

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2011**

***OMB Circular A-133 Audit
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

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Office of Financial Management (OFM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
10	01	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The State's internal controls are inadequate to ensure the Schedule of Expenditures of Federal Awards is accurately prepared, placing the state at risk of incomplete and inaccurate reporting to the federal government. This could affect the amount of federal funding the state receives in the future.</p> <p>None</p> <p>Corrective action in progress</p> <p>The Office of Financial Management (OFM) concurs that internal controls related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA) need to be strengthened. OFM corrected the SEFA prior to submitting it to the federal government by the deadline of March 31 and releasing it to the public. To address the weaknesses noted in the finding, OFM has taken or will take the following actions.</p> <p>Oversight and Reconciliation: OFM will assign staff to independently review preparation of the Schedule of Expenditures of Federal Awards (SEFA) and its reconciliation to the Agency Financial Reporting System (AFRS), and to follow up on any questioned areas. The SEFA will be analyzed for exceptions and deviations from the prior year to enhance accuracy and completeness. System integrity and reconciliation checklists will also be reviewed.</p> <p>Systems: OFM has modified various system table change processes. These changes strengthen controls over the tables, which determine important elements of SEFA reporting. OFM has changed upload and input steps to strengthen controls over system-derived CFDA number, title, and cluster that are reported on the SEFA.</p> <p>Guidance: OFM focused on the reporting errors noted in this finding during the year-end training given to state agencies in June 2011. Additionally, OFM included an article on proper SEFA reporting in the Connection newsletter and discussed SEFA reporting issues with specific agencies during year end meetings.</p> <p>Estimated November 2011</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																		
10	02	<p>Finding: The Department of Social and Health Services, Economic Services Administration, did not comply with federal regulations regarding support of salaries and wages paid to employees.</p> <p>Questioned Costs:</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 ARRA and non-ARRA</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>10.561 ARRA and non-ARRA</td> <td></td> </tr> <tr> <td>93.558</td> <td></td> </tr> <tr> <td>93.563 ARRA and non-ARRA</td> <td></td> </tr> <tr> <td>93.575</td> <td></td> </tr> <tr> <td>93.713 ARRA</td> <td></td> </tr> <tr> <td>93.714</td> <td></td> </tr> <tr> <td>93.596</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>The Department's Economic Services Administration (ESA) has taken action to correct the deficiencies identified in the audit. The following describes the actions:</p> <ul style="list-style-type: none"> · In January 2011, ESA's Operation Support Division (OSD) updated their Business Center Process Manual that is used by Community Services Division (CSD) Business Center staff. The updates to the manual coincide with federal requirements and quarterly reviews are now a requirement. OSD Headquarters staff held a conference call with CSD Regional Business Managers to explain this process change. · In February 2011, ESA staff notified the Department's Office of Accounting Services Office (OAS) Chief that the Department's policy regarding time certifications needs to be brought into compliance with the federal requirements. The Department's policy on time certifications has been revised by OAS and referred to the Department's Accounting Policy Management Board where further revisions were made. The policy is scheduled for Executive Review in October 2011. <p>Completion Date: Estimated October 2011</p>	<u>CFDA #</u>	<u>Amount</u>	10.551 ARRA and non-ARRA	\$0	10.561 ARRA and non-ARRA		93.558		93.563 ARRA and non-ARRA		93.575		93.713 ARRA		93.714		93.596	
<u>CFDA #</u>	<u>Amount</u>																			
10.551 ARRA and non-ARRA	\$0																			
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	03	<p>Finding: The Department of Social and Health Services did not issue retroactive food assistance payments in accordance with federal law.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 709 1331 798"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>10.551 ARRA and non-ARRA</td> <td>ARRA: \$15,000.00 (approx)</td> </tr> <tr> <td>10.561 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 11-02</p> <p>Corrective Action:</p> <ul style="list-style-type: none"> • The Department completed the Corrective Action Plan resulting from the audit finding. The Department refined the process to refer overpayments to the Office of Financial Recovery. This was completed in March 2011. • By April 2011, the Department took action on the exceptions identified during the audit. Where appropriate the department established overpayments for unallowable payments. • By May 2011, the Department retrained field staff on the proper calculation of retroactive payments. <p>The conditions noted in this finding were previously reported in finding 08-01.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-02.</p>	<u>CFDA #</u>	<u>Amount</u>	10.551 ARRA and non-ARRA	ARRA: \$15,000.00 (approx)	10.561 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>							
10.551 ARRA and non-ARRA	ARRA: \$15,000.00 (approx)							
10.561 ARRA and non-ARRA								

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Recreation and Conservation Funding Board (RCFB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
10	04	<p>Finding: The Recreation and Conservation Office is not in compliance with federal cash management requirements.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>11.438</td> <td style="text-align: right;">Unknown</td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Recreation and Conservation Funding Board (Board) finalized the process of reviewing and updating policies and processes and is now in compliance with the federal requirements for cash advances to subrecipients. These modifications were effective August 14, 2010.</p> <p>Currently, there are no federal cash advances that exceed the cash requirements for 30 days. With the updating of policies, the Board has started collecting a cash advance agreement which details the advance policy and consequences for noncompliance.</p> <p>The conditions noted in this finding were previously reported in finding 09-03.</p> <p>Completion Date: August 2010</p>	<u>CFDA#</u>	<u>Amount</u>	11.438	Unknown
<u>CFDA#</u>	<u>Amount</u>					
11.438	Unknown					

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	05	<p>Finding: The Department of Commerce, Local Government and Infrastructure Division, does not have controls to ensure it complies with reporting requirements for the Community Development Block Grant program.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 735 1104 829"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>14.228</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>14.255 ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding. This occurred because instructions from the federal granting agency, the Department of Housing and Urban Development, (HUD), for the Section 3 report were not clear. In June 2010, HUD provided updated instructions clarifying that only the Community Development Program (CDP) portion of funding awarded to Section 3 businesses should be reported. As one of the CDP federal grantee programs, the Community Development Block Grant (CDBG) program Section 3 reporting should have been separated as directed.</p> <p>The Department is taking the following actions to ensure the 2010 Section 3 report due on March 31, 2011 and all future reports are accurate.</p> <ul style="list-style-type: none"> · The Department is monitoring grant recipients' Contractor/Sub Contractor semi-annual reports to ensure only the CDBG portion of funds awarded to Section 3 businesses is reported. The Contractor/Sub Contractor reports are submitted to HUD on a semi-annual basis and are compiled and reported on the Section 3 report. Contractor/Sub Contractor reports that include other funding will be corrected to include only the CDBG portion of funding before submitting to HUD and before being included in the annual Section 3 report. · The Department is providing technical assistance to current grant recipients to ensure they are reporting only the CDBG portion of awards to Section 3 businesses hiring and/or training Section 3 persons. 	<u>CFDA#</u>	<u>Amount</u>	14.228	\$0	14.255 ARRA	
<u>CFDA#</u>	<u>Amount</u>							
14.228	\$0							
14.255 ARRA								

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	05 (Cont'd)	<ul style="list-style-type: none"> • The Department updated the 2011 CDBG Management Handbook to provide clear instructions for completing the Contractor/Sub Contractor reports, documenting hiring and/or training of Section 3 persons. Department staff provided training to the 2011 CDBG grant recipients at CDBG Management Handbook workshops on the reporting requirements in May and June 2011. <p>On an ongoing basis, Department staff responsible for compiling the data will review it for completeness and accuracy and work with grant recipients to resolve any discrepancies. Department management will review and approve Section 3 reports before submittal to HUD and provide an explanation when any outcomes of hiring and/or training Section 3 persons are not documented in the annual Performance Evaluation Report.</p> <p>Completion Date: May 2011</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	06	<p>Finding: The Department of Social and Health Services, Division of Behavioral and Health Services, does not ensure Justice Assistance Grant subrecipients are registered in the Central Contractor Registration database as required by federal regulation.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>16.738</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>16.803 ARRA</td> <td></td> </tr> </table> </p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>In April 2011, the Department initiated the following process to ensure that any future federal funds that include the requirement to register in the Central Contractor Registration (CCR) database will be monitored by Department staff:</p> <ul style="list-style-type: none"> · The Department will confirm the requirement is included in the award instructions received from any federal agency. · The Department will use the CCR to review the status of any potential sub-recipient. If the sub-recipient is listed in the CCR the Department will proceed with a contract. If the sub-recipient is not listed the Department will require the potential sub-recipient to register at https://www.bpn.gov/CCR/default.aspx. · The Department will confirm the registration is completed before issuing a contract to the sub-recipient. <p>Completion Date: April 2011</p>	<u>CFDA #</u>	<u>Amount</u>	16.738	\$0	16.803 ARRA	
<u>CFDA #</u>	<u>Amount</u>							
16.738	\$0							
16.803 ARRA								

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	07	<p>Finding: The Department of Social and Health Services did not provide adequate information to its Justice Assistance Grant subrecipients, nor did it monitor subrecipients' use of those funds.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 735 1104 829"> <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>16.738</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>16.803 ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>In April 2011, the Department began:</p> <ul style="list-style-type: none"> · Ensuring that federal funds listed in any subrecipient contract would include the grant name, the federal award number, and the amount of federal funds associated with the contract will be listed on the contract's facesheet. Also, the Department will "highlight" the amount of federal funds noted on internal documents and the contract itself. · Reviewing the monitoring protocols used by the Division of Behavioral Health and Recovery (DBHR) staff who are responsible for contracts to ensure the protocols comply with subrecipient monitoring requirements and DSHS Administrative Policy 19.50.30. <p>Also, according to current business practice the Department continues to:</p> <ul style="list-style-type: none"> · Review and approve monthly invoices from counties. · Have the counties monitor prevention/treatment services available from their providers. · Monitor county records during the biennial review of the county community services contracts. Records reviewed include billing documents and supporting documentation of services rendered. <p>Completion Date: April 2011</p>	<u>CFDA #</u>	<u>Amount</u>	16.738	\$0	16.803 ARRA	
<u>CFDA #</u>	<u>Amount</u>							
16.738	\$0							
16.803 ARRA								

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	08	<p>Finding: The Employment Security Department did not comply with U.S. Department of Labor requirements for determining the accuracy of benefit payments.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u> 17.225 ARRA and non-ARRA \$0</p> <p>Status: Refer to finding 11-08</p> <p>Corrective Action: During the fiscal year 2010 audit period, staff in the unit were relatively new to their positions. In addition, the unit lacked a supervisor during much of the audit period.</p> <p>Over the last year, staff in the unit have gained additional experience and have received additional training to ensure completeness and accuracy of the Benefit Accuracy Measurement (BAM) audits they perform. Unit management also implemented weekly peer review sessions to enhance staff knowledge and communication.</p> <p>In addition to the increase in the level of staff experience, the unit also hired a new supervisor with extensive BAM experience to oversee the function and perform the necessary quality assurance reviews. These reviews have been implemented to ensure audits are compliant with U.S. Department of Labor (USDOL) requirements.</p> <p>The Department obtained clarification from USDOL that in-person employer contacts are not required.</p> <p>Audit results from fiscal year 2011 show significant progress has been made; however, additional improvements are still needed.</p> <p>The condition noted in this finding was previously reported in finding 09-05.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-08.</p>

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	09	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Employment Security Department did not comply with federal cash management requirements.</p> <table border="0"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>17.225 ARRA and non-ARRA</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department requested and received approval to change the draw method used for the Unemployment Insurance program to a more appropriate method in January 2011. This change is in effect for fiscal year 2011.</p> <p>The Department performed an analysis of cash draws for the UI administrative grant for the audit period and found there were no interest earnings due the federal government. The Department has addressed this finding with the U.S. Department of Labor and they consider the finding resolved.</p> <p>January 2011</p>	<u>CFDA#</u>	<u>Amount</u>	17.225 ARRA and non-ARRA	\$0
<u>CFDA#</u>	<u>Amount</u>						
17.225 ARRA and non-ARRA	\$0						

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	10	<p>Finding: The Employment Security Department did not adequately review job search logs to ensure unemployment insurance claimants are eligible for benefits.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u> 17.225 ARRA and non-ARRA \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: Many of the issues identified by the auditor in this finding related to the use of the internet by claimants to look for work. Regulations for job search required information that was not available to these job seekers. As a result, the Department revised Washington Administrative Code (WAC) 192-180-015 in June 2010. This WAC provides direction to Unemployment Insurance claimants on requirements for on-line job search efforts. As noted by the auditor in the finding, compliance with the revised WAC could not be verified during the fiscal year (FY) 2010 audit cycle. Department monitoring efforts during FY2011 have determined these changes have significantly reduced job search review exceptions.</p> <p>In addition to the WAC change, the Department scheduled additional training for staff, supervisors and managers in how to properly conduct job search reviews, schedule follow-up reviews and handle non-compliant job search logs. These training efforts were completed by May 31, 2011.</p> <p>Ongoing technical assistance is available to job search review staff and all policy and training materials are available on-line for staff reference.</p> <p>Central office program staff continue to perform regular monitoring of the job search review activity and provide timely feedback and technical assistance to field staff as needed.</p> <p>The condition noted in this finding was previously reported in finding 09-06.</p> <p>Completion Date: June 2011</p>

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Washington State Department of Transportation (WSDOT)

Fiscal Year	Finding Number	Finding and Corrective Action Plan								
10	11	<p>Finding: The Department of Transportation does not have adequate controls to ensure that information the American Recovery and Reinvestment Act requires to be reported for its Highway Planning and Construction program is accurate.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th><u>CFDA#</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>20.205 ARRA and non-ARRA</td> <td>\$0</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.003 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: Prior to the audit, the Department identified and corrected the error reported as part of the March, 2010 quarterly reporting cycle. Since the reporting process, at that time, only allowed for cumulative expenditures to be included in this ARRA report, correcting the next quarterly report for April through June 2010 was the only means of correcting the reported expenditures for January through March 2010.</p> <p>Subsequent to the actions above, the Federal 1512 ARRA reporting system now allows and facilitates correcting and updating prior quarter report filings, so the Department requested that the quarterly filing in question be corrected.</p> <p>In addition, the FHWA issued a Management Decision Letter indicating that “It should be emphasized that WSDOT’s internal control processes identified and attempted to correct an error prior to the entrance of the audit team. No additional corrective action is necessary as WSDOT has internal controls in place to ensure proper reporting in accordance with federal requirements.”</p> <p>Completion Date: July 2010</p>	<u>CFDA#</u>	<u>Amount</u>	20.205 ARRA and non-ARRA	\$0	20.219		20.003 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>									
20.205 ARRA and non-ARRA	\$0									
20.219										
20.003 ARRA and non-ARRA										

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Washington State Department of Transportation (WSDOT)

Fiscal Year	Finding Number	Finding and Corrective Action Plan								
10	12	<p>Finding: The Department of Transportation did not ensure highway construction contractor invoices were supported and approved before payment.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>CFDA#</u></th> <th style="text-align: left;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>20.205 ARRA and non-ARRA</td> <td>ARRA: \$75,147.00</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.003 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: As soon as the Department’s project office became aware of the situation they conducted a full reconciliation of the force account payments associated with the contract, which at the time had approximately six months remaining on the project and had only been paid approximately fifty percent of the bid amount. The Department then recovered the overbilled amounts by reducing subsequent payments to the contractor.</p> <p>Overall, the inconsistencies found on the payment in question appeared to be an isolated incident due to extenuating circumstances surrounding the particular billing request by the contractor. This was confirmed when the State Auditor’s expanded their testing, both in 2010 and 2011, and found no other payments with similar issues. In addition, the FHWA also conducted a review of force account payments and “noted no other instances where the contractor was overpaid.”</p> <p>In addition to the increased awareness at the particular project office involved, the WSDOT Headquarters Construction Office issued a memorandum to all offices and construction project engineers reminding them of the importance of strong internal controls and related documentation for contractor payments, particularly force account payments. The Construction Office also included contractor payments as a major topic in the 2011 training season and sought feedback from all project offices on any suggestions that could further improve internal controls.</p> <p>The FHWA responded to the finding in a Management Decision Letter, indicating the “FHWA agrees with WSDOT’s corrective action” and that “no additional corrective action is necessary as WSDOT has taken appropriate measures to strengthen internal controls to ensure payments are properly supported and in compliance with federal requirements.”</p> <p>Completion Date: October 2010</p>	<u>CFDA#</u>	<u>Amount</u>	20.205 ARRA and non-ARRA	ARRA: \$75,147.00	20.219		20.003 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>									
20.205 ARRA and non-ARRA	ARRA: \$75,147.00									
20.219										
20.003 ARRA and non-ARRA										

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Washington State Department of Transportation (WSDOT)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	13	<p>Finding: The Department of Transportation did not support over \$759,000 in payroll costs in accordance with federal regulations for the Formula Grants for Other Than Urbanized Areas.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u> 20.509 ARRA and non-ARRA ARRA: \$759,869.57</p> <p>Status: Refer to finding 11-09</p> <p>Corrective Action: 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>In response to the initial audit finding for fiscal year 2009, the Department’s Public Transportation Division developed and submitted a formalized direct payroll cost allocation plan to FTA (the Plan), known as a “substitute system,” to meet federal regulations (OMB Circular A-87, 2CFR 225). Upon receipt of the Plan, FTA requested that the Department continue to allocate payroll costs under the current method, until such time as the new plan could be reviewed and approved. WSDOT complied with this request because the current allocation method had been approved by the FTA’s Regional Office and to ensure continued federal grant funding.</p> <p>Since the Plan was not reviewed by FTA during fiscal year 2010, the auditor was compelled to repeat the audit finding for 2010. The Plan was reviewed by the FTA, via a consultant, in January 2011 and a report was issued in June 2011. In June 2011, in response to this report, the WSDOT Public Transportation Division implemented the FTA recommendation of tracking and allocating direct payroll charges based on actual time worked, for an extended analytical period (four months or longer if required by FTA). Also per the FTA recommendation, the tracked data will be analyzed to substantiate the previous year’s direct payroll allocations and be used as the bases for allocations moving forward through the 2011 – 2013 biennium.</p> <p>The conditions noted in this finding were previously reported in finding 09-09.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-09.</p>

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Department of Ecology (ECY)

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

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
10	15	<p>Finding: The Department of Health did not comply with time and effort requirement for the Capitalization Grants for Drinking Water State Revolving Fund program.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 709 1104 766"> <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;">66.468 ARRA and non-ARRA</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: New procedures have been implemented by the Department's Grants and Accounting Office to ensure that documentation is submitted timely and that documents are securely stored and available for audit.</p> <p>The current procedure includes a notification from the Grants and Accounting Office to the unit managers whose employees are required to submit quarterly certifications.</p> <p>Certifications are collected centrally and stored in a secure file where they can be made available for subsequent review.</p> <p>The Department believes that it is now in full compliance with OMB A-87 requirements for employee time and effort certifications.</p> <p>Completion Date: July 2010</p>	<u>CFDA#</u>	<u>Amount</u>	66.468 ARRA and non-ARRA	\$0
<u>CFDA#</u>	<u>Amount</u>					
66.468 ARRA and non-ARRA	\$0					

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Department of Commerce (COM)

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

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Department of Commerce (COM)

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

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Department of Commerce (COM)

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

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
10	18	<p>Finding: The Energy Office at the Department of Commerce did not adequately monitor grantees and loan recipients and paid for unallowable costs under the State Energy Program.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 735 1234 798"> <tr> <td style="text-align: center;"><u>CFDA#</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>81.041 ARRA and non-ARRA</td> <td>ARRA: \$13,691.00</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding. The Department authorized and paid a grant recipient's invoice for undocumented expenses. This occurred due to an inexperienced program staff member's mistake in the invoice verification and approval process.</p> <p>To ensure greater control over invoice monitoring, the Department has increased desk top monitoring. On September 1, 2010, monitoring of invoice payments on Energy ARRA contracts was transferred to the Department's Contracts Administration Unit (CAU). CAU has experienced staff dedicated to reviewing all grant recipient requests for payments and the supporting documentation before payments are approved.</p> <p>On September 20, 2010, CAU staff reviewed the grant recipient's contract file and identified \$13,691 in questionable costs. Department staff contacted the grant recipient and requested clarification of costs and additional supporting documentation. As a result, CAU determined \$6,894.41 was supported by the documentation and therefore allowable. CAU also determined that the remaining \$6,796.86 was unallowable. The grant recipient was notified that these costs were unallowable and the amount was deducted from the next invoice. The Department has received satisfactory documentation from this grant recipient for all other invoices to-date. In addition, the Department is working with US Department of Energy to satisfy any questions regarding the questioned costs.</p> <p>Completion Date: September 2010</p>	<u>CFDA#</u>	<u>Amount</u>	81.041 ARRA and non-ARRA	ARRA: \$13,691.00
<u>CFDA#</u>	<u>Amount</u>					
81.041 ARRA and non-ARRA	ARRA: \$13,691.00					

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Department of Commerce (COM)

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

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Department of Commerce (COM)

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

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
10	21	<p>Finding: The Department of Commerce, Community Services and Housing Division, did not comply with subrecipient monitoring requirements for the Weatherization Assistance for Low-Income Persons program.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 737 1234 800"> <tr> <td style="text-align: center;"><u>CFDA#</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>81.042 ARRA and non-ARRA</td> <td>ARRA: \$38,694.00</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding and has taken immediate steps to correct and improve monitoring and inspection protocol, checklists, consistency, and training. The failure to complete comprehensive monitoring in 2009 was a reflection of a number of events, including preparing to receive a 10-fold increase in weatherization funding, delays in hiring and training new staff for technical positions due to a hiring freeze, the collapse of a community action agency, and providing direct weatherization service for the first time to meet state ARRA weatherization production goals. While these are legitimate reasons that disrupted local agency monitoring plans, the Department acknowledges that program monitoring requirements were not fully satisfied.</p> <p>The Department has always worked to refine and improve monitoring and inspection protocol. Historically, Washington has been among a handful of states asked to share and present monitoring and inspection policies and tools as best practices. In April 2010, the Department implemented the first PDF-based monitoring tool and database. It was revised in July 2010. After testing and reviewing the results, Department staff determined the tool was not sufficient for comprehensive program monitoring. In October 2010, the Department implemented a revised Performance Assessment Tool, as part of a completely revised Monitoring Assessment Packet, which included fiscal review questions and a new monitoring report template.</p> <p>The lead weatherization monitoring team met in January 2011 and outlined additional revisions to the Program Assessment Tool that consolidated fiscal and administrative monitoring into five key areas. An assigned Lead Weatherization Monitor is working closely with the Fiscal Monitor to re-design the Weatherization Program Fiscal/Admin monitoring checklist. It will be more effective, comprehensive, and coordinated with other fiscal monitoring activities. Two additional sections of the tool are being revised to evaluate the technical and program management systems of a local agency and are targeted to be complete by the end of February 2011.</p>	<u>CFDA#</u>	<u>Amount</u>	81.042 ARRA and non-ARRA	ARRA: \$38,694.00
<u>CFDA#</u>	<u>Amount</u>					
81.042 ARRA and non-ARRA	ARRA: \$38,694.00					

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Department of Commerce (COM)

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

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Department of Commerce (COM)

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

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Department of Services for the Blind (DSB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	22	<p>Finding: The Department of the Services for the Blind is not complying with federal requirements regarding payroll costs charged to the Vocational Rehabilitation Program.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="607 737 1247 827"> <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;">ARRA: \$947,414.00</td> </tr> <tr> <td>84.390 ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department of Services for the Blind agrees with the audit finding and recommendations. A corrective action plan has been completed which included:</p> <ul style="list-style-type: none"> · An Effort Certification form for staff working solely on a single federal award or cost objective has been adopted into Department procedures. · Effort Certifications have been completed on all impacted staff for the latest 6-month period of time. · Department support staff who had previously been preparing effort certifications have been changed to cost allocation effective October 1, 2011. · The Effort Certification process has been added to the Department's due dates calendar in coordination with the federal fiscal year. · The Department has contacted the US Department of Education Rehabilitation Services Administration (RSA) for their review of any costs that are to be repaid as a result of the lack of certifications. The response from RSA was to distribute the questions expenditures between the respective grants as if they had been initially cost allocated. The Department complied with this in September 2011. <p>Completion Date: September 2011</p>	<u>CFDA#</u>	<u>Amount</u>	84.126	ARRA: \$947,414.00	84.390 ARRA	
<u>CFDA#</u>	<u>Amount</u>							
84.126	ARRA: \$947,414.00							
84.390 ARRA								

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	23	<p>Finding: The Department of Social and Health Services is not complying with federal requirements for suspension and debarment for the federal Vocational Rehabilitation Program.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>84.126</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>84.390 ARRA</td> <td></td> </tr> </table> </p> <p>Status: Refer to finding 11-13</p> <p>Corrective Action: The Department concurs with this finding. The Division of Vocational Rehabilitation (DVR) was the program within the Department that received the finding.</p> <p>By October 2011, DVR is anticipating that work with Central Contracts Services (the Department’s contracts unit) and the Attorney General’s Office to review terms and conditions will be completed. A recommendation will be made on suspension language that should be added to terms and conditions. Also, DVR will begin including a review of a contractor’s suspension and debarment status as part of their monitoring of contractors.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-13.</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0	84.390 ARRA	
<u>CFDA #</u>	<u>Amount</u>							
84.126	\$0							
84.390 ARRA								

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	24	<p>Finding: The Department of Social and Health Services is not complying with federal requirements for time and effort documentation for the Vocational Rehabilitation Program.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 84.126 ARRA: \$662,958.00 84.390 ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department partially concurs with this finding in that the time certifications from October 2009 to March 2010 did not include staff who left employment during this certification period.</p> <p>The Department does not concur with the questioned costs. Thirty five employees out of 350 division employees did not have certifications from October 2009 to March 2010. During the course of the audit 33 of the employees were certified as having worked one hundred percent on Vocational Rehabilitation grant activities. Since then the remaining two employees have been certified.</p> <p>The Department has taken the following actions to ensure payroll certifications were completed.</p> <ul style="list-style-type: none"> · In January 2011, supervisors were informed they have to double check the certifications to ensure they include all staff who worked during the certification period. · In May 2011, time certifications were developed using salary and benefit expenditure information from the state's payroll system allowing certifications to be reconciled to payroll costs charged to the grant. <p>The Department was informed by the federal grantor that the questioned costs are not required to be reimbursed.</p> <p>Completion Date: May 2011</p>

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	25	<p>Finding: The Department of Health does not monitor subrecipient expenditures of the National Bioterrorism Hospital Preparedness and Public Health Emergency Preparedness programs.</p> <p>Questioned Costs:</p> <table data-bbox="609 735 1104 829"> <thead> <tr> <th><u>CFDA#</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.069</td> <td>\$0</td> </tr> <tr> <td>93.889</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 11-17</p> <p>Corrective Action: The Department is reevaluating its subrecipient monitoring procedures as well as the requirements currently in place on subgrants to provide documentation in support of invoiced charges on federal grant sources.</p> <p>One possible approach is to implement a Department-wide subrecipient monitoring policy that standardizes invoicing formats and specifies periodic desk reconciliations of revenues provided and expenditures charged by subgrants.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-17.</p>	<u>CFDA#</u>	<u>Amount</u>	93.069	\$0	93.889	
<u>CFDA#</u>	<u>Amount</u>							
93.069	\$0							
93.889								

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	26	<p>Finding: The Department of Health did not support over \$448,000 in payroll costs in accordance with federal regulations for the National Bioterrorism Hospital Preparedness and Public Health Emergency Preparedness Programs.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 735 1153 829"> <thead> <tr> <th><u>CFDA#</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.069</td> <td>\$448,344.90</td> </tr> <tr> <td>93.889</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 11-19</p> <p>Corrective Action: All program managers involved with both the Public Health Emergency Preparedness or Hospital Preparedness grants are now maintaining detailed time sheets that are in compliance with OMB A-87 requirements.</p> <p>The Department is in communication with the Center for Disease Control (CDC) and Health and Human Services, Assistant Secretary for Preparedness and Response and have provided additional documentation in support of these costs. The Department is waiting for a final determination from both federal agencies.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-19.</p>	<u>CFDA#</u>	<u>Amount</u>	93.069	\$448,344.90	93.889	
<u>CFDA#</u>	<u>Amount</u>							
93.069	\$448,344.90							
93.889								

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	27	<p>Finding: The Department of Commerce does not ensure the Temporary Assistance for Needy Families funding it provides to subrecipients is reported and audited in accordance with federal regulations.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.558</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.714 ARRA</td> <td></td> </tr> </table> </p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department partially concurs with the finding. The Department agrees that not all subrecipients submitted audit reports as required and it did not catch the oversight. Terms and conditions of contracts with the subrecipients identify the requirement that organizations receiving in excess of \$500,000 in federal funds must have a Circular A-133 audit. The Department is satisfied that program funds expended during this period were appropriate and correct through the monthly invoice verification process, the required documentation and on-site monitoring conducted for each subrecipient.</p> <p>In the future, based on direction from our funding source, the Department will consider the WorkFirst contractors as vendors, thus negating the requirements for Circular A-133 audit reports.</p> <p>Completion Date: March 2011</p>	<u>CFDA#</u>	<u>Amount</u>	93.558	\$0	93.714 ARRA	
<u>CFDA#</u>	<u>Amount</u>							
93.558	\$0							
93.714 ARRA								

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	28	<p>Finding: The Department of Social and Health Services requested federal grant funding in excess of its immediate needs.</p> <p>Questioned Costs: <u>CFDA #:</u> 93.563 ARRA and non-ARRA <u>Amount:</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding. The errors occurred as a result of ARRA funds adjustments which caused inadvertent “draw downs” of federal funds over a four quarter period. The draw downs were not noticed immediately because the Department’s Grants Management System (GMS) does not interface with the federal Payment Management System (PMS).</p> <p>Economic Services Administration (ESA) was the administration responsible for errors with ARRA funds. In October 2010, ESA contacted the Department’s Office of Accounting Services (OAS). OAS is responsible for preparing and submitting the CMIA Annual Report of Interest Liability to OFM. All inappropriately received federal funds were returned in October 2010.</p> <p>In April 2011, the Department developed a quarterly reconciliation procedure to ensure that the GMS and the PMS data match. The Department’s Office of Accounting Services (OAS) has agreed to send quarterly PMS reports to staff assigned responsibility for the quarterly reconciliation.</p> <p>Completion Date: April 2011</p>

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
10	29	<p>Finding: The Department of Commerce, Community Services and Housing Division, did not comply with subrecipient monitoring requirements for the Community Services Block Grant program.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="607 737 1105 827"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.569</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.710 ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding. When a staff member assumed program management responsibilities for the Community Service Block Grant (CSBG) in July 2009, she noted that two subrecipients had not received on-site monitoring within the required three year period. In the summer and fall of 2009, the upcoming monitoring schedule was updated, but since the schedule was already set for 2009, the two subrecipients were not added to the schedule. With only two employees monitoring approximately 10 subrecipients per year, and the addition of American Reinvestment and Recovery Act (ARRA) funding awards in the spring of 2009, it was difficult to add the two subrecipients to the monitoring schedule for 2009. The entire grant process—from application to award, from tracking expenditures to assessing risk, from additional fiscal monitoring to state and federal reporting—had to be ramped up under significantly constrained staffing conditions. Monitoring visits are typically scheduled March or April through October, to a) avoid hazardous driving conditions in the winter, and b) because the annual application and reporting processes consume most of staff’s time from October through March.</p> <p>Both subrecipients were contacted on March 11, 2010 when the 2010 monitoring schedule was being prepared for that year. Monitor dates were arranged for May and November 2010. Monitoring visits were completed as scheduled.</p> <p>At present, the monitoring schedule has been adjusted so that 10 subrecipients will be monitored on-site each year, to ensure that all 30 subrecipients are monitored on-site every three years. Any additional on-site monitor visits triggered by a risk assessment, request by the subrecipient, or poor performance will be added to the normal three-year rotation schedule.</p>	<u>CFDA#</u>	<u>Amount</u>	93.569	\$0	93.710 ARRA	
<u>CFDA#</u>	<u>Amount</u>							
93.569	\$0							
93.710 ARRA								

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Department of Commerce (COM)

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

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Department of Commerce (COM)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	30	<p>Finding: The Department of Commerce, Community Services and Housing Division, did not comply with period of availability requirements for the Community Services Block Grant program.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u> 93.569 non-ARRA: \$55,593.11 93.710 ARRA</p> <p>Status: Refer to finding 11-22</p> <p>Corrective Action: The Department concurs with the finding. The Department did not properly review costs transferred from one grant year to another grant year to ensure costs were within the proper period of availability. Fiscal staff did not clarify nor consult with program staff when program staff requested cost transfers between grant years. Fiscal staff reviewing the work of newly hired staff did not properly verify backup documentation for the transfer. As a result, \$55,593.11 transferred was not properly identified within the period of availability.</p> <p>In January 2011, fiscal and program staff reviewed and corrected the original \$55,593.11 costs transferred between grant years. Appropriate costs within the period of availability were identified and transferred.</p> <p>The Department concurs with the auditors' recommendation that fiscal staff consult with program staff when transferring costs between grant years. The Department has assessed its internal controls and implemented measures to ensure proper review of costs transfer through clearly defined expectations and responsibilities. Program and fiscal staff have updated the transfer / correction request form to include identification of specific items to transfer and provided training to fiscal and program staff. Fiscal has reiterated document review and approval expectations with supervisors and lead workers.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-22.</p>

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
10	31	Finding: Questioned Costs: Status: Corrective Action: Completion Date:	<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>Refer to finding 11-23</p> <p>The Department of Early Learning (DEL) does not concur with this audit finding. In July 2008, the DEL and the Department of Social and Health Services (DSHS) implemented a process to reconcile child care payments to attendance records to determine if the payments were supported by appropriate documentation.</p> <p>On a monthly basis, payment files are randomly selected from child care centers and family child care homes by DSHS. Those records are audited by DSHS to monitor for correct payments. Overpayments and underpayments are written by DSHS if found during the monitoring.</p> <p>This reconciliation occurred through the fiscal year 2010 audit period.</p> <p>The conditions noted in this finding were previously reported in finding 09-12.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-23.</p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596		93.713 ARRA	
<u>CFDA#</u>	<u>Amount</u>										
93.575	\$0										
93.596											
93.713 ARRA											

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
10	32	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Children's Administration, is not ensuring the eligibility of clients receiving adoption assistance payments.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount:</u></td> </tr> <tr> <td>93.659 ARRA and non-ARRA</td> <td>\$61,918.00</td> </tr> </table> <p>Refer to finding 11-24</p> <p>The Department concurs with this finding. The Department believes control procedures are in place to avoid payments for adopted children over ages 18 and 21. The process works very well in most regions across the state.</p> <p>The Department has taken the following actions to address the deficiencies identified during the audit.</p> <ul style="list-style-type: none"> · In January 2011, a memo was sent to staff that described the established procedures that are to be followed for monitoring case files and ensuring eligibility requirements are met. · In April 2011, all exceptions were processed. As part of the review process, the overpayments were processed automatically returning the federal share of the payment. <p>The conditions noted in this finding were previously reported in finding 09-14.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-24.</p>	<u>CFDA #</u>	<u>Amount:</u>	93.659 ARRA and non-ARRA	\$61,918.00
<u>CFDA #</u>	<u>Amount:</u>						
93.659 ARRA and non-ARRA	\$61,918.00						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
10	33	<p>Finding: The Department of Social and Health Services spent approximately \$2.7 million of federal Children Health Insurance Program (CHIP) money on unallowable administrative activities.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.767</td> <td style="text-align: right;">\$2,708,627.53</td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department’s Medicaid Purchasing Administration (MPA) concurs with this finding.</p> <p>In February 2011, MPA established communication with program, fiscal, and budget staff to ensure the operation, maintenance, and fiscal review of the CHIP program includes all appropriate parties.</p> <p>The MPA developed internal financial procedures and monthly fiscal reports to monitor the Children’s Health Insurance Program (CHIP) expenditures to ensure the MPA does not exceed the administrative cap.</p> <p>The MPA implemented a process for the full recovery of the CHIP funds from the Local Health Jurisdictions (LHJ) and coordinated with the Centers for Medicaid and Medicare Services (CMS) repayment of the federal portion. MPA recovered all the funds by July 2011.</p> <p>Completion Date: July 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.767	\$2,708,627.53
<u>CFDA #</u>	<u>Amount</u>					
93.767	\$2,708,627.53					

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	34	<p>Finding: The Department of Social and Health Services does not have adequate procedures to ensure compliance with earmarking requirements for the Children’s Health Insurance Program.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.767 \$98,754.00</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Medicaid Purchasing Administration (MPA) concurs with this finding. MPA has taken the following actions to correct the deficiencies identified in the audit.</p> <ul style="list-style-type: none"> · In March 2011, MPA implemented processes and procedures to monitor on a monthly basis all Children’s Health Insurance Program (CHIP) expenditures to ensure the Department does not exceed the CHIP Administrative cap. Monthly CHIP expenditure reports will be maintained tracking all CHIP expenditures for fiscal review. · MPA recovered the CHIP administrative funds submitted to the local health jurisdictions in July 2011. · MPA has coordinated with the Centers for Medicaid and Medicare Services to repay the federal portion. <p>Completion Date: July 2011</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
10	35	<p>Finding: The Department of Social and Health Services did not have adequate internal controls to accurately identify and claim all eligible Children’s Health Insurance Program expenditures.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.767</td> <td style="text-align: right;">\$0</td> </tr> </table></p> <p>Status: Refer to finding 11-37</p> <p>Corrective Action: The Aging and Disability Services Administration (ADSA) and the Medicaid Purchasing Administrations (MPA) both concur with this finding. MPA and ADSA will work together to establish a workgroup to communicate the availability of Children’s Health Insurance Program (CHIP) funding, regulation changes, and develop a system to identify CHIP eligible costs.</p> <p>The specific actions ADSA and MPA have taken are:</p> <ul style="list-style-type: none"> · In March 2011, a CHIP workgroup was established that is comprised of MPA, ADSA, and other Department staff as needed. The purpose of the group is to communicate availability of funding and regulation changes, and to establish a system to identify CHIP eligible costs. · In April 2011, the CHIP workgroup: <ul style="list-style-type: none"> ○ Evaluated CHIP regulation revisions and their impact on the ability to claim CHIP funds. ○ Developed a process/procedure for communicating the status of CHIP funding availability on a routine basis. · In May 2011: <ul style="list-style-type: none"> ○ The workgroup established a process for identifying CHIP clients and journal vouchering CHIP eligible expenditures when necessary. ○ MPA established a routine process to identify all Medicaid eligible costs for CHIP reimbursement. <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-37.</p>	<u>CFDA #</u>	<u>Amount</u>	93.767	\$0
<u>CFDA #</u>	<u>Amount</u>					
93.767	\$0					

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	36	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Based Services Division, does not have adequate controls to ensure Medicaid recipients have received the services for which Medicaid is billed.</p> <p>Questioned Costs:</p> <table data-bbox="609 766 1112 913"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 11-35</p> <p>Corrective Action: The Department concurs with this finding. The Department has plans to implement the Provider Compensation System (PCS) by the end of 2012 which will allow for an automated review process. PCS will be a sub-system of ProviderOne and is designed to generate intermittent, random notices to clients informing them how many hours were paid to the provider on their behalf during the previous month. The clients will be instructed to notify the Department if they notice a discrepancy in the hours provided versus the hours billed.</p> <p>Until PCS is implemented, the Department will rely on the following controls that are currently in place:</p> <ul style="list-style-type: none"> · Case managers complete an assessment that results in an authorization of hours that cannot be exceeded by a provider invoice. · Clients receive a copy of the service summary that tells them the number of hours of service they are eligible to receive. Clients are advised they can choose when those hours are provided and direct the individual provider when to provide them. Case Managers also advise clients to contact them if they are not receiving the hours (or care) for which they are eligible. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$0											
93.776												
93.777												
93.778 ARRA and non-ARRA												

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	36 (Cont'd)	<ul style="list-style-type: none"> · Clients are expected to keep copies of timesheets for their individual providers. Case managers periodically review these time sheets and verify with the client that authorized services have been provided. Case managers are instructed to document the review of time sheets and the discussion of service verification in a Service Episode Record. · The Department, through its Payment Review Program, runs algorithms to detect possible fraudulent claims. Overpayments are initiated and referrals are made to the Medicaid Fraud Control Unit as indicated by findings. · The Social Service Payment System will not process payments in excess of hours authorized. A provider is therefore unable to claim and be reimbursed for hours that exceed those authorized by the case manager. <p>In June 2011, the Department’s Aging and Disability Services Administration (ADSA) conducted a pilot review of randomly selected individual provider timesheets within the Division of Developmental Disabilities. This review will go ADSA wide within the next year. The review found most individual providers were compliant with time sheet requirements. For those that were not, action was taken ranging from issuing a warning to processing an overpayment to terminating the individual provider’s contract.</p> <p>The conditions noted in this finding were previously reported in finding 09-18.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-35.</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
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**OMB Circular A-133 Audit
 For the Fiscal Year Ended
 June 30, 2011**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	37	<p>Finding: The Department of Social and Health Services does not have an adequate process to identify ineligible Medicaid expenditures for nonqualified aliens at the time of payment, resulting in \$187,557 in questionable costs.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 735 1299 892"> <tr> <td>CFDA #</td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>non-ARRA: \$149,965.40</td> </tr> <tr> <td>93.776</td> <td>ARRA: \$ 37,591.93</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: This finding involved the Aging and Disability Services Administration (ADSA) and Medicaid Purchasing Administration (MPA). Both administrations concur with the finding.</p> <p>ADSA has taken or will take the following actions to correct the deficiencies identified during the audit:</p> <ul style="list-style-type: none"> · In July 2011, ADSA trained field staff on how to identify client citizenship and on assigning correct Social Service Payment System (SSPS) codes when authorizing services. · By November 2011: <ul style="list-style-type: none"> ○ SSPS codes will be established for state only clients and correct authorizations for existing clients. ○ Because Medicaid funding is no longer allowable for emergency services for ADSA clients, expenditures are transferred to state only funding quarterly. The expenditures will be moved to a state only SSPS code when they are established. ○ Staff will review clients on the exception list to determine whether or not they are eligible for Medicaid. If they are not, costs will be journal vouchered to state only funding and the correct SSPS code will be applied for future authorizations. 	CFDA #	<u>Amount</u>	93.775	non-ARRA: \$149,965.40	93.776	ARRA: \$ 37,591.93	93.777		93.778	ARRA and non-ARRA
CFDA #	<u>Amount</u>											
93.775	non-ARRA: \$149,965.40											
93.776	ARRA: \$ 37,591.93											
93.777												
93.778	ARRA and non-ARRA											

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	37 (Cont'd)	<p>MPA has taken the following actions:</p> <ul style="list-style-type: none"> · In January 2010, a procedure was developed and implemented where the client's eligibility is federally verified at the time of application. An interface with the Social Security Administration is used to confirm SSN and citizenship status. · In June 2011: <ul style="list-style-type: none"> ○ A process was developed to move claims for Medicaid services provided to nonqualified aliens from Medicaid to state only. The process entails periodic identification of non-citizens with invalid Social Security Numbers. This list is then passed to financial staff, who identify the non-emergent Medicaid claims data from ProviderOne and perform an accounting adjustment to shift these dollars to state-only funds. ○ MPA has followed up on the questioned cost relating to managed care insurance premiums, dental services, and other services including physician visits, prescription drugs, family services and vision identified as being provided to nonqualifying aliens and coordinated with the Centers for Medicare and Medicaid Services (CMS) to determine if any related Medicaid funds must be returned. <p>Completion Date: Estimated November 2011</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	38	<p>Finding: The Department of Social and Health Services, Medicaid Purchasing Administration¹, does not have adequate controls to ensure controlled substances prescribed for Medicaid clients are authorized and allowable.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="607 739 699 766"><u>CFDA #</u></th> <th data-bbox="1016 739 1109 766"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="607 766 699 793">93.775</td> <td data-bbox="1016 766 1295 793">non-ARRA: \$119,829.99</td> </tr> <tr> <td data-bbox="607 793 699 821">93.776</td> <td data-bbox="1062 793 1295 821">ARRA: \$ 30,037.85</td> </tr> <tr> <td data-bbox="607 821 699 848">93.777</td> <td></td> </tr> <tr> <td data-bbox="607 848 935 875">93.778 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 11-45</p> <p>Corrective Action: The Department's Medicaid Purchasing Administration (MPA) does not concur with the finding. There are no federal or state statutes that require a payer (e.g. state) to validate the Drug Enforcement Administration (DEA) number of a prescriber. Therefore, the MPA disagrees that the lack of an edit that validates DEA for Schedule 2-5 drugs constitutes inadequate internal controls or that the lack of such validation renders the payment unallowable.</p> <p>The MPA believes that responsibility for compliance with controlled substance requirements lies with the prescribing provider and the dispensing pharmacies. The Controlled Substance Act (21 USC Sec. 821) and the State Uniform Controlled Substance Act (RCW 69.50) do not regulate payment for controlled substances and there are no provisions in either that could be interpreted as a requirement relating to payment of claims for controlled substances. Title 21 CFR Section 1306.04 clearly states that the prescribing practitioner is responsible for assuring that the prescription conforms in all essential respects to the law and regulation:</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	non-ARRA: \$119,829.99	93.776	ARRA: \$ 30,037.85	93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	non-ARRA: \$119,829.99											
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93.777												
93.778 ARRA and non-ARRA												

¹ Formerly Health and Recovery Services Administration (HRSA)

**State of Washington
 Summary Schedule of Prior Audit Findings
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 For the Fiscal Year Ended
 June 30, 2011**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	38 (Cont'd)	<p>(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></p> <p>This finding indicates that since the previous 2009 finding, the MPA has developed procedures to verify DEA for Schedule 2 drugs. That statement is incorrect. The automated edit procedure has been in place since 2002 when the MPA implemented a pharmacy Point of Sale (POS) edit for the purpose of validating the DEA of the prescribing physician for Schedule II drugs. The MPA considered this to be an essential POS validation because Schedule II drugs are subject to the highest risk of abuse. The MPA considered it prudent to provide this additional validation to guard against the potential for fraud and abuse.</p> <p>The MPA implemented a new pharmacy Point of Sale (POS) in October 2008. The POS design allowed us to require and utilize the National Provider Identifier (NPI) as the prescriber identifier. The POS was designed to utilize a national file that associated the NPI to the DEA number, theoretically allowing a match of the NPI to DEA that enforces the Schedule II edit. However, at implementation it was discovered that the national file that associated NPI to DEA was not complete and did not meet the business needs of matching NPI to DEA. As a result, the Schedule II edit in POS is based on a work-around. The POS maintains a “prescriber network” of known NPI/DEA associations, and it is updated by state staff as new associations become known. The work-around includes manual updates to a “blocked prescriber list” that identifies prescriber DEAs prevented from prescribing Schedule II drugs.</p> <p>There continues to be no complete external source of data that provides the NPI to DEA crosswalk. As a result, the work-around within the POS does not provide any external data file that can be utilized for analysis or that allows us to query the data and match DEA with NPI. So while the POS automatically</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	38 (Cont'd)	<p>associates the NPI with DEA for adjudication, external review of the NPI/DEA associations requires manual lookup to document the association. The MPA performed the following detailed claims analysis and responded to SAO as follows:</p> <ul style="list-style-type: none"> • Transactions with an invalid DEA number (4,071 records): The MPA reviewed the first 100 records in POS and found 100% were active in the POS prescriber file with valid DEA. The prescriber file does not currently include DEA end dates. • Transactions with an NPI number (9,946 records): A manual review of 50 records found 47 associations of NPI to valid DEA. In three instances, only the NPI was in the Prescriber Network file. These three claims paid because the NPI was not on the blocked Schedule II list. • SAO reviewers were provided with access to the POS as well as instruction on the screens showing how the NPI/DEA associations could be located. <p>In addition to the POS edit that validates the DEA for Schedule II drugs, the MPA has a set of robust Program Integrity activities including pharmacy utilization review, pharmacy rules-based algorithms that identify improper payments, and data mining activities that identify patterns outside the norm. In the absence of any requirement to validate DEA for controlled substances, the MPA believes this set of Program Integrity activities provide adequate controls to ensure that controlled substances are authorized and allowable.</p> <p>The MPA continues to research the availability of a complete external file that accurately and completely associates NPI to DEA. Other states are faced with similar difficulties in utilizing the NPI for prescriber identifier.</p> <p>The MPA will work with the Department of Health and Human Services to determine if any questioned costs need to be reimbursed.</p> <p>The conditions noted in this finding were previously reported in finding 09-32. The auditors noted certain progress.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-45.</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
10	39	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Health and Human Services, Aging and Disability Services Administration, did not ensure the level of in-home care services for some clients was evaluated at least annually.</p> <p><u>CFDA #</u></p> <p>93.775</p> <p>93.776</p> <p>93.777</p> <p>93.778 ARRA and non-ARRA</p> <p>Refer to finding 11-30</p> <p>The Department of Social and Health Services partially concurs with this finding. The Department reviewed the 10 exceptions identified by the auditors. The Department determined two of the 10 clients had annual assessments completed within the required time frames however, due to computer anomalies, they were coded as late. There was documentation in each client's Service Episode Record that documented the situation. The other eight clients remained eligible for services during the time their assessments were out of date. There are routine reasons an assessment may not be included within the required timeframe. Some examples are the client's inability to meet with the case manager, delays in locating a provider of personal care, and delays caused in obtaining specialized medical equipment or making environmental modifications. Also, a client may have been admitted to a nursing facility or hospital or had a break in service that nullified the annual assessment due date.</p> <p><u>Amount:</u></p> <p>non-ARRA: \$36,372.24</p> <p>ARRA: \$ 9,117.45</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	39 (Cont'd)	<p>During this audit cycle, the Department completed 59,570 assessments. If the 662 assessments identified by the auditors were actually late, this amounts to a compliance rate of 98.9% which is well within an acceptable threshold given the routine reasons why an assessment could be late. The Department has set a benchmark of 100% for compliance with assessment timeliness.</p> <p>The Department has taken the following actions to address the recommendations of the auditors:</p> <ul style="list-style-type: none"> · In February 2011, the Department reviewed the Quality Assurance Monitoring Tool used in the quality assurance cycle. The tool ensures the level of care assessment for clients receiving in-home care is performed at least once every twelve months. · In June 2011, the Department contacted the Department of Health and Human Services (HHS). The HHS analyst informed the Department questioned costs will be reviewed when the audit results are received through the federal clearinghouse. <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-30.</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
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 June 30, 2011**

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	40	<p>Finding: The Department of Social and Health Services, Medicaid Purchasing Administration², does not comply with state law and the federal Deficit Reduction Act of 2005, thereby increasing the likelihood that the state is paying claims that should have been paid by liable third parties.</p> <p>Questioned Costs:</p> <table data-bbox="607 768 1105 919"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 11-38</p> <p>Corrective Action: The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding. The MPA continues to believe that it is in compliance with the Deficit Reduction Act (DRA) of 2005. The MPA meets this standard by making data available to all insurers to use for Third Party Liability (TPL) reporting and by matching data directly with those insurers most likely to provide third party coverage to Medicaid recipients.</p> <p>In January 2011, MPA signed a contract with Health Management Systems to perform automated data matches of MPA enrollment data against health insurance carrier files. This is intended to enhance TPL information in ProviderOne, the Department's primary provider payment processing system.</p> <p>By January 2012, the MPA will implement in ProviderOne the data exchange format published by CMS in June 2010. This new format serves as a tool to enable all states and all payers to use and comply with the DRA data exchange requirements. The MPA is moving forward to incorporate this tool into ProviderOne to enhance cost avoidance and recovery activities.</p> <p>The conditions noted in this finding were previously reported in finding 09-19. The auditors noted certain progress.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-38.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$0											
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² Formerly Health and Recovery Services Administration (HRSA)

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	41	<p>Finding: The Department of Social and Health Services did not ensure all Medicaid providers were eligible to participate in the program.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="609 709 706 739"><u>CFDA #</u></th> <th data-bbox="1015 709 1112 739"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 745 690 774">93.775</td> <td data-bbox="1015 745 1274 774">non-ARRA: \$8,379.59</td> </tr> <tr> <td data-bbox="609 777 690 806">93.776</td> <td data-bbox="1063 777 1274 806">ARRA: \$2,100.52</td> </tr> <tr> <td data-bbox="609 808 690 837">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 840 950 869">93.778</td> <td>ARRA and non-ARRA</td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with this finding. Medicaid dollars were used to reimburse an excluded party who happened to be a parent provider. The excluded party (parent provider) provided the client services as authorized, and was paid for those services. During the audit period, parent providers were exempt by rule (RCW 74.15.030 (3)) from background checks. This exemption will change in 2012, when all providers, including parent providers will be required to be fingerprinted as part of the background check process.</p> <p>The Department has taken or will take the following actions in response to the audit finding:</p> <ul style="list-style-type: none"> · In June 2011, the Department contacted the federal grantor. A journal voucher was processed that moved expenditures to state only. The funding should be returned on the third quarter 2011 CMS 64. · In September 2011, the Department's Central Contracts Office will be contacted to review the current processes used to identify excluded and debarred providers and identify potential steps that could improve the methods currently in place. <p>Completion Date: Estimated September 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	non-ARRA: \$8,379.59	93.776	ARRA: \$2,100.52	93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>											
93.775	non-ARRA: \$8,379.59											
93.776	ARRA: \$2,100.52											
93.777												
93.778	ARRA and non-ARRA											

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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	42	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Based Services Division, does not have adequate internal controls to ensure Medicaid payments to in-home service providers are allowable and supported.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="609 772 706 800"><u>CFDA #</u></th> <th data-bbox="1015 772 1112 800"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 800 706 827">93.775</td> <td data-bbox="1015 800 1291 827">non-ARRA: \$460,823.00</td> </tr> <tr> <td data-bbox="609 827 706 854">93.776</td> <td data-bbox="1015 827 1291 854">ARRA: \$115,515.00</td> </tr> <tr> <td data-bbox="609 854 706 882">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 882 933 909">93.778 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 11-29</p> <p>Corrective Action: The Department concurs that there are not adequate controls in place to ensure Medicaid payments to in-home service providers were allowable and supported. The Department is anticipating the Provider Compensation System (PCS) will be implemented by the end of 2012. PCS is a sub-system of ProviderOne that will generate intermittent notices to clients informing them of the number of hours providers were paid in the previous month. This will assist clients in determining if the hours an Individual Provider worked is the same as the hours they were paid.</p> <p>Until the PCS is implemented, the Department has the following controls in place:</p> <ul style="list-style-type: none"> · As part of their client assessment, case managers authorize a certain amount of hours a provider can provide care. These hours cannot be exceeded by a provider invoice because the Social Service Payment System will not process payments in excess of the authorized hours. · Clients are informed they need to retain copies of their provider's timesheets. This will allow case managers to periodically review a sample of client's timesheets and verify services were provided. · During 2010, the Department: <ul style="list-style-type: none"> ○ Reviewed with clients their responsibilities as the employer of their individual providers. This will continue with new clients. ○ Sent individual providers a written notice of their obligation to keep a record of in-home services provided to Department clients. ○ Began auditing randomly selected samples of individual providers' timesheets to determine that services billed for are consistent with timesheet documentation submitted. 	<u>CFDA #</u>	<u>Amount</u>	93.775	non-ARRA: \$460,823.00	93.776	ARRA: \$115,515.00	93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
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**State of Washington
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	42 (Cont'd)	<p>The Department has taken the following corrective actions as a result of this finding:</p> <ul style="list-style-type: none"> · In April 2011, the Department developed and provided a training module to the case management staff of the 13 Area Agencies on Aging. The training focused on the requirement that case managers review client's timesheets and verify authorized hours have been provided. · Also in April, the Department revised the Case Management Program Training curriculum to include an emphasis on review of timesheets. · In June 2011, the Department: <ul style="list-style-type: none"> ○ Audited a random sample of individual providers timesheets to determine if services billed are consistent with timesheet. ○ Contacted the Department of Health and Human Services (HHS) and was told by the HHS analyst that questioned costs would not be reviewed until the audit results were received through the clearinghouse. · In August 2011, the Department sent written notification to individual providers regarding their obligation to keep a record of in-home services they provide to ADSA clients. <p>The conditions noted in this finding were previously reported in finding 09-21. The auditors noted certain progress.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-29.</p>

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 June 30, 2011**

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	43	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>non-ARRA: \$143,270.78</td> </tr> <tr> <td>93.776</td> <td>ARRA: \$ 35,913.78</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>This finding involved the Children’s, Economic Services, and Medicaid Purchasing Administrations. Each administration provided individual responses.</p> <p><u>Children’s Administration (CA)</u> CA concurs with this finding. Only two of the exceptions identified during the audit were related to CA. In February 2011, CA initiated the process to obtain the correct social security number for the two clients.</p> <p><u>Economic Services Administration (ESA)</u> ESA concurs with this finding. By March 2011, ESA took actions to address the exceptions identified during the audit.</p> <p>Additionally, ESA, in conjunction with the Medicaid Purchasing Administration, has requested enhancements to their automated systems. The enhancements, which are expected by October 2011, will include:</p> <ul style="list-style-type: none"> · Automation of the State On-line Query (SOLQ) SSN verification process at the time of application. · System generated edits and assignments to ensure accurate processing and follow-up of cases with missing or invalid SSNs. 	<u>CFDA #</u>	<u>Amount</u>	93.775	non-ARRA: \$143,270.78	93.776	ARRA: \$ 35,913.78	93.777		93.778	ARRA and non-ARRA
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	43 (Cont'd)	<p><u>Medicaid Purchasing Administration (MPA)</u> MPA partially concurs with this finding. MPA is of the opinion that the audit sample of the total caseload of 1.1 million clients was not valid. This sample consisted only of cases that might be in error -- in effect, inflating the number of potential errors that might exist within the total Title XIX and Title XXI caseload. By comparing to the total 1.1 million cases, the audit team initially found 8,727 potential errors, a 7.9% potential error rate. But of that number of potential errors, the audit team found only 410 actual errors, or a 0.047% error rate. In addition, only 84 of the cited errors were under Medicaid's control, resulting in a Medicaid error rate of only 0.009%.</p> <p>During July 2010, MPA took action on the 84 exceptions identified as belonging to MPA. The cases were either corrected or closed. Of the cases, 72 (86%) were Take Charge family-planning-only. In the past, these clients have received one medical ID card covering a 12-month certification period. Beginning in May 2010, however, the Medicaid payment system changed to ProviderOne. This system only shows one month of a client's eligibility, which enables the Department to close Take Charge certifications when needed. This new functionality in ProviderOne will eliminate the Take Charge problem since the Department regularly terminates these cases when eligibility ends, rather than waiting until the end of the certification period as before.</p> <p>During September 2010, MPA staff received training in the procedures for requiring and verifying SSNs. Also in September, MPA began auditing two percent of Take Charge cases and 10 percent of MEDS applications and reviews monthly</p> <p>MPA shares monthly reports on cases that lack SSNs or have invalid SSNs with the ESA allowing workers in either administration to correct them quickly. Staff has now been trained on the need for SSNs and how to verify them through the State On-Line Query. In addition, the Eligibility A-Z manual has been updated with the most current procedures.</p> <p>Completion Date: Estimated October 2011</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	44	<p>Finding: The Department of Social and Health Services Medicaid Purchasing Administration's³ internal controls are insufficient to ensure payment rates for its Healthy Options managed care program are based on accurate data.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="607 739 1107 890"> <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>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 11-40</p> <p>Corrective Action: The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding. MPA believes there are sufficient controls in place to assure managed care rates are set based on the verified managed care organizations' (MCO) actual costs of care.</p> <p>The controls MPA has in place are:</p> <ul style="list-style-type: none"> · Actuarially certified, proprietary cost information is submitted directly to the MPA's actuary. The actuary verifies the information submitted by comparing it to audited financial statements submitted to the Office of the Insurance Commissioner, and encounter data submitted to the MPA. · The actuary also does analysis of prior years, compares MCOs to each other and resolves outliers that arise from its analyses with the MCOs. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 ARRA and non-ARRA	
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³ Formerly Health and Recovery Services Administration (HRSA)

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	44 (Cont'd)	<p>In addition, the MCOs each have compliant fraud and abuse controls to prevent provider fraud. These controls provide reasonable assurance that the data used in rate-setting is accurate and complete. This assertion is supported by the fact that the MPA has had no findings regarding rate setting in two Centers for Medicare and Medicaid Services (CMS) reviews and has had its rates consistently approved by CMS with their full understanding of the rate setting methodology.</p> <p>The conditions noted in this finding were previously reported in finding 09-22.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-40.</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	45	<p>Finding: 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> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="609 737 701 764"><u>CFDA #</u></th> <th data-bbox="1015 737 1107 764"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 764 701 791">93.775</td> <td data-bbox="1015 764 1107 791">\$0</td> </tr> <tr> <td data-bbox="609 791 701 819">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 819 701 846">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 846 701 873">93.778 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 11-36</p> <p>Corrective Action: The Department does not concur with this finding. The Department disagrees with the SAO for the following reasons:</p> <ul style="list-style-type: none"> · Most clients do not have proof of all financial activities that occurred during the last five years, which would be all of their financial statements from banks and other financial institutions. The process that the client or Department would have to go through to provide that much history would be lengthy and expensive, and would not meet the federal requirement in 42CFR 435.902 that an agency's policies and procedures for determining eligibility must be conducted in a manner consistent with simplicity of administration and is in the best interests of applicants and recipients. · The Department would have to pay banks to provide archived statements that the clients no longer have per WAC 388-490-0005(7). The length of time it would take to request and then review a minimum of 60 bank statements, with the possibility of hundreds more if there are multiple accounts at different banks, would make it impossible to meet our standard of promptness for Medicaid applications with existing staff. Many additional FTEs would be required. Requiring all clients to provide 60 months of bank statements would not be cost-effective. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 ARRA and non-ARRA	
<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
10	45 (Cont'd)	<ul style="list-style-type: none"> · Unless transfers were made with the intent of qualifying for long-term care benefits, the Department cannot impose a transfer penalty. RCW 74.08.080(2)(g) states that “the burden is on the department to prove by a preponderance of the evidence that the person knowingly and willingly assigned or transferred the resource at less than fair market value for the purpose of qualifying...for medical assistance.” Applicants who have or had enough resources to consider transferring assets are usually applying for public assistance for the first time. If transfers occurred between 2 – 5 years prior to applying, the Department finds that those persons were usually unaware of Medicaid policies at that time because they were in reasonably good health, were not contemplating future long-term care needs, and were simply helping family members. If they were transferring assets to qualify that long ago, it is often difficult to prove. Generally, specific planning for future Medicaid eligibility occurs within a few months of the application. · Requiring clients to provide five years of bank statements would only pertain to bank accounts that are declared. No system is in place to identify undeclared bank accounts and other types of undeclared transfers which is the primary reason for reliance on self-declaration. · The Department is committed to ensuring that Medicaid clients are financially eligible for the program benefits that they receive and will continue to pursue and verify any asset transfers that it becomes aware of through the written application, the subsequent interview, or other means. Applicants complete the DSHS Application for Benefits. This form specifically asks if the applicant or applicant’s spouse has sold, traded, given away, or transferred a resource in the last five years, and if so, what and when. The application states that the person signing it is declaring an understanding that they can be criminally prosecuted for making a false statement or failing to report something. The signature certifies and declares under penalty of perjury under the laws of the State of Washington that the information given is true and correct.

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	45 (Cont'd)	<p>In addition, the Department is taking the following actions:</p> <ul style="list-style-type: none"> ○ Staff routinely checks online county assessor systems to see if clients have transferred property within the county they reside in. ○ If the bank statements from the last three or six months contain payments or credits that present red flags, staff looks as far into this as necessary to resolve the issue. ○ If the client declares a transfer, staff requests and obtains verification and thoroughly evaluate that transfer to ensure that it is consistent with Medicaid rules. ○ If the interview is inconsistent with the application, staff evaluates and probes inconsistencies as necessary. ○ If staff learn of possible transfers through other means, they always follow-up and verify. <p>The Department submitted policies and procedures to the Centers for Medicare and Medicaid Services (CMS) in June 2009 asking for an opinion as to whether or not federal guidelines were being met. CMS responded on December 22, 2009. CMS indicated that states have flexibility in implementing the 5year look-back provision according to the “general rules of reason.”</p> <p>The Department believes the CMS response validates the position that asking for bank statements for the entire look-back period is not required. The Department believes the methods described above meet the “rules of reason” test referred to by CMS.</p> <p>The conditions noted in this finding were previously reported in finding 09-17.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-36.</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	46	<p>Finding: The Department of Social and Health Services, Economic Services Administration, does not have adequate controls to ensure sufficient action is taken to correct errors identified by the Medical Eligibility Quality Control Unit.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> </p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding. In April 2010, the Department formalized monitoring procedures for assigning, tracking and follow-up on the correction of errors identified through the MEQC reviews.</p> <p>The specific procedures are:</p> <ul style="list-style-type: none"> · Upon completion of an MEQC project review, the MEQC Unit creates a spreadsheet (problem report), identifying potential errors. · This spreadsheet is uploaded to Barcode and sent to the MEQC Program Manager at the Medicaid Purchasing Administration (MPA) for distribution to the field. · The MPA MEQC Program Manager classifies the problem report by Community Services Division Customer Service Center district (region) based on where the client resides. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 ARRA and non-ARRA	
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	46 (Cont'd)	<ul style="list-style-type: none"> · Each district specific report is sent to the appropriate district contact (a supervisor in the district office) for correction. · The district contact (supervisor) assigns the case errors to staff in the district call center for correction. · The district contact reports back to the MPA MEQC Program Manager upon completion of the corrections. Corrections are then reported back to the MEQC unit. <p>The conditions noted in this finding were previously reported in finding 09-25.</p> <p>Completion Date: April 2010</p>

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Department of Social and Health Services (DSHS)

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

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Department of Social and Health Services (DSHS)

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

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	48	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services' internal controls are inadequate to ensure non-emergency medical transportation expenditures are allowable and adequately supported.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Refer to finding 11-47</p> <p>The Department's Medicaid Purchasing Administration (MPA) concurs with this finding.</p> <p>MPA acknowledged that on-site monitoring of activities for the transportation brokers was not completed according to the monitoring plan for 2010. This was primarily due to budget restrictions. Also, the workload required for the re-procurement of non-emergency medical transportation (NEMT) contracts was considerable.</p> <p>To address this finding, MPA is reviewing broker subcontractors monitoring schedules, broker incident/accident reports, and broker invoice packets. MPA is also reviewing and resolving broker complaints.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	48 (Cont'd)	<p>Additionally, MPA will take or took the following actions:</p> <ul style="list-style-type: none"> · The broker's fleet inventory reports were reviewed in February 2011. · The Trips Database was developed and tested in March 2011. This database allows for improved monitoring capabilities. The database also allows MPA to match a client's trip to a covered medical service. · By December 2011, desk audits of all NEMT brokers will be completed, along with site visits of those brokers. Eastern Washington brokers site visits were completed in July 2011. Four of the six desk audits have been completed and the remaining two are scheduled. <p>The conditions noted in this finding were previously reported in finding 09-31.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-47.</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	49	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate controls to ensure the federal share of overpayments made to Medicaid providers are refunded to the federal government in an accurate and timely manner.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Refer to finding 11-27</p> <p>The Department concurs with this finding. While the Department’s Office of Financial Recovery (OFR) has found that monthly reminders to Administrations have not been effective in ensuring timely overpayment referrals, OFR will comply with current policy while working to change the policy and implement effective refund practices. Policy revisions have been made and are under review. The Department anticipates the review will be completed by December 2011.</p> <p>The conditions noted in this finding were previously reported in finding 09-28.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-27.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778 ARRA and non-ARRA													

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	50	<p>Finding: The Department of Social and Health Services paid Medicaid providers for services that were not provided to Medicaid beneficiaries.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="609 709 706 739"><u>CFDA #</u></th> <th data-bbox="1015 709 1112 739"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 739 706 768">93.775</td> <td data-bbox="1015 739 1282 768">non-ARRA: \$30,408.79</td> </tr> <tr> <td data-bbox="609 768 706 798">93.776</td> <td data-bbox="1015 768 1282 798">ARRA: \$ 7,622.59</td> </tr> <tr> <td data-bbox="609 798 706 827">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 827 933 856">93.778 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: This finding involved the Aging and Disability Services Administration and the Medicaid Purchasing Administration. Both administrations concur with the finding.</p> <p><u>Aging and Disability Services Administration (ADSA)</u></p> <p>ADSA will continue its work to strengthen processes that may provide a timelier and more consistent way to inform field staff about deceased clients. Currently, field staff receive this information from a variety of sources, including relatives, death notices in the papers, and ACES-Social Security Data Exchange matches. There is no departmental or legal requirement to notify field offices. The availability and consistency of this information will improve when phase two of Provider One is completed. At that time staff should have uniform access to the same data sources for information about client deaths.</p> <p>ADSA took the following action in April 2011:</p> <ul style="list-style-type: none"> · Provided the Payment Review Program (PRP) the client list with dates of death (DOD) .This assisted the PRP determine if there are algorithm improvements that will assist in strengthening procedures for identifying deceased beneficiaries. · Established overpayments for those payments identified after the audit began. <p>By the end of September 2011:</p> <ul style="list-style-type: none"> · Federal share costs will be reimbursed to the federal grantor. 	<u>CFDA #</u>	<u>Amount</u>	93.775	non-ARRA: \$30,408.79	93.776	ARRA: \$ 7,622.59	93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	non-ARRA: \$30,408.79											
93.776	ARRA: \$ 7,622.59											
93.777												
93.778 ARRA and non-ARRA												

**State of Washington
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***OMB Circular A-133 Audit
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	50 (Cont'd)	<p data-bbox="609 590 1084 615"><u>Medicaid Purchasing Administration (MPA)</u></p> <p data-bbox="609 653 1463 764">The audit identified transactions totaling \$3,266 in payments made through the Medicaid Management Information System (MMIS) that were paid after the date of death. In January 2011, the Date of Death was documented in the MMIS and the payments have been recouped.</p> <p data-bbox="609 802 1463 1073">The audit recommended that MPA “continue to strengthen procedures for identifying deceased beneficiaries to prevent overpayments in the future.” MPA continues to be a stakeholder in a Department of Health (DOH) initiative that will provide on-line access to DOH death data. The initiative will provide death data in a timelier manner, but has yet to be implemented. DOH remains dependent upon counties for receipt of death data, resulting in a delay in receiving the information. Due to this delay, DSHS will continue its successful post-pay review activities by using the quarterly DOH death data file to identify and recoup claims paid for deceased clients.</p> <p data-bbox="443 1108 894 1163">Completion Date: Estimated September 2011</p>

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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	51	<p>Finding: The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate procedures to ensure Medicaid is the payer of last resort for pharmacies.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="609 737 706 766"><u>CFDA #</u></th> <th data-bbox="1015 737 1112 766"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 766 706 798">93.775</td> <td data-bbox="1015 766 1112 798">\$0</td> </tr> <tr> <td data-bbox="609 798 706 829">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 829 706 861">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 861 706 892">93.778 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 11-43</p> <p>Corrective Action: The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding. However, MPA will take the following action to strengthen internal controls:</p> <p>MPA plans to enhance functionality related to third party payers in ProviderOne by December 2012 through implementation of a change request. Until then MPA will continue to allow providers to make eligibility checks with ProviderOne that include known third party payer information.</p> <p>In June 2010, CMS announced recommended transmission formats for sharing eligibility and benefit information. The formats are the Payer Initiated Eligibility/Benefit (PIE) Transaction and the Accredited Standards Committee (ASC). MPA will be pursuing implementation of these transactions.</p> <p>On an ongoing basis as resources are available, MPA will retrospectively examine pharmacy claims for the use of Third Party Liability override codes.</p> <p>The conditions noted in this finding were previously reported in finding 09-24.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-43.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$0											
93.776												
93.777												
93.778 ARRA and non-ARRA												

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	52	<p>Finding: The Department of Social and Health Services, Medicaid Purchasing Administration⁵, does not have adequate controls to ensure providers meet initial and ongoing eligibility requirements to participate in the Medicaid program.</p> <p>Questioned Costs:</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>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 11-48</p> <p>Corrective Action: The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding. The MPA does ensure that all requirements for Durable Medical Equipment providers are met.</p> <p>Although MPA does not concur with this finding, the following actions will be taken to improve services.</p> <ul style="list-style-type: none"> · MPA has a Change Request (CR) in process with the ProviderOne vendor, CNSI, which will allow a data exchange of professional and facility license information between MPA and the Department of Health. This will identify claims from expired professional and facility licenses so that they will not be paid. This change request is expected to be in effect by September 2011. Business licenses were not captured in the MMIS system (the system that preceded ProviderOne). The business license field is new to the ProviderOne system. It is a requirement for enrollment to document the business license dates. ProviderOne automatically sends the provider a letter 30 days prior to the expiration date of a business license. The provider is required to then send the Provider Enrollment Unit proof of an updated license. There is currently no edit in place to deny claims on business license end dates. This edit will be put into place by February 2012. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$0											
93.776												
93.777												
93.778 ARRA and non-ARRA												

⁵ Formerly Health and Recovery Services Administration

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	52 (Cont'd)	<ul style="list-style-type: none"> • Beginning in April 2011, new federal regulations require the states to perform pre- and post-enrollment site visits of newly enrolling DME providers, and as current DME providers' enrollment is updated. Regulations allow that states may accept the results of Medicare's or another state Medicaid agency's screening results (i.e. if the provider is already a Medicare provider and Medicare has done the pre- and post-enrollment site visit). MPA is taking all steps necessary to comply with these new federal requirements. <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-48.</p>

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June 30, 2011**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	53	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services Medicaid Purchasing Administration⁶ does not perform a retrospective drug use review of pharmaceutical claims data to identify patterns of fraud or abuse as required by federal law.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Refer to finding 11-41</p> <p>The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding.</p> <p>MPA believes that it is in full compliance with the federal rules for retrospective drug utilization review. The Centers for Medicare and Medicaid Services (CMS) has provided previous validation that MPA's retrospective Drug Utilization Review (DUR) reports meet all federal requirements.</p> <p>MPA will submit its required annual Drug Utilization Review report to CMS for federal fiscal year 2010.</p> <p>The conditions noted in this finding were previously reported in finding 09-20.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-41.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778 ARRA and non-ARRA													

⁶ Formerly Health and Recovery Services Administration (HRSA)

**State of Washington
Summary Schedule of Prior Audit Findings
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June 30, 2011**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	54	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, billed approximately \$600,000 to the Medicaid program for services provided to ineligible individuals.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 non-ARRA: \$322,204.66 93.776 ARRA: \$ 80,767.25 93.777 93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding. Department staff within Aging and Disability Services Administration (ADSA) was not aware of the correct process and client eligibility criteria for charging funds to the State Children’s Health Insurance Program (SCHIP) grant. ADSA worked with other administrations within the Department including the Medicaid Purchasing Administration (MPA) and the Economic Services Administration (ESA) to ensure that expenditures are properly charged to the SCHIP grant and not Medicaid.</p> <p>In August 2011, the Department:</p> <ul style="list-style-type: none"> • Obtained reports from MPA that assisted in identifying eligible SCHIP clients. • Established Social Service Payment System (SSPS) codes for state only and SCHIP enhanced clients and moved unidentified clients to state only until correct funding determination can be made. • Established a routine process for identifying and journal vouchering SCHIP eligible expenditures. • Worked with the Centers for Medicare and Medicaid Services (CMS) and the Department’s Office of Accounting Services. The outcome was that some of the expenditures were moved to the SCHIP 2010 grant. A journal voucher was completed that moved all eligible CHIP expenditures. Ineligible expenditures were moved to state only funding. <p>Completion Date: August 2011</p>

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Department of Social and Health Services (DSHS)

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

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
10	56	<p>Finding: The Department of Health charged federal grants for expenditures after the grant period had closed.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.889</td> <td style="text-align: right;">ARRA: \$154,991.62</td> </tr> </table></p> <p>Status: Refer to finding 11-49</p> <p>Corrective Action: The Department has reviewed its process over expenditures for obligations incurred during the grant period and stressed the awareness of account coding for grants that have exceeded the 90 day period past closing.</p> <p>Accounting and Grants Management staff have clear instructions to close these account codes making them unavailable once they have exceeded their period of availability.</p> <p>In addition program managers have stressed the importance that the required financial reports are filed with the federal grantor by the due date.</p> <p>The Department is in communication with Health and Human Services, Assistant Secretary for Preparedness and Response; and has provided additional documentation that supports an extended deadline for a portion of these expenditures. In these discussions, the Department also stressed that all of these expenditures were otherwise allowable. The Department is awaiting the federal agency's final determination on the questioned costs.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-49.</p>	<u>CFDA#</u>	<u>Amount</u>	93.889	ARRA: \$154,991.62
<u>CFDA#</u>	<u>Amount</u>					
93.889	ARRA: \$154,991.62					

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	57	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, Division of Behavioral Health and Recovery, did not comply with the federal requirement for independent peer reviews for the Substance Abuse Prevention and Treatment Block Grant.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.959 \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with this finding. In August 2011, the Department created the Behavioral Health Advisory Council (BHAC). The BHAC was developed jointly by the Mental Health Policy Council (MHPC) and the Chemical Dependency Citizen’s Advisory Council. The BHAC is responsible for facilitating and overseeing the peer review process. Eight chemical dependency professionals and eight treatment agencies volunteered to act as peer reviewers. The Department trained the peer reviewers in the peer review process. Peer reviews of treatment programs were held during July and August 2011. The BHAC will submit a report discussing the peer review findings to the Director of Behavioral Health and Recovery by October 15, 2011.</p> <p>Completion Date: Estimated October 2011</p>

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Recreation and Conservation Funding Board (RCFB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
09	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 is not in compliance with federal cash management requirements.</p> <table border="0" data-bbox="609 709 1128 772"> <tr> <td data-bbox="609 709 706 741"><u>CFDA #</u></td> <td data-bbox="1015 709 1112 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 706 772">11.438</td> <td data-bbox="1015 741 1112 772">Unknown</td> </tr> </table> <p>Refer to finding 10-04</p> <p>The Recreation and Conservation Funding Board (Board) has received informal approval from the National Oceanic and Atmospheric Administration (NOAA) to allow 120 days to fully account for cash advances to sub-recipients. By March 15, 2010, the Board will request modifications to their NOAA grant agreements to formally reflect this approval.</p> <p>If the grant modifications are not approved by NOAA, the Board will revise this corrective action plan with an alternate approach to address this finding.</p> <p>By February 28, 2010, the Board will review its current policy and processes for cash advances. The Board will modify the number of days advances can be outstanding in order to ensure the 120 day limit is met. The Board will also review and fully document the internal processes used to ensure that the 120 day limit is not exceeded.</p> <p>By May 15, 2010, the Board will communicate to all potential sub-recipients the resulting cash advance policy, emphasizing changes, and restating the Board's intent to consistently enforce consequences for noncompliance with the policy.</p> <p>The condition noted in this finding was repeated in the fiscal Year 2010 Washington Single Audit. Refer to finding 10-04.</p>	<u>CFDA #</u>	<u>Amount</u>	11.438	Unknown
<u>CFDA #</u>	<u>Amount</u>						
11.438	Unknown						

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Recreation and Conservation Funding Board (RCFB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
09	04	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Recreation and Conservation Office does not have adequate internal controls over sub-recipient monitoring.</p> <table border="0" data-bbox="607 709 1110 772"> <tr> <td data-bbox="607 709 704 741"><u>CFDA#</u></td> <td data-bbox="1013 709 1110 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="607 741 704 772">11.438</td> <td data-bbox="1013 741 1110 772">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Recreation and Conservation Funding Board (Board) significantly strengthened internal controls over sub-recipient monitoring as follows:</p> <ol style="list-style-type: none"> 1. <u>Risk assessment</u>: The Board developed a tool to assess the risk that sub-recipients will submit incorrect billings. This risk assessment tool identifies three categories of sub-recipients: high risk, medium risk, and low risk. The risk assessment tool also evaluates several risk criteria and assigns a point value to each. By February 28, 2010, the Board conducted risk assessments on all sub-recipients that had active salmon grants. By March 15, 2010, the Board contacted each sub-recipient to share the results of the risk assessment and the level of documentation required of each sub-recipient. 2. <u>Invoice review process (change effective March 31, 2010)</u>: <ul style="list-style-type: none"> • Prior to payment of each invoice, fiscal staff will review the expenditure listing to ensure items are allowable under the grant, costs are within limitations of the grant, and expenditures occurred within the timeframe of the grant. • After fiscal review, outdoor grant managers will review the invoice and approve. Outdoor grant managers oversee projects and ensure timely completion within scope and program. After this approval, fiscal will perform a final review and release payment. • While grant managers review/approve all invoices, the fiscal office requires different levels of review depending upon each sub-recipient's risk classification. <ul style="list-style-type: none"> • High risk sub-recipients will be required to submit all copies of invoices and timesheets. • Medium risk sub-recipients will be required to submit copies of all invoices for two billings per year and are subject to a sub-recipient desk review. • Low risk sub-recipients will continue to provide an original signed invoice voucher, summarized expenditure details and a progress report. These reimbursements are subject to a sub-recipient desk 	<u>CFDA#</u>	<u>Amount</u>	11.438	\$0
<u>CFDA#</u>	<u>Amount</u>						
11.438	\$0						

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Recreation and Conservation Funding Board (RCFB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	04 (Cont'd)	<p>review. Concurrent with this work, the Board will implement an automated progress report system which will assist in evaluating the accuracy of all submitted invoices.</p> <ol style="list-style-type: none"> 3. <u>Sub-recipient desk review:</u> During the sub-recipient desk reviews, staff will request all back up documentation from sub-recipients for specified reimbursements. Staff will review the documentation to make sure all costs are correct, eligible, in the proper period and were used on the grant. Staff will follow up with any questions that arise in the review. 4. <u>Site visits:</u> Beginning in March 2010, staff will visit at least twelve sub-recipients annually. Because high-risk sub-recipients are already providing full substantiation of reimbursement requests, these visits will focus on the low and medium risk sub-recipients. The purpose of these visits is to review the sub-recipient's records and processes, answer their specific questions, and provide additional training to sub-recipient staff. These visits will also provide verification that the Board's sub-recipient risk assessment approach is effective. The Board will analyze the processes used, track identified issues, and report issues back to the sub-recipient. 5. <u>Audit review:</u> Annually, fiscal staff reviews the audit reports of all grantees required to undergo a federal audit. For grantees not required to have an audit, staff will ensure there is a letter on file certifying the grantee is below the dollar threshold requiring a federal audit. This process identifies audit issues with sub-recipients. 6. <u>Training:</u> Fiscal staff conducts weekly online training sessions on preparation of billing reimbursements. The training allows grantees to participate real-time and ask specific questions. Fiscal staff also performs training sessions as requested. 7. <u>Review of closed grants:</u> Each time an agreement is closed, grant management staff review the grant project file and the project information system to ensure site inspections, project deliverables, and final reports are complete and adequately documented. <p>The condition noted in this finding was previously reported in finding 08-06.</p> <p>Completion Date: May 2010</p>

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	05	<p>Finding: The Employment Security Department did not comply with U.S. Department of Labor requirements for determining the accuracy of benefit payments.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u> 17.225 – ARRA and non-ARRA \$0</p> <p>Status: Refer to finding 10-08</p> <p>Corrective Action: The finding and recommendation for the Benefit Accuracy Measurement (BAM) program has prompted the Department to closely examine the detailed procedures for auditing unemployment insurance claims. Thorough review of the BAM investigative procedures has helped ignite new ideas for process improvement.</p> <p>The BAM team randomly pulls 930 cases a year for both paid and denied cases. The sampling of this audit was 30 cases. 18 of the 30 cases were found to have incomplete information needed to verify facts. While the BAM investigators follow the current written procedures for investigating cases, the Department sees an opportunity to be more aggressive in obtaining information and updating procedures to reflect changes for improvement.</p> <p>The BAM team proposes several process improvement ideas to implement in 2010:</p> <ul style="list-style-type: none"> · Improve the record keeping of documented attempts to contact the claimant or employer. · Create and use a special “attention” stamp on all our envelopes of correspondence with verbiage to encourage the claimant and employer to respond. · Use certified mail in our letters of correspondence to both claimant and employer. · Set time specific appointments with claimants for the interview. · Increase the number of attempts to contact employers from two to four. · Make a more rigorous effort to verify all job search contacts, specifically the online applications. · Monitor investigator calls to observe content of their verbal communication.

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	05 (Cont'd)	<p>Additionally, the BAM team has started to conduct their own internal quality control process, where the team meets monthly to review peer cases and give feedback that outlines successes and areas for improvement. The Department has a new BAM supervisor with an adjudication background who will lead this effort and monitor the quality of cases more closely.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-08.</p>

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	06	<p>Finding: The Employment Security Department does not adequately review job search logs to ensure unemployment insurance claimants are eligible for benefits.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u> 17.225 – ARRA and non-ARRA \$0</p> <p>Status: Refer to finding 10-10</p> <p>Corrective Action: The Department recognizes there has been a shift in methods used to apply for jobs. Most jobs now require that the applicant apply online and often to a “blind ad posting.” Employers determine the recruitment and application methods for available positions.</p> <p>As a result, the Department is revising regulations to address job search contacts, including contacts made in the on-line/internet world. Revisions related to job search contacts will be immediately incorporated into Job Search Review (JSR) program information, on-line resources, and training materials when approved. Staff is advised to ask additional clarifying questions with the claimant regarding their job search contacts to make sure all requirements for the contact are met.</p> <p>The Department makes every reasonable effort to ensure that job search contact requirements are consistently applied, regardless of the method of contact. The Department is committed to fair and equitable treatment of all claimants.</p> <p>Staff performing JSR will be made aware of and have access to numerous resources that clearly define the program requirements. The Department’s Unemployment Insurance (UI) Division maintains a comprehensive reference website for staff that includes links to:</p> <ul style="list-style-type: none"> · The UI Resource Manual – Job Search Review section, has been provided to all offices · Applicable Laws and Regulations · Desk Aids · Weekly Policy Updates · WorkSource UI Liaison Information. <p>Other resources available include local training and coaching provided by trained JSR staff. A two-and-a-half day formal JSR training is available and</p>

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	06 (Cont'd)	<p>includes a comprehensive Training/Resource Manual for each trainee. A one day UI Reemployment Supervisors training that includes JSR requirements also is available.</p> <p>Supervisory reviews of monthly JSR activity will be conducted in WorkSource offices. Technical assistance is provided by Employment and Career Development Division (ECDD) Reemployment Services Administration staff. If questions arise related to program requirements, UI Policy is consulted and the response shared with the appropriate staff.</p> <p>The Department will be conducting job search log quality and performance monitoring on a weekly and monthly basis. Logs will be requested from a minimum of six WorkSource offices each quarter by ECDD Reemployment Services Administration staff. A standard format will be used to evaluate the logs for legal requirements and quality. Offices may be monitored multiple times. Other monitoring efforts include onsite technical assistance, monthly sampling of job search logs from selected locations, and formal corrective action plans, if necessary. Offices are selected based on workload, staffing, and results of previous monitoring conducted by ECDD.</p> <p>The Department's WorkSource Standards and Integration Division (WSID) also independently schedules monitoring visits to WorkSource locations monthly and include job search log reviews. ECDD coordinates with WSID to address and resolve findings/exceptions identified during an onsite review.</p> <p>Also, weekly random samples of job search logs are submitted to the UI Performance Audit Unit for verification. The UI Performance Audit Unit and ECDD staffs meet monthly to discuss job search log quality, common issues and process improvements.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-10.</p>

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Washington State Department of Transportation (WSDOT)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
09	09	<p>Finding: The Department of Transportation did not adequately support over \$740,000 in payroll costs charged to the Formula Grants for Other Than Urbanized Areas.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 709 1153 766"> <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;">20.509</td> <td style="text-align: right;">\$740,889.08</td> </tr> </table> <p>Status: Refer to finding 10-13</p> <p>Corrective Action: The Department’s current method for allocating direct payroll expenditures was approved by the grantor, the Federal Transit Administration (FTA), so the Department believed its allocation method was in compliance with Federal Regulations. As mentioned in the finding, the Department’s Public Transportation Division administers a number of closely related grant programs, and the work performed by some staff support multiple programs. The Department is considered an innovative leader by FTA for its grant administration methods. However, the Department appreciates the State Auditor’s recommendations and will make the necessary changes to follow the audit recommendations. The Department has begun to formalize its allocation of direct payroll costs, to meet the Federal requirements for a “substitute system,” as addressed in the Federal regulations (OMB Circular A-87). The Department will work with FTA to receive grantor approval of that system and update policies and procedures to reflect the approved “substitute system.”</p> <p>Additionally, the Department will confirm with the FTA that funds questioned in the finding should not be repaid, since the current allocation method is approved by the FTA.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-13.</p>	<u>CFDA #</u>	<u>Amount</u>	20.509	\$740,889.08
<u>CFDA #</u>	<u>Amount</u>					
20.509	\$740,889.08					

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan								
09	12	<p>Finding: 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> <p>Questioned Costs:</p> <table border="0" data-bbox="609 735 1104 861"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> <tr> <td style="text-align: right;">93.713 - ARRA</td> <td></td> </tr> </table> <p>Status: Refer to finding 10-31</p> <p>Corrective Action: The Department of Early Learning (DEL) and the Department of Social and Health Services (DSHS) implemented numerous activities to ensure there are adequate internal controls over subsidy payments to child care providers and will implement the following specific measures:</p> <ul style="list-style-type: none"> · DSHS performs an audit of subsidy payments by comparing subsidy child care provider billings with attendance records for DEL. DEL required DSHS expand the audit scope when they identify a care child provider that has billed incorrectly. DSHS added three staff to the child care audit to handle the expanded scope. DSHS reviews their findings with DEL monthly. The expanded audits began in March 2010 and are an on-going activity. · When DSHS identifies child care providers that are having a difficult time billing properly, DEL is informed. DEL notifies the provider that they have technical assistance available through the DSHS provider line, subsidy training provided as a result of the collective bargaining agreement for the family child care home provider, and classes offered through the State Training and Registry System. · In February 2010, DEL sent all licensed providers an updated Subsidy Billing Booklet. This booklet is also available on-line. This guide booklet assists child care providers in proper billing methods. In addition to providing clearer instructions, DEL streamlined some of the calculations, such as absent days, to make it easier for providers to bill properly. DEL expects to see improvements in billings with the distribution of this new booklet. <p>The condition noted in this finding was previously reported in finding 08-13.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-31.</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				
09	13	<p>Finding: The Department of Social and Health Services, Children's Administration, does not ensure the eligibility of foster care payment recipients prior to paying them.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 709 1136 772"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.658 – ARRA and non-ARRA</td> <td style="text-align: right;">\$48,602.20</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding. The Department began a process to identify all cases that have been paid using a source of funds (SOF) not consistent with the eligibility of the client. These cases were corrected in FamLink (an automated foster care payment/tracking system) which automatically processes a correction of payment to adjust the funding according to the correct eligibility information. FamLink uses eligibility information on the case to determine the correct SOF and does not rely on a manual determination from the worker.</p> <p>On March 1, 2010, the Department released the second phase of Famlink which included additional edits to complement existing controls.</p> <p>In June 2010, all exceptions identified during the audit were addressed and funding implications corrected. To accomplish this, the Department analyzed queries of the payment history file in FamLink where the source of funds code does not match the eligibility information.</p> <p>In June 2011, the Department refunded federal funds that were drawn down inappropriately.</p> <p>Completion Date: June 2011</p>	<u>CFDA #</u>	<u>Amount</u>	93.658 – ARRA and non-ARRA	\$48,602.20
<u>CFDA #</u>	<u>Amount</u>					
93.658 – ARRA and non-ARRA	\$48,602.20					

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
09	14	<p>Finding: Department of Social and Health Services, Children's Administration, is not following established internal controls to ensure the eligibility of clients receiving the adoption assistance payments.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.659 – ARRA and non-ARRA</td> <td style="text-align: right;">\$156,302.00</td> </tr> </table></p> <p>Status: Refer to finding 10-32</p> <p>Corrective Action: The Department partially concurs with this finding. Monitoring of cases for children turning 18 is an area in which the Department is trying to improve. The Department does not agree with attaching questioned costs to cases where a scheduled review has not been done. The intent of a 5 year review is not to verify eligibility, but to communicate with the adoptive parent and re-visit their adoption agreement. There is no risk in overpayments associated with a 5 year review. Exceptions identified in the audit where a 5 year review was not conducted did not result in an overpayment. Pursuant to RCW 74.13A.040, reviews are no longer required. Given this, the Department has incurred no liability for not having performed them.</p> <p>The Department will take the following action in response to the recommendations resulting from the audit:</p> <ul style="list-style-type: none"> · By April 1, 2010, the Department will train staff in offices where exceptions were discovered in correct internal controls. · By May 1, 2010, the Department will review the cases for exceptions identified because of the ineligibility of the client. Where overpayments were made, corrections will be processed in FamLink, which will automatically return any federal portion of the payment. <p>The condition noted in this finding was previously reported in finding 08-17.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-32.</p>	<u>CFDA #</u>	<u>Amount</u>	93.659 – ARRA and non-ARRA	\$156,302.00
<u>CFDA #</u>	<u>Amount</u>					
93.659 – ARRA and non-ARRA	\$156,302.00					

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	15	<p>Finding: The Department of Social and Health Services' internal controls are inadequate to ensure it refunds the appropriate amount to the federal Medicaid program when overpayments to providers are found.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="609 737 706 764"><u>CFDA #</u></th> <th data-bbox="1015 737 1112 764"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 764 706 791">93.775</td> <td data-bbox="1015 764 1112 791">\$0</td> </tr> <tr> <td data-bbox="609 791 706 819">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 819 706 846">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 846 706 873">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding. The Aging and Disability Services Administration (ADSA) and the Health and Recovery Services Administration (HRSA) currently known as the Medicaid Purchasing Administration (MPA) were both involved with this finding.</p> <p>ADSA agreed with the information in the audit related to Home and Community Based waiver services. The information will be used to review all adjustments and ensure the correct Federal Medical Assistance Percentage (FMAP) rate is charged in the future. ADSA originally indicated this would be accomplished in February 2010. Due to administrative and budget related actions, the adjustments this were not accomplished until December 2010. ADSA verified that credit adjustments were charged to the correct FMAP rates.</p> <p>MPA acknowledged the Medicaid Management and Information System (MMIS), in place during the course of the audit, was not capable of identifying the correct FMAP rate for prior year adjustments. ProviderOne, which replaced MMIS, was implemented May 9, 2010. The new system has the capability to calculate the correct FMAP adjustment rate based on the original date of payment. In July 2010, MPA processed a journal voucher for claims covering the period from October 1, 2008 through December 31, 2008. This resulted in an adjustment of \$351,299 in favor of the Department.</p> <p>In November 2010, MPA completed adjustments for the period from January 1, 2009 through May 8, 2009.</p> <p>Completion Date: December 2010</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$0											
93.776												
93.777												
93.778 – ARRA and non-ARRA												

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	16	<p>Finding: The Department of Social and Health Services did not have adequate controls to ensure it complied with federal requirements for allocating employee salaries and wages and other administrative costs in accordance with its Public Assistance Agency Cost Allocation Plan.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.778 – ARRA and non-ARRA \$6,081,875.00</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs that costs associated with Base 476 were incorrectly allocated from May through August 2009, however does not concur with the questioned costs of \$12,163,750. Base 476 is an automated base in the Department’s Public Assistance Cost Allocation Plan used to allocate Regional and Community Service Office administrative costs to various funding sources based on the Economic Services Administration (ESA) Random Moment Time Sample. Administrative costs allocated through Base 476 include salaries, benefits, building lease, goods and services and travel costs. The Department realized the error on August 18, 2009 and took action to correct the misallocation of funds. The base information was updated immediately and correcting journal vouchers were processed by the end of September 2009 before the federal claim was processed.</p> <p>In November 2009, written procedures were developed and implemented to mitigate the occurrence of future cost allocation base update errors. The procedures require an internal review, by an ESA fiscal staff person, of cost allocation forms used to update base information prior to submission to the Office of Accounting Services for input. The procedure also requires an internal review of the information entered in to the automated cost allocation system to determine if the information was input accurately.</p> <p>As of June 2011, the Department had not been contacted by the federal grantor. Should the grantor determine questioned costs need to be repaid the Department will respond accordingly.</p> <p>Completion Date: June 2011</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	17	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, does not have adequate controls in place to ensure all assets applicants own are counted when Medicaid eligibility is determined.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 737 1105 888"> <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>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 10-45</p> <p>Corrective Action: The Department does not concur with this finding for the following reasons:</p> <ul style="list-style-type: none"> • Most clients do not have 60 months of bank statements available to provide. This is a very onerous request to make of clients, most of whom have not transferred assets in order to qualify. The process that the client or Department would have to go through to provide that much history would be lengthy and expensive, and would not meet the federal requirement in 42CFR 435.902 that an agency’s policies and procedures for determining eligibility must be conducted in a manner consistent with simplicity of administration and is in the best interests of applicants and recipients. • The Department would have to pay banks to provide archived statements that the clients no longer have per WAC 388-490-0005(7). The length of time it would take to request and then review a minimum of 60 bank statements, with the possibility of hundreds more if there are multiple accounts at different banks, would make it impossible to meet the Department’s standard of promptness for Medicaid applications with existing staff. Many additional FTEs would be required. Requiring all clients to provide 60 months of bank statements would not be cost-effective. • Requiring clients to provide five years of bank statements would only pertain to bank accounts that are declared. The Department does not have a system in place to identify undeclared bank accounts and other types of undeclared transfers which is the primary reason for reliance on self-declaration. • The Department is committed to ensuring that Medicaid clients are financially eligible for the program benefits that they receive and will continue to pursue and verify any asset transfers that it becomes aware of through the written application, the subsequent interview, 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$0											
93.776												
93.777												
93.778 – ARRA and non-ARRA												

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	17 (Cont'd)	<p>or discovered through other means. The Department is taking the following actions:</p> <ul style="list-style-type: none"> ○ Staff will routinely check online county assessor systems to see if clients have transferred property within the county they reside in. ○ If the bank statements from the last three or six months contain payments or credits that present red flags, staff will look as far into this as necessary to resolve the issue. ○ If the client declares a transfer, staff will request and obtain verification and thoroughly evaluate that transfer to ensure that it is consistent with Medicaid rules. ○ If the interview is inconsistent with the application, staff will evaluate and probe inconsistencies as necessary. ○ If staff learn of possible transfers through other means, they always follow-up and verify. <p>The Department submitted policies and procedures to the Centers for Medicare and Medicaid Services (CMS) Region 10 in June 2009 requesting an opinion as to whether or not the federal guidelines were being met. CMS responded in December 22, 2009. CMS indicated states have flexibility on implementing the five year look-back provision according to the general “rules of reason.”</p> <p>The Department believes the response from CMS validates the position that asking for bank statements for the entire look-back period is not required. The Department believes the methods described above meet the “rules of reason” test referred to by CMS in their email.</p> <p>The condition noted in this finding was previously reported in finding 08-31.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-45.</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	18	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Based Services Division, does not have adequate controls to ensure Medicaid recipients have received the services for which Medicaid is being billed.</p> <p>Questioned Costs:</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>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 10-36</p> <p>Corrective Action: The Department concurs with this finding. The Department does not have a process that provides Medicaid recipients with information on the number of hours billed to the Department by individual providers (IP). The Department is in the process of procuring a Provider Compensation System (PCS) that will improve the verification process. The PCS will be a sub-system of Provider One, the new Medicaid Management Information System. Specifically, the new system will generate monthly notices to all clients informing them how many hours were paid to the provider on their behalf during the previous month. The clients will be instructed to notify the Department if they notice a discrepancy in the hours provided versus the hours billed.</p> <p>Unfortunately, it will be approximately two years before the new system is implemented. Until then the Department will rely on the following controls which are currently in place to ensure Medicaid recipients receive the services for which Medicaid is billed:</p> <ul style="list-style-type: none"> · Case managers complete an assessment that results in an authorization of hours that cannot be exceeded by a provider invoice. · Clients receive a copy of the service summary that tells them the number of hours of service they are eligible to receive. Clients are advised that they can choose when those hours are provided and direct the individual provider when to provide them. Case Managers also advise clients to contact them if they are not receiving the hours (or care) for which they are eligible. · Clients are expected to keep copies of timesheets for their individual providers and case managers periodically review these time sheets and verify with the client that authorized services have been provided. Case managers are instructed to document the review of time sheets and the discussion of service verification in a Service Episode Record 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$0											
93.776												
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93.778 – ARRA and non-ARRA												

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	18 (Cont'd)	<ul style="list-style-type: none"> • The Department, through its Payment Review Program, runs algorithms to detect possible fraudulent claims. Overpayments are initiated and referrals are made to the Medicaid Fraud Control Unit as indicated by findings. • The Social Service Payment System will not process payments in excess of hours authorized. A provider is therefore unable to claim and be reimbursed for hours that exceed those authorized by the case manager. <p>Additionally, the Department will take the following actions:</p> <ul style="list-style-type: none"> • By April 30, 2010, the Department will send a letter to all currently authorized Individual Providers reminding them of their responsibilities as a contracted provider. Specifically, they will be reminded of their obligation to maintain records and respond to inquiries to produce documentation. • By October 31, 2010, staff will review their document titled "Acknowledgement of My Responsibilities As the Employer of My Individual Providers" with all clients who employ an individual provider. <p>The condition noted in this finding was previously reported in finding 08-34.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-36.</p>

**State of Washington
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June 30, 2011**

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	19	<p>Finding: The Department of Social and Health Services, Health and Recovery Services Administration, does not comply with state law and the federal Deficit Reduction Act of 2005, thereby increasing the likelihood that the state is paying claims that should have been paid by liable third parties.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.776 93.777 93.778 – ARRA and non-ARRA</p> <p>Status: Refer to finding 10-40</p> <p>Corrective Action: The Department does not concur with this finding. The Department believes it is in compliance with the Deficit Reduction Act of 2005. The Department 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 Department’s position has recently been corroborated by an independent review. In November 2009, Health Management Systems (HMS) performed an assessment of the Health and Recovery Services Administration’s (HRSA) Coordination of Benefits (COB) operations, including recommendations addressing applicable legislation and state statutes. HMS is currently engaged with 40 Medicaid agencies to conduct TPL identification and recoveries. HMS brings a depth of subject matter expertise in Medicaid TPL best practices as well as a thorough understanding of current technologies and capabilities within the industry. A draft of the report indicated the following points.</p> <ul style="list-style-type: none"> • “In 2007, Washington passed Substitute House Bill 1826, updating its Medicaid data matching and recovery regulations as required by Section 6035 of the federal Deficit Reduction Act (DRA) of 2005. As a result, Washington’s federal DRA compliant laws are fragmented across several sections of state statute including: Rev. Code Wash. (ARCW) 74.09A.020, 42.48, 74.09, 74.04, 70.02, and 42.56RCW.” • “However, despite the fragmentation, <i>Washington’s law is compliant with the requirements set forth in the DRA and U.S.C. Sec. 1396a.</i>” • “The current state statute instructs <i>health insurers</i> to determine joint-beneficiaries – those enrolled in Medicaid and commercial carriers.” • “The current language instructs DSHS to focus on the carriers with the highest probability of coverage. It does make sense for DSHS to focus efforts on carriers with large populations. However, these carriers should not be the sole focus.”

**State of Washington
 Summary Schedule of Prior Audit Findings
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**OMB Circular A-133 Audit
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	19 (Cont'd)	<p data-bbox="662 592 1448 680">• “Although improvements can be made to the State’s data sharing and matching laws, it should be noted that <i>Washington has some of the strongest recovery language in the nation.</i>”</p> <p data-bbox="610 714 1448 865">While the Department believes it currently meets legal requirements, with the implementation of the new ProviderOne system which will replace the Medicaid Management Information System (MMIS), the Department will further enhance data matching activities. The anticipated implementation date for ProviderOne is April 2010.</p> <p data-bbox="610 898 1448 1016">In September 2009, pending implementation of ProviderOne as a temporary measure to increase the opportunity for data matches with providers, the Department sent letters (4,024) to all active third party payers on file in MMIS reminding them of the Department’s willingness to perform data matches.</p> <p data-bbox="610 1050 1448 1411">By June 2010, when ProviderOne is operating, HRSA will be able to send an electronic Coordination of Benefits eligibility inquiry to health plans who have signed Trading Partner Agreements with the Department. The trading partners will be able to respond electronically to eligibility inquiries to indicate the availability of third party health care coverage at a particular time. HRSA has no authority to compel insurers to sign a Trading Partner Agreement. Similarly, HRSA and the health insurers are waiting for Centers for Medicare and Medicaid Services (CMS) to approve a set of data elements that could be used in the agreements. However, the use of the Trading Partner Agreements is not dependant on CMS approval of language. For those insurers or carriers who may not have their systems ready to participate electronically, HRSA will continue working with them using the methods currently in place.</p> <p data-bbox="610 1444 1448 1503">The condition noted in this finding was previously reported in finding 08-25.</p> <p data-bbox="441 1537 1448 1621">Completion Date While progress was noted, certain issues noted in this finding need further corrective action and were repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-40.</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	20	<p>Finding: The Department of Social and Health Services, Health and Recovery Services Administration, does not perform a quarterly retrospective drug use review of pharmaceutical claims data to identify patterns of fraud or abuse as required by federal and state law.</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>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Refer to finding 10-53</p> <p>Corrective Action: The Department does not concur with this finding. The Department believes that it is in full compliance with the federal rules for retrospective drug utilization review. The Department conducts retrospective reviews for this purpose every quarter. An analysis is completed for each of the measures cited Title 42 (b) CFR and the results of that analysis are reported to the Centers for Medicare and Medicaid Services (CMS) Region 10. These results are reported on forms CMS specifically created for reporting the results of the analysis on each of these measures, including overutilization and abuse and misuse.</p> <p>The Department’s Pharmacy Administrator has attended in-service trainings hosted by CMS to understand this requirement and assure the Department has in place activities that will support compliance.</p> <p>The Pharmacy Administrator uses the data to determine which drug or class will be the focus for each quarter. Predetermined standards are used along with a professional drug advisory committee to monitor all the measures cited above, including overutilization and abuse and misuse of any medication for that quarter. If “Abuse” and “Misuse” is identified in the process, the “suspected” abuser is referred to the Department’s internal resources: Office of Patient Review and Coordination (PRC), the Quality Management Team Unit (QMT), the Payment Review Program Unit (PRP) and the Office of Payment Review and Audit (OPRA).</p> <p>The Department believed it had presented reports to the state auditor’s office (SAO) which document compliance with the CFR and will continue to work with the SAO to understand what additional documentation would meet their needs.</p> <p>The Department has designated the Office of Payment Review and Audit (OPRA), part of the payment integrity division, as the Department’s contact</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
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 For the Fiscal Year Ended
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	20 (Cont'd)	<p>point for referrals to the Medicaid Fraud and Control Unit (MFCU). This was an internal protocol put into place in 2004 so there would be coordination and one source for this external body to interface with. The CFR does not stipulate which drug class or specific drug(s) should be reviewed each quarter. It does not stipulate these reviews must be done looking at every physician's prescribing practices every quarter. Nor does it say the DUR must be conducted on every drug every quarter. The Department meets this requirement by looking at drug utilization by types of drugs or groups of drugs in a systematic way designed to identify the flags outlined above.</p> <p>The Pharmacy Administrator contacted CMS in September 2009 to confirm that Washington Medicaid was in compliance with the federal requirements regarding retrospective and prospective DUR. The CMS pharmacist sent the following email that verifies Washington's compliance:</p> <p style="padding-left: 40px;">"CMS finds that you are conducting your DUR program in accordance with Section 1927 (g) of the Social Security Act. You were acting appropriately to refer identified outliers to your internal audit and integrity section for further investigation. It is their responsibility to refer the case(s) on to MFCU if indeed fraud or abuse has been determined.</p> <p style="padding-left: 40px;">The DUR program is designed to educate physicians and pharmacists and patients on therapeutic appropriateness, over and under utilizations, therapeutic duplication, drug-disease contraindications, drug-drug interactions as well as clinical abuse and misuse."</p> <p style="padding-left: 40px;">"In addition, you are in compliance with 42 CFR Ch. IV sec. 456.714 which states:</p> <p style="padding-left: 40px;">§ 456.714 DUR/surveillance and utilization review relationship.</p> <p style="padding-left: 40px;">(a) The retrospective DUR requirements in this subpart parallel a portion of the surveillance and utilization review (SUR) requirements in subpart A of this part and in part 455 of this chapter.</p> <p style="padding-left: 40px;">(b) A State agency may direct DUR staffs to limit review activities to those that focus on what constitutes appropriate and medically necessary care to avoid duplication of activities relating to fraud and abuse under the SUR program."</p> <p>This audit area continues to be one in which the auditors and DSHS disagree on the intent and focus of the CFR requirements. The Department's focus is on the appropriateness of prescribing physicians drug selection; the auditors focus was on the usefulness of the utilization review in detecting fraud. The Department will continue to work with the auditors and jointly request CMS review of the Department's efforts to comply with this CFR.</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	20 (Cont'd)	<p>In February 2010, CMS will be meeting with the state Medicaid pharmacists during the American Drug Utilization Review Symposium (ADURS) to discuss any updates to the Annual DUR reporting required by CMS. Any changes in the rules will not be effective until FFY 2010 or later. No action will be taken at this time except that a HRSA pharmacist will be attending the ADURS in February 2010 to hear the discussion and the possible changes to the format of the future Annual DUR Reports.</p> <p>The condition noted in this finding was previously reported in finding 08-29.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-53.</p>

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2011**

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

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	21	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Based Services Division, does not have adequate internal controls to ensure Medicaid payments to in-home service providers are allowable and supported.</p> <p>Questioned Costs:</p> <table border="0" style="width: 100%;"> <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>93.775</td> <td style="text-align: right;">\$1,030,677.00</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>Status: Refer to finding 10-42</p> <p>Corrective Action: The Department concurs with this finding. The Department concurs it does not have a process that provides Medicaid recipients with information on the number of hours billed to the Department by individual providers (IP). The Department is in the process of procuring a Provider Compensation System (PCS) that will improve the verification process. The PCS will be a sub-system of the Provider One, the new Medicaid Management Information System. Unfortunately, it will be approximately two years before the system is implemented. When implemented the new system will generate monthly notices to all clients informing them how many hours were paid to the provider on their behalf during the previous month. The clients will be instructed to notify the Department if they notice a discrepancy in the hours provided versus the hours billed.</p> <p>Until the new system is implemented the Department will:</p> <ul style="list-style-type: none"> · Inform clients during annual assessments, as well as at the time of contracting with an individual provider, they are responsible for supervising their care provider. If a client is unable to do so, agency managed personal care may be available or the client and case manager can identify a representative who will monitor services. If a representative is not available, by policy (Chapter 3 of the Long Term Care Manual – Assessment Minimum Standards) the client receives more frequent contacts with the case manager who monitors the provision of services. · Inform clients that as the employer they can terminate their provider. Also, the Department has the authority to terminate payment if there is a good faith belief that services are not being provided as authorized to a Medicaid client. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$1,030,677.00	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$1,030,677.00											
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**State of Washington
 Summary Schedule of Prior Audit Findings
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**OMB Circular A-133 Audit
 For the Fiscal Year Ended
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	21 (Cont'd)	<p>The Department provides the client a form titled - "Acknowledgement of My Responsibilities as the Employer of My Individual Providers" that explains the above bulleted information.</p> <p>Also, the Social Service Payment System (SSPS) will not process payments in excess of hours authorized. A provider is, therefore, unable to claim and be reimbursed for hours that exceed those authorized by the case manager.</p> <p>By April 30, 2010, the Department will send a letter to all currently authorized Individual Providers reminding them of their obligation to maintain records and respond to inquiries to produce documentation.</p> <p>The condition noted in this finding was previously reported in finding 08-27.</p> <p>Completion Date: While progress was noted, certain issues noted in this finding need further corrective action and were repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-42.</p>

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	22	<p>Finding: The Department of Social and Health Services, Health and Recovery Services Administration’s internal controls are insufficient to ensure payment rates to its Healthy Options managed care providers are based on accurate data.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 735 1104 892"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 10-44</p> <p>Corrective Action: The Department does not concur with this audit finding. The Department believes there are sufficient controls in-place to assure 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 Department’s actuary from the MCOs. The Department’s 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 Department. The actuary also does analysis of prior years, compares MCOs to each other and resolves outliers that arise from its analyses with the MCOs.</p> <p>In addition, the MCOs each have compliant fraud and abuse controls to prevent provider fraud. These controls provide reasonable assurance that the data used in rate-setting is accurate and complete. This assertion is supported by the fact that the Department has had no findings regarding rate setting in two Centers for Medicare and Medicaid Services (CMS) reviews and has had its rates consistently approved by CMS with their full understanding of the Department’s rate setting methodology.</p> <p>The condition noted in this finding was previously reported in finding 08-24.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-44.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	24	<p>Finding: The Department of Social and Health Services, Health and Recovery Services Administration, does not have a system in place to adequately compensate for an inherent control weakness that is susceptible to errors and abuse.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> </p> <p>Status: Refer to finding 10-51</p> <p>Corrective Action: The Department partially concurs with this finding. The Department concurs with the recommendation to strengthen controls over the entry of claims into the Pharmacy Point of Sale (POS) and will continue to explore and pursue these changes via the established system Change Control process. Some controls have already been identified that have the potential to provide enhanced information to pharmacies via POS. These changes are dependent upon additional information in the Coordination of Benefits (COB) portion of ProviderOne and will be further explored as soon as ProviderOne is implemented. The Department is also exploring the feasibility of other cost-avoidance methods including contracting with vendors for some COB eligibility reviews at the point of adjudication.</p> <p>By June 2010, it is anticipated the new ProviderOne System will strengthen initial controls by allowing providers to send and receive eligibility inquiries from ProviderOne. DSHS staff will also be able to perform these eligibility checks with other payers. When DSHS staff verifies third party liability (TPL) information from payers, DSHS staff will update recipient’s TPL information in ProviderOne.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 – ARRA and non-ARRA	
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**State of Washington
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	24 (Cont'd)	<p>The Department does not concur with the statement in the audit finding that due to the lack of risk analysis and adequate post-payment audits, the Department cannot reasonably assure improper payments will be identified and recovered. This statement contradicts the State Auditor's <i>State Government Performance Review Opportunities for Washington</i> dated December 2009. In the Government Reform section of that report, "<i>Medicaid Pharmacy Overpayments</i>" the auditor found that "the Department uses a risk assessment to prioritize and target pharmacy claims with a high potential for a return of investment." The report further states that the risk assessment process is effective in identifying high-risk payments, but current Department resources are limited and that an opportunity for funding additional auditors was identified.</p> <p>The condition noted in this finding was previously reported in finding 08-21.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2010 Washington Single Audit. Refer to finding 10-51.</p>

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	25	<p>Finding: The Department of Social and Health Services, Health and Recovery Services Administration, internal controls are inadequate to ensure errors identified by the Medical Eligibility Quality Control Unit are reviewed adequately and in a timely manner.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.776</td> <td></td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> </p> <p>Status: Refer to finding 10-46</p> <p>Corrective Action: The Department concurs with this finding. In November 2008, the Department took action to establish internal controls and ensure errors identified by Medicaid Eligibility Quality Control audits are corrected by field offices in a timely manner by designating a program manager to process and monitor corrective actions for MEQC audits. The process is as follows:</p> <ul style="list-style-type: none"> • The MEQC program manager notifies HRSA’s audit liaison and HRSA’s regional representative of all MEQC audits; • The HRSA audit liaison notifies the regional representative within a specified time when an audit is outstanding and informs the representative that the field must take corrective action on the audit within a specified period of time; and • All corrective actions are monitored by the HRSA audit liaison and reported back to the MEQC program manager on a monthly basis until corrective actions are completed. <p>The condition noted in this finding was previously reported in finding 08-32.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-46.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 – ARRA and non-ARRA	
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	26	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, does not adequately monitor subrecipients to ensure Medicaid expenditures are allowable and supported.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> </p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding. During the timeframe of this audit, Department resources were used to operate and train one Area Agency on Aging while it received certification and became operational, as well as to resolve findings from prior years' monitoring. Due to this workload, subrecipient monitoring, which was scheduled to begin in 2009, was delayed until 2010.</p> <p>Approximately 98 percent of the referenced \$425 million for the 13 Area Agencies on Aging is for client services and the administration of those services. All Area Agencies on Aging received in-depth monitoring of Medicaid case management, nursing services activities, and client services between May 2008 and December 2009. The monitoring was performed by a quality assurance unit within Aging and Disability Services Administration (ADSA).</p> <p>By November 2010 the Department completed on-site reviews of four Area Agencies on Aging.</p> <p>Completion Date: November 2010</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$0											
93.776												
93.777												
93.778 – ARRA and non-ARRA												

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	27	<p>Finding: The Department of Social and Health Services did not ensure Medicaid services provided to undocumented aliens were allowable under its Alien Emergency Medical program.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="609 737 703 764"><u>CFDA #</u></th> <th data-bbox="1015 737 1109 764"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 768 683 795">93.775</td> <td data-bbox="1015 768 1295 795">non-ARRA: \$181,841.59</td> </tr> <tr> <td data-bbox="609 800 683 827">93.776</td> <td data-bbox="1062 800 1295 827">ARRA: \$ 26,297.27</td> </tr> <tr> <td data-bbox="609 831 683 858">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 863 959 890">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department does not concur with this finding. The Aging and Disability Services Administration (ADSA) and the Health and Recovery Services Administration were both involved in this finding. Each administration offered a reason for not concurring. Also, each offered actions they will take improve the situation.</p> <p><u>Aging and Disability Services Administration</u></p> <p>Seventeen of the exceptions noted in the finding were for undocumented alien clients who received services from ADSA however they did not receive services under the Alien Emergency Medical (AEM) program. Fifteen of the clients received Personal Care Services, 14 of which were minors who received those services from the Division of Developmental Disabilities. The minors were eligible for services under the state funded Categorically Needy Scope of Care which is allowed by RCW 74.09.520, WAC 388-501-0060(5) (w) and WAC 388-505-0210.</p> <p>Three of the above were undocumented clients who received long term care services. The services were authorized through an exception to rule (ETR). State funded programs paid for the services these clients received.</p> <p>All 17 of the ADSA clients were eligible for services that were 100% state-funded. For this reason, the ARRA enhanced match identified by the auditor did not affect the total state dollars to be expended for the programs.</p> <p>Currently, tracking and maintaining cost adjustments to the federal share expenditures is a manual process requiring the use of spreadsheets to track the services received by individual clients. State dollars are journal vouchered back to the Medicaid programs after expenditures are identified. This process will become automated when the Provider One phase two project is implemented.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	non-ARRA: \$181,841.59	93.776	ARRA: \$ 26,297.27	93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	non-ARRA: \$181,841.59											
93.776	ARRA: \$ 26,297.27											
93.777												
93.778 – ARRA and non-ARRA												

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	27 (Cont'd)	<p>ADSA will take the following actions as a result of this finding:</p> <ul style="list-style-type: none"> · In June 2010, procedures were developed that ensure Medicaid funds for undocumented clients are used appropriately and properly reported on the CMS 64. · By December 31, 2011, the Department of Health and Human Services will be contacted to determine if any unallowable costs need to be reimbursed. <p><u>Health and Recovery Services Administration</u></p> <p>The Department did not receive details for the claims relating to one client for insurance premiums and family planning services totaling \$863 to validate this finding. All medical related costs for individuals who are covered under the Alien Emergency Medical (AEM) program are charged to state only dollars.</p> <p>On a quarterly basis, the Department identifies by claim types and diagnoses codes, costs that are allowable for federal match and transfers those costs to earn federal match.</p> <p>Completion Date: Estimated December 2011</p>

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	28	<p>Finding: The Department of Social and Health Services' internal controls are inadequate to ensure the federal share of overpayments made to Medicaid providers are refunded to the federal government in a timely manner.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.776 93.777 93.778 – ARRA and non-ARRA</p> <p>Status: Refer to finding 10-49</p> <p>Corrective Action: The Department does not concur with this finding. The Department had a similar finding in fiscal year 2008. The Department discussed its process with the Centers for Medicare and Medicaid Services (CMS) auditor. The CMS auditor did not raise internal control concerns regarding the Department's accuracy and timeliness for refunding the federal share of overpayments to the federal government.</p> <p>The CMS auditor reviewed the Department's quarterly CMS-64 claim report as well as its accounting processes and procedures that create the CMS-64. Since the Department's Medicaid overpayment process is acceptable by CMS, the Department does not see a beneficial reason to change the process.</p> <p>Significant staff training occurred within the last year and has proven successful in addressing the issues from the previous audit finding.</p> <p>The Department will request that Health and Human Services (HHS) review the process identified in this audit finding during the federal clearing house audit process to ensure HHS is satisfied the overpayments have been properly refunded.</p> <p>The condition noted in this finding was previously reported in finding 08-20.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-49.</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	29	<p>Finding: The Department of Social and Health Services did not ensure all individuals who receive Medicaid benefits have valid Social Security numbers.</p> <p>Questioned Costs:</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>93.775</td> <td style="text-align: right;">\$169,063.20</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>Status: Corrective action complete</p> <p>Corrective Action: The Department partially concurs with this finding. This finding involved Economic Services Administration (ESA), Children’s Administration (CA), and the Medicaid Purchasing Administration ((MPA) formerly known as the Health and Recovery Services Administration).</p> <p>ESA, CA, and MPA have followed up on the exceptions identified in the audit as follows:</p> <ul style="list-style-type: none"> • In September 2010, ESA reviewed and took appropriate action on all exceptions identified during the audit. All actions have been documented in ACES. • In March 2010, CA took action on exceptions for which they were responsible. In reviewing the exceptions, CA determined of the nine identified for CA only three were actually claiming Medicaid. The three used a temporary SSN of 123456789. CA corrected the three cases and verified the Social Security Numbers. • MPA resolved all exceptions identified during the audit. Cases were corrected and social security numbers were verified in the state online query (SOLQ) system. Also, ProviderOne was implemented in May 2010 allowing cases to be closed when an individual has not provided a valid social security number. • Staff from both ESA and MPA received training on SSN verification procedures. Training was completed by October 7, 2010. <p>Completion Date: October 2010</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$169,063.20	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$169,063.20											
93.776												
93.777												
93.778 – ARRA and non-ARRA												

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
09	31	<p>Finding: The Department of Social and Health Services' internal controls are inadequate to ensure non-emergency medical transportation expenditures are allowable and adequately supported.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="609 737 1105 888"> <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>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 10-48</p> <p>Corrective Action: The Department does not concur with this finding, however the following actions will be taken to improve oversight of transportation brokers:</p> <p>By July 2010, the Department will:</p> <ul style="list-style-type: none"> • Train staff involved in contract monitoring to ensure contract monitoring activities are recorded in the Agency Contracts Database (ACD). • Develop a formal monthly desk review and on-site contract monitoring document to ensure monitoring activities are documented and properly recorded in the ACD. Also hard copies of monitoring documents will be maintained. • Have the Health and Recovery Services Administration (HRSA) Contracts Steering Committee review transportation contracts in preparation for the Request for Proposal (RFP). Also, in conjunction with the steering committee review, an internal contract review process exploring ways to improve monitoring activities will be completed. • Have the Non-Emergency Medical Transportation (NEMT) and Division of Behavioral Health and Recovery (DBHR) workgroup investigate ideas to reduce transportation costs associated with transporting clients needing regular methadone treatment and improve the monitoring of trips provided under the RSN contracts. • Develop a formal process allowing Clinical Utilization Management and Patient Review and Coordination staff to review medically complex client cases that are associated with increased transportation costs. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$0											
93.776												
93.777												
93.778 – ARRA and non-ARRA												

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	31 (Cont'd)	<p>By January 2011, the Department will:</p> <ul style="list-style-type: none"> · Develop a database that will allow the Department to receive trip data from transportation brokers. Also, it will allow Department staff to review individual trips to ensure they are authorized and appropriate. · Have HRSA participate in developing and implementing the RFP. It is anticipated the RFP will result in a new contract that will better define allowable medical appointments and client and service eligibility. The new contract will be performance based. Also, staff will review and strengthen contract language, policies, procedures, and guidelines to ensure robust monitoring. · Develop Working Agreements/Memorandums of Understanding with partner agencies to better define what constitutes allowable trips. <p>The condition noted in this finding was previously reported in finding 08-26.</p> <p>Completion Date: The condition noted in this finding was repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-48.</p>

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	32	<p>Finding: The Department of Social and Health Services, Health and Recovery Services Administration's, internal controls are inadequate to ensure controlled substances prescribed for Medicaid clients are authorized and allowable.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$84,046.47 93.776 93.777 93.778 – ARRA and non-ARRA</p> <p>Status: Refer to finding 10-38</p> <p>Corrective Action: The Department does not concur with this finding. The Department is of the opinion there are no federal or state statutes that require a payer (e.g. state) to validate the Drug Enforcement Administration (DEA) number of a prescriber. Therefore, the Department does not believe the lack of an edit that validates DEA for Schedule 2-5 drugs constitutes inadequate internal controls or the lack of such validation renders the payment unallowable.</p> <p>The Department believes that responsibility for compliance with controlled substance requirements lies with the prescribing provider and the dispensing pharmacies. There are no provisions in the Controlled Substance Act (21 USC Sec. 821) or the State Uniform Controlled Substance Act (RCW 69.50) that could be interpreted as a requirement relating to payment of claims for controlled substances. Below is the Title 21 CFR Section 1306.04 which 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>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
09	32 (Cont'd)	<p data-bbox="699 590 1373 827"><i>An order purporting to be a prescription issued not in the usual course of professional treatment or in legitimate and authorized research is not a prescription within the meaning and intent of section 309 of the Act (21 USC 829) and the person knowingly filling such a purported prescription, as well as the person issuing it, shall be subject to the penalties provided for violations of the provisions of law relating to controlled substances.</i></p> <p data-bbox="610 863 1433 1100">The Department implemented a Pharmacy Point of Sale (POS) edit in July 2002 for the purpose of validating the DEA of the prescribing physician for Schedule II drugs. While the Department considered this to be an essential validation to add to the POS, it was not implemented because of any federal/state requirement. Rather, the Department implemented this because Schedule II drugs are subject to the highest risk of abuse and the Department considered it prudent to provide this additional validation to guard against the potential for fraud and abuse.</p> <p data-bbox="610 1136 1446 1436">At implementation of the new Pharmacy POS in October 2008, the prescriber identifier changed to the National Provider Identifier (NPI). This change caused the POS to experience some difficulty with the Schedule II system edit due to the incomplete nature of the association between NPI and DEA. No comprehensive national file exists which can be used to crosswalk all NPI to DEA. While the POS continues to validate DEA numbers for Schedule II drugs, a Change Request is currently in process to complete implementation of a comprehensive NPI to DEA association crosswalk and to add DEA effective date spans to the file. It is anticipated this will be implemented in December 2010.</p> <p data-bbox="610 1472 1455 1682">In addition to the POS edit that validates the DEA for Schedule II drugs, DSHS has a set of robust Program Integrity activities including pharmacy utilization review, pharmacy rules-based algorithms that identify improper payments, and data mining activities that identify patterns outside the norm. In the absence of any requirement to validate DEA for controlled substances, DSHS considers that this set of Program Integrity activities provide adequate controls to ensure that controlled substances are authorized and allowable.</p> <p data-bbox="610 1717 1442 1772">The condition noted in this finding was previously reported in finding 08-28.</p> <p data-bbox="443 1808 1442 1892">Completion Date: While progress was noted, certain issues noted in this finding need further corrective action and were repeated in the fiscal year 2010 Washington Single Audit. Refer to finding 10-38.</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																
05	50	<p>Finding: Certain University departments' controls are not working effectively to ensure Time And Effort Certification forms are completed in a timely manner and to ensure monthly certification of salaries and wages paid for federal programs are completed as required.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="609 772 706 800"><u>CFDA #</u></th> <th data-bbox="1015 772 1112 800"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 800 706 827">93.389</td> <td data-bbox="1015 800 1112 827">\$0</td> </tr> <tr> <td data-bbox="609 827 706 854">93.866</td> <td></td> </tr> <tr> <td data-bbox="609 854 706 882">93.846</td> <td></td> </tr> <tr> <td data-bbox="609 882 706 909">93.837</td> <td></td> </tr> <tr> <td data-bbox="609 909 706 936">93.864</td> <td></td> </tr> <tr> <td data-bbox="609 936 706 963">93.856</td> <td></td> </tr> <tr> <td data-bbox="609 963 706 991">93.859</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: <u>Faculty Effort Certifications (FECs):</u> The University has enhanced its follow-up process to ensure FECs are certified in a timely manner. A formal process with escalating communication as well as some modifications to the procedure was rolled out in an effort to ensure FECs are certified timely. Also, individual departments cited in this finding have strengthened their monitoring and follow-up processes. These actions have resulted in significant improvement in the timeliness in the certification of FEC reports.</p> <p>Finally, the University continues with the process to replace the existing manual system with an electronic effort reporting and certification system. The cost share module and Phase II have rolled out. Phase III will be pilot tested during October – December 2011 followed by Beta testing for the FEC cycle ending December 31, 2011. Full implementation of Phase III is anticipated in the spring/summer of 2012. The new system includes enhanced tracking and follow-up capabilities (Phase III).</p> <p><u>Grant and Contract Certification Reports (GCCRs):</u> The University continues to work with departments on a campus-wide basis to strengthen controls that ensure GCCRs are reviewed and signed in a timely manner. This includes, but is not limited to, routine general emphasis on this requirement through meetings such as the monthly research administrators meeting as well as individual consultation.</p>	<u>CFDA #</u>	<u>Amount</u>	93.389	\$0	93.866		93.846		93.837		93.864		93.856		93.859	
<u>CFDA #</u>	<u>Amount</u>																	
93.389	\$0																	
93.866																		
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93.856																		
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**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	50 (Cont'd)	<p>Additionally, enhanced documentation has been completed for the University's website reinforcing the requirements and procedures for GCCRs and a more streamlined process has been implemented to provide efficiencies and better monitoring capabilities.</p> <p>Completion Date: Estimated Spring/Summer 2012</p>

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2011**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2011.)

University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	51	Finding:	The University did not submit financial status reports in a timely manner.				
		Questioned					
		Costs:	<table border="0"> <tr> <td data-bbox="609 682 771 714"><u>CFDA #</u></td> <td data-bbox="1015 682 1112 714"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 714 771 745">Not Specified</td> <td data-bbox="1015 714 1112 745">\$0</td> </tr> </table>	<u>CFDA #</u>	<u>Amount</u>	Not Specified	\$0
<u>CFDA #</u>	<u>Amount</u>						
Not Specified	\$0						
		Status:	Corrective action complete				
		Corrective Action:	<p>In 2008, Grant and Contract Accounting (GCA) developed and implemented an improved follow-up and escalation process to improve timeliness of communication related to fiscal reporting from campus departments. As a follow up to this process, in 2009 GCA created a Grant Manager calendar specific to the escalation process deadlines. The intent is to ensure that all teams are submitting the necessary closing and reporting messages on time and to facilitate the submission of timely FSR's.</p> <p>In 2009, GCA created a fiscal Reports process improvement team that is focused specifically on automating the FSRs. The first phase includes federal fiscal reports and will be implemented by April 2010. This automation will significantly reduce the time required to submit an FSR.</p> <p>In 2009, GCA also implemented a new Notice of Expiration (NOE) letter with a clearly identified Final Action Date. This newly revised letter will facilitate more timely reports. GCA continues to develop tools, outreach, and guidance for campus departments to ensure their responsibilities within the closing process, including the deadlines for submission, are clear.</p> <p>During the past year, GCA continued its process improvement efforts in order to submit Financial Status Reports in a timely manner. In January 2009, a new online application, GrantTracker, was implemented in GCA in order to provide more information to campus on their grant awards in addition to streamlining the fiscal reporting process. In addition, GCA continued to provide training for new and existing staff through 2010.</p>				
		Completion Date:	December 2010				