data-bbox="607 842 704 867">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action not taken</p> <p>The Authority continues to disagree with this finding.</p> <p>The Authority maintains that it is in compliance with the Deficit Reduction Act of 2005 (DRA) and applicable state law. The Authority 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>The Authority is taking the following steps to enhance its recovery effort:</p> <ul style="list-style-type: none"> · Submitted a system change request to incorporate a tool that the federal Centers for Medicare and Medicaid Services (CMS) has identified for DRA data exchange requirements. This activity could not be pursued until CMS issued its guidance in June 2010. The Authority will implement the change request based on prioritization against all other system change requests in their order of importance. · The Authority’s position on compliance was further corroborated by an independent review conducted by Health Management Systems (HMS) in March 2010. That review stated, “HMS’s review of the DSHS confirms a strong Medicaid TPL program...” This report also noted areas of industry best practices that the Authority could explore to enhance its cost avoidance and recovery. As a result of this review, the Authority entered into a contract with HMS to strengthen and improve its efforts in the area of TPL recoveries as HMS provides for enhanced data-matching to better identify a client’s medical insurance coverage. The contracted activities include: conducting electronic data exchanges with health insurers, and verifying and updating the insurance eligibility of Medicaid recipients for billing liable third parties on behalf of the Authority. 	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	38 (Cont'd)	<p>Although the Authority has been in compliance with the DRA since it was passed into law in April 2007, the above actions demonstrate how the Authority continues to improve ways to share Medicaid information with health insurers so the state is not paying for claims that should have been paid by a liable third party.</p> <p>The condition noted in this finding was previously reported in finding 10-40.</p> <p>Completion Date: N/A</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	39	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority did not investigate information on potential Medicaid fraud or abuse in accordance with federal law, risking the loss of Medicaid resources.</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>93.720</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority does not agree with the finding that there is a “lack of timely follow-through on returned surveys” as there are no federal timeline requirements for Medical Services Verification surveys.</p> <p>The Authority prioritizes its program integrity/surveillance and utilization resources in areas that have proven to yield a higher return on investment. Data analytics have proven in the past to better identify suspicious provider patterns. Past investigations have been targeted on cases that have the highest potential to lead to a fraud or audit referral.</p> <p>The State Auditor’s Office (SAO) asked the Authority to review 10 surveys that SAO believed merited a full investigation. Authority staff determined that several of the claims contained inaccurate information stemming from inaccurate information and conversion data linked to the implementation of ProviderOne, the Authority’s new Medicaid Management Information System. Of the 10, only one was ultimately found to be worthy of a full investigation.</p> <p>The Authority will:</p> <ul style="list-style-type: none"> · Conduct initial review on all returned surveys received between January 1, 2011, through June 30, 2011, to determine whether further review and prioritization of individual cases are warranted for detection Medicaid fraud, · The Surveillance and Utilization Review unit will triage returned Medical Services Verification surveys in the future and follow up as resources are available. <p>Estimated April 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	40	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority’s internal controls are insufficient to ensure payment rates for its Healthy Options managed care program are accurate.</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>93.720</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93/776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority continues to disagree with this audit finding.</p> <p>There are sufficient controls in place to ensure that managed care rates are set based on the verified managed care organizations (MCO) actual costs of care. Actuarially certified, proprietary cost information is submitted directly to the Authority’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 Authority. As part of the verification, the actuary has the MCOs complete a reconciliation of cost information with encounter data. The actuary also does analysis of prior years, compares MCOs to each other and resolves outliers that arise from its verification and analyses with the MCOs.</p> <p>The MCOs each have fraud and abuse controls. The controls provide reasonable assurance that the data used in rate-setting is accurate and complete. This assertion is supported by the fact that the Authority has had no findings regarding rate setting in the 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 condition noted in this finding was previously reported in finding 10-44.</p> <p>N/A</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		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													
11	41	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority 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><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority disagrees with this finding.</p> <p>The State Auditor’s Office (SAO) asserts that the Health Care Authority 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> <p>In fact, the Health Care Authority performs ongoing periodic examination of claims data and other records in order to identify patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care among physicians, pharmacists, and Medicaid recipients, or associated with specific drugs or groups of drugs, as required by 42 CFR § 456.709.</p> <p>The Authority agrees that federal regulation, specifically 42 CFR § 456.709, requires the Health Care Authority to have a retrospective drug use review program through which it conducts ongoing periodic examinations, at least quarterly, of claims data and other records in order to identify patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care. The Auditor’s finding is in error because it fails to cite to or apply 42 CFR § 456.714 which operates to limit 42 CFR § 456.709.</p> <p>42 CFR § 456.714 acknowledges that the retrospective drug use review requirements in 42 CFR § 456.709 are duplicative of the Surveillance and Utilization Review requirements provided for in 42 CFR Part 456, subpart A and 42 CFR Part 455. The regulation then expressly permits the Health Care Authority “to limit review activities to those that focus on what constitutes appropriate and medically necessary care to avoid duplication . . .” This is precisely what the Health Care Authority has done. The Authority operates a robust Surveillance and Utilization Review program. The Health Care Authority, in full compliance with federal law, focuses its retrospective drug use review activities on ensuring appropriate and medically necessary care.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
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Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	41 (Cont'd)	<p>The SAO states that “[t]he Authority believes its review of the medical appropriateness of prescribing and dispensing drugs is sufficient to fulfill the fraud and abuse-related requirements of federal law.” This is incorrect. Again, it is the Health Care Authority’s Surveillance and Utilization Review program that fulfills the fraud and abuse-related requirements of federal law. In accordance with federal law the Authority’s retrospective drug use review program focuses on what constitutes appropriate and medically necessary care and does not duplicate the fraud and abuse activities under the Surveillance and Utilization Review program. Other business units within the Authority perform analysis in the remaining areas of concern to the Auditor, per 42 CFR § 456.714 allowing states to limit the review activity of Drug Utilization Review staff to avoid duplication of activities related to fraud and abuse.</p> <p>The SAO states that “[the Authority] has not provided us any information on how often or how it does that analysis.” The Auditor also states that “the Authority is not analyzing pharmaceutical claim data and other records to identify patterns of fraud, abuse, or misuse of Medicaid funds...” Both of these statements are incorrect.</p> <p>The Health Care Authority has extensive detection programs that address potential fraud and abuse by clients, prescribers and pharmacies. The Office of Program Integrity’s Payment Review Program, Surveillance and Utilization Review unit and Medical Audit units analyze, review, and audit pharmacy claims data to identify potential Medicaid fraud, waste or abuse. The Patient Review and Coordination Program analyzes client data to set restrictions on high risk clients and identify aberrant prescribing patterns by providers. A third party contractor compares provider data with peers and follows up with prescribers who show ongoing aberrance in their prescribing practices. And the Quality Management Team investigates complaints or information about quality of care issues or concerns, and evaluates and documents the information in a case tracking database.</p> <p>The condition noted in this finding was previously reported in finding 10-53.</p> <p>Completion Date: N/A</p>

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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	42	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority did not adequately monitor subrecipients to ensure Medicaid expenditures are allowable and supported.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority agrees with the finding.</p> <p>To improve oversight, the Medicaid Administrative Match program plans to add a fiscal component to all monitoring activities of school districts and local health jurisdictions.</p> <p>The improved monitoring activity will include:</p> <ul style="list-style-type: none"> - Sampling time study participant transactions quarterly for each contractor. Those results will be reviewed and compared to actual salary and benefits claimed. - Reviewing direct and indirect claimed costs for the same fiscal monitoring period. <p>Estimated April 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	43	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority does not have adequate controls to ensure Medicaid is the payer of last resort.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority disagrees with this finding.</p> <p>The Office of Program Integrity currently has two full-time auditors dedicated to reviewing pharmacy third party liability claims for inappropriate use of override codes. It may be that additional system enhancements could strengthen controls over the use of overrides. The Authority will continue to communicate with and educate pharmacy providers on the proper use of third party liability override codes.</p> <p>In addition, the Authority has strengthened and improved efforts in the area of Third-Party Liability (TPL) recoveries by contracting with Health Management Systems (HMS) to augment recovery efforts. This is done by performing enhanced data-matching available through HMS to better identify a client’s medical insurance coverage. The contracted activities include: conducting electronic data exchanges with health insurers, and verifying and updating the insurance eligibility of Medicaid recipients for billing liable third parties on behalf of the Authority.</p> <p>With the enhanced data matching, the Authority has mitigated the potential loss of recoveries and the inappropriate use of override codes. This is a cost effective way to enforce TPL controls.</p> <p>The condition noted in this finding was previously reported in finding 10-51.</p> <p>N/A</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	\$0														
93.775															
93.776															
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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	44	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority improperly claimed \$111,108.98 in federal reimbursement for the Medicaid program.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td>non-ARRA: \$91,038.03</td> </tr> <tr> <td>93.775</td> <td>ARRA: \$20,070.95</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority agrees with this finding.</p> <p>The Health Care Authority concurs that of the 183 clients reported by the State Auditor’s Office (SAO), 152 clients apparently received some benefits in error, and the Authority will review those claims to determine the reason for the erroneous payments and the cost. While the payments cited by the SAO are a relatively small amount of the funds handled by the Authority, the Authority continues to target 100 percent accuracy in payments.</p> <ul style="list-style-type: none"> · Health Care Authority will review all the payments cited by the SAO to deceased persons or other ineligible people and will identify and correct any payments made in error after the person’s date of death or made to someone other than the rightful holder of the Social Security Number in question. Past findings involving Social Security Number matching have often proven to be explainable – a widow continuing to cite a spouse’s Social Security Number, for example. · Health Care Authority will arrange repayment of any federal funds received in error, in the manner previous repayments have been completed, after completion of the reviews mentioned in this response. The Authority expects that review to take approximately four weeks, or until April 1, 2012. 	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$91,038.03	93.775	ARRA: \$20,070.95	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	44 (Cont'd)	<ul style="list-style-type: none"> · Health Care Authority continues to strengthen procedures to improve accuracy of all payments and claims that are paid for unallowable services. The Authority does provide some programs for nonqualified and undocumented aliens that utilize multiple funding streams to pay for services that are not allowed by federal matching dollars. A portion of the transaction errors found by the SAO was for clients in programs that have these multiple funding streams. State and Title XXI dollars are used to pay for necessary non-Medicaid allowable services for aliens in question. In this way, necessary non-Medicaid allowable services can be provided by other funds, such as state dollars or Title XXI funds that do allow those services for the aliens in question. · The Authority will review all transactions listed by the SAO to capture and correct any errors in these payments. Health Care Authority administers medical assistance for more than 1.2 million Washington state residents. As the State Auditor's Office reported, in fiscal year 2011, HCA spent more than \$7.5 billion, of which more than \$4.7 billion was in federal matching funds. One hundred percent accuracy remains the goal for all HCA transactions and eligibility determinations. <p style="text-align: right;">The Authority will address the issue of questioned costs with the U.S. Department of Health and Human Services.</p> <p>Completion Date: Estimated April 2012</p>

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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	45	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority 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>93.720</td> <td style="text-align: right;">\$26,051.78</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority continues to disagree with this finding.</p> <p>There are no federal or state statutes that require a payer (e.g., the Health Care Authority) to validate the Drug Enforcement Administration (DEA) number of a prescriber. Therefore, the Authority 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 Health Care Authority 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 (Chapter 69.50 RCW) 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;"><i>(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>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.</u></i></p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$26,051.78	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	45 (Cont'd)	<p>This finding indicates that <i>“the Authority has procedures to ensure a prescriber of schedule 2 drugs has a DEA number, but the procedures do not verify whether the DEA number is valid.”</i> That statement is incorrect. The Authority’s Pharmacy Point of Sale (POS) system maintains a prescriber network of known National Provider Identifier (NPI) to DEA associations, and it is updated by state staff as new associations become known. System functionality includes manual updates to a “blocked prescriber list” that identifies prescriber DEAs prevented from prescribing Schedule II drugs. Claims for Schedule 2 drugs are validated against the DEAs on the prescriber network. The problem identified by the State Auditor’s Office (SAO) is not a lack of validation. Rather, the DEA regular file update is received into the POS on a monthly basis, resulting in a lag in the DEA effective dates and a discrepancy with the DEA file that SAO used to conduct the audit. As noted in previous years, there continues to be no complete external file that accurately and completely associates NPI to DEA.</p> <p>In addition to the POS edit that validates the DEA for Schedule II drugs, the Health Care Authority 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 the DEA number for controlled substances, the Authority believes this set of Program Integrity activities provides adequate controls to ensure that controlled substances are authorized and allowable.</p> <p>The Authority will address the issue of questioned costs with the U.S. Department of Health and Human Services.</p> <p>The condition noted in this finding was previously reported in finding 10-38.</p> <p>Completion Date: N/A</p>

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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	46	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority did not have adequate controls to ensure violations of Medicaid laws and regulations by providers are identified and are referred to the Medicaid Fraud Control Unit (MFCU), risking the loss of public resources.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority disagrees with this finding.</p> <p>The Authority has adequate controls to ensure that violations of Medicaid law and regulations are identified and referred to the Medicaid Fraud Control Unit. This is supported by a review of cases in the Case Tracking System and the timeliness in which they are worked. The Case Tracking System is used to track a variety of cases; thus, the timeframes in which those cases are resolved does not necessarily lead to the conclusion of inadequate controls. Processes are in place to prioritize the work of Surveillance and Utilization Review Subsystem investigators, ensuring that the Authority is addressing those cases with the highest potential for fraud, waste and abuse. These are also the cases that yield the highest return on investment.</p> <p>N/A</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	\$0														
93.775															
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Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	47	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority’s internal controls are inadequate to ensure non-emergency medical transportation expenditures are allowable and adequately supported.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority agrees with the finding, but notes that the solution to these issues is now in place. The State Auditor’s Office (SAO) report stated incorrectly that the trip information database has not improved.</p> <p>During state fiscal year 2011, the Authority built a trip information database that can be used to verify that all Medicaid rules are followed and that all services the transportation brokers provide are legitimate, reasonable and adequately supported. The database includes new data fields that will allow the Authority to more closely monitor transportation services, operations and expenditures.</p> <p>Brokers began adding information to the system in early 2011, and the Authority was able to test the new database with positive results between March 2011 and June 2011.</p> <p>Other monitoring activities:</p> <ul style="list-style-type: none"> · Desk audits using SAO monitoring tools, · Review of financial and operating reports, · Review of fleet inventories and inspection schedules, · Monthly review of brokers invoices and reports, · Review of broker reports of incidents and accidents, and · Review of brokers annual independent audits. 	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	\$0														
93.775															
93.776															
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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	47 (Cont'd)	<p>From July 2011 through December 2011, the Authority conducted on-site monitoring of all six transportation brokers with the new trip information database, and found all six to be in compliance with Medicaid rules and regulations.</p> <p>The condition noted in this finding was previously reported in finding 10-48.</p> <p>Completion Date: February 2012</p>

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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	48	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority does not have adequate controls to ensure providers meet initial and ongoing eligibility requirements to participate in the Medicaid program.</p> <table border="0"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.720</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Authority partially agrees with the finding.</p> <p>However, corrective action steps have already implemented many of the audit recommendations:</p> <ul style="list-style-type: none"> • The Provider Enrollment Unit now ensures appropriate provider licensing eligibility upon initial enrollment and throughout the provider’s enrollment. The Authority also has established a data-sharing agreement with the Department of Health that automatically updates providers’ licensing information. This ensures the Provider Enrollment Unit consistently receives the most current provider licensing information daily. If a Department of Health license has expired, the Health Care Authority is notified, and the ProviderOne payment system ends the taxonomy associated with the provider’s file, preventing further payments. • As of March 25, 2011, the Patient Protection and Affordable Care Act introduced new screening procedures for providers and suppliers. The Act identifies Durable Medical Equipment providers as moderate to high-risk business partners who deserve unscheduled, unannounced site visits. The Health Care Authority is finalizing written policies and procedures to comply with the Act. The Health Care Authority estimates it will meet this requirement in January 2013. The Authority also has requested computer system changes that will add mandatory data fields needed for compliance with the federal law. 	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	\$0														
93.775															
93.776															
93.777															
93.778 – ARRA and non-ARRA															

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Health Care Authority (HCA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	48 (Cont'd)	<ul style="list-style-type: none"> <li data-bbox="657 562 1468 804">· The Health Care Authority has resumed site visits with newly enrolled DME providers. The Authority is also planning revalidation site visits for Durable Medical Equipment suppliers not currently enrolled with Medicare or another state's Medicaid agency. The Centers for Medicare and Medicaid Services only requires these providers to be revalidated once every five years. Federal law (42 CFR §455.410 (C)) allows the Authority to rely on screening, including site visits, conducted by Medicare or another state's Medicaid agency. <p data-bbox="609 835 1442 894">The condition noted in this finding was previously reported in finding 10-52.</p> <p data-bbox="441 926 863 980">Completion Date: Estimated January 2013</p>

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	49	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health charged the National Bioterrorism Hospital Preparedness Program for activities that occurred after the grant period had ended.</p> <table border="0" data-bbox="609 703 1474 777"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>98.889</td> <td style="text-align: right;">\$38,574.67</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the State Auditor’s Office (SAO) finding, but wishes to indicate that the corrective action to the 2010 finding was implemented as soon as possible after the SAO had identified this issue in March of 2011.</p> <p>The Department has reviewed its internal controls that are intended to prevent payments from being charged to grants that have exceeded their period of availability. These controls include the closing of account coding on or before the 90th calendar day unless a written extension has been provided by the federal grantor.</p> <p>These controls were implemented in March of 2011 subsequent to the completion of the SAO field work for the state fiscal year 2010 Single Audit. The transactions that the auditor identified as not compliant while conducting the 2011 Single Audit occurred in the interim between the beginning of the fiscal year 2011 and when the Department was made aware of the control issue.</p> <p>The Department will work with the federal grantor to resolve questioned costs identified by the SAO.</p> <p>The condition noted in this finding was previously reported in finding 10-56.</p> <p>March 2011</p>	<u>CFDA #</u>	<u>Amount</u>	98.889	\$38,574.67
<u>CFDA #</u>	<u>Amount</u>						
98.889	\$38,574.67						

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Office of Financial Management (OFM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	50	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Washington Commission for National and Community Service at the Office of Financial Management does not properly monitor subgrantees to ensure expenditures of AmeriCorps grant funding are allowable and adequately supported.</p> <table border="0" data-bbox="609 735 1104 798"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>94.006 - ARRA and non-ARRA</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>Based on areas identified for improvement, the Washington Commission for National and Community Service (CNCS) will carry out a series of program monitoring enhancements and take the following steps to improve consistency and internal controls:</p> <ul style="list-style-type: none"> · By July 31, 2012, the Commission will explain its Corrective Action policy for all new/continuing AmeriCorps subgrantees at its Statewide Director meeting in July. This policy states that each monitoring file contains details on any finding, including any follow up and resolution to ensure the corrective action is completed in a consistent and timely manner; · By July 31, 2012, the Commission will also explain at the Statewide Director meeting its policy regarding the percentage of AmeriCorps member files to be reviewed during all site monitoring visits. The policy includes a random selection process for selecting AmeriCorps members' files for review. (The Commission does not require a 100% member file verification as part of the monitoring process.); · By August 31, 2012, upon receipt of all AmeriCorps grant awards (not known until late July 2012), the Commission will build a monitoring timetable to ensure that subgrantees identified in all the risk categories receive the type and frequency of thorough monitoring required based on their classification of low, medium or high risk; and · By January 31, 2013, all AmeriCorps subgrantees will have submitted eligibility certification confirmation on their AmeriCorps member rosters, signed by authorized program officials, stating that the AmeriCorps members have met the eligibility requirements beginning with the 2012-13 Program Year. 	<u>CFDA #</u>	<u>Amount</u>	94.006 - ARRA and non-ARRA	\$0
<u>CFDA #</u>	<u>Amount</u>						
94.006 - ARRA and non-ARRA	\$0						

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Office of Financial Management (OFM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	50 (Cont'd)	<p>The Commission expects some AmeriCorps subgrantees will not begin their first enrollment until the end of January 2013, so they cannot begin their eligibility certification confirmation process until then for the Program Year 2012-13.</p> <p>Completion Date: Estimated January 2013</p>

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	51	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Employment Security Department did not ensure all background checks were performed for AmeriCorps members as required by federal regulations.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>94.006 – ARRA and non-ARRA</td> <td>non-ARRA: \$85,554.24 ARRA: \$ 6,014.15</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department has revised processes for ensuring all background check documentation for AmeriCorps members is properly retained and on file prior to enrollment in the program. Improvements include:</p> <ul style="list-style-type: none"> • Creating a background check policy and procedures to ensure compliance with program documentation requirements. • Revising records retention processes by maintaining all background check documentation centrally in the program headquarters office. • Improving internal controls by ensuring independent reviews are conducted on all member files. • Increasing staff and sub-recipient awareness of documentation requirements through training, ongoing communication and increased monitoring and technical assistance. • Hiring an additional staff member to focus on compliance monitoring and assist in implementing new procedures. <p>The Department does not agree that members served under this grant were ineligible and will work with the grantor agency on resolving the issue of questioned costs.</p> <p>Estimated June 2012</p>	<u>CFDA #</u>	<u>Amount</u>	94.006 – ARRA and non-ARRA	non-ARRA: \$85,554.24 ARRA: \$ 6,014.15
<u>CFDA #</u>	<u>Amount</u>						
94.006 – ARRA and non-ARRA	non-ARRA: \$85,554.24 ARRA: \$ 6,014.15						