



STATE OF WASHINGTON  
**OFFICE OF FINANCIAL MANAGEMENT**

*Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555*

July 20, 2022

Washington State Auditor's Office  
ATTN: Cavan Busch, Audit Manager  
3200 Sunset Way S.E.  
Olympia, WA 98504-0031

To the Washington State Auditor's Office:

Enclosed with this letter is the state of Washington's Summary Schedule of Prior Audit Findings for the following audit findings in the fiscal year 2021 Single Audit report.

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2020-001	State of Washington	Complete	H - 15
2020-002	State of Washington	In progress	H - 16
2020-003	Office of Superintendent of Public Instruction	In progress	H - 19
2020-004	Office of Superintendent of Public Instruction	In progress	H - 20
2020-005	Department of Health	Complete	H - 21
2020-006	Department of Social and Health Services	In progress	H - 22
2020-007	Department of Commerce	Complete	H - 24
2020-008	Department of Social and Health Services	Complete	H - 25
2020-009	Department of Commerce	Complete	H - 27
2020-010	Employment Security Department	Corrective action not taken	H - 29
2020-011	Employment Security Department	In progress	H - 31
2020-012	Employment Security Department	In progress	H - 32

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2020-013	Employment Security Department	In progress	H - 34
2020-014	Department of Transportation	In progress	H - 35
2020-015	Department of Transportation	In progress	H - 36
2020-016	Department of Transportation	In progress	H - 37
2020-017	Department of Transportation	In progress	H - 39
2020-018	Department of Children, Youth, and Families	In progress	H - 41
2020-019	Department of Health	In progress	H - 42
2020-020	Department of Social and Health Services	Corrective action not taken	H - 43
2020-021	Washington State University	In progress	H - 45
2020-022	University of Washington	Complete	H - 46
2020-023	University of Washington	Complete	H - 48
2020-024	University of Washington	Complete	H - 49
2020-025	Yakima Valley Community College	Complete	H - 50
2020-026	Office of Superintendent of Public Instruction	In progress	H - 51
2020-027	Office of Superintendent of Public Instruction	Complete	H - 52
2020-028	Office of Superintendent of Public Instruction	In progress	H - 53
2020-029	Yakima Valley Community College	Complete	H - 54
2020-030	Department of Services for the Blind	Complete	H - 55
2020-031	Department of Services for the Blind	Complete	H - 56
2020-032	Department of Social and Health Services	In progress	H - 57
2020-033	Yakima Valley Community College	Complete	H - 58
2020-034	State Health Care Authority	Complete	H - 59
2020-035	Department of Social and Health Services	Complete	H - 60
2020-036	Department of Children, Youth, and Families	Complete	H - 62

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2020-037	Department of Children, Youth, and Families	In progress	H - 63
2020-038	Department of Children, Youth, and Families	In progress	H - 64
2020-039	Department of Children, Youth, and Families	In progress	H - 66
2020-040	Department of Children, Youth, and Families	In progress	H - 68
2020-041	Department of Children, Youth, and Families	In progress	H - 69
2020-042	Department of Children, Youth, and Families	In progress	H - 70
2020-043	Department of Social and Health Services	Complete	H - 71
2020-044	Department of Children, Youth, and Families	Corrective action not taken	H - 72
2020-045	Department of Children, Youth, and Families	In progress	H - 73
2020-046	State Health Care Authority	In progress	H - 74
2020-047	State Health Care Authority	In progress	H - 75
2020-048	State Health Care Authority	In progress	H - 76
2020-049	State Health Care Authority	In progress	H - 77
2020-050	State Health Care Authority	In progress	H - 78
2020-051	Department of Social and Health Services	Corrective action not taken	H - 79
2020-052	Department of Social and Health Services	Complete	H - 81
2020-053	Department of Social and Health Services	In progress	H - 83
2020-054	Department of Social and Health Services	In progress	H - 84
2020-055	Department of Health	Complete	H - 85
2020-056	State Health Care Authority	Complete	H - 86
2020-057	State Health Care Authority	In progress	H - 87
2020-058	Department of Children, Youth, and Families	Complete	H - 88
2020-059	State Health Care Authority	In progress	H - 89
2020-060	State Health Care Authority	Complete	H - 90

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2020-061	State Health Care Authority	Complete	H - 91
2020-062	State Health Care Authority	Corrective Action not taken	H - 92
2020-063	State Health Care Authority	Complete	H - 93
2020-064	State Health Care Authority	In progress	H - 94
2020-065	State Health Care Authority	In progress	H - 95
2019-001	State of Washington	Repeat finding	Refer to finding 2020-002 at H - 16
2019-004	The Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2020-003 at H - 19
2019-005	The Office of Superintendent of Public Instruction	Repeat finding	Refer to finding 2020-004 at H - 20
2019-006	Department of Health	Repeat finding	Refer to finding 2020-005 at H - 21
2019-008	Department of Social and Health Services	Repeat finding	Refer to finding 2020-006 at H - 22
2019-009	Department of Social and Health Services	Repeat finding	Refer to finding 2020-008 at H - 25
2019-010	Department of Commerce	Repeat finding	Refer to finding 2020-007 at H - 24
2019-011	Department of Commerce	Repeat finding	Refer to finding 2020-009 at H - 27
2019-012	Employment Security Department	Repeat finding	Refer to finding 2020-013 at H - 34
2019-015	Department of Transportation	Repeat finding	Refer to finding 2020-016 at H - 37
2019-016	Department of Transportation	Repeat finding	Refer to finding 2020-014 at H - 35
2019-017	Department of Transportation	Repeat finding	Refer to finding 2020-015 at H - 36
2019-018	Department of Transportation	Complete	H - 96
2019-019	Department of Transportation	Repeat finding	Refer to finding 2020-017 at H - 39
2019-023	Department of Social and Health Services	Repeat finding	Refer to finding 2020-032 at H - 57
2019-027	Department of Services for the Blind	Repeat finding	Refer to finding 2020-031 at H - 56

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2019-028	State Health Care Authority	Repeat finding	Refer to finding 2020-034 at H - 59
2019-029	Department of Social and Health Services	Complete	H - 98
2019-030	Department of Social and Health Services	Repeat finding	Refer to finding 2020-035 at H - 60
2019-032	Department of Social and Health Services	Repeat finding	Refer to finding 2020-039 at H - 66
2019-035	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2020-038 at H - 64
2019-036	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2020-037 at H - 63
2019-037	Department of Children, Youth, and Families	Corrective action not taken	H - 100
2019-038	Department of Children, Youth, and Families	In progress	H - 101
2019-039	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2020-042 at H - 70
2019-040	Department of Children, Youth, and Families	Complete	H - 102
2019-041	Department of Children, Youth, and Families	Complete	H - 103
2019-042	Department of Children, Youth, and Families	Complete	H - 104
2019-044	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2020-044 at H - 72
2019-045	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2020-036 at H - 62
2019-046	Department of Health	Repeat finding	Refer to finding 2020-055 at H - 85
2019-047	State Health Care Authority	In progress	H - 105
2019-048	State Health Care Authority	Repeat finding	Refer to finding 2020-046 at H - 74
2019-049	State Health Care Authority	Corrective action not taken	H - 106
2019-050	State Health Care Authority	In progress	H - 107
2019-051	State Health Care Authority	In progress	H - 108
2019-052	State Health Care Authority	Repeat finding	Refer to finding 2020-047 at H - 75
2019-053	State Health Care Authority	Repeat finding	Refer to finding 2020-048 at H - 76

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2019-054	Department of Social and Health Services	Corrective action not taken	Refer to finding 2020-051 at H - 79
2019-055	Department of Social and Health Services	In progress	H - 109
2019-057	Department of Social and Health Services	In progress	H - 111
2019-058	Department of Social and Health Services	In progress	H - 114
2019-060	Department of Social and Health Services	Corrective action not taken	H - 116
2019-061	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 83
2019-062	Department of Social and Health Services	Repeat finding	Refer to finding 2020-052 at H - 81
2019-065	State Health Care Authority	Repeat finding	Refer to finding 2020-034 at H - 59
2019-066	State Health Care Authority	Repeat finding	Refer to finding 2020-057 at H - 87
2019-069	State Health Care Authority	Repeat finding	Refer to finding 2020-061 at H - 91
2019-070	State Health Care Authority	Repeat finding	Refer to finding 2020-063 at H - 93
2018-001	State of Washington	Repeat finding	Refer to finding 2020-002 at H - 16
2018-005	Department of Health	Complete	H - 117
2018-006	Department of Health	Repeat Finding	Refer to finding 2020-005 at H - 21
2018-012	Department of Transportation	Repeat finding	Refer to finding 2020-014 at H - 35
2018-013	Department of Transportation	Repeat finding	Refer to finding 2019-018 at H - 96
2018-014	Department of Transportation	Complete	H - 118
2018-019	Department of Services for the Blind	Repeat finding	Refer to finding 2020-031 at H - 56
2018-023	Department of Social and Health Services	Repeat finding	Refer to finding 2020-032 at H - 57
2018-025	Department of Social and Health Services	Repeat finding	Refer to finding 2020-034 at H - 59
2018-026	Department of Social and Health Services	Repeat finding	Refer to finding 2019-029 at H - 98

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2018-028	Department of Social and Health Services	Repeat finding	Refer to finding 2020-035 at H - 60
2018-030	Department of Social and Health Services	Repeat finding	Refer to finding 2020-039 at H - 66
2018-033	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2020-037 at H - 63
2018-034	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2020-038 at H - 64
2018-035	Department of Children, Youth, and Families	Repeat finding	Refer to finding 2020-042 at H - 70
2018-041	State Health Care Authority	Repeat Finding	Refer to finding 2019-047 at H - 105
2018-042	State Health Care Authority	Repeat finding	Refer to finding 2020-046 at H - 74
2018-046	State Health Care Authority	Repeat Finding	Refer to finding 2019-051 at H - 108
2018-047	State Health Care Authority	Repeat finding	Refer to finding 2020-048 at H - 76
2018-048	State Health Care Authority	Repeat Finding	Refer to finding 2019-049 at H - 106
2018-049	State Health Care Authority	In progress	H - 120
2018-052	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 83
2018-054	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-060 at H - 116
2018-057	Department of Social and Health Services	Repeat finding	Refer to finding 2020-052 at H - 81
2018-058	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-051 at H - 79
2018-059	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-057 at H - 87
2018-060	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-058 at H - 88
2017-001	State of Washington	Repeat Finding	Refer to finding 2020-002 at H - 16
2017-010	Department of Services for the Blind	Repeat Finding	Refer to finding 2020-031 at H - 56
2017-014	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-032 at H - 57

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2017-016	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-034 at H - 59
2017-017	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-029 at H - 98
2017-020	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-035 at H - 60
2017-024	Department of Early Learning	Repeat finding	Refer to finding 2020-038 at H - 64
2017-025	Department of Early Learning	Repeat finding	Refer to finding 2020-042 at H - 70
2017-026	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-039 at H - 66
2017-031	State Health Care Authority	Repeat Finding	Refer to finding 2019-047 at H - 105
2017-032	State Health Care Authority	In progress	H - 121
2017-033	State Health Care Authority	Repeat finding	Refer to finding 2020-046 at H - 74
2017-036	State Health Care Authority	In progress	H - 123
2017-037	State Health Care Authority	Repeat Finding	Refer to finding 2019-051 at H - 108
2017-038	State Health Care Authority	Repeat Finding	Refer to finding 2019-049 at H - 106
2017-039	State Health Care Authority	Repeat Finding	Refer to finding 2018-049 at H - 120
2017-040	State Health Care Authority	Corrective Action Not Taken	H - 124
2017-042	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-053 at H - 83
2017-044	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-051 at H - 79
2017-045	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-057 at H - 111
2017-046	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-058 at H - 114
2017-048	Department of Social and Health Services	In progress	H - 125
2017-050	Department of Social and Health Services	In progress	H - 127



<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2016-013	Department of Social and Health Services	Repeat finding	Refer to finding 2020-032 at H - 57
2016-014	Department of Social and Health Services	Repeat finding	Refer to finding 2020-034 at H - 59
2016-016	Department of Social and Health Services	Repeat finding	Refer to finding 2020-035 at H - 60
2016-019	Department of Social and Health Services	Repeat finding	Refer to finding 2019-029 at H - 98
2016-021	Department of Early Learning	Repeat finding	Refer to finding 2020-038 at H - 64
2016-022	Department of Early Learning	Repeat finding	Refer to finding 2020-042 at H - 70
2016-023	Department of Social and Health Services	Repeat finding	Refer to finding 2020-039 at H - 66
2016-028	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 105
2016-032	State Health Care Authority	In progress	H - 129
2016-034	State Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 106
2016-037	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 83
2016-043	Department of Social and Health Services	Repeat finding	Refer to finding 2019-058 at H - 114
2016-044	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 125
2016-045	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-051 at H - 79
2016-047	Department of Social and Health Services	In progress	H - 130
2015-016	Department of Social and Health Services	Repeat finding	Refer to finding 2020-034 at H - 59
2015-023	Department of Early Learning	Repeat finding	Refer to finding 2020-038 at H - 64
2015-024	Department of Early Learning	Repeat finding	Refer to finding 2020-042 at H - 70
2015-026	Department of Social and Health Services	Repeat finding	Refer to finding 2020-039 at H - 66
2015-030	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 105

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
2015-037	State Health Care Authority	In progress	H - 131
2015-039	State Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 106
2015-040	Department of Social and Health Services	In progress	H - 032
2015-045	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-053 at H - 83
2015-049	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-051 at H - 79
2015-051	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 125
2014-019	Department of Social and Health Services	Repeat finding	Refer to finding 2020-034 at H - 59
2014-023	Department of Early Learning	Repeat finding	Refer to finding 2020-038 at H - 64
2014-026	Department of Social and Health Services	Repeat finding	Refer to finding 2020-039 at H - 66
2014-034	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 105
2014-042	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-051 at H - 79
2014-046	Department of Social and Health Services	Repeat finding	Refer to finding 2020-053 at H - 83
2014-048	Department of Social and Health Services	In progress	H - 134
2013-016	Department of Early Learning	Repeat finding	Refer to finding 2020-038 at H - 64
2013-017	Department of Social and Health Services	Repeat finding	Refer to finding 2020-039 at H - 66
2013-020	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 105
2013-036	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-051 at H - 79
12-28	Department of Early Learning	Repeat finding	Refer to finding 2020-038 at H - 64
12-30	Department of Social and Health Services	Repeat finding	Refer to finding 2020-039 at H - 66
12-39	Department of Social and Health Services	Repeat Finding	Refer to finding 2020-051 at H - 79

<b>Finding Number</b>	<b>State Agency</b>	<b>Corrective Action Status</b>	<b>Page Number</b>
12-49	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 105
11-23	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2020-038 at H - 64
11-38	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 105
10-31	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2020-038 at H - 64
10-40	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 105
09-12	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2020-038 at H - 64
09-19	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 105
08-13	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2020-038 at H - 64
08-25	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 105

The state's Summary Schedule of Prior Audit Findings is a compilation of the corrective action information provided to us by the applicable state agencies. The Summary Schedule of Prior Audit Findings document is prepared in conjunction with the 2021 Single Audit.

We appreciate the efforts of the Washington State Auditor's Office in completing the Single Audit for the state for fiscal year 2021. If you have any questions regarding the Summary Schedule of Prior Audit Findings, please do not hesitate to contact our office.

Sincerely,

Brian Tinney  
 Assistant Director, Accounting

This page intentionally left blank.

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	001	<p>Finding: The State’s internal controls were insufficient to prevent fraudulent unemployment benefit payments.</p> <p>Status: Corrective action complete</p> <p>Corrective Action: Due to the inherent risk in implementing an unemployment benefit program and the CARES Act requirements, the Pandemic Unemployment Assistance program presented a nationwide challenge of being high risk for fraud.</p> <p>Prior to the surge in fraudulent claims in May 2020, the Employment Security Department (ESD) already implemented controls required and recommended by the U.S. Department of Labor to prevent imposter fraud. Since then, ESD has instituted many additional controls and countermeasures to fraud that include the following:</p> <ul style="list-style-type: none"> <li>• Set up a 100-person customer intake team to handle reports of fraud.</li> <li>• Established a secure business portal for receiving verification information from victims and businesses to more quickly identify fraudulent claims, suspend payments, and determine payments to recover.</li> <li>• With the help of a consulting company, implemented a two-day hold on payments to allow investigation of fraudulent claims prior to payment.</li> <li>• Enacted emergency rule WAC 192-140-096 to allow suspension of payments suspected to be fraudulent until an investigation can be completed.</li> <li>• Reallocated resources and increased staffing for fraud investigations, including utilization of hundreds of other agency staff and the National Guard.</li> <li>• Reassigned staff to data analytics work to detect fraud trends and to improve the fraud discovery process.</li> </ul> <p>ESD is continuing its efforts to identify and investigate known and suspected claims, recover fraudulent amounts, and work with the U.S. Department of Justice to recover the remaining fraudulent payments.</p> <p>Completion Date: June 2020</p> <p>Agency Contact: Brian Tinney                      Statewide Accounting Assistant Director                      PO Box 43127                      Olympia, WA 98504-3127                      (564) 999-1781  <a href="mailto:brian.tinney@ofm.wa.gov">brian.tinney@ofm.wa.gov</a></p>

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2020	002	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The State did not have adequate internal controls over financial reporting to ensure financial activity is properly classified, recorded in the correct period and reconciles to its financial statements.</p> <p><u>CFDA #</u> N/A</p> <p><u>Questioned Costs:</u> \$0</p> <p>See below for individual agency</p> <p>The Office of Financial Management, with the collaboration of state agencies, strives for the highest standards in the preparation of the state’s financial statements. Responses from each agency are listed below:</p> <p><b><i>State Board for Community and Technical Colleges (State Board)</i></b></p> <p>The State Board has taken the following actions to improve the process of reconciling college financial data timely and accurately with amounts recorded in the State’s accounting system (AFRS):</p> <ul style="list-style-type: none"> <li>• Dedicated a nearly full-time programmer and functional support staff to assist in developing the correct configuration for the automatic data upload process.</li> <li>• Added additional staff for accurately translating college financial data from the new software system into AFRS.</li> <li>• Began bi-monthly meetings for the accounting staff and software developers since July 2020. These resolution-focused meetings included agency executive leadership and resulted in improvements in the automated process.</li> <li>• Developed a shared understanding of work priorities, status, and next steps through the joint meetings. Significant progress has been made in identifying and correcting issues, and making improvements.</li> <li>• Started monthly automated uploads into AFRS since October 2020. A new approach was also initiated in December 2020 which streamlines the upload process and limits the opportunity for error.</li> </ul> <p>The State Board will continue to build and enhance programming tools to help identify and reconcile variances between the two systems. While current monthly data is being reconciled in a timely manner from ctcLink to AFRS, the State Board continues to work on reconciling ctcLink to AFRS for historical data from the beginning of system employment.</p> <p>In addition, the State Board began the conversion and crosswalk of data from ctcLink to the new system that the One Washington project is undertaking to replace AFRS. While this is new and additional work that was not part of the scope of this corrective action plan, it is an integral part of the effort to ensure accurate financial reporting in the long run.</p> <p><i>Completion: Estimated June 2022</i></p>

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	002 (cont'd)	<p data-bbox="673 422 1122 453"><b><i>Employment Security Department (ESD)</i></b></p> <p data-bbox="673 485 1446 579">The auditors determined that ESD did not report all receivables that resulted from fraudulent claim payments in the state's accounting system at June 30, 2020.</p> <p data-bbox="673 611 1463 737">While the monthly data transfer between the Unemployment Tax and Benefit system (UTAB) and AFRS is automated, ESD implemented additional controls over financial reporting to ensure all fiscal year-end and biennium-end entries are entered into AFRS correctly and completely.</p> <p data-bbox="673 768 1414 831">The Unemployment Insurance Treasury Unit added procedures to the electronic accounting desk manual, which include:</p> <ul data-bbox="699 842 1455 1052" style="list-style-type: none"> <li data-bbox="699 842 1422 905">• Improving coordination with UTAB developers in processing of year-end entries.</li> <li data-bbox="699 915 1455 978">• Performing monthly reconciliation of internal journals from UTAB reports to AFRS.</li> <li data-bbox="699 989 1422 1052">• Requiring review and approval of monthly reconciliations by the Treasury Manager.</li> </ul> <p data-bbox="673 1083 959 1115"><i>Completion: January 2021</i></p> <p data-bbox="673 1209 1122 1241"><b><i>Office of Financial Management (OFM)</i></b></p> <p data-bbox="673 1272 1455 1398">OFM strongly disagrees with this audit finding and maintains that the fraudulent unemployment benefit payments were properly reflected in the Annual Comprehensive Financial Report (ACFR) and in accordance with accounting standards.</p> <p data-bbox="673 1430 1463 1745">OFM reported the losses as normal claim expenses for the period in which the claims were paid. It is part of the normal course of business for the Unemployment Insurance Program, as well as the other benefit payment programs, to make payments that are later found to be fraudulent. Improper payments or overpayments are payments made by the government to the wrong person, in the wrong amount, or for the wrong reason when an individual has knowingly provided false information in order to receive benefits that they are not entitled to. Code of Federal Regulations 20 CFR 609.11 requires that states return any <i>recovered</i> overpayments.</p> <p data-bbox="673 1776 1455 1955">The fraudulent payments were reported consistent with guidance from the national Government Accounting Standards Board (GASB). During a December 2020 meeting of the National Association of State Auditors, Comptrollers and Treasurers, OFM received the guidance from a GASB official in response to a question from a staff member of the Office of the Washington State Auditor.</p>

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	002 (cont'd)	<p>It is also important to note that while the losses were reported as normal claim expenses in the ACFR, the detailed fraud information was disclosed in the Management Discussion and Analysis section of the ACFR (page 27). The fraud losses were also disclosed in Note 4 - Proprietary Fund Receivables section of the report.</p> <p>In May 2020, the U.S Department of Labor (DOL) published the directive 23-20 that includes guidance on program integrity functions for the regular unemployment insurance programs and CARES Act programs, which does not include any indication that states would be required to repay improper payments that have not been recovered.</p> <p>In addition, the federal Office of Inspector General conducted several audits on the CARES Act and Pandemic Unemployment Assistance Program, none of which included recommendations to have states repay improper payments that have not been recovered.</p> <p>In November 2020, OFM contacted DOL to confirm that the State will not be held liable to repay the fraudulent claim payments. As of May 2021, a response has not been received from DOL.</p> <p><i>Completion: Not applicable</i></p> <p>Agency Contact: Brian Tinney                      Statewide Accounting Assistant Director                      PO Box 43127                      Olympia, WA 98504-3127                      (564) 999-1781  <a href="mailto:brian.tinney@ofm.wa.gov">brian.tinney@ofm.wa.gov</a></p>



Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status																			
2020	003	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with suspension and debarment requirements for Child Nutrition Cluster program.</p> <table border="0"> <thead> <tr> <th data-bbox="670 552 808 579"><u>CFDA #</u></th> <th data-bbox="1003 552 1094 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 583 748 611">10.553</td> <td data-bbox="1003 583 1032 611">\$0</td> </tr> <tr> <td data-bbox="670 615 873 642">10.553 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="670 646 748 674">10.555</td> <td></td> </tr> <tr> <td data-bbox="670 678 873 705">10.555 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="670 709 748 737">10.556</td> <td></td> </tr> <tr> <td data-bbox="670 741 873 768">10.556 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="670 772 748 800">10.559</td> <td></td> </tr> <tr> <td data-bbox="670 804 873 831">10.559 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>In response to the prior year’s audit finding, the Office:</p> <ul style="list-style-type: none"> <li>• Developed and implemented a new Child Nutrition Programs Agreement template in December 2019. The template includes information and attestation to suspension and debarment requirements.</li> <li>• Updated the internal process for review and approval of program applications.</li> </ul> <p>In September 2020, at the request of the US Department of Agriculture, implementation of the new agreement template was paused to address the civil rights assurance statement in the agreement.</p> <p>As soon as clarification and definitive guidance is received from the federal grantor, the Office will resume the implementation of the new agreement.</p> <p>The conditions noted in this finding were previously reported in finding 2019-004.</p> <p>Estimated December 2021</p> <p>Leanne Eko              Director, Child Nutrition Services              PO Box 47200              Olympia, WA 98504              (360) 725-0410  <a href="mailto:Leanne.eko@k12.wa.us">Leanne.eko@k12.wa.us</a></p>	<u>CFDA #</u>	<u>Amount</u>	10.553	\$0	10.553 COVID-19		10.555		10.555 COVID-19		10.556		10.556 COVID-19		10.559		10.559 COVID-19	
<u>CFDA #</u>	<u>Amount</u>																				
10.553	\$0																				
10.553 COVID-19																					
10.555																					
10.555 COVID-19																					
10.556																					
10.556 COVID-19																					
10.559																					
10.559 COVID-19																					

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status																			
2020	004	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with requirements to properly account for USDA-donated foods.</p> <table border="0"> <thead> <tr> <th data-bbox="673 548 764 575"><u>CFDA #</u></th> <th data-bbox="1003 548 1094 575"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 579 748 606">10.553</td> <td data-bbox="1003 579 1029 606">\$0</td> </tr> <tr> <td data-bbox="673 611 889 638">10.553 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 642 748 669">10.555</td> <td></td> </tr> <tr> <td data-bbox="673 674 889 701">10.555 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 705 748 732">10.556</td> <td></td> </tr> <tr> <td data-bbox="673 737 889 764">10.556 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 768 748 795">10.559</td> <td></td> </tr> <tr> <td data-bbox="673 800 889 827">10.559 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress.</p> <p>The Office concurs with the finding.</p> <p>The Office will take the following corrective actions to strengthen internal controls over accounting for USDA-donated foods:</p> <ul style="list-style-type: none"> <li>• Implement the internal policies and procedures established in August 2020 for the USDA-donated foods reconciliation process.</li> <li>• Establish adequate internal controls to ensure physical inventory is reconciled with inventory records.</li> </ul> <p>By November 2021, the Office will complete the documentation of system requirements for a new/updated electronic food distribution system that includes tracking and reporting capabilities to assist with the reconciliation process.</p> <p>By January 2022, the Office will post a Request for Proposal for the procurement of the new/updated electronic food distribution system.</p> <p>The conditions noted in this finding were previously reported in finding 2019-005.</p> <p>Estimated January 2022</p> <p>Leanne Eko              Director, Child Nutrition Services              PO Box 47200              Olympia, WA 98504              (360) 725-0410  <a href="mailto:Leanne.eko@k12.wa.us">Leanne.eko@k12.wa.us</a></p>	<u>CFDA #</u>	<u>Amount</u>	10.553	\$0	10.553 - COVID-19		10.555		10.555 - COVID-19		10.556		10.556 - COVID-19		10.559		10.559 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>																				
10.553	\$0																				
10.553 - COVID-19																					
10.555																					
10.555 - COVID-19																					
10.556																					
10.556 - COVID-19																					
10.559																					
10.559 - COVID-19																					

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	005	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with cash management requirements for the Special Supplemental Nutrition Program for Women, Infants, and Children grant.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">10.557</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the finding.</p> <p>The purpose of the Cash Management Improvement Act (CMIA) is to ensure timely disbursement of federal funds. The Department has processes in place to ensure that draws are made in a manner that would guarantee that neither the Department nor the federal grantor is required to pay interest earnings.</p> <p>The Department processes all cash draws based on actual costs already incurred and in line with the approved funding technique outlined in the Treasury State Agreement (TSA). The Department does not agree that we were out of compliance with the intent of the CMIA and the approved TSA.</p> <p>To improve internal controls over monitoring cash management requirements, the Department:</p> <ul style="list-style-type: none"> <li>• Began tracking draws on an excel spreadsheet in March 2020.</li> <li>• Worked with the Office of Financial Management to clarify language in the 2022 TSA in an effort to reduce confusion for future audits.</li> <li>• Started updating the 2021 TSA for subsequent approval by the federal grantor.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2019-006 and 2018-006.</p> <p>June 2021</p> <p>Kristina White                      External Audit Manager                      PO Box 47890                      Olympia, WA 98504-7890                      (360) 236-4547  <a href="mailto:Kristina.White@doh.wa.gov">Kristina.White@doh.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status															
2020	006	<p data-bbox="483 422 1466 514">Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements.</p> <table border="0" data-bbox="483 552 1096 709"> <tr> <td data-bbox="483 552 613 583">Questioned</td> <td data-bbox="673 552 771 583"><u>CFDA #</u></td> <td data-bbox="1003 552 1096 583"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 583 553 615">Costs:</td> <td data-bbox="673 583 748 615">10.561</td> <td data-bbox="1003 583 1036 615">\$0</td> </tr> <tr> <td></td> <td data-bbox="673 615 748 646">93.558</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 646 748 678">93.556</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 678 748 709">93.778</td> <td></td> </tr> </table> <p data-bbox="483 741 982 772">Status: Corrective action in progress</p> <p data-bbox="483 804 1120 835">Corrective Action: The Department concurs with the finding.</p> <p data-bbox="673 867 1466 1108">Due to the timing and frequency of audits, the Department is not made aware of a finding until six months after the state fiscal year concludes. It is not always feasible to correct audit issues within the next six months before a new audit cycle begins. This also means the previous year's audit issues will still be outstanding during at least the first six months of the current audit period. For this reason, we acknowledged in the prior year's finding response that it is unlikely the audit issues would be completely resolved in the fiscal year 2020 audit or beyond.</p> <p data-bbox="673 1140 1396 1203">As part of the Department's corrective action plan for the prior year finding, the Department:</p> <ul data-bbox="703 1213 1445 1350" style="list-style-type: none"> <li>• Implemented processes to ensure monthly staff reconciliations are performed.</li> <li>• Developed standard guidelines and procedures for updating the eligible staff list in Barcode.</li> </ul> <p data-bbox="673 1392 1466 1539">In December 2020, upon discovery of the errors related to incorrect entry of Random Moments Time Samples (RMTS) results into the base edit workbooks, the Department immediately updated the process for completing the workbooks to ensure RMTS results are uploaded correctly into the Cost Allocation System.</p> <p data-bbox="673 1570 1429 1696">As of January 2021, the Department supervisor for the RMTS auditors reviewed the Public Assistance Cost Allocation Plan with the team to ensure understanding of the criteria for modifying an RMTS sample during an audit.</p> <p data-bbox="673 1738 1031 1770">As of June 2021, the Department:</p> <ul data-bbox="703 1780 1466 1980" style="list-style-type: none"> <li>• Developed and implemented a process to conduct a monthly review on a subset of the staff on the reconciliation report to ensure the RMTS coordinators are properly updating the eligible staff list in Barcode.</li> <li>• Updated current guidance to provide additional examples to staff on types of activities that are appropriate for each selection.</li> </ul>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	10.561	\$0		93.558			93.556			93.778	
Questioned	<u>CFDA #</u>	<u>Amount</u>															
Costs:	10.561	\$0															
	93.558																
	93.556																
	93.778																

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	006 (cont'd)	<ul style="list-style-type: none"> <li>• Completed a one-time review of a subset of RMTS samples to conduct root cause analysis and determine whether additional training, procedure changes, or system changes are needed.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2019-008.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	007	<p>Finding: The Department of Commerce did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.</p> <p>Questioned Costs: <u>CFDA #</u> 16.575 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: To strengthen internal controls over subrecipient monitoring, the Department established procedures to expand fiscal monitoring of subrecipients during reimbursements and to formalize documentation requirements for in-person site visits.</p> <p>As of February 2020, the Department:</p> <ul style="list-style-type: none"> <li>• Created new procedures that require subrecipients to submit backup documentation for salaries, benefits, and contracted services that includes the exact costs, calculations, percentage charged to the grant, and allocation method if costs are allocated across multiple fund sources. The backup documentation is also required to link the actual expenditures to the amounts requested for reimbursement on the invoice.</li> <li>• Established procedures for documenting fiscal monitoring that occurs during in-person site visits, which includes:                             <ul style="list-style-type: none"> <li>○ The review of timesheets sample to verify and confirm that salary/benefit charges on a previously submitted invoice have appropriate backup documentation on file.</li> <li>○ Documentation of fiscal policies and procedures reviewed and any other fiscal monitoring activities on the site visit report.</li> </ul> </li> <li>• Updated the certification forms for Modified Total Direct Costs eligibility to inquire whether subrecipients have ever had a federally negotiated indirect rate. This information is used to verify subrecipients' eligibility for the de minimis indirect cost rate.</li> </ul> <p>As of July 2020, the Department provided training to staff and subrecipients and formally implemented the new monitoring procedures.</p> <p>The conditions noted in this finding were previously reported in finding 2019-010.</p> <p>Completion Date: July 2020</p> <p>Agency Contact: Jean Denslow                      Managing Director, Accounting Services                      PO Box 42525                      Olympia WA 98504                      (360) 725-2739  <a href="mailto:Jean.denslow@commerce.wa.gov">Jean.denslow@commerce.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2020	008	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.</p> <table border="0" data-bbox="665 552 1096 615"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>16.575</td> <td></td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>Due to the timing and frequency of audits, the Department was not made aware of a finding until six months after the state fiscal year concluded. It should be noted that it is not always feasible to correct audit issues within the next six months before a new audit cycle begins. As a result, the Department anticipates that the audit issues identified in the current audit will still be outstanding at least in the first part of the subsequent audit period.</p> <p>As of June 2020, the Department completed the following corrective actions in response to the prior year's finding:</p> <ul style="list-style-type: none"> <li>• Implemented a secondary review process for issuing sub-awards.</li> <li>• Modified the funding application form to require subrecipients to indicate whether they have ever negotiated an indirect rate with the federal government.</li> <li>• Modified the federal contract templates for the Crime Victim Assistance program to include the indirect cost rate.</li> </ul> <p>These process changes and additional requirements for subrecipients will be effective for contracts awarded beginning in state fiscal year 2021. Therefore, full resolution of the audit issues will not be evident until the fiscal year 2021 audit.</p> <p>It is worth noting that the Office of Management and Budget amended 2 CFR 200.414(f) on August 13, 2020, which no longer requires subrecipients to submit documentation to justify the 10 percent de minimis indirect cost rate. The Department's updated funding application form, effective in fiscal year 2021, would be sufficient to justify allowing a subrecipient to request reimbursements using the 10 percent de minimis rate.</p> <p>The conditions noted in this finding were previously reported in finding 2019-009.</p> <p>June 2020</p>		<u>CFDA #</u>	<u>Amount</u>	16.575		\$0
	<u>CFDA #</u>	<u>Amount</u>							
16.575		\$0							

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	008 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>



Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status						
2020	009	<p>Finding: The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Crime Victim Assistance or the Low-Income Home Energy Assistance programs received required audits and findings were followed up on timely.</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>16.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.568</td> <td></td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>As described in the finding, the Department has written policies and procedures for subrecipient monitoring including:</p> <ul style="list-style-type: none"> <li>• Verifying whether the subrecipient requires a single audit.</li> <li>• Reviewing audit reports.</li> <li>• Following-up on subrecipient audit findings.</li> <li>• Ensuring management decisions are issued timely when required.</li> </ul> <p>The Department’s Contract Management System (CMS) contains a field to indicate if a single audit is required for a subrecipient at the time a contract is entered into the system. Staff generate quarterly reports from CMS to identify subrecipients that:</p> <ul style="list-style-type: none"> <li>• Have audit requirements to help ensure audit reports are submitted and any audit findings are identified and captured in the system.</li> <li>• Do not have audit requirements have submitted verification forms.</li> </ul> <p>Due to the timing of the report reviews, information is not always collected timely to enable follow-up with subrecipients within the required time frame.</p> <p>In response to the prior year’s finding, the Department has taken the following actions to improve internal controls over monitoring subrecipients’ audit requirements:</p> <ul style="list-style-type: none"> <li>• Updated procedures to run the CMS report prior to the end of the nine month required time frame so reminders can be sent to subrecipients.</li> <li>• Worked with staff responsible for entering audits into CMS to ensure audit requirements are correctly indicated.</li> <li>• Strengthened process to ensure audit reports are properly reviewed to identify findings that require appropriate follow-up actions.</li> <li>• Improved communication to staff to ensure work processes follow established policies related to subrecipient audit monitoring.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	16.575	\$0	93.568	
<u>CFDA #</u>	<u>Amount</u>							
16.575	\$0							
93.568								

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	009 (cont'd)	<p>The Department will continue to follow up on subrecipient audit findings identified during audits and will issue management decisions as required by federal regulations.</p> <p>The conditions noted in this finding were previously reported in findings 2019-011.</p> <p>Completion Date: August 2020</p> <p>Agency Contact: Jean Denslow                      Managing Director, Accounting Services                      PO Box 42525                      Olympia, WA 98504                      (360) 725-2739  <a href="mailto:jean.denslow@commerce.wa.gov">jean.denslow@commerce.wa.gov</a></p>

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	010	<p>Finding: The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible recipients received Unemployment Insurance benefits.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u>                      17.225 \$1,750                      17.225 - COVID-19</p> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>The unprecedented attack on the state’s unemployment system resulted in more than \$600 million paid on claims that initially appeared legitimate but were later discovered to be fraudulent. While the Department acknowledges there was a targeted imposter fraud, the Department did not agree with some of the statements described in the condition of the audit finding. These disagreements are detailed in the Department’s response to the finding.</p> <p>For unemployment claims, benefits are based on employer reports of wages paid and hours worked as imported from the Department’s Next Generation Tax System. As such, claimant’s employment information in support of eligibility is verified in each claim. Under the CARES Act, the new federal Pandemic Unemployment Assistance program did not require claimants to submit documentation to substantiate employment or self-employment wages for these claims.</p> <p>It should also be noted that the emergency proclamation to waive the required one-week waiting period for benefit payments was issued to increase federal funds to Washington for claimants and program administration, and to speed economic recovery. The waiting week for unemployment claims has never been used to verify employment status and, therefore, did not increase the likelihood of improper payments. While the waiver did not cause the imposter fraud attack or deter the Department’s detection efforts, it did increase the amount of loss.</p> <p>It is inevitable that some benefit payments will be made to people who are ineligible. The Department’s obligation under federal and state statutes and regulations and the terms and conditions of federal awards, is to assess overpayments for improper payments and attempt to recover them by reasonable means. It is incorrect to assume all improper benefit payments are questioned costs.</p> <p>The Department transparently shared information about the imposter fraud and its response. By prompt and extensive effort, the Department had recovered a total of \$356.4 million as of November 2020. The Department continues to conduct investigations into suspected fraudulent claims and work with federal law enforcement and the banking industry to recover additional fraudulent payments.</p>

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	010 (cont'd)	<p>The Department is a national leader in its imposter fraud response. In addition to recovering funds, the Department took other measures to prevent further losses.</p> <p>Completion Date: The auditors considered this finding resolved in fiscal year 2021.</p> <p>Agency Contact: Ben Hainline                      Director of Internal Audit                      PO Box 46000                      Olympia, WA 98504-6000                      (360) 902-9276  <a href="mailto:bhainline@esd.wa.gov">bhainline@esd.wa.gov</a></p>

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	011	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with federal requirements to conduct case reviews for the Benefit Accuracy Measurement program of the Unemployment Insurance program in a timely manner.</p> <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>17.225</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>To address the staffing shortages in the Benefit Accuracy Measurement (BAM) program, the Department has hired four new staff for case sampling since September 2020.</p> <p>The Department hired one additional employee who started in May 2021 to be responsible for performing case reviews for the BAM program. The Department anticipates new staff will complete internal training and the National Association of State Workforce Agencies training within twelve months after the hire date. This staffing plan is aligned with the corrective action plan submitted to the U.S. Department of Labor as part of the required biennial State Quality Service Plan.</p> <p>The BAM unit is fully staffed, and once new staff are trained, the program will have sufficient resources to ensure case reviews are conducted in a timely manner in accordance with federally mandated timelines.</p> <p>Estimated May 2022</p> <p>Ben Hainline                      Director of Internal Audit                      PO Box 46000                      Olympia, WA 98504-6000                      (360) 902-9276  <a href="mailto:bhainline@esd.wa.gov">bhainline@esd.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	17.225	\$0
<u>CFDA #</u>	<u>Amount</u>						
17.225	\$0						

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2020	012	<p>Finding: The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure quarterly performance reports for the Workforce Innovation and Opportunity grant were submitted completely and accurately</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 703"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>17.258</td> <td>\$0</td> </tr> <tr> <td>17.259</td> <td></td> </tr> <tr> <td>17.278</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: As of June 2021, the Department began the process of developing a comprehensive system and set of protocols to strengthen internal controls over the completion and submission of quarterly performance reports for the Workforce Innovation and Opportunity grant. Two Business Analyst positions will be hired to assist with the project.</p> <p>The current project includes the following:</p> <ul style="list-style-type: none"> <li>• Establish a data management framework that supports the Department’s internal Participant Individual Record Layout (PIRL) validation controls and quality assurance processes to research and identify anomalies.</li> <li>• Initiate a process to outline, identify, and develop documented requirements for common PIRL data elements.</li> <li>• Establish a standardized framework that provides technical assistance (TA) sessions to the job centers, actively manages PIRL related performance, and provides ongoing TA training sessions.</li> <li>• Define and develop a PIRL data architecture that will enable greater data integrity and internal controls.</li> <li>• Develop written procedures for:                         <ul style="list-style-type: none"> <li>○ A data validation strategy to identify and correct errors or missing data.</li> <li>○ Monitoring protocols.</li> <li>○ Quarterly data review and electronic data checks.</li> <li>○ Annual staff training.</li> </ul> </li> <li>• Establish a governance and change management framework for maintaining documentation of the validation process to ensure compliance as federal requirements are updated and/or established.</li> </ul> <p>As of June 30, 2021:</p> <ul style="list-style-type: none"> <li>• A draft technical assistance framework has been mapped, key stakeholders are engaged, and gaps are being assessed.</li> <li>• A quarterly analysis data quality process, which aligned with the US Department of Labor’s expectations, was initiated with key stakeholders to ensure that critical PIRL elements are reviewed regularly.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	17.258	\$0	17.259		17.278	
<u>CFDA #</u>	<u>Amount</u>									
17.258	\$0									
17.259										
17.278										

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	012 (cont'd)	Completion Date: Estimated March 2022  Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:bhainline@esd.wa.gov">bhainline@esd.wa.gov</a>

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2020	013	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with requirements to perform risk assessments or fiscal monitoring for subrecipients of the Workforce Innovation and Opportunity Act grant.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">17.258</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">17.259</td> <td></td> </tr> <tr> <td style="text-align: right;">17.278</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department has established procedures for monitoring Local Workforce Development Boards (LWDBs), which includes mandatory annual onsite monitoring and a risk-based assessment process throughout the monitoring process.</p> <p>Due to the Governor’s Stay Home, Stay Healthy order, the Department was not able to resume normal monitoring activities in the last part of the fiscal year. The Department did reach out to the U.S. Department of Labor to seek a waiver which was not granted. The Department has since developed protocols and tools to allow remote-virtual review of fiscal documentation.</p> <p>During the fiscal year 2020 review period, there were four LWDBs that did not receive a comprehensive administrative and fiscal review. The Department had communicated to those LWDBs that the fiscal year 2021 review would cover two years’ worth of expenditures and activities.</p> <p>As of June 2021, the Department completed full reviews of the four LWDBs that encompassed both fiscal years.</p> <p>The conditions noted in this finding were previously reported in finding 2019-012.</p> <p>In progress</p> <p>Ben Hainline              Director of Internal Audit              PO Box 46000              Olympia, WA 98504-6000              (360) 902-9276  <a href="mailto:bhainline@esd.wa.gov">bhainline@esd.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	17.258	\$0	17.259		17.278	
<u>CFDA #</u>	<u>Amount</u>										
17.258	\$0										
17.259											
17.278											



Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2020	014	<p>Finding: The Department of Transportation did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Highway Planning and Construction Cluster.</p> <p>Questioned Costs:</p> <table border="0"> <tr> <td></td> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td></td> <td>20.205</td> <td>\$0</td> </tr> <tr> <td></td> <td>20.219</td> <td></td> </tr> <tr> <td></td> <td>20.224</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department is committed to ensure that our grant programs comply with federal regulations regarding required risk assessments.</p> <p>In response to prior years' audit findings, the Department took corrective actions to address the audit recommendations, as follows:</p> <ul style="list-style-type: none"> <li>As of June 2019, established a risk assessment program to inform required monitoring activities.</li> <li>Developed a risk assessment form to document assessments performed.</li> <li>Communicated information on the risk assessment program to appropriate headquarters and regional staff.</li> <li>Reviewed initial risk assessment forms completed by regional staff to ensure they were completed properly.</li> </ul> <p>When the Governor issued the Stay Home, Stay Healthy order, regional staff's focus was redirected to project shut down, safety, and reopening plans, which slowed completion of some risk assessments.</p> <p>The Department will:</p> <ul style="list-style-type: none"> <li>Continue to maintain ongoing communication with regional staff to ensure risk assessments are performed and properly documented in accordance with the risk assessment program guidelines.</li> <li>Update the risk assessment form to allow documentation of multiple obligations during a project's phase.</li> <li>Work with regional management to modify staff's position descriptions to include performing required monitoring activities, such as completing risk assessments timely.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2019-016 and 2018-012.</p> <p>Completion Date: Estimated March 2022</p> <p>Agency Contact: Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>		<u>CFDA #</u>	<u>Amount</u>		20.205	\$0		20.219			20.224	
	<u>CFDA #</u>	<u>Amount</u>												
	20.205	\$0												
	20.219													
	20.224													

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2020	015	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Highway Planning and Construction Cluster received required single audits.</p> <table border="0"> <thead> <tr> <th data-bbox="673 575 764 604"><u>CFDA #</u></th> <th data-bbox="1003 575 1094 604"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 604 764 634">20.205</td> <td data-bbox="1003 604 1094 634">\$0</td> </tr> <tr> <td data-bbox="673 634 764 663">20.219</td> <td></td> </tr> <tr> <td data-bbox="673 663 764 693">20.224</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>In response to the prior year’s audit finding, the Department took the following corrective actions to address the audit recommendations:</p> <ul style="list-style-type: none"> <li>• Updated the Local Agency Guidelines Manual and subaward agreements to reflect the current \$750,000 single audit threshold and added language that requires local agencies to comply with the single audit or program-specific audit requirements.</li> <li>• Provided training to local agencies throughout the year that includes reminders of the single audit requirements.</li> <li>• For local agencies that received Department subawards below the single audit threshold, the Department sent communication that outlines the federal regulations and requests written verification to confirm if a single audit is applicable.</li> <li>• For local agencies that are subject to the single audit, the Department monitors the submission of the required audit report, follows up on any reported deficiencies, and takes the appropriate actions.</li> </ul> <p>Due to the Governor’s Stay Home, Stay Healthy order in response to the pandemic, full implementation of these corrective actions was delayed in fiscal year 2020. The Department’s Local Program had to shift efforts to implement a new way of doing business for authorizing federal funds, processing reimbursements, and all other services necessary to ensure reasonable federal compliance while minimizing delays to the delivery of local agency capital projects during this critical time.</p> <p>Beginning in fiscal year 2021, the updated process will be fully implemented.</p> <p>The conditions noted in this finding were previously reported in finding 2019-017.</p> <p>In progress</p> <p>Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504                      (360) 705-7035                      danielje@wsdot.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>										
20.205	\$0										
20.219											
20.224											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2020	016	<p>Finding: The Department of Transportation did not have adequate internal controls over and did not comply with requirements to conduct program and fiscal monitoring of subrecipients for the Highway Planning and Constructions Cluster.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 709"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>20.205</td> <td>\$0</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.224</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department is committed to ensuring that our grant programs comply with federal regulations related to subrecipient monitoring.</p> <p>To address the audit recommendations, the Department’s Local Programs Division will examine current policies and procedures/practices related to the audit issues.</p> <p>Recently, the Department received communication from the Federal Highway Administration (FHWA) that it supports a risk-based monitoring approach for Project Management Reviews (PMRs), which includes:</p> <ul style="list-style-type: none"> <li>• Performing a PMR once a project is substantially complete or complete.</li> <li>• Not performing a PMR on projects with minimal risk.</li> </ul> <p>FHWA is currently working on modifying the Stewardship and Oversight Agreement template, which would allow the Department to update language in the agreement to align with standards or best practices. If the modified agreement template is not received within a reasonable timeframe, the Department will seek written approval in another form from FHWA’s Washington Division to allow completion of PMRs on a risk-based schedule.</p> <p>In addition, the Department will:</p> <ul style="list-style-type: none"> <li>• Update the Local Agency Guidelines (LAG) Manual to reflect the scheduling of a PMR once the project is substantially complete or complete.</li> <li>• Attempt to complete PMRs in the required 3-year timeframe until the agreement and LAG Manual updates are completed.</li> <li>• Communicate changes to policies and procedures, the LAG Manual, and the agreement to Local Program staff and stakeholders.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2019-015.</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>									
20.205	\$0									
20.219										
20.224										

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	016 (cont'd)	Completion Date: Estimated September 2021  Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a>

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2020	017	<p>Finding: The Department of Transportation did not have adequate internal controls over and did not comply with quality assurance program requirements to ensure materials testing was performed by qualified testing personnel for projects funded by the Highway Planning and Construction Cluster.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 709"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>20.205</td> <td>\$0</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.224</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department is committed to ensuring that our grant programs comply with federal regulations related to quality assurance requirements, safeguarding materials, testing workmanship according to approved plans and specifications, conducting inspections and certifications, and that testing is completed by qualified testers.</p> <p>In response to the prior year’s audit finding with the quality assurance program related to material testing, the Department took corrective actions to address the audit recommendations, as follows:</p> <ul style="list-style-type: none"> <li>• Updated the Department’s Construction and Standard Specifications Manuals regarding:                         <ul style="list-style-type: none"> <li>○ Requirements for emergency contracts.</li> <li>○ Requirements for facility contracts.</li> </ul> </li> <li>• Provided clarifications needed to address practices and documentation to document material testing, inspections, and acceptance.</li> </ul> <p>To address the current audit recommendations, the Department’s Construction Division will:</p> <ul style="list-style-type: none"> <li>• Examine current policies and procedures/practices related to the tester certifications.</li> <li>• Update policies and procedures as needed, including the Department’s Construction (M46-01) and Standard Specifications (M41-10) Manuals, to ensure compliance with federal regulations regarding tester qualifications. The updates will also include procedures for tester certification from the Western Alliance of Quality Transportation, as appropriate.</li> <li>• Obtain approval of updates to the Construction Manual from the Federal Highway Administration.</li> <li>• Communicate changes in policies and procedures to division staff and stakeholders.</li> </ul> <p>Similar conditions related to quality assurance program requirements were previously reported in finding 2019-019.</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>									
20.205	\$0									
20.219										
20.224										

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	017 (cont'd)	Completion Date: Estimated September 2021  Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	018	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure the Coronavirus Relief Fund was used for allowable purposes and payments fell within the period of performance.</p> <table border="0" data-bbox="667 583 1476 651"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>21.019 - COVID-19</td> <td>\$40,095,634</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department’s Cost Allocation and Grants Unit was under resourced as a result of the Governor’s mandatory stay-home executive order, hiring freezes, and staff furloughs. The applications that providers must fill out to apply for the Coronavirus Relief Fund (CRF) include the requirement for providers to keep all receipts and spending documentation and submit to the Department upon request. Due to insufficient staff resources, there was not an established process to request supporting documentation from providers at the time of the audit.</p> <p>In October 2020, the Department received the request from the Legislature and the Office of the Financial Management to transfer expenditures previously paid to child care providers and other goods and services to the CRF. The Department processed an accounting adjustment, but did not have adequate time or resources to identify the detailed expenditures for this adjustment while performing year-end reconciliation and closing entries for fiscal year 2020.</p> <p>In response to the audit issues, the Department reversed the October 2020 accounting journal voucher adjustment totaling \$40.6 million.</p> <p>Additionally, the Department will:</p> <ul style="list-style-type: none"> <li>• Review fiscal year 2020 expenditures to ensure charges to the CRF are allowable.</li> <li>• Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.</li> </ul> <p>Estimated September 2021</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	21.019 - COVID-19	\$40,095,634
<u>CFDA #</u>	<u>Amount</u>						
21.019 - COVID-19	\$40,095,634						

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	019	<p>Finding: The Department of Health did not ensure payments from the Coronavirus Relief Fund occurred during the allowable period of performance.</p> <p>Questioned Costs: <u>CFDA #</u> 21.019 - COVID-19      <u>Amount</u> \$451,726</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding and is committed to ensuring that grant programs comply with federal regulations related to period of performance.</p> <p>To address the audit recommendation, the Department will:</p> <ul style="list-style-type: none"> <li>• Work with the Office of Financial Management to reverse the journal voucher that was processed to move funding streams for COVID-related expenses and will transfer these charges to an allowable funding source.</li> <li>• Contact the federal grantor to determine if any questioned costs that are not moved to an allowable funding source should be repaid.</li> </ul> <p>Completion Date: Estimated September 2021</p> <p>Agency Contact: Kristina White                      External Audit Manager                      PO Box 47890                      Olympia, WA 98504-7890                      (360) 236-4547  <a href="mailto:Kristina.White@doh.wa.gov">Kristina.White@doh.wa.gov</a></p>



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status				
2020	020	<p>Finding: The Department of Social and Health Services did not have adequate internal controls to ensure payments from the Coronavirus Relief Fund occurred during the allowable period of performance.</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>21.019 - COVID-19</td> <td style="text-align: right;">\$8,681,008</td> </tr> </table></p> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>During the pandemic, limited guidance was provided by the federal government regarding the CARES Act stimulus funding, which was also changing as new information became available.</p> <p>On April 22, 2020, the US Department of Treasury (Treasury) issued the Coronavirus Relief Fund (CRF) program guidance for state, territorial, local and tribal governments. The overarching guidance on the CRF stated that expenditures may only be used to cover costs that were:</p> <ul style="list-style-type: none"> <li>• Necessary expenditures incurred due to COVID-19;</li> <li>• Not accounted for in the budget most recently approved as of March 27, 2020; and</li> <li>• Incurred during the period between March 1, 2020, and December 30, 2020.</li> </ul> <p>The Treasury defined a cost to be incurred “when the responsible unit of government had expended the funds to cover the cost.” Further, it was assumed that similar to other areas of the CARES Act, the term “incurred” is measuring costs that were reasonably obligated and satisfied during the covered period to avoid instances where an entity is pre-paying expenses in an effort to maximize the use of the funding, but for which the entity does not have a legal obligation to pay such costs (e.g., pre-paying rent, utility or other contractual obligations).</p> <p>The CRF was allocated to the Department after the end of fiscal year 2020. The Department used journal vouchers to transfer expenditures that occurred during fiscal year 2020 to the CRF. All costs that were moved were for expenditures made on or after March 1, 2020. Based on the April 2020 guidance provided by Treasury, the Department does not believe it was out of compliance during the time period under review.</p> <p>The Department maintains that the questioned costs identified in the finding were unsubstantiated, and will continue to work with the Office of Financial Management in ensuring all federal funding is used for allowable purposes.</p> <p>Completion Date: Not applicable</p>	<u>CFDA #</u>	<u>Amount</u>	21.019 - COVID-19	\$8,681,008
<u>CFDA #</u>	<u>Amount</u>					
21.019 - COVID-19	\$8,681,008					

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	020 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 4804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Washington State University

Agency 365

Fiscal Year	Finding Number	Finding and Corrective Action Status																					
2020	021	<p>Finding: Washington State University did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs.</p> <table border="0" data-bbox="483 583 1096 804"> <tr> <td>Questioned Costs:</td> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td></td> <td>84.007</td> <td>\$0</td> </tr> <tr> <td></td> <td>84.033</td> <td></td> </tr> <tr> <td></td> <td>84.038</td> <td></td> </tr> <tr> <td></td> <td>84.063</td> <td></td> </tr> <tr> <td></td> <td>84.268</td> <td></td> </tr> <tr> <td></td> <td>84.379</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The University partially concurs with the finding.</p> <p>The University has processes in place to monitor and assess threats to information security, and has been engaging in risk evaluation activities for many years that include assessment of risks to the broad information security environment. In July 2020, the University implemented a new policy for conducting information security risk assessments and for review of authorizations. These activities, although not linked to the specific requirements, indirectly addressed the risk elements in the Gramm-Leach-Bliley Act.</p> <p>To address the audit recommendations, the University is working on implementing risk assessment processes specific to the requirements for information systems covered under the Gramm-Leach-Bliley Act, which includes:</p> <ul style="list-style-type: none"> <li>• Identifying internal controls.</li> <li>• Assessing risks of the information security system environment.</li> <li>• Documenting safeguards in place.</li> <li>• Implementing new processes as a result of the assessment activities.</li> <li>• Establishing monitoring processes for information system security to ensure federal compliance.</li> </ul> <p>Completion Date: Estimated March 2022</p> <p>Agency Contact: Heather Lopez                      Chief Audit Executive                      PO Box 64122                      Pullman, WA 99164-1221                      (509) 335-2001  <a href="mailto:hlopez@wsu.edu">hlopez@wsu.edu</a></p>	Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>		84.007	\$0		84.033			84.038			84.063			84.268			84.379	
Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>																					
	84.007	\$0																					
	84.033																						
	84.038																						
	84.063																						
	84.268																						
	84.379																						

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Status																											
2020	022	<p>Finding: The University of Washington did not establish adequate internal controls over and did not comply with requirements to verify applicant information for the Student Financial Assistance programs.</p> <table border="0" data-bbox="483 556 1096 840"> <tr> <td data-bbox="483 556 609 583">Questioned</td> <td data-bbox="673 556 771 583"><u>CFDA #</u></td> <td data-bbox="998 556 1096 583"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 583 609 611">Costs:</td> <td data-bbox="673 583 771 611">84.007</td> <td data-bbox="998 583 1096 611">\$0</td> </tr> <tr> <td></td> <td data-bbox="673 611 771 638">84.033</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 638 771 665">84.038</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 665 771 693">84.063</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 693 771 720">84.268</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 720 771 747">93.264</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 747 771 774">93.342</td> <td></td> </tr> <tr> <td></td> <td data-bbox="673 774 771 802">93.364</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The University has adequate internal controls over the student financial aid program and maintains a system of quality assurance review to ensure compliance with federal regulations. These controls have proved to be effective since no audit issue has been identified in the past.</p> <p>It should be noted that during the audit period under review, the University had a priority of disbursing student financial aid to the significant population of students and families impacted by the pandemic, which was further complicated by working in a remote environment. The University had to temporarily postpone the post award quality assurance process.</p> <p>Prior to the audit, the University had already planned on reinstating the quality review process. In addition, the University has taken actions to strengthen internal controls over the applicant verification process to address the audit recommendations:</p> <p>As of January 2021, the University repaid the awarded amounts that were overpaid to students identified in the audit.</p> <p>As of March 2021, the University:</p> <ul style="list-style-type: none"> <li>• Updated current training materials to include the types of non-compliance found in the audit.</li> <li>• Provided two training sessions to staff, with plans to maintain an ongoing training schedule at least annually.</li> </ul> <p>By November 2021, the Department will establish a secondary review process of a sample population to identify any errors in the verification process, including post verification of changes to Institutional Student Information Records. The results of the review will be used to identify any procedural changes or training needs.</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	84.007	\$0		84.033			84.038			84.063			84.268			93.264			93.342			93.364	
Questioned	<u>CFDA #</u>	<u>Amount</u>																											
Costs:	84.007	\$0																											
	84.033																												
	84.038																												
	84.063																												
	84.268																												
	93.264																												
	93.342																												
	93.364																												

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	022 (cont'd)	Completion Date: November 2021  Agency Contact: Dan Schaaf Controller 4300 Roosevelt Way NE Seattle, WA 98105 (206) 685-6423 <a href="mailto:schaafd@uw.edu">schaafd@uw.edu</a>

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Status			
2020	023	<p>Finding: The University of Washington did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs.</p> <table border="0"> <tr> <td data-bbox="483 583 610 642">Questioned Costs:</td> <td data-bbox="672 583 768 863"> <u>CFDA #</u>                      84.007                      84.033                      84.038                      84.063                      84.268                      93.264                      93.342                      93.364                 </td> <td data-bbox="1003 583 1094 642"> <u>Amount</u>                      \$0                 </td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The University has established adequate internal controls to ensure student information security for the Student Financial Assistance programs. There are existing efforts being performed that address the risk elements in the Gramm-Leach-Bliley Act, as described in the response to the finding.</p> <p>As of June 30, 2021, the University:</p> <ul style="list-style-type: none"> <li>• Organized and updated documentation of risk assessment activities and information security controls for student information into a single set of information security plans with a clear mapping to the requirements of the Act.</li> <li>• Developed a process to review and update documentation of ongoing activities at least annually to address changes to information security practices or risks as part of the University's information technology management practice.</li> </ul> <p>By August 31, 2021, the University will:</p> <ul style="list-style-type: none"> <li>• Assess the adequacy of the information security controls using one or more industry-accepted cybersecurity models.</li> </ul> <p>Completion Date: August 2021</p> <p>Agency Contact: Dan Schaaf                      Controller                      4300 Roosevelt Way NE                      Seattle, WA 98105                      (206) 685-6423  <a href="mailto:schaafd@uw.edu">schaafd@uw.edu</a></p>	Questioned Costs:	<u>CFDA #</u> 84.007 84.033 84.038 84.063 84.268 93.264 93.342 93.364	<u>Amount</u> \$0
Questioned Costs:	<u>CFDA #</u> 84.007 84.033 84.038 84.063 84.268 93.264 93.342 93.364	<u>Amount</u> \$0			

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2020	024	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The University of Washington did not establish adequate internal controls over and did not comply with requirements to report student enrollment information accurately for the Student Financial Assistance programs.</p> <table border="0"> <thead> <tr> <th data-bbox="673 554 764 579"><u>CFDA #</u></th> <th data-bbox="1003 554 1094 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 583 748 609">84.007</td> <td data-bbox="1003 583 1029 609">\$0</td> </tr> <tr> <td data-bbox="673 615 748 640">84.033</td> <td></td> </tr> <tr> <td data-bbox="673 646 748 672">84.063</td> <td></td> </tr> <tr> <td data-bbox="673 678 748 703">84.268</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>To address the audit recommendations, the Office of the University Registrar (University) will take the following actions to strengthen monitoring of the National Student Clearinghouse (NSC) to ensure enrollment information reported in the National Student Loan Data System (NSLDS) is accurate and complete:</p> <ul style="list-style-type: none"> <li>• Establish an audit process for student enrollment data submitted by NSC to NSLDS on a quarterly basis by the summer quarter of 2021. This audit will monitor data in the NSLDS system to ensure accuracy.</li> <li>• Provide a supplemental graduation file each time the Degree Verification file is submitted starting in mid-May 2021. The University will also submit the graduation files for each of the quarters of the 2019-2020 and 2020-2021 academic years.</li> <li>• Follow up with the NSC to determine if changes to system configuration are required to comply with federal enrollment reporting requirements.</li> <li>• Determine whether previously reported enrollment data in NSLDS needs to be corrected.</li> </ul> <p>In addition, the University will monitor and identify student records with double majors that were impacted by the lack of secondary graduate file submission, and will ensure NSC submits these records to the NSLDS database accurately.</p> <p>October 2021</p> <p>Dan Schaaf                      Controller                      4300 Roosevelt Way NE                      Seattle, WA 98105                      (206) 685-6423  <a href="mailto:schaafd@uw.edu">schaafd@uw.edu</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.007	\$0	84.033		84.063		84.268	
<u>CFDA #</u>	<u>Amount</u>												
84.007	\$0												
84.033													
84.063													
84.268													

Yakima Valley Community College

Agency 691

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2020	025	<p>Finding: Yakima Valley College did not establish adequate internal controls over and did not comply with requirements to accurately report student enrollment information for the Student Financial Assistance programs.</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>84.007</td> <td>\$0</td> </tr> <tr> <td>84.033</td> <td></td> </tr> <tr> <td>84.063</td> <td></td> </tr> <tr> <td>84.268</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The College concurs with the finding.</p> <p>As of March 2021, the College established additional internal controls to ensure reported enrollment levels comply with the Department of Education’s enrollment reporting requirements. This includes:</p> <ul style="list-style-type: none"> <li>• Reconfiguring the system enrollment status codes to align with federal requirements for full-time and part-time enrollment.</li> <li>• Limiting access to registration system settings to authorized personnel – the Registrar, and Dean of Student Services.</li> <li>• Initiating a process to monitor the integrity of the system settings quarterly to ensure accurate reporting of enrollment level data.</li> </ul> <p>The College is currently working with the U.S. Department of Education to determine whether previously reported enrollment data needs to be corrected.</p> <p>Completion Date: September 2021</p> <p>Agency Contact: Oscar Verduzco                      Financial Aid Director                      PO Box 22520                      Yakima, WA 98907-2520                      (509) 574-4937  <a href="mailto:overduzco@yvcc.edu">overduzco@yvcc.edu</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.007	\$0	84.033		84.063		84.268	
<u>CFDA #</u>	<u>Amount</u>											
84.007	\$0											
84.033												
84.063												
84.268												



Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	026	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal requirements to ensure Local Education Agencies implemented testing security measures.</p> <table border="0"> <tr> <td data-bbox="670 552 764 579"><u>CFDA #</u></td> <td data-bbox="1003 552 1094 579"><u>Amount</u></td> </tr> <tr> <td data-bbox="670 581 748 609">84.010</td> <td data-bbox="1003 581 1029 609">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Office concurs with the finding.</p> <p>The Office has policies and procedures in place for monitoring Local Education Agencies (LEAs) to ensure testing security protocols are followed, which includes submitting a District Administration and Security Report (DASR) to the Office after completion of each test administration. DASRs are typically submitted to the Office at the end of the test administration window which usually ends in early June. These procedures were in place prior to the Spring 2020 testing period.</p> <p>The Office had developed and had planned to implement new monitoring protocols in Spring 2020 to ensure all LEAs that administer testing submit the required DASR. However, due to the COVID-19 pandemic and school facilities closures, most school districts did not administer testing during that time. The few districts that did were not able to access and retrieve documentation and security reports for submission to the Office.</p> <p>Currently, the Office is actively working with LEAs that administered testing in Spring 2020 to submit their 2020 DASRs.</p> <p>The Office will continue to follow implemented monitoring protocols to collect and review complete test security documentation from all LEAs.</p> <p>In progress</p> <p>Kimberly DeRousie              State Test Coordinator              PO Box 47200              Olympia, WA 98504-7200              (360) 725-6353  <a href="mailto:Kimberly.DeRousie@k12.wa.us">Kimberly.DeRousie@k12.wa.us</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.010	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.010	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	027	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over the quality control process related to the proper identification and recruitment of eligible children for the Migrant Education State Grant Program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.011</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Office concurs with the finding.</p> <p>The Office’s Migrant Education Program will re-instate its established procedures to monitor the school district that was contracted to identify and recruit eligible migratory students for the program and to carry out the required quality control process.</p> <p>The Office has been reviewing the quality control procedures established at the school district to determine if adequate internal controls are in place to reduce the risk of inaccurately identifying eligible migratory students:</p> <ul style="list-style-type: none"> <li>• As of March 2021, the Office provided a review checklist to the school district regarding items under review.</li> <li>• As of April 2021, the school district submitted requested materials to the Office for pre-review. Based on the pre-review, the Office identified clarifying questions to ask as part of the formal review.</li> <li>• As of May 2021, the Office scheduled meetings with the school district to review the results of each item monitored. The meetings will identify areas where procedures or policies need to be updated or corrected.</li> </ul> <p>By July 2021, the Office will finalize the report of the review for program files. The results of the review will also be submitted to the Migrant Student Data Recruitment and Support Office and the school district to communicate any modifications or adjustments to the contract and deliverable services for program period 2021-2022.</p> <p>July 2021</p> <p>Sylvia Reyna                      Assistant Director, Title I Part C Migrant Education                      PO Box 47200                      Olympia, WA 98504-7200                      (360) 725-6147  <a href="mailto:sylvia.reyna@k12.wa.us">sylvia.reyna@k12.wa.us</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.011	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.011	\$0						

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2020	028	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with requirements to ensure payments to subrecipients were adequately supported for the Special Education program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>84.027</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>84.173</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>Beginning with the 2021-22 school calendar year, the Office’s operations unit will implement the following processes:</p> <ul style="list-style-type: none"> <li>• Complete fiscal risk assessments for all local education agencies (LEAs).</li> <li>• Select LEAs for either on-site/virtual monitoring or desk review based on the risk assessment results.</li> <li>• Require LEAs to submit expenditure reports for claims submitted each month.</li> <li>• Select a representative sample of reimbursement requests and perform testing to ensure they are allowable and adequately supported.</li> </ul> <p>Estimated December 2022</p> <p>Tina Pablo-Long                      Director of Operations                      PO Box 47200                      Olympia, WA 98504                      (360) 764-0537  <a href="mailto:tina.pablo-long@k12.wa.us">tina.pablo-long@k12.wa.us</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.027	\$0	84.173	
<u>CFDA #</u>	<u>Amount</u>								
84.027	\$0								
84.173									

Yakima Valley Community College

Agency 691

Fiscal Year	Finding Number	Finding and Corrective Action Status						
2020	029	<p>Finding: Yakima Valley College did not have adequate internal controls over and did not comply with Student Financial Assistance Programs applicant verification requirements.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 556 1096 640"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>84.063</td> <td>\$0</td> </tr> <tr> <td>84.268</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The College concurs with the finding.</p> <p>As of March 2021, the College’s Financial Aid Office established additional internal controls to prevent inadvertent errors in the manual verification process of applicant information for the financial assistance program. This includes:</p> <ul style="list-style-type: none"> <li>• Developing a new checklist for staff to follow during the verification process of selected files.</li> <li>• Establishing a process to ensure staff cover all fields included on the verification checklist and compare against supporting documentation.</li> <li>• Beginning an internal audit protocol of reviewing a random sample of verified files to ensure corrections are submitted accurately to the central processor.</li> <li>• Reviewing error trends to identify training opportunities for continuous improvement.</li> </ul> <p>The College will consult with the grantor to discuss whether the overpayment identified in the audit should be repaid.</p> <p>Completion Date: May 2021</p> <p>Agency Contact: Oscar Verduzco                      Financial Aid Director                      PO Box 22520                      Yakima, WA 98907-2520                      (509) 574-4937  <a href="mailto:overduzco@yvcc.edu">overduzco@yvcc.edu</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.063	\$0	84.268	
<u>CFDA #</u>	<u>Amount</u>							
84.063	\$0							
84.268								

Department of Services for the Blind

Agency 315

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2020	030	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Services for the Blind did not have adequate internal controls to ensure payroll expenditures charged to the Vocational Rehabilitation grant were allowable.</p> <table border="0" data-bbox="665 546 1088 619"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">84.126</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department implemented the following procedures to strengthen internal controls over payroll expenditures charged to the Vocational Rehabilitation grant:</p> <ul style="list-style-type: none"> <li>• The Deputy Financial Officer:                     <ul style="list-style-type: none"> <li>○ Performs additional reviews of payroll reports to ensure position cost coding is consistent with the federally approved cost allocation plan.</li> <li>○ Notifies Human Resources and Small Agency Financial Services to make corrections as needed.</li> <li>○ Documents the payroll reviews to provide timely assurance that unallowable payroll expenditures are not charged to the grant.</li> </ul> </li> <li>• The Department’s Human Resources Division reviews all timesheets to ensure they are appropriately signed by supervisors prior to submission for payroll processing.</li> </ul> <p>May 2021</p> <p>Jeannie Brown                      Senior Financial Officer                      PO Box 40933                      Olympia, WA 98504-0933                      (360) 867-8260  <a href="mailto:Jeannie.brown@dsb.wa.gov">Jeannie.brown@dsb.wa.gov</a></p>		<u>CFDA #</u>	<u>Amount</u>		84.126	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	84.126	\$0							

Department of Services for the Blind

Agency 315

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	031	Finding:  Questioned Costs:  Status:  Corrective Action:          Completion Date:  Agency Contact:	The Department of Services for the Blind did not have adequate internal controls over reporting requirements for the Vocational Rehabilitation grant.  <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.126</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action complete  During the audit period, the Department implemented corrective actions to address the audit recommendations and to strengthen internal controls to ensure compliance with federal reporting requirements. <ul style="list-style-type: none"> <li>• As of February 2020, hired a Senior Financial Officer (SFO) with experience in federal reporting requirements.</li> <li>• As of March 2020, implemented policies and procedures related to Vocational Rehabilitation Program (RSA) reporting, which includes requirement of a secondary review and approval of the RSA reports by the SFO prior to submission.</li> <li>• As of April 2020, completed staff training on the new reporting policies and procedures.</li> </ul> The conditions noted in this finding were previously reported in findings 2019-027, 2018-019, and 2017-010.  June 2020  Jeannie Brown Senior Financial Officer PO Box 40933 Olympia, WA 98504-0933 (360) 867-8260 <a href="mailto:Jeannie.brown@dsb.wa.gov">Jeannie.brown@dsb.wa.gov</a>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status				
2020	032	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure payments paid on behalf of clients for the Vocational Rehabilitation grant were allowable.</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>84.126</td> <td style="text-align: right;">\$13,143</td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding.                      The Division of Vocational Rehabilitation will take the following corrective actions:                      By September 2021, the Department will:                     <ul style="list-style-type: none"> <li>• Develop a process to monitor the approval of client services.</li> <li>• Contact the Department of Education, Rehabilitation Services Administration, regarding the questioned costs identified in this audit.</li> </ul>                     By January 2022, the Department will:                     <ul style="list-style-type: none"> <li>• Develop training for staff to reinforce understanding of existing federal requirements for the authorizations of client service purchases.</li> <li>• Implement a process improvement regarding the timing and types of approval required for vocational rehabilitation services.</li> <li>• Review existing policies and procedures with a focus on changes to clients' plans for employment.</li> <li>• Implement improvements to existing supervisory review protocols.</li> </ul>                     The Department is currently in the process of procuring a new case management system. By January 2023, the Department will incorporate automated controls to validate authorizations for purchases into the design for the new system.                      The conditions noted in this finding were previously reported in findings 2019-023, 2018-023, 2017-014, and 2016-013.</p> <p>Completion Date: Estimated January 2023</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$13,143
<u>CFDA #</u>	<u>Amount</u>					
84.126	\$13,143					

Yakima Valley Community College

Agency 691

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	033	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Yakima Valley College did not establish adequate internal controls over and did not comply with requirements to reconcile its institution records with Direct Loan disbursement records monthly.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.268</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The College concurs with the finding.</p> <p>As of February 2021, with the assistance of the Common Origination and Disbursement (COD) System technical support, the College resolved the technical issue of generating School Account Statement (SAS) data files from the system.</p> <p>Additionally, the College took the following actions to improve internal controls over the reconciliation of direct loan disbursement records:</p> <ul style="list-style-type: none"> <li>• Established a written process to confirm the receipt of the monthly SAS records by the Financial Aid and Business Offices.</li> <li>• Implemented a process to use the SAS data files in conjunction with the functionality of the College’s Student Management System to reconcile and identify direct loan discrepancies on a monthly basis.</li> <li>• Required each discrepancy to be documented with an explanation and the appropriate resolution.</li> </ul> <p>February 2021</p> <p>Oscar Verduzco                      Financial Aid Director                      PO Box 22520                      Yakima, WA 98907-2520                      (509) 574-4937  <a href="mailto:overduzco@yvcc.edu">overduzco@yvcc.edu</a></p>	<u>CFDA #</u>	<u>Amount</u>	84.268	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.268	\$0						



State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2020	034	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the State Opioid Response program, the Block Grants for Prevention and Treatment of Substance Abuse program, and the Substance Abuse and Mental Health Services Projects of Regional and National Significance program received required audits.</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>93.243</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.788</td> <td></td> </tr> <tr> <td>93.959</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>Since the Authority assumed responsibilities over these grant programs in fiscal year 2019, a multi-divisional subrecipient monitoring workgroup was established to develop internal controls and monitoring procedures for subrecipients.</p> <p>The Authority has since developed policies and procedures related to subrecipient audit monitoring, and implementation is currently in process. The Authority will continue efforts under the subrecipient monitoring workgroup to ensure the policies and procedures are fully implemented and an adequate audit monitoring process is in place.</p> <p>The conditions noted in this finding were previously reported in findings 2019-028 and 2019-065. These conditions were also previously reported under Department of Social and Health Services findings 2018-025, 2017-016, 2016-014, 2015-016 and 2014-019.</p> <p>December 2021</p> <p>Keri Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.243	\$0	93.788		93.959	
<u>CFDA #</u>	<u>Amount</u>										
93.243	\$0										
93.788											
93.959											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2020	035	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls to ensure it submitted accurate quarterly reports for the Temporary Assistance for Needy Families grant.</p> <table border="0" data-bbox="673 546 1096 609"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.558</td> <td></td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>As of July 2020, the Department implemented the following independent review process for the Temporary Assistance for Needy Families (TANF) grant quarterly reports:</p> <ul style="list-style-type: none"> <li>• Research &amp; Data Analysis (RDA) Division staff generate TANF and Separate State Assistance Maintenance of Effort quarterly samples for data validation.</li> <li>• RDA staff review the samples against source data systems with the assistance from TANF policy representatives, and document the review and any discrepancies.</li> <li>• The manager of the federal reporting team independently reviews the quality assurance results and ensures corrections are made as needed.</li> </ul> <p>In January 2021, the Department transitioned the primary responsibility for TANF federal reporting from RDA to the Economic Services Administration (ESA). ESA continues to follow the quality assurance process for each report and also performs quarterly internal control/quality assurance reviews through random sampling of the ACF-199 and ACF-209 reported cases.</p> <p>As of June 2021,ESA established an independent review process for all code changes.</p> <p>Due to the timing and frequency of audits, the Department is not usually made aware of a finding until six months after the state fiscal year concludes. It is not always feasible to correct audit issues within the next six months before a new audit cycle begins. For this reason, the Department anticipates that the audit issues identified in the current audit will still be outstanding at least in the first part of the subsequent audit period.</p> <p>The Department will continue to ensure:</p> <ul style="list-style-type: none"> <li>• Independent review and documentation of all code changes.</li> <li>• Use of Microsoft Team Foundation Server for code repository.</li> <li>• Ongoing updates to documentation throughout the production of the TANF federal reports using the current TANF reporting system.</li> <li>• The use of the formal change control procedures and change control logs in the replacement of the current reporting system.</li> </ul>		<u>CFDA #</u>	<u>Amount</u>	93.558		\$0
	<u>CFDA #</u>	<u>Amount</u>							
93.558		\$0							

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	035 (cont'd)	<p>The conditions noted in this finding were previously reported in findings 2019-030, 2018-028, 2017-020, and 2016-016.</p> <p>Completion Date: June 2021</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 4804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status																							
2020	036	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over its process to allocate administrative expenditures to federal grants.</p> <table border="0"> <thead> <tr> <th data-bbox="672 554 764 579"><u>CFDA #</u></th> <th data-bbox="1084 554 1177 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 583 748 609">93.558</td> <td data-bbox="1084 583 1117 609">\$0</td> </tr> <tr> <td data-bbox="672 613 748 638">93.575</td> <td></td> </tr> <tr> <td data-bbox="672 642 748 667">93.596</td> <td></td> </tr> <tr> <td data-bbox="672 672 889 697">93.596 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 701 748 726">93.658</td> <td></td> </tr> <tr> <td data-bbox="672 730 889 756">93.658 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 760 748 785">93.659</td> <td></td> </tr> <tr> <td data-bbox="672 789 911 814">93.775/93.777/93.778</td> <td></td> </tr> <tr> <td data-bbox="672 819 1052 844">93.775/93.777/93.778 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 848 748 873">93.870</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>The Department continues to strengthen internal controls over processing changes to the cost allocation bases in the state accounting system, and has:</p> <ul style="list-style-type: none"> <li>• Implemented processes for additional approval authorities to ensure cost allocation base workbooks are adequately reviewed and approved by management.</li> <li>• Established a workflow for segregating duties to strengthen internal controls over processing cost allocation base workbooks.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2019-045.</p> <p>October 2020</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$0	93.575		93.596		93.596 - COVID-19		93.658		93.658 - COVID-19		93.659		93.775/93.777/93.778		93.775/93.777/93.778 - COVID-19		93.870	
<u>CFDA #</u>	<u>Amount</u>																								
93.558	\$0																								
93.575																									
93.596																									
93.596 - COVID-19																									
93.658																									
93.658 - COVID-19																									
93.659																									
93.775/93.777/93.778																									
93.775/93.777/93.778 - COVID-19																									
93.870																									

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2020	037	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payroll changes paid by the Child Care and Development Fund cluster were allowable and properly supported.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1136 703"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.575</td> <td>\$11,207,984</td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.596_COVID</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: In response to the Covid-19 pandemic, the Washington State Governor issued directives to implement the Stay Home, Stay Healthy Order, hiring freezes, and staff furloughs. As a result, resources for the cost allocation and grants unit were prioritized to the most vital areas of managing the pandemic responses and funding-related tasks.</p> <p>The Department agrees that payroll certifications were not completed timely during the audit period, but maintains that the changes to the grant were allowable.</p> <p>As of June 2021, the Department completed fiscal year 2020 payroll certifications for January 2020 through June 2020.</p> <p>By September 2021, the Department will:</p> <ul style="list-style-type: none"> <li>• Research six employees not included on the payroll certifications and make corrections as applicable.</li> <li>• Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2019-036 and 2018-033.</p> <p>Completion Date: Estimated September 2021</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$11,207,984	93.596		93.596_COVID	
<u>CFDA #</u>	<u>Amount</u>									
93.575	\$11,207,984									
93.596										
93.596_COVID										

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2020	038	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payments to child care providers for the Child Care and Development Fund Cluster programs were allowable and properly supported.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 703"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.575</td> <td>\$7,736</td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.596 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department concurs that 39 out of the 40 payments identified as audit exceptions were partially or fully unallowable due to lack of adequate support, incorrect billing hours, missing signatures, and overtime and field trip fee billing rules. The Department will establish overpayments where appropriate and refer the overpayments to the Department’s Office of Financial Recovery for collection.</p> <p>The Department does not concur with the audit exception and questioned costs of \$1,250 related to a provider not having attendance records during a month covered by enrollment-based pay during the COVID-19 pandemic. During this time period, the Department passed emergency rules and updated the CCDF State Plan to allow provider billings based on enrollment without the requirement to submit attendance records to support the billings. These emergency rules covered the period from March 16, 2020 through August 31, 2020.</p> <p>In response to prior audit findings, the Department implemented an electronic attendance system that:</p> <ul style="list-style-type: none"> <li>• Enables accurate, real-time recording of child care attendance, tracking of daily attendance, and capturing data on child care usage.</li> <li>• Has the ability to support third party electronic attendance systems. The Department continues to add links to more third party systems and improve reporting capabilities.</li> <li>• Generates reports that allows the Department to conduct focused audits beginning in April 2019. New and enhanced reports will also be developed by October 2021.</li> </ul> <p>In addition, the Department has begun disqualifying providers convicted of fraud from receiving subsidy payments and subsidy benefits.</p> <p>The Department will:</p> <ul style="list-style-type: none"> <li>• Update training curriculum and require all licensed homes and family, friend and neighbor providers to complete training</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$7,736	93.596		93.596 COVID-19	
<u>CFDA #</u>	<u>Amount</u>									
93.575	\$7,736									
93.596										
93.596 COVID-19										

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	038 (cont'd)	<p>prior to the expiration of the 2021-2023 tentative agreement with the Service Employees International Union (SEIU).</p> <ul style="list-style-type: none"> <li>• Implement a system of monthly units for licensed family homes to simplify billing.</li> <li>• Verify provider rates and fees are accurate prior to changing authorizations, with a goal to develop an automated process for future rate change implementations.</li> <li>• Develop monitoring reports to verify:                             <ul style="list-style-type: none"> <li>○ Providers are using an approved electronic attendance system after three months of authorized payments. Providers not meeting the requirement will be excluded from receiving child care subsidy until they are in compliance.</li> <li>○ Providers are collecting all required attendance documentation in their electronic attendance system. The Department’s quality assurance staff will provide technical assistance to providers to resolve attendance record errors.</li> </ul> </li> </ul> <p>The Department continues to strengthen internal controls over payments to child care providers. The Department established program violation rules in WAC 110-15-0277, but its implementation was halted due to the demand to bargain with SEIU. Upon conclusion of the bargaining, the Department will:</p> <ul style="list-style-type: none"> <li>• Issue provider program violation notices.</li> <li>• Exclude providers who have four or more program violations from receiving child care subsidy.</li> </ul> <p>The Department consults with the U.S. Department of Health and Human Services on audit findings. The audit resolution process includes conducting a case-by-case review and providing additional documentation</p> <p>The conditions noted in this finding were previously reported in findings 2019-035, 2018-034, 2017-024, 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31, 9-12, and 8-13.</p> <p>Completion Date: Estimated June 2022</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2020	039	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with client eligibility requirements for the Working Connections Child Care 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>93.558</td> <td style="text-align: right;">\$7,513</td> </tr> <tr> <td>93.575</td> <td></td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.596 - COVID-19</td> <td></td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: For the time period between the completion of fiscal year 2019 audit and the start of the fiscal year 2020 audit, Washington State was under a statewide lockdown in response to the COVID-19 pandemic. There were significant restrictions imposed, which required numerous emergency rules and subsequent policy and procedure changes to adjust to the impacts on clients and providers. The corrective actions outlined in prior year’s corrective action plan were stalled.</p> <p>In response to the current finding, the Department will obtain the necessary documentation to establish overpayments where appropriate and refer to the Office of Financial Recovery for collection.</p> <p>The Department has continued to improve processes and internal controls:</p> <ul style="list-style-type: none"> <li>• As of July 2020, the Department:             <ul style="list-style-type: none"> <li>○ Created an overpayment review panel that meets semi-monthly to review assigned overpayments. This panel will ensure correct rule application and identify areas of program vulnerability.</li> <li>○ Performed quality improvement reviews for procedural modifications related to household composition changes that were implemented late in the fiscal year to address prior year’s audit finding.</li> </ul> </li> <li>• As of January 2021, the Department began conducting monthly audit calibration meetings with all lead workers and internal audit staff to ensure agency audit standards are consistently followed.</li> <li>• As of April 2021, the Department hired a Quality Assurance Administrator to facilitate program integrity efforts based on audit findings and program needs.</li> <li>• As of May 2021, the Department:             <ul style="list-style-type: none"> <li>○ Established a centralized audit team to conduct program audits following the requirements of the statewide single audit in accordance with the Uniform Guidance.</li> <li>○ Replaced the Audit 99 auditing system with an updated audit platform that includes a database for root cause analysis.</li> </ul> </li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$7,513	93.575		93.596		93.596 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>											
93.558	\$7,513											
93.575												
93.596												
93.596 - COVID-19												



Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	039 (cont'd)	<ul style="list-style-type: none"> <li>○ Verified that lead workers conduct coaching and auditing based on program needs to ensure consistency and compliance with program rules.</li> </ul> <p>In addition, the Department will:</p> <ul style="list-style-type: none"> <li>• Create and deliver staff training on using data systems and performing income calculations, specifically the Division of Child Supports (SEMS) system and Employment Security Division (ESD) systems.</li> <li>• Add language to the Consumer’s Rights and Responsibilities Form to include the fraud penalty notice and the fraud reporting hotline number.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017 and 2012-30.</p> <p>Completion Date: Estimated October 2021</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2020	040	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over matching, level of effort and earmarking requirements and did not comply with matching requirements for the Child Care and Development Fund Cluster programs.</p> <table border="0" data-bbox="665 577 1209 703"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td></td> <td style="text-align: right;">\$6,595,589</td> </tr> <tr> <td>93.596</td> <td></td> <td></td> </tr> <tr> <td>93.596 – COVID-19</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>It should be noted that the Department was created as a new agency as of July 2018 and this audit was conducted in the second year of operations during a transitional period. There were also additional challenges during the COVID-19 pandemic under the Governor’s mandatory stay-home executive order.</p> <p>As of July 2019, the Department began processing and recording state expenditures used to meet matching requirements for the grant. The exceptions identified in the audit were related to the federal fiscal year 2019 award which was still open. The Department has been reconciling the grant to ensure all matching, level of effort and earmarking requirements are met prior to the end of the grant period.</p> <p>In response to the audit recommendations, the Department is working on strengthening internal controls to ensure program expenditures reported by the Department of Social and Health Services are properly supported. The Department will also develop written procedures to document the matching, level of effort, and earmarking processes.</p> <p>If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with the grantor and will take appropriate action.</p> <p>Estimated October 2021</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>		<u>CFDA #</u>	<u>Amount</u>	93.575		\$6,595,589	93.596			93.596 – COVID-19		
	<u>CFDA #</u>	<u>Amount</u>													
93.575		\$6,595,589													
93.596															
93.596 – COVID-19															

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2020	041	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over period of performance requirements for the Child Care and Development Fund Cluster programs.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.575</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;">93.596 COVID-19</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>The expenditures that were found obligated after the grant’s period of performance resulted from incorrect coding and were not spent at the time. No federal funds were drawn from those expenditures and the Department was working on transferring the costs to other funding sources.</p> <p>It should be noted that the Department was created as a new agency as of July 2018 and this audit was conducted during the second year of operations. There were also additional challenges during the COVID-19 pandemic under the Governor’s mandatory stay-home executive order.</p> <p>The Department continues to work on documenting and refining internal controls, processes, and procedures. To address the auditors’ recommendations, the Department will develop written procedures to ensure expenditures are obligated only during the grant’s allowed period of performance.</p> <p>Estimated October 2021</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$0	93.596		93.596 COVID-19	
<u>CFDA #</u>	<u>Amount</u>										
93.575	\$0										
93.596											
93.596 COVID-19											

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2020	042	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund Program.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 552 1096 674"> <thead> <tr> <th data-bbox="673 552 771 579"><u>CFDA #</u></th> <th data-bbox="1003 552 1096 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 579 771 609">93.575</td> <td data-bbox="1003 579 1096 609">\$8,760</td> </tr> <tr> <td data-bbox="673 609 771 638">93.596</td> <td></td> </tr> <tr> <td data-bbox="673 638 771 667">93.596 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department is strongly committed to ensuring the health, safety, and well-being of all children in care, and is continuing to work on improving internal controls and processes. The Department:</p> <ul data-bbox="703 877 1458 1108" style="list-style-type: none"> <li>• Established and implemented policies, procedures, and training on the new licensing standards for employees.</li> <li>• Communicated with supervisors and staff regarding required documentation for non-compliance follow-up.</li> <li>• As of March 2020, discontinued the practice of backdating payments after confirmation of a cleared background or fingerprint check.</li> </ul> <p>The Department will:</p> <ul data-bbox="703 1199 1458 1461" style="list-style-type: none"> <li>• Continue to implement system changes and enhancements to assist with reporting on monitoring visits, background checks, and providers' applicable annual training requirements.</li> <li>• Consult with the grantor on accepting email confirmation in lieu of signature on the health and safety agreement for Family, Friends &amp; Neighbors providers.</li> <li>• Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2019-039, 2018-035, 2017-025, 2016-022 and 2015-024.</p> <p>Completion Date: Estimated December 2022</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$8,760	93.596		93.596 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>									
93.575	\$8,760									
93.596										
93.596 - COVID-19										

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2020	043	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over assessing the level of potential fraud risk for the Child Care and Development Fund program.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td>\$0</td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.596 - COVID-19</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the finding.</p> <p>All fraud referrals, with the exception of vendor referrals, are processed through the Barcode system. In July 2019, the Department discovered an anomaly in the intake process for phone calls to the fraud hotline, specifically:</p> <ul style="list-style-type: none"> <li>• Each phone call to the fraud hotline was entered into the Fraud Case Management System (FCMS) first and was given a prioritization number by the intake worker who received the call.</li> <li>• The referral was then sent through the Barcode scoring algorithm which assigned a second prioritization number. However, this second number did not overwrite the existing FCMS score.</li> <li>• This resulted in two different priority numbers for hotline calls between FCMS and Barcode, but the Barcode prioritization number was not accessible to all Department staff.</li> </ul> <p>Upon discovery of the technical issue, the Department researched and monitored the process, and subsequently instituted corrective measures in October 2019. Since then,</p> <ul style="list-style-type: none"> <li>• All fraud referrals by phones are entered into Barcode first to ensure proper prioritization. These prioritizations are then interfaced into FCMS.</li> <li>• No high-priority referrals were aged out.</li> </ul> <p>The Department's Office of Fraud and Accountability is building a new case management system, which will address and correct the system anomaly concerning the fraud case intake process by phone. The Department anticipates the new system will be completed by December 2021.</p> <p>December 2021</p> <p>Rick Meyer                      External Audit Compliance Manager                      PO Box 4804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$0	93.596		93.596 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>										
93.575	\$0										
93.596											
93.596 - COVID-19											

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2020	044	<p>Finding: The Department did not have adequate internal controls over some Public Assistance Cost Allocation Plan requirements.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="673 520 771 552"><u>CFDA #</u></th> <th data-bbox="1003 520 1101 552"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 552 755 583">93.658</td> <td data-bbox="1003 552 1036 583">\$0</td> </tr> <tr> <td data-bbox="673 583 876 615">93.658 COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 615 755 646">93.659</td> <td></td> </tr> <tr> <td data-bbox="673 646 755 678">93.778</td> <td></td> </tr> <tr> <td data-bbox="673 678 876 709">93.778 COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>As stated in the prior year’s audit response, the Department has processes and procedures in place for the monthly employee reconciliation of the Random Moment Time Study (RMTS) sampling universe. The headquarters’ cost allocation team follows procedures to create and communicate monthly employee reports to the RMTS Coordinators.</p> <p>The Department maintains that it complies with the federally approved Public Assistance Cost Allocation Plan (PACAP). The Department has also taken additional actions to address system limitations caused by high turnover rates of staff within the cost pools. There is no known deficiency with the integrity of the RMTS, nor are unallowable costs allocated to federal programs.</p> <p>The Department will continue to maintain internal controls over the monthly update process to ensure the RMTS sampling populations are complete. The Department will also work with the federal partners to ensure continued compliance with the PACAP.</p> <p>The conditions noted in this finding were previously reported in finding 2019-044.</p> <p>Completion Date: Not applicable</p> <p>Agency Contact: Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$0	93.658 COVID-19		93.659		93.778		93.778 COVID-19	
<u>CFDA #</u>	<u>Amount</u>													
93.658	\$0													
93.658 COVID-19														
93.659														
93.778														
93.778 COVID-19														

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	045	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:  Agency Contact:	The Department of Children, Youth, and Families did not have adequate internal controls over its process to allocate the Adoption Assistance program expenditures to federal grants.  <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>93.659</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action in progress  The Department concurs with the finding.  In response to the audit recommendations, the Department: <ul style="list-style-type: none"> <li>• Implemented processes for additional approval authorities to ensure cost allocation edit forms are reviewed and approved by management.</li> <li>• Established a workflow for segregating duties to strengthen internal controls over processing cost allocation edit forms.</li> </ul> In progress  Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a>	<u>CFDA #</u>	<u>Amount</u>	93.659	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.659	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2020	046	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid and Children’s Health Insurance Programs were properly screened, licensed, and enrolled.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="672 583 764 611"><u>CFDA #</u></th> <th data-bbox="1003 583 1096 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 615 748 642">93.775</td> <td data-bbox="1003 615 1032 642">\$0</td> </tr> <tr> <td data-bbox="672 646 748 674">93.777</td> <td></td> </tr> <tr> <td data-bbox="672 678 889 705">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 709 748 737">93.778</td> <td></td> </tr> <tr> <td data-bbox="672 741 889 768">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: In response to prior years’ audit findings, the Authority has made progress toward revalidation compliance.</p> <p>Due to the COVID-19 pandemic, the Centers for Medicare and Medicaid Services issued emergency declaration blanket waivers in March 2020 through the end of the emergency declaration. These waivers provided the Authority some flexibilities including fingerprint-based criminal background checks and site visits. It also allowed for the expedited processing of any pending and new provider applications, and the postponement of all revalidation actions.</p> <p>As noted in the audit, the Authority had complied with most of the provider revalidation requirements for the majority of the audit period. The Authority will continue to work on:</p> <ul style="list-style-type: none"> <li>• Establishing adequate internal controls to ensure required database checks with the Excluded Parties List System are completed at least monthly.</li> <li>• Ensuring each provider’s screening risk level is properly adjusted.</li> <li>• Implementing a process to conduct fingerprint-based criminal background checks for high risk providers.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2019-048, 2018-042, 2017-033, and 2016–035. The auditors considered 2016-035 to be resolved.</p> <p>Completion Date: Estimated October 2021</p> <p>Agency Contact: Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>													
93.775	\$0													
93.777														
93.777 - COVID-19														
93.778														
93.778 - COVID-19														



State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status																		
2020	047	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Service Verifications were performed for eligible nursing home claims or that reports of potential fraud obtained through the Medicaid service verification process were investigated.</p> <table border="0"> <tr> <td data-bbox="483 617 610 646">Questioned</td> <td data-bbox="672 617 768 646"><u>CFDA #</u></td> <td data-bbox="1003 617 1094 646"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 648 553 678">Costs:</td> <td data-bbox="672 648 748 678">93.775</td> <td data-bbox="1003 648 1032 678">\$0</td> </tr> <tr> <td></td> <td data-bbox="672 680 748 709">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 711 878 741">93.777-COVID-19</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 743 748 772">93.778</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 774 878 804">93.778-COVID-19</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: In March 2021, the Authority implemented the required system enhancement to include nursing home claims in the service verification process. Systems staff subsequently verified that the claim sample selection for April 2021 did include nursing home claims.</p> <p>In addition, the Authority has developed, and is in the process of, finalizing policies and procedures for conducting preliminary investigations when allegations of Medicaid fraud or abuse are received.</p> <p>The conditions noted in this finding were previously reported in finding 2019-052. These conditions were also reported in fiscal years 2018 and 2017, which the auditors considered resolved during the 2019 audit.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.775	\$0		93.777			93.777-COVID-19			93.778			93.778-COVID-19	
Questioned	<u>CFDA #</u>	<u>Amount</u>																		
Costs:	93.775	\$0																		
	93.777																			
	93.777-COVID-19																			
	93.778																			
	93.778-COVID-19																			

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status																		
2020	048	<p>Finding: The Health Care Authority, Division of Program Integrity, did not establish adequate internal controls over and did not comply with requirements to identify and refer suspected fraud cases for investigation.</p> <table border="0"> <tr> <td data-bbox="483 552 610 579">Questioned</td> <td data-bbox="672 552 768 579"><u>CFDA #</u></td> <td data-bbox="1003 552 1094 579"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 583 553 611">Costs:</td> <td data-bbox="672 583 748 611">93.775</td> <td data-bbox="1003 583 1032 611">\$0</td> </tr> <tr> <td></td> <td data-bbox="672 615 748 642">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 646 889 674">93.777 - COVID-19</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 678 748 705">93.778</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 709 889 737">93.778 - COVID-19</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority has developed and is currently finalizing the policies and procedures for the Audit and Investigations Unit.</p> <p>The Authority will improve internal controls over identifying and referring suspected fraud cases for investigation, which include:</p> <ul style="list-style-type: none"> <li>• Performing and documenting audits in accordance with division policies and procedures.</li> <li>• Ensuring secondary reviews are conducted for audits to ensure accuracy and completeness.</li> <li>• Ensuring staff conducting fraud reviews has required qualifications.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2019-053 and 2018-047.</p> <p>Completion Date: Estimated December 2021</p> <p>Agency Contact: Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.775	\$0		93.777			93.777 - COVID-19			93.778			93.778 - COVID-19	
Questioned	<u>CFDA #</u>	<u>Amount</u>																		
Costs:	93.775	\$0																		
	93.777																			
	93.777 - COVID-19																			
	93.778																			
	93.778 - COVID-19																			

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2020	049	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it performed periodic audits of cost report data for rate setting, hospital billings and other financial and statistical records for inpatient hospital services.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="672 590 764 617"><u>CFDA #</u></th> <th data-bbox="1003 590 1096 617"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 621 748 648">93.775</td> <td data-bbox="1003 621 1032 648">\$0</td> </tr> <tr> <td data-bbox="672 653 748 680">93.777</td> <td></td> </tr> <tr> <td data-bbox="672 684 889 711">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 716 748 743">93.778</td> <td></td> </tr> <tr> <td data-bbox="672 747 889 774">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority will take the following actions to ensure compliance with federal requirements around periodic audits of financial and statistical records used in the rate-setting process for inpatient hospitals:</p> <ul style="list-style-type: none"> <li>• Establish and define the audit activities that will be performed by the Authority.</li> <li>• Determine if changes to the Medicaid State Plan are needed to better reflect the required audit activities.</li> </ul> <p>The Authority performs annual cost settlements using hospital cost reports which are subject to desk reviews and audits by the Center for Medicare and Medicaid Services and its Medicare administrative contractors. The Authority will consult with the grantor about audit expectations to prevent duplicate audit activities and inefficient use of resources.</p> <p>Completion Date: Estimated December 2021</p> <p>Agency Contact: Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>													
93.775	\$0													
93.777														
93.777 - COVID-19														
93.778														
93.778 - COVID-19														

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2020	050	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to report Medicaid Fraud Control Division overpayment recoveries on the CMS-64 report.</p> <table border="0"> <thead> <tr> <th data-bbox="672 552 764 579"><u>CFDA #</u></th> <th data-bbox="1003 552 1096 579"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 583 748 611">93.775</td> <td data-bbox="1003 583 1096 611">\$78,028</td> </tr> <tr> <td data-bbox="672 615 748 642">93.777</td> <td></td> </tr> <tr> <td data-bbox="672 646 889 674">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="672 678 748 705">93.778</td> <td></td> </tr> <tr> <td data-bbox="672 709 889 737">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Authority concurs with the finding.</p> <p>During the period when staff were transitioning to new positions and receiving training on their new responsibilities, the process of reporting the Medicaid Fraud Control Division (MFCD) overpayment recoveries on the CMS-64 report was inadvertently missed.</p> <p>Prior to the conclusion of the audit, the Authority processed a journal voucher to report the missed overpayment recoveries. The amount will be included on the federal report in the quarter ending March 2021, so the questioned costs reported in the finding will be resolved.</p> <p>To improve internal controls over this process, the Authority has developed a staff checklist that includes the MFCD recovery reporting process.</p> <p>Estimated December 2021</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$78,028	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>														
93.775	\$78,028														
93.777															
93.777 - COVID-19															
93.778															
93.778 - COVID-19															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status																		
2020	051	<p data-bbox="483 422 1466 548">Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid payments to supported living providers were allowable and adequately supported.</p> <table data-bbox="483 579 1149 768"> <tr> <td data-bbox="483 579 610 611">Questioned</td> <td data-bbox="672 579 764 611"><u>CFDA #</u></td> <td data-bbox="1003 579 1096 611"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 611 553 642">Costs:</td> <td data-bbox="672 611 748 642">93.775</td> <td data-bbox="1003 611 1149 642">\$284,918,428</td> </tr> <tr> <td></td> <td data-bbox="672 642 748 674">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 674 889 705">93.777 - COVID-19</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 705 748 737">93.778</td> <td></td> </tr> <tr> <td></td> <td data-bbox="672 737 889 768">93.778 - COVID-19</td> <td></td> </tr> </table> <p data-bbox="483 800 963 831">Status: Corrective action not taken</p> <p data-bbox="483 863 1203 894">Corrective Action: The Department does not concur with the finding.</p> <p data-bbox="672 926 1466 1167">The Department does not agree with the finding conditions as described and maintains that there are adequate internal controls in place to ensure Medicaid payments to supported living providers were allowable and adequately supported. The State Auditor’s Office has questioned virtually all of the Department’s reimbursements for instruction and support services to supported living clients. This conclusion would suggest the auditors did not believe that any of the services occurred, which is implausible and completely inaccurate.</p> <p data-bbox="672 1199 1466 1440">Supported living provider services are reimbursed using a per diem rate. Clients’ needs vary by day, and this payment methodology allows providers to meet these changing needs by not carrying the expectation that a set number of hours will be provided to clients each day. The purpose of this reimbursement methodology is to allow service providers flexibility in the provision of services that best meets the clients’ complex needs. This methodology was approved by the Center for Medicare and Medicaid Services (CMS).</p> <p data-bbox="672 1472 1442 1661">The auditors’ requirement of hourly documentation of services for each client to justify services provided is not appropriate. It appears the auditors’ evaluation of the Department’s oversight and monitoring of supported living services was not reasonable nor aligned to the business model, and led to the determination that most of the fiscal year 2020 supported services reimbursements were not justified.</p> <p data-bbox="672 1692 1422 1787">The Department has a number of significant oversight and monitoring strategies that have been detailed and outlined in the response to the finding. It is particularly worth noting that:</p> <ul data-bbox="699 1787 1466 2001" style="list-style-type: none"> <li>• In July 2019, a formalized and more holistic quality assurance (QA) oversight process was developed and implemented. This new QA oversight approach was adopted with the transition from the legacy service-hour-driven rate system to the person-centered-assessment-driven tiered rate system, and includes routine reviews to ensure supports listed in clients’ person-centered service plans align with the supports provided.</li> </ul>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.775	\$284,918,428		93.777			93.777 - COVID-19			93.778			93.778 - COVID-19	
Questioned	<u>CFDA #</u>	<u>Amount</u>																		
Costs:	93.775	\$284,918,428																		
	93.777																			
	93.777 - COVID-19																			
	93.778																			
	93.778 - COVID-19																			

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	051 (cont'd)	<ul style="list-style-type: none"> <li>• Additional contract monitoring efforts were implemented to evaluate providers' performance to ensure compliance with contract terms and conditions. Resource managers' contract monitoring activities are documented in the Residential Agency Tracking Database.</li> </ul> <p>It should be noted that in the latter part of fiscal year 2020 (January to June 2020), the Department allowed providers various flexibilities due to the declared emergency in response to the COVID-19 pandemic. The auditors did not take into consideration the flexibilities that the Department approved under its authority. For instance, the auditors stated that cost reports were not submitted or reviewed in a timely manner when, in fact, the Department had allowed additional time for cost report submission and review.</p> <p>The Department acknowledges that there are areas where the oversight and monitoring strategies could be bolstered and improved. By December 2021, the Department will:</p> <ul style="list-style-type: none"> <li>• Continue to utilize numerous oversight and monitoring strategies consistent with the assurances in the waiver application.</li> <li>• Resume its pre-pandemic cost report oversight and monitoring processes, unless otherwise directed by CMS.</li> <li>• Review and amend its cost report instructions.</li> <li>• Update policy to clarify that bonuses and overtime are a part of wages.</li> <li>• Consider whether available resources are sufficient to increase the number of providers included in the cost report audit.</li> <li>• Determine whether to increase the percentage of clients included in the quality assurance reviews.</li> <li>• Strengthen the quality assurance process to ensure necessary follow-up activities occur, including the referral of overpayment concerns to the appropriate team for further actions.</li> <li>• Communicate with the grantor and convey the Department's position that the per diem reimbursements made during the audit period were justified.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2019-054, 2018-058, 2017-044, 2016-041, 2016-045, 2015-049, 2015-052, 2014-041, 2014-042, 2013-036, 2013-038, and 12-39. The auditors determined findings 2016-041, 2015-052, 2014-041, and 2013-038 were resolved in fiscal year 2018.</p> <p>Completion Date: Not applicable</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2020	052	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid program were properly screened, licensed, and enrolled.</p> <table border="0" data-bbox="667 577 1096 766"> <thead> <tr> <th data-bbox="667 577 771 609"><u>CFDA #</u></th> <th data-bbox="998 577 1096 609"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="667 609 771 640">93.775</td> <td data-bbox="998 609 1096 640">\$0</td> </tr> <tr> <td data-bbox="667 640 771 672">93.777</td> <td></td> </tr> <tr> <td data-bbox="667 672 771 703">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="667 703 771 735">93.778</td> <td></td> </tr> <tr> <td data-bbox="667 735 771 766">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the finding.</p> <p>In response to prior years’ audit findings, the Department developed a process to screen and track each nursing facility contract to ensure validation and revalidation occurs within the five-year requirement, and had subsequently completed all nursing facility screenings. However, the Department was not aware that federal database checks include the National Plan and Provider Enumeration System for those nursing facilities contracted on or before March 25, 2001, which were required to be conducted at least every five years by September 2016. The Department became aware of this requirement in 2018 and had completed the required nursing facility validations by October 2018. The Department is aware that this subset of revalidations was not completed timely and that the finding will likely remain unresolved through September 2021 or until these facilities are revalidated at the end of the subsequent five-year period.</p> <p>The Department also implemented additional internal controls to ensure Medicaid providers are properly screened, licensed, and enrolled. The Department will continue to maintain the controls currently in place for the provider revalidation process and will codify them into formal policies and procedures to ensure continued federal compliance, including:</p> <ul style="list-style-type: none"> <li>• The monthly database check with the System for Awards Management and the appropriate actions taken when necessary. This process has been ongoing since 2014.</li> <li>• The entire process for the termination of provider applications or revalidations that are found to be ineligible.</li> </ul> <p>As of November 2020, the Department developed a high-risk provider tracking process. By September 2021, a workgroup will be established to develop policies and procedures for completing fingerprint-based criminal background checks for the high-risk providers.</p> <p>By November 2021, the Department will convene a fingerprint-based</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>														
93.775	\$0														
93.777															
93.777 - COVID-19															
93.778															
93.778 - COVID-19															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	052 (cont'd)	<p>criminal background check stakeholder workgroup to provide an overview of rules and requirements, with a goal to formally adopt policies and procedures by April 2022.</p> <p>By July 2022, a training plan for the fingerprint-based criminal background checks will be established for providers and staff.</p> <p>The conditions noted in this finding were previously reported in findings 2019-062 and 2018-057.</p> <p>Completion Date: July 2022</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2020	053	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with federal requirements for completing recertification surveys in a timely manner.</p> <table border="0"> <thead> <tr> <th data-bbox="673 583 764 611"><u>CFDA #</u></th> <th data-bbox="1003 583 1094 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 615 748 642">93.775</td> <td data-bbox="1003 615 1029 642">\$0</td> </tr> <tr> <td data-bbox="673 646 748 674">93.777</td> <td></td> </tr> <tr> <td data-bbox="673 678 889 705">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 709 748 737">93.778</td> <td></td> </tr> <tr> <td data-bbox="673 741 889 768">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with the audit finding and has taken corrective actions to strengthen internal controls over the completion of recertification surveys.</p> <p>As of April 2021, the Department modified the process used in calculating survey intervals to ensure it accurately calculates the statewide average survey frequency based on the federal fiscal year end.</p> <p>By July 2021, the field manager and administrative staff will begin conducting quarterly meetings to review the survey interval tracking spreadsheet to ensure information entered is accurate and the Plan of Correction timelines are met.</p> <p>The conditions noted in this finding were previously reported in findings 2019-061, 2018-052, 2017-042, 2016-037, 2015-045, and 2014-046.</p> <p>Estimated July 2021</p> <p>Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>														
93.775	\$0														
93.777															
93.777 - COVID-19															
93.778															
93.778 - COVID-19															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2020	054	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure it complied with federal requirements for completing nursing home recertification surveys in a timely manner.</p> <table border="0"> <thead> <tr> <th data-bbox="673 583 764 611"><u>CFDA #</u></th> <th data-bbox="1003 583 1094 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 615 748 642">93.775</td> <td data-bbox="1003 615 1032 642">\$0</td> </tr> <tr> <td data-bbox="673 646 748 674">93.777</td> <td></td> </tr> <tr> <td data-bbox="673 678 889 705">93.777 - COVID-19</td> <td></td> </tr> <tr> <td data-bbox="673 709 748 737">93.778</td> <td></td> </tr> <tr> <td data-bbox="673 741 889 768">93.778 - COVID-19</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>The Department has established internal controls and monitoring practices in place for completing nursing home recertification surveys, which resulted in compliance with federal survey interval requirements for years. This audit has helped to bring to the attention that these processes have not been adequately documented.</p> <p>By September 2021, each region and field office unit will establish master survey schedules. The Regional Administrators and Office Chief have been directed to monitor these scheduled surveys on a monthly basis to meet the statewide federally required averages by the end of the federal fiscal year.</p> <p>By October 2021, the Department will develop policies and procedures documenting the survey monitoring and oversight responsibilities.</p> <p>Estimated October 2021</p> <p>Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
<u>CFDA #</u>	<u>Amount</u>														
93.775	\$0														
93.777															
93.777 - COVID-19															
93.778															
93.778 - COVID-19															

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status
2020	055	<p>Finding: The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure it responded promptly to complaints for Medicaid hospitals.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u>                      93.775 \$0                      93.777                      93.777 - COVID-19                      93.778                      93.778 - COVID-19</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding.                       The Department is committed to ensuring grant programs comply with state and federal regulations related to assessment of and response to hospital complaints. Program staff hold weekly meetings with the Centers for Medicare and Medicaid Services to discuss complaint cases that are in process.                       To address the audit recommendations, the Department hired additional staff to assist with the complaint intake process for the entire division. The Department updated protocols to ensure hospital complaints are handled promptly and meet federal requirements.                       The conditions noted in this finding were previously reported in finding 2019-046.</p> <p>Completion Date: April 2021</p> <p>Agency Contact: Kristina White                      External Audit Manager                      PO Box 47890                      Olympia, WA 98504-7890                      (360) 236-4547  <a href="mailto:Kristina.White@doh.wa.gov">Kristina.White@doh.wa.gov</a></p>

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	056	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority improperly charged \$20,000 for payments made to providers under the Opioid State Targeted Response program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.788</td> <td style="text-align: right;">\$20,000</td> </tr> </table> <p>Corrective action complete</p> <p>The Authority has procedures in place to ensure provider payments are proper.</p> <p>The audit found a provider payment was made that exceeded the amount allowed under contract terms. Fiscal staff had originally identified the over-billing and requested a corrected invoice, but inadvertently processed the payment against the original invoice resulting in an overpayment.</p> <p>The Authority is working with the provider on repayment and will consult the grantor regarding resolution of the questioned costs.</p> <p>December 2021</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5986  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.788	\$20,000
<u>CFDA #</u>	<u>Amount</u>						
93.788	\$20,000						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	057	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Opioid State Targeted Response program received required risk assessments.</p> <table border="0"> <tr> <td data-bbox="673 583 812 613"><u>CFDA #</u></td> <td data-bbox="1003 583 1096 613"><u>Amount</u></td> </tr> <tr> <td data-bbox="673 613 812 642">93.788</td> <td data-bbox="1003 613 1096 642">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>Since the Authority assumed responsibilities over the grant program in fiscal year 2019, a multi-divisional subrecipient monitoring workgroup was established to develop internal controls and monitoring procedures for subrecipients.</p> <p>Prior to conclusion of the audit, the workgroup had developed and approved an effective subrecipient risk assessment process. The Authority is currently scheduling staff training to ensure a consistent process is followed across the agency. Once staff training is complete, the risk assessment process will be fully implemented.</p> <p>The conditions noted in this finding were previously reported in finding 2019-066.</p> <p>Estimated December 2021</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.788	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.788	\$0						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	058	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families improperly charged \$135,685 for salaries and benefits to the Maternal, Infant, and Early Childhood Home Visiting grant.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.870</td> <td style="text-align: right;">\$135,685</td> </tr> </table> <p>Corrective action complete</p> <p>In response to the Covid-19 pandemic, the Washington State Governor issued directives to implement the Stay Home, Stay Healthy Order, hiring freezes, and staff furloughs. As a result, resources for the cost allocation and grants unit were prioritized to the most vital areas of managing the pandemic responses and funding-related tasks.</p> <p>The Department has established processes in place for program staff to review direct charges monthly. The Department agrees that payroll certifications for two employees were not completed timely during the audit period, but maintains that the changes to the grant were allowable.</p> <p>In response to the audit recommendations, the Department:</p> <ul style="list-style-type: none"> <li>• Completed a journal voucher to correct the misapplied payroll charges of \$3,508.</li> <li>• Completed payroll certifications for January 2020 through June 2020.</li> <li>• Responded to the grantor’s request for documentation of completion of corrective action plan.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2019-067 which the auditors determined to be resolved.</p> <p>June 2021</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.870	\$135,685
<u>CFDA #</u>	<u>Amount</u>						
93.870	\$135,685						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	059	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure payments made under the Block Grants for Prevention and Treatment of Substance Abuse program were allowable and met period-of-performance requirements.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.959</td> <td style="text-align: right;">\$431,797</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority will transfer expenditures charged to the grant prior to the period of performance back to general state funds. Expenditures that were charged after the period of performance will be moved to the appropriate grant period.</p> <p>The Authority will also improve internal controls for payments made under the Block Grant programs to ensure:</p> <ul style="list-style-type: none"> <li>• Account coding is correctly applied to payments for the correct grant period.</li> <li>• Payments are made only for allowable activities and within the appropriate period of performance.</li> <li>• Accounting adjustments are reviewed and approved, assuring program and period of performance requirements are met.</li> </ul> <p>The Authority will work with the grantor on resolution of the questioned costs.</p> <p>Estimated October 2021</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$431,797
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$431,797						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	060	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with cash management requirements for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.959</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Authority has established controls in place over cash management requirements. The auditors identified that some drawdowns not occurring as required were due to a vacant staff position and the priority to complete accounting adjustments for the grant.</p> <p>It should also be noted that in most cases, the decision not to do drawdowns was a result of monitoring the award and identifying pending adjustments that could have led to negative expenditures.</p> <p>The Authority will:</p> <ul style="list-style-type: none"> <li>• Work to improve documentation around drawdown decisions to ensure compliance with federal requirements including the Cash Management Improvement Act.</li> <li>• Contact the Office of Financial Management regarding the possibility of revising pertinent section on the 2022 State Treasury Agreement that would allow the Authority to address the unique situations when drawdowns are not necessary.</li> </ul> <p>October 2021</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						



State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	061	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal level-of-effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.959</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>To help states manage the financial impact of the Coronavirus pandemic, the federal government enhanced the federal participation rates for some programs, including the block grant program. This resulted in reduced state matching requirements.</p> <p>The Authority is requesting a waiver from the Substance Abuse and Mental Health Services Administration to reduce the level-of-effort requirements.</p> <p>In addition, the Authority will improve internal controls over the monitoring of level-of-effort requirements to include:</p> <ul style="list-style-type: none"> <li>• Ensuring accurate report criteria are used to monitor spending levels.</li> <li>• Ensuring staff follow the policies and procedures for state-funded transfers to ensure state spending thresholds are met.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2019-069.</p> <p>October 2021</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	062	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with the reporting requirements for the Substance Abuse Prevention and Treatment Block Grant.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.959</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority does not concur with the finding.</p> <p>The expenditure amounts reported on the SF-425 federal financial reports for the Substance Abuse Prevention and Treatment Block Grant are allowable and supported by accounting records.</p> <p>The large and complex nature of block grants require diligent management to ensure accurate and appropriate spending and reporting. The period of performance often overlaps for consecutive grant years, and the two-year window for payments under the grant further complicates the grant closeout process. It is not unusual to take months to balance and reconcile expenditures at closeout.</p> <p>The Authority is aware of the need to comply with cost allowability and period of performance. It is for this reason that staff spend considerable time on review, research, and adjustments to ensure that expenditures are charged to the appropriate award based on month of service, and that reporting is accurate. Adjustments of expenditures after the report date and above the grant award amount were normal adjustments resulting from the review and research, and were not claimed for federal reimbursement under the grant.</p> <p>The December 2019 SF-425 report reflected the full 2018 grant expenditures that were allowable and within the grant performance period; therefore, no corrective action is needed.</p> <p>The Authority will consult with the grantor on the process for making adjustments after a grant award is closed when those adjustments do not affect the federal amount claimed.</p> <p>Not applicable</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.summerour@hca.wa.gov">Kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	063	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subawards of Block Grants for Prevention and Treatment of Substance Abuse contained all required information.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.959</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Authority concurs with the finding.</p> <p>The Authority's contracts department has begun working on amendments to include all required subaward information on current contracts. The Authority continues to work on improving internal controls and establishing policies and procedures to ensure:</p> <ul style="list-style-type: none"> <li>• Subrecipients are accurately classified during the contract review and approval process.</li> <li>• All required information is included when subawards are issued and communicated to the subrecipient.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2019-070.</p> <p>December 2021</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	064	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program received required risk assessments.</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>93.959</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>Since the Authority assumed responsibilities over the grant program in fiscal year 2019, a multi-divisional subrecipient monitoring workgroup was established to develop internal controls and monitoring procedures for subrecipients.</p> <p>Prior to conclusion of the audit, the workgroup had developed and approved an effective subrecipient risk assessment process. The Authority is currently scheduling staff training to ensure a consistent process is followed across the agency. Once staff training is complete, the risk assessment process will be fully implemented.</p> <p>Estimated December 2021</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.summerour@hca.wa.gov">Kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2020	065	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal subrecipient monitoring requirements for the Block Grants for Prevention and Treatment of Substance Abuse program.</p> <table border="0"> <tr> <td data-bbox="670 583 768 611"><u>CFDA #</u></td> <td data-bbox="1003 583 1094 611"><u>Amount</u></td> </tr> <tr> <td data-bbox="670 613 748 640">93.959</td> <td data-bbox="1003 613 1029 640">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority has already taken the following steps to address the audit recommendations:</p> <ul style="list-style-type: none"> <li>• Established a multi-divisional subrecipient monitoring workgroup to develop internal controls and monitoring procedures for subrecipients.</li> <li>• Developed and is finalizing a consistent and uniform process across all units to track and monitor desk and site visits for subrecipients.</li> </ul> <p>In addition, the Authority’s Office of Tribal Affairs undertook a formal consultation process with the Indian Nation representatives with the following results:</p> <ul style="list-style-type: none"> <li>• Established protocols to complete monitoring activities with each Indian Nation on a biennial basis.</li> <li>• Obtained consent from each Indian Nation in March 2021 for the monitoring tools developed.</li> <li>• Sent formal monitoring requests to each Indian Nation in April 2021.</li> <li>• Scheduled desk monitoring to begin in May 2021.</li> </ul> <p>Estimated December 2021</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502 (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	018	<p>Finding: The Washington State Department of Transportation did not have adequate internal controls over and did not comply with requirements to collect certified payrolls from contractors on projects funded by the Highway Planning and Construction Cluster.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 709"> <thead> <tr> <th data-bbox="673 583 771 615"><u>CFDA #</u></th> <th data-bbox="1003 583 1096 615"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 615 771 646">20.205</td> <td data-bbox="1003 615 1096 646">\$0</td> </tr> <tr> <td data-bbox="673 646 771 678">20.219</td> <td></td> </tr> <tr> <td data-bbox="673 678 771 709">20.224</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>After consulting with the Federal Highway Administration (FHWA) and conducting additional research, the Department maintains that the current process complies with the Davis-Bacon Act and federal regulations for contractor payment of prevailing wages.</p> <p>In April 2019, the Department received a management decision letter from FHWA for the fiscal year 2018 finding, in which it stated:</p> <ul data-bbox="703 1108 1474 1339" style="list-style-type: none"> <li>• <i>FHWA approved the Department's Construction Manual and Standard Specifications and confirmed that documented procedures contain the necessary controls to ensure reasonable compliance with 29 CFR 5.5 and the Davis-Bacon and Related Acts.</i></li> <li>• <i>FHWA agreed that current processes in place are reasonable and satisfy the intent of the Department of Labor's certified payroll requirements.</i></li> </ul> <p>In July 2020, the Department received a management decision letter from FHWA for the fiscal year 2019 finding, in which it stated:</p> <ul data-bbox="703 1465 1474 1801" style="list-style-type: none"> <li>• <i>In response to these findings and similar findings in the previous year, WSDOT released a construction bulletin and revised their Construction Manual and Specification with more stringent controls to facilitate reasonable compliance. FHWA has approved WSDOT's Construction Manual and Standard Specifications.</i></li> <li>• <i>FHWA believes that WSDOT's procedures contain the necessary controls to ensure reasonable compliance with 29 CFR 5.5 and FHWA Davis-Bacon and Related Acts Questions and Answers (<a href="https://www.fhwa.dot.gov/construction/contracts/dbra_qa.pdf">https://www.fhwa.dot.gov/construction/contracts/dbra_qa.pdf</a>).</i></li> <li>• <i>FHWA considers this finding to be resolved.</i></li> </ul> <p>In an effort to continue to improve, the Department took the following actions to collect certified payrolls timely following the FY 2018 and FY2019 findings:</p> <ul data-bbox="703 1938 1421 2003" style="list-style-type: none"> <li>• Highlighted the requirements for collecting certified payrolls at statewide construction meetings.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>									
20.205	\$0									
20.219										
20.224										

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	018 (cont'd)	<ul style="list-style-type: none"> <li>• Released an agency-wide Construction Bulletin regarding the monitoring and timely collection of certified payrolls.</li> <li>• Worked with the Department of Labor and Industries (L&amp;I) to utilize their Prevailing Wage Intent &amp; Affidavit (PWIA) system to electronically collect and store certified payrolls. The PWIA system went live on January 1, 2020.</li> <li>• Updated the Prime Contractor’s Performance Report Manual to include certified payrolls submission.</li> <li>• Updated training on the requirements to collect certified payrolls.</li> <li>• Updated the Construction Manual to include language for certified payroll collection requirements under the new L&amp;I PWIA System.</li> <li>• Continued to work with FHWA for any further actions needed to resolve this finding.</li> </ul> <p>This finding is further complicated because certified payroll requirements were removed from the OMB Compliance Supplement in FY20, so no future audits will be conducted in this area. In addition, any testing to determine resolution of the finding would be based on the OMB FY19 Compliance Supplement, which is now outdated. Removing timely Certified Payroll collection from the OMB Compliance Supplement would seem to indicate it was not a good measure of risk. Both WSDOT and FHWA have indicated that the measures in place at the Department facilitate compliance with 29 CFR 5.5 and the Davis-Bacon Act, not just a single aspect.</p> <p>The conditions noted in this finding were previously reported in finding 2018-013.</p> <p>Completion Date: June 2020</p> <p>Agency Contact: Jesse Daniels                      External Audit Liaison                      PO Box 47320                      Olympia, WA 98504                      (360) 705-7035  <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	029	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate internal controls to ensure payments to child care providers paid with Temporary Assistance for Needy Families funds were allowable.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.558</td> <td style="text-align: right;">\$4,382</td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the finding.</p> <p>The Department collaborated with the Department of Children, Youth, and Families (DCYF) to procure an electronic attendance record system. The system enables accurate and real-time recording of child care attendance, tracks daily attendance, and captures data on child care usage. As of December 2018, licensed providers who accept subsidies are required to use DCYF’s electronic attendance record system or an approved third party system to track attendance. As of November 2019, Family, Friends, &amp; Neighbors (FFN) providers were added to this requirement.</p> <p>Of the nine exceptions reported, the Department concurs that six of the payments were partially or fully unallowable. By September 2020, the Department will work with DCYF to establish overpayments where appropriate and refer these overpayments to the Office of Financial Recovery for collection.</p> <p>The Department does not concur that three of these payments were unallowable. The auditor found these payments to be unallowable because the providers submitted records for the correct month, but not for the child sampled. However, the Department was not given the opportunity to follow up with the providers to obtain the appropriate attendance records. The Department and DCYF have already reached out to the providers and will continue to follow up on the missing attendance records and determine the appropriate next steps.</p> <p>If the Department of Health and Human Services (HHS) contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with HHS and will take appropriate action.</p> <p>The conditions noted in this finding were previously reported in findings 2018-026, 2017-017, and 2016-019.</p> <p>September 2020</p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$4,382
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$4,382						



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	029 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2019	037	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with matching requirements for the Child Care and Development Fund.</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;">\$440,578</td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with the finding.</p> <p>The Department works closely with the Department of Social and Health Services (DSHS) and maintains that both agencies have adequate internal controls in place to ensure compliance with matching requirements of the Child Care and Development Fund grant. There has been no audit exception in this compliance area reported by the State Auditor's Office (SAO) in previous audits.</p> <p>Due to miscommunication between DSHS and SAO on the request for information during audit testing, the Department did not have sufficient time to provide the level of details needed for clear and convincing evidence that the Department complied with the requirement and met the required state match.</p> <p>In September 2020, the Department received the appropriate documentation from DSHS to submit to the U.S. Department of Health and Human Services (HHS), and is currently waiting for a response. The documentation supports the amount of state match reported by the Department.</p> <p>If HHS contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>Not applicable</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$440,578	93.596	
<u>CFDA #</u>	<u>Amount</u>								
93.575	\$440,578								
93.596									

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2019	038	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families improperly charged \$4,212,863 to the Child Care and Development Fund program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td style="text-align: right;">\$4,212,863</td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>During the audit period, grant reconciliations were not performed timely because the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees.</p> <p>Since then, the Department has prioritized reconciliations of the Child Care and Development Fund grants. Based on these reconciliations, the Department has identified and made corrections to expenditures to comply with the period of performance requirements. However, these corrections were made outside of the audit period and therefore were not taken into consideration when the auditors concluded audit work and issued this finding.</p> <p>It should also be noted that due to the late timing of the auditors' request for and review of financial records, the Department was not given sufficient time to complete verification of \$6,591 and concur if this amount was actually charged to the incorrect grant period.</p> <p>In response to the audit recommendations, the Department:</p> <ul style="list-style-type: none"> <li>• Strengthened internal controls to ensure grant expenditures are obligated and liquidated within the grant period of performance.</li> <li>• Completed journal voucher corrections of expenditures identified as charged to the incorrect grant period.</li> </ul> <p>If the federal grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>In progress</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$4,212,863	93.596	
<u>CFDA #</u>	<u>Amount</u>								
93.575	\$4,212,863								
93.596									

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	040	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families improperly charged \$161,394 to the federal Foster Care grant.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.658</td> <td style="text-align: right;">\$161,394</td> </tr> </table> <p>Corrective action complete</p> <p>The Department does not concur with the audit finding.</p> <p>As of July 1, 2018, the Department took over the responsibilities of managing the Foster Care program from the Department of Social and Health Services.</p> <p>The auditors determined that \$161,394 of federal expenditures were not supported because this amount could not be reconciled between the Department's provider payment system (SSPS) and the State's accounting system (AFRS). While SSPS does interface with AFRS, it is not the only payment mechanism utilized when paying for eligible foster care services. As such, there will always be a difference in the total expenditures between the two systems.</p> <p>The Department will consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.</p> <p>The conditions noted in this finding were previously reported in finding 2018-038 and 2017-028. The auditors determined finding 2018-038 as still unresolved due to outstanding questioned costs.</p> <p>June 2021</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$161,394
<u>CFDA #</u>	<u>Amount</u>						
93.658	\$161,394						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	041	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure direct payroll charges for the foster care grant were allowable and properly supported.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.658</td> <td style="text-align: right;">\$7,967,305</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>During the audit period, the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees. Due to limited staffing resources, semi-annual certifications were not completed timely.</p> <p>In response to the audit recommendations, the Department:</p> <ul style="list-style-type: none"> <li>• Implemented a payroll certification policy effective August 2019.</li> <li>• Strengthened internal controls over processing position coding changes to ensure direct charges to federal grants are allowable and accurate.</li> </ul> <p>The Department is currently working on completing fiscal year 2020 payroll certifications. By December 2020, the Department will complete the semi-annual certifications for July 2018 through June 2019.</p> <p>If the federal grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>December 2020</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$7,967,305
<u>CFDA #</u>	<u>Amount</u>						
93.658	\$7,967,305						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2019	042	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families made improper payments to Foster Care providers.</p> <table border="0" data-bbox="667 514 1476 577"> <tr> <td data-bbox="667 514 803 546"><u>CFDA #</u></td> <td data-bbox="803 514 998 546"></td> <td data-bbox="998 514 1128 546"><u>Amount</u></td> </tr> <tr> <td data-bbox="667 546 803 577">93.658</td> <td data-bbox="803 546 998 577"></td> <td data-bbox="998 546 1128 577">\$4,443,104</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the audit finding.</p> <p>A new federal law became effective in October 2018 that required all providers to pass fingerprint-based background checks before providing services to clients. Due to stakeholders' concerns, the Department implemented a provisional hire policy and submitted a waiver request to the Administration for Children and Families (ACH) to seek additional time to comply with the new law. In April of 2019, the request was denied.</p> <p>In response to ACH's denial of the Department's waiver request, the Department took the following actions:</p> <ul style="list-style-type: none"> <li>• As of July 2019, implemented new policies regarding fingerprint-based background check requirements in accordance with the new federal law requirements.</li> <li>• As of September 2019, calculated the amount of improper payments made between October 2018 and June 2019.</li> <li>• Submitted a budget request to the Legislature to repay the ineligible reimbursements.</li> </ul> <p>In June 2020, the Department performed a review of the reconciliation spreadsheet for improper payments provided to the auditors during the audit. The Department found that the amount of improper payments reported in the finding also included the Medicaid program. The actual improper payments for the Foster Care program was \$1,624,228.64, of which \$812,114.32 was the federal share. The Department will return the correct overpayment amount to the federal grantor.</p> <p>September 2020</p> <p>Stefanie Niemela                      Audit Liaison                      PO Box 40970                      Olympia, WA 98504                      (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>	<u>CFDA #</u>		<u>Amount</u>	93.658		\$4,443,104
<u>CFDA #</u>		<u>Amount</u>							
93.658		\$4,443,104							

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	047	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with a state law requirement to perform semi-annual data sharing with health insurers.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>97.775</td> <td>\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>Corrective action in progress.</p> <p>This finding is based on a specific data exchange method in which most insurance carriers have chosen not to participate and which the Authority has no legal authority to enforce. The auditor recommended the Authority seek and obtain the legal authority through legislation. While it is not within the Authority’s scope of responsibilities to regulate insurance companies, several other methods of data sharing are regularly employed to achieve the goal of identifying third party liability.</p> <p>After last year’s unsuccessful attempt, the Authority again drafted legislation for the 2020 legislative session. House Bill 2677 is a technical correction that modifies existing state law to more appropriately align with state practices.</p> <p>The legislation unanimously passed both the House of Representatives and Senate and was signed into law by the governor on March 27, 2020. The Authority believes this finding will be resolved through the enactment of this new law.</p> <p>The conditions noted in this finding were previously reported in findings 2018-041, 2017-031, 2016-028, 2015-030, 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19 and 08-25.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Liaison                      P.O. Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.summerour@hca.wa.gov">Kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$0										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	049	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure Medicaid expenditures for Children’s Health Insurance Program Funds were allowable.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">97.775</td> <td style="text-align: right;">\$4</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority does not concur with the description or effect of condition of the finding.</p> <p>The auditors determined that the Authority does not conduct a post-eligibility review for coverage under the Children’s Health Insurance Program (CHIP) when a household’s income is below 133 percent of the federal poverty level. There is no such requirement in our federally approved verification plan, and the Authority does not agree that a significant deficiency in internal control exists.</p> <p>The condition that led to the \$4 in unallowable claims for additional CHIP funds was corrected in July 2017.</p> <p>The Authority will consult with the grantor regarding the resolution of the questioned costs.</p> <p>The conditions noted in this finding were previously reported in findings 2018-048, 2017-038, 2016-034, 2015-039, and 2014-037. The auditors determined 2014-037 as resolved.</p> <p>Not Applicable</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.summerour@hca.wa.gov">Kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$4	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$4										
93.777											
93.778											



State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	050	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority made improper Medicaid payments to clients that were not eligible for the Modified Adjusted Gross Income Medicaid program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">97.775</td> <td style="text-align: right;">\$1,589</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority concurs with the finding and will work with the federal grantor to resolve the questioned costs.</p> <p>As of May 2020, the Authority completed a system change request to correct the claims reported under the Medicaid grant instead of the Children’s Health Insurance Program (CHIP). Since the correction resulted in a higher federal participation rate for the claims under CHIP, there are no federal funds to return.</p> <p>The Authority will continue to ensure post eligibility reviews are completed according to the Authority’s policies and procedures.</p> <p>The auditors considered this finding unresolved due to outstanding questioned costs in fiscal year 2021.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$1,589	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$1,589										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2019	051	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with suspension and debarment requirements for Medicaid medical fee-for-service providers.</p> <p>Questioned Costs:</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">97.775</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority is taking corrective actions to improve internal controls and compliance with the suspension and debarment requirements.</p> <p>By December 2021, the Authority will fully implement the Automated Provider Screening process to conduct the following monthly database checks for medical providers:</p> <ul style="list-style-type: none"> <li>• Excluded Parties List System</li> <li>• Federal System for Award Management</li> </ul> <p>The Authority will also continue to monitor Managed Care Organizations' compliance with their contractual requirements to perform these monthly checks.</p> <p>The conditions noted in this finding were previously reported in findings 2018-046 and 2017-037.</p> <p>Completion Date: Estimated December 2021</p> <p>Agency Contact: Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.summerour@hca.wa.gov">Kari.summerour@hca.wa.gov</a></p>		<u>CFDA #</u>	<u>Amount</u>		97.775	\$0		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>												
	97.775	\$0												
	93.777													
	93.778													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	055	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, made improper Medicaid payments to individual providers when clients were hospitalized or admitted to long-term care facilities.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1104 703"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$394,288</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>Currently, Medicaid claims are processed in two separate payment systems, specifically:</p> <ul style="list-style-type: none"> <li>• ProviderOne system for hospitals and long-term care (LTC) facilities where delay in submitting claims is typical, sometimes several months after services have been delivered.</li> <li>• IOne system for individual providers where claims are generally submitted shortly after services are provided.</li> </ul> <p>Due to different claim requirements in two payment systems, it is currently impossible to establish an automated process to prevent personal care providers from claiming unallowable costs when clients were hospitalized or in an LTC facility. The Department can only detect duplicate payments after both payments have been made.</p> <p>The Department has the following mitigating controls in place:</p> <ul style="list-style-type: none"> <li>• As of November 2018, developed a report to identify payments made to all providers for in-home personal care services and mileage while a client was either hospitalized or admitted to an LTC facility.</li> <li>• As of March 2019, implemented a process to review claims made in the prior month and identify potentially unallowable claims. If determined unallowable, these claims are flagged for overpayments.</li> <li>• As of January 2020, a functionality was implemented in IOne to allow the Department to process overpayments.</li> </ul> <p>As of December 2020, the Department returned the questioned costs to the Department of Health and Human Services for the unallowable claims.</p> <p>By December 2021, the Department will send written reminders to all individual providers that claiming in-home personal care hours is prohibited while a client is either hospitalized or admitted into an LTC facility.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$394,288	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$394,288									
93.777										
93.778										

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	055 (cont'd)	<p>The conditions noted in this finding were previously reported in finding 2018-050 and 2016-048 which the auditors considered resolved in fiscal year 2020.</p> <p>Completion Date: Estimated December 2021</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	057	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Community First Choice client service plans were properly approved.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1123 703"> <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;">\$2,191,213</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department agrees that a person-centered service plan should be signed by the Department, client, and provider responsible for its implementation.</p> <p>However, the Department disagrees that:</p> <ul style="list-style-type: none"> <li>• A lack of required signatures on the service plan should result in questioned costs when the client is eligible for the services and the provider is qualified to deliver services. The Centers for Medicare &amp; Medicaid Services (CMS) has also provided guidance to the Department that services should not be terminated if required signatures cannot be obtained.</li> <li>• A service plan that is not signed by a client, a provider, or the Department within 60 days should be considered an exception. The 60-day timeline in the state law outlines an administrative option that could be utilized by the Department to terminate services when deemed necessary.</li> </ul> <p>The Department also has concerns over the objectives of the additional reviews performed in the fiscal year 2019 audit, as follows:</p> <ul style="list-style-type: none"> <li>• The auditors significantly broadened the scope of the audit by including interim assessments, which increased the number of asserted exceptions compared to when only full assessments were included.</li> <li>• The auditors performed follow-up testing on the 59 exceptions previously reported in the fiscal year 2018 audit finding. The auditors subsequently took exceptions on the client service plans that were still not complete for part or all of the current audit period and assigned questioned costs to the current audit finding.</li> </ul> <p>The Department does not agree that re-testing of the prior year’s audit exceptions is valid. By performing audit testing on outdated client service plans included in the prior year’s audit, the auditor’s approach essentially disregarded the Department’s good faith effort in attempting to remediate exceptions from the prior audit.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$2,191,213	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$2,191,213									
93.777										
93.778										

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	057 (cont'd)	<p>As of June 2019, the Department:</p> <ul style="list-style-type: none"> <li>• Revised policies and procedures to require providers' signatures on person-centered service plans.</li> <li>• Issued a management bulletin to communicate the updated policies and procedures, and address the use of electronic signature technology in the field.</li> <li>• Created a mechanism for case managers to collect signatures on an electronic signature pad. The Department will continue to work with field staff to encourage the use of this technology.</li> <li>• Conducted numerous meetings with the directors of Area Agency on Aging to discuss policy changes on service summary signatures and staffing issues caused by the increased workload.</li> </ul> <p>The Department currently included reviewing compliance with signature requirements on client service plans as part of the formal quality assurance (QA) reviews. However, the outcomes of these enhanced QA activities were not reflected in the fiscal year 2019 audit period.</p> <p>The Department has continued to implement process improvement plans. As of March 2021, statewide compliance results met proficiency goals.</p> <p>As of June 2021, the Department:</p> <ul style="list-style-type: none"> <li>• Provided additional training to staff on relevant federal regulations and state policies.</li> <li>• Established guidance on the appropriate use of interim assessments.</li> <li>• Submitted a request in the Governor's budget and received:                         <ul style="list-style-type: none"> <li>○ Additional staff to collect signed service plans.</li> <li>○ An information technology enhancement that will reduce, but not eliminate, the manual effort necessary to collect signed service plans.</li> </ul> </li> </ul> <p>By December 2021, The Department will:</p> <ul style="list-style-type: none"> <li>• Utilize electronic voice signature collecting technology, with a pilot program beginning in October 2021.</li> <li>• Consult with CMS to determine if person-centered service plans that are missing signatures should result in an unallowable payment. If necessary, the Department will identify associated costs related to any unallowable payments.</li> <li>• Work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be repaid.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2018-059 and 2017-045.</p> <p>Completion Date: Estimated December 2021</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	057 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	058	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Community First Choice client service plans were properly approved.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 577 1128 703"> <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;">\$2,169,725</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department agrees that a person-centered service plan should be signed by the Department, client, and provider responsible for its implementation.</p> <p>However, the Department disagrees that:</p> <ul style="list-style-type: none"> <li>• A lack of required signatures on the service plans should result in questioned costs when the client is eligible for the services and the provider is qualified to deliver services. The Centers for Medicare &amp; Medicaid Services (CMS) has also provided guidance to the Department that services should not be terminated if required signatures cannot be obtained.</li> <li>• A service plan that is not signed by a client, a provider, or the Department within 60 days should be considered an exception. The 60-day timeline in the state law outlines an administrative option that could be utilized by the Department to terminate services when deemed necessary.</li> </ul> <p>The Department also has the following concerns over the objectives of the additional reviews performed in the fiscal year 2019 audit, as follows:</p> <ul style="list-style-type: none"> <li>• The auditors performed follow-up testing on the exceptions previously reported in the fiscal year 2018 audit finding. The auditors subsequently took exceptions on the client service plans that were still not complete for part or all of the current audit period and assigned questioned costs to the current audit finding.</li> <li>• The Department does not agree that re-testing of the prior year's audit exceptions is valid. By performing audit testing on outdated client service plans included in the prior year's audit, the auditor's approach essentially disregarded the Department's good faith effort in attempting to remediate exceptions from prior audit.</li> </ul> <p>Currently, the Department has the following quality assurance process in place to monitor compliance in obtaining required signatures on person-centered service plans:</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$2,169,725	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$2,169,725									
93.777										
93.778										



Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	058 (cont'd)	<ul style="list-style-type: none"> <li>• The Quality Compliance Coordination team reviews a statewide sample for required signatures or documented attempts to obtain signatures.</li> <li>• The review measures statewide proficiency for obtaining required signatures in an established annual cycle. If the review finds a proficiency rate below 86 percent, the Department will implement a quality improvement plan to improve statewide performance.</li> <li>• Case manager supervisors monitor compliance by ensuring all case managers meet the requirement of obtaining signatures through all available department-approved options.</li> </ul> <p>The Department will continue to work towards implementing the electronic signature option.</p> <p>The Department and the State Health Care Authority sent communications to CMS for guidance on whether person-centered service plans that missing signatures should result in unallowable payments. If necessary, the Department will work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be reimbursed. As of June 2021, the Department is still awaiting a response.</p> <p>The conditions noted in this finding were previously reported in finding 2018-060, 2017-046, and 2016-043 The auditors considered this finding unresolved due to outstanding questioned costs.</p> <p>Completion Date: In process</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	060	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure Medicaid payments to home care agencies were allowable.</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>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table></p> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>Area Agencies on Aging (AAA) monitor home care agencies (HCAs) for contractual compliance in many areas, including verification of time and task performance. In response to the prior year’s audit finding, the Department modified the tool provided to AAAs for more effectively monitoring HCAs’ compliance with electronic timekeeping contractual requirements.</p> <p>The Aging and Long-Term Support Administration State Unit on Aging (SUA) reviews a random sample of HCAs to determine if the AAA monitored and reviewed compliance with the electronic time keeping requirements as outlined in the HCA Monitoring Tool.</p> <p>The Department maintains that the monitoring by the AAA and SUA is adequate to provide assurance that Medicaid payments to home care agencies were allowable.</p> <p>Additionally, the fiscal year 2019 audit did not identify any exceptions related to electronic time keeping compliance, which provided further evidence that the current internal controls implemented by the Department are working as intended.</p> <p>The conditions noted in this finding were previously reported in finding 2018-054.</p> <p>Completion Date: Not applicable</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$0									
93.777										
93.778										

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2018	005	Finding:  Questioned Costs:  Status:  Corrective Action:   Completion Date:  Agency Contact:	The Department of Health did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Special Supplemental Nutrition Program for Women, Infants, and Children program received required audits.  <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">10.557</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action complete  The Department concurs with the finding.  To strengthen internal controls over subrecipient monitoring, the Department is taking the following actions: <ul style="list-style-type: none"> <li>• Review and update the agency process of monitoring subrecipient audits to ensure the Department complies with federal requirements.</li> <li>• Improve the agency spreadsheet used to track audit activities to include audit periods and due dates.</li> <li>• Implement a process to follow up on subrecipient audit findings and issue timely management decisions.</li> </ul> August 2021  Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 <a href="mailto:kristina.white@doh.wa.gov">kristina.white@doh.wa.gov</a>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2018	014	<p>Finding: The Department of Transportation did not have adequate internal controls over and did not comply with requirements to collect certified payrolls from contractors on projects funded by the Federal Transit Cluster.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 548 1071 699"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>20.500</td> <td>\$0</td> </tr> <tr> <td>20.507</td> <td></td> </tr> <tr> <td>20.525</td> <td></td> </tr> <tr> <td>20.526</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>After consulting with the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA) and conducting additional research, the Department believes its process complies with the Davis-Bacon Act and federal regulations for contractor payment of prevailing wages.</p> <p>As of June 2019, the Department has taken the following actions in its continued effort of improvement:</p> <ul style="list-style-type: none"> <li>• Issued an agency wide Construction Bulletin to the regional offices regarding monitoring timely collection of certified payrolls from contractors.</li> <li>• Conducted discussions at various statewide meetings.</li> <li>• Posted additional resources for regional offices on the Construction SharePoint site.</li> <li>• Discussed with the Department of Labor and Industries use of its reporting tool beginning in January 2020, including how the system could be utilized/modified for the Davis-Bacon requirements.</li> <li>• Continued consultation with FTA for any further actions needed to resolve this finding.</li> </ul> <p>In July 2020, the Department received a management decision letter from FHWA for the fiscal year 2019 finding, in which it stated:</p> <ul style="list-style-type: none"> <li>• <i>In response to these findings and similar findings in the previous year, WSDOT released a construction bulletin and revised their Construction Manual and Specification with more stringent controls to facilitate reasonable compliance. FHWA has approved WSDOT's Construction Manual and Standard Specifications.</i></li> <li>• <i>FHWA believes that WSDOT's procedures contain the necessary controls to ensure reasonable compliance with 29 CFR 5.5 and FHWA Davis-Bacon and Related Acts Questions and Answers (<a href="https://www.fhwa.dot.gov/construction/contracts/dbra_ga.pdf">https://www.fhwa.dot.gov/construction/contracts/dbra_ga.pdf</a>).</i></li> <li>• <i>FHWA considers this finding to be resolved.</i></li> </ul> <p>The Department will continue to use Construction Bulletins to communicate best practices and other pertinent guidance to its regional</p>	<u>CFDA #</u>	<u>Amount</u>	20.500	\$0	20.507		20.525		20.526	
<u>CFDA #</u>	<u>Amount</u>											
20.500	\$0											
20.507												
20.525												
20.526												

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	014	<p>construction offices on an ongoing basis, and will share this information with the Terminal and Vessel Engineering groups in the Ferries Division.</p> <p>Completion Date: June 2019</p> <p>Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7004 <a href="mailto:danielje@wsdot.wa.gov">danielje@wsdot.wa.gov</a></p>

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2018	049	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority made improper payments for Medicaid managed care recipients with Medicare insurance coverage.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">97.775</td> <td style="text-align: right;">\$3,762,678</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority has implemented the following corrective actions:</p> <ul style="list-style-type: none"> <li>• As of March 2016, developed an algorithm to identify Per Member Per Month (PMPM) premium payments for clients enrolled in Medicare.</li> <li>• As of June 2018, went live with the enhancements to the ProviderOne system to automate recoupment of PMPM premiums for clients who are retro-enrolled in Medicare.</li> <li>• Ran the new algorithm for the period from the last algorithm run in November 2017 to the system enhancement in June 2018, and identified all PMPM premium duplicate payments.</li> </ul> <p>As of August 2019, the Authority completed the work to recoup the duplicate payments, and will follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in findings 2017-039. The auditors considered this finding unresolved due to outstanding questioned costs in fiscal year 2020.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$3,762,678	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$3,762,678										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2017	032	<p>Finding: The Health Care Authority overpaid a tribe for Medicaid chemical dependency treatments.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 520 1128 640"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$3,909,517</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority submits an annual State Plan to the Centers for Medicare and Medicaid Services (CMS) for approval. The plan includes tribal health care facilities that deliver health care services to Medicaid-eligible clients. In August 2017, the State Auditor’s Office published a whistleblower investigation (report number 1019566) that reported the Authority overpaid a tribe for chemical dependency treatments.</p> <p>Since the language in the State Plan is not conclusive and more than one tribe has challenged the conclusions in the whistleblower report, the Authority requested guidance from CMS in September 2017 on whether the payments identified in the audit report are overpayments.</p> <p>The Authority also requested an amendment to the State Plan to provide clear language that would prospectively preclude the primary type of findings published in the whistleblower investigation and that is consistent with language approved by CMS for other states’ tribal health programs. CMS approved the requested amendment effective September 29, 2017.</p> <p>On January 29, 2018, CMS directed the Authority to Section 4320 of the State Medicaid Manual issued by the Health Care Financing Administration (predecessor agency to CMS). In particular, paragraph C of the Section states:</p> <p style="text-align: center;"><i>“If a State elects to cover clinic services, it may choose the type of clinics or clinic services that are covered, provided that the services constitute medical or remedial care.”</i></p> <p>In light of this CMS guidance and various mitigating factors, the Authority determined it would be inappropriate to seek recovery of payments based solely on service rendered by a provider not listed in the State Plan, which was in effect prior to the amendment in September 2017.</p> <p>The Authority has contacted CMS on multiple occasions to determine if the audit finding is closed. As of June 2020, the Authority resubmitted the supporting information to CMS, requested the finding be closed, and the questioned costs be resolved.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$3,909,517	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$3,909,517									
93.777										
93.778										

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	032 (cont'd)	<p>If the U.S. Department of Health and Human Services determines the payments identified in the audit are in fact overpayments, the Authority will follow the normal audit resolution process to resolve the questioned costs.</p> <p>The auditors considered this finding unresolved due to outstanding questioned costs in fiscal year 2020.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>



State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	036	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority overpaid Medicaid hospitals for outpatient services.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$118,679</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority agrees that some claims were missed during the original mass adjustment of claims affected by incorrect Enhanced Ambulatory Patient Group (EAPG) weight assignment in the ProviderOne system.</p> <p>As of November 2017, the Authority identified all the missed claims and processed the majority of the adjustments.</p> <p>As of January 2018, the Authority completed the processing of the remaining two percent of the claims that did not get adjusted in November 2017. All corrections had been completed at that time and there were no outstanding questioned costs.</p> <p>Since federal funds overpayments were normally returned through the quarterly reporting process, the Authority is working with the Center for Medicare and Medicaid Services in order to appropriately reflect the resolution of the questioned costs.</p> <p>The auditors considered this finding unresolved due to outstanding questioned costs in fiscal year 2020.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$118,679	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$118,679										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	040	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority made improper Medicaid pharmacy fee-for-service payments for clients enrolled in managed care.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$111,756</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority does not concur with the finding.</p> <p>The pharmacy claims selected under this review were appropriately paid with the client being covered under the fee-for-service program at the time of claim submission and payment. The Authority does not recoup pharmacy payments for appropriately billed and paid services when the client's enrollment retroactively changes from fee-for-service to managed care.</p> <p>The Authority received informal guidance from Centers for Medicare and Medicaid Services (CMS) stating that this cost/benefit approach is appropriate. The Authority has since requested official guidance from CMS on multiple occasions.</p> <p>As of June 2021, the Authority has not received definitive guidance. The auditors considered this finding unresolved due to outstanding questioned costs in fiscal year 2020.</p> <p>Not applicable</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$111,756	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$111,756										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2017	048	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with requirements to ensure Adult Family Home providers had proper background checks.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 703"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775</td> <td style="text-align: center;">\$98,399</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with this finding.</p> <p>The Department agrees that one background check was not renewed timely. As of November 2017, the Department implemented an internal reporting tool which alerts staff to send a reminder notice to a provider when the current background check of an employee is expiring in 60 days. If the provider does not complete the background check by the required due date, a complaint investigation will be initiated.</p> <p>The Department does not concur with the two exceptions regarding the missing national fingerprint background check for the two providers. The providers in question had both applied in 2011, which was prior to WAC 388-76-10165 becoming effective and requiring a fingerprint check.</p> <p>The Department also does not agree the findings should be tied to questioned costs. The auditors did not identify any providers who had a disqualifying crime or negative action. While the one Adult Family Home in question was out of compliance with the licensing requirements of WAC 388-76 by not having current background check results on file, and is therefore subject to corrective action and sanctions by the Department, the provider was not unqualified to provide Medicaid paid services. Thus, the payments to the provider were proper.</p> <p>Additionally, the Department is unable to comment on or validate the auditor's statement of noncompliance with background check issues related to the Adult Family Home employees because the auditor had failed to provide any data to substantiate this part of the finding.</p> <p>In July 2018, the Department sent a letter to the Centers for Medicare and Medicaid Services (CMS) to request an opinion as to whether the questioned costs need to be repaid. In October 2018, the Department held a telephone conference with CMS, the auditors, and the State Health Care Authority (HCA) to discuss the questioned costs. As of June 2020, neither the Department nor HCA has received any correspondence from CMS regarding its opinion or determination.</p> <p>The conditions noted in this finding were previously reported in findings</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$98,399		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$98,399												
	93.777													
	93.778													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	048 (cont'd)	<p>2016-044, 2015-051, 2014-048, and 2013-037. The auditors considered finding 2013-037 as resolved in fiscal year 2018. This finding is unresolved due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2017	050	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Care Administration and Developmental Disabilities Administration, made improper overtime payments to Medicaid individual providers.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 548 1096 674"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775</td> <td style="text-align: center;">\$9,778</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>The Department uses the Comprehensive Assessment Reporting Evaluation (CARE) tool, approved by the Centers for Medicare and Medicaid Services (CMS), to assess client needs and to allocate the number of hours of personal care and respite the client is eligible to receive.</p> <p>Payments were made to qualified providers for services the client was authorized to receive. All hours paid to the individual providers were allowable as no payments were made in excess of the CARE generated allowable hours.</p> <p>The Department's process complies with CMS's directive outlined in the information bulletin published by the U.S. Department of Health and Human Services in July 2014. The directive required that any processes developed by States must comply with the Fair Labor Standards Act (FLSA). The Department protects clients' access to eligible services and supports from a provider of their choice through their person-centered service plan. In addition, overtime costs paid under FLSA can be reimbursed as a reasonable cost related to the delivery of Medicaid services.</p> <p>The Department cannot prevent the provider from being paid more than their work week limit because labor law requires payment for all hours worked. Providers must therefore be allowed to claim and be paid for hours worked. However, the Department does follow the post-payment procedure outlined in WAC 388-114-0120 to address claims that exceed a provider's work week limit.</p> <p>With the passage of Engrossed Second Substitute House Bill 1725 (ESSHB 1725), the Legislature imposed work week limits on individual providers. The statute also directed the Department not to impose work week limits on individual providers until the Department conducted a review of the plan of care for the clients served by the individual provider. These reviews were not completed until July 2016, and five of the payments found by the auditors to be unallowable were made prior to this time.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$9,778		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$9,778												
	93.777													
	93.778													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	050 (cont'd)	<p>The rules adopted as a result of ESSHB 1725 have a mechanism for terminating individual providers if they repeatedly exceed their work week limit. Regardless of whether the individual provider exceeds their work week limit, payment for all hours worked is required. The Department adheres to specific actions before stopping a payment to an individual provider who works more than the work week limit. The restrictions imposed on the individual provider by these statutory limits and associated rules have no relation to the client's benefit, which is reflected as authorized hours.</p> <p>The Department also notes that the calculation of the questioned costs was incorrect. The provision of the hours themselves are not in question, only the payment of overtime for these hours. The cost of overtime is the difference between the individual provider's base rate of pay and one and a half times of the base rate. Therefore, questioned costs should be calculated only on the overtime cost.</p> <p>The Department will continue to:</p> <ul style="list-style-type: none"> <li>• Follow procedures to identify providers who have excess claims over the work week limit.</li> <li>• Issue necessary contract actions according to Department policy.</li> </ul> <p>In July 2018, the Department sent a letter to the Centers for Medicare and Medicaid Services (CMS) to request an opinion as to whether the questioned costs need to be repaid. In October 2018, the Department held a telephone conference with CMS, the auditors, and the State Health Care Authority (HCA) to discuss the questioned costs. In March 2019, the Department followed up with CMS requesting a decision. As of June 2021, , neither the Department nor HCA has received any correspondence from CMS regarding its opinion or decision.</p> <p>If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action. The auditors considered this finding unresolved due to outstanding questioned costs.</p> <p>Completion Date: In process</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2016	032	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not establish adequate internal controls and did not comply with requirements to ensure it sought reimbursement for all eligible Medicaid outpatient prescription drug rebate claims.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$273,598</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>In response to the audit finding, the Authority has implemented the following corrective actions:</p> <ul style="list-style-type: none"> <li>• As of September 2016, identified and corrected the system issue concerning the Medicaid eligibility code.</li> <li>• As of February 2017, corrected the system issue concerning the managed care plan coding errors.</li> </ul> <p>The Authority has also strengthened its review process by:</p> <ul style="list-style-type: none"> <li>• Preparing a checklist of steps for staff to consider when a new code is added to the ProviderOne System.</li> <li>• Implementing quarterly monitoring reports designed to validate the completeness and accuracy of each invoicing cycle.</li> </ul> <p>On May 31, 2017, the Authority invoiced the unclaimed rebates identified by the auditors.</p> <p>The Authority and U.S. Department of Health and Human Services have discussed the resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in findings 2015-034 and 2014-031 which the auditors determined to be resolved. The auditors considered this finding unresolved due to outstanding questioned costs in fiscal year 2020.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$273,598	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$273,598										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2016	047	<p>Finding: Medicaid funds were overpaid to a supported living agency that contracted with the Department of Social and Health Services, Developmental Disabilities Administration.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 548 1128 674"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775</td> <td style="text-align: center;">\$1,258,250</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with finding.</p> <p>The Department processed the payment notice to the Department’s Office of Financial Recovery (OFR) in February 2017.</p> <p>Per federal rules, the Department is not required to refund the federal share of an overpayment made to a provider to the extent that the Department is unable to recover the overpayment because the provider has been determined bankrupt.</p> <p>The provider in question filed for bankruptcy in March 2019. The Department worked with OFR to follow the federal and state rules for financial recovery that pertains to bankruptcy proceedings, and submitted the required information received from the bankruptcy court for the amount owed.</p> <p>As of March 2019, the Department forwarded all court records to the U.S. Department of Health and Human Services (HHS).</p> <p>As of June 2021, the Department has not received any communication from HHS confirming the status of the questioned costs. The auditors considered this finding unresolved due to outstanding questioned costs.</p> <p>Completion Date: In process</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$1,258,250		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$1,258,250												
	93.777													
	93.778													



State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2015	037	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority overpaid Medicaid providers for dental services.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$25,945</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>ARRA and non-ARRA</p> <p>Corrective action in progress</p> <p>The Authority has recouped the unallowable claims paid to dental providers.</p> <p>The Authority will follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-033 and 2013-027, and 12-53, which the auditors considered resolved. The auditors considered this finding unresolved due to outstanding questioned costs in fiscal year 2020.</p> <p>In progress</p> <p>Kari Summerour, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:kari.summerour@hca.wa.gov">kari.summerour@hca.wa.gov</a></p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$25,945	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$25,945										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2015	040	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure in-home care providers paid by Medicaid had proper background checks.</p> <table border="0" data-bbox="673 583 1096 735"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775</td> <td style="text-align: center;">\$26,138</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department reviewed the six providers identified by the auditors to verify that the providers had no disqualifying crimes at any point in their employment. The providers were subjected to an initial Character, Competence and Suitability (CCS) review during the contracting process. There is no RCW or WAC that states that an individual provider becomes unqualified if a new CCS review is not completed at each bi-annual background check when there are no new crimes and they care for the same client, which is the case for these six providers.</p> <p>The Department continues to strengthen processes to ensure CCS reviews are completed and adequately documented in accordance with Department policy. Clarification was provided to field offices via management bulletin on March 30, 2015, providing clear direction on required forms and frequency of completion for CCS reviews.</p> <p>Annually, the Assisted Long-Term Services Administration’s Quality Assurance (QA) unit selects a sample of individual provider files for monitoring at each field office and reviews the files for background checks. In 2015, a total of 386 files were reviewed by the QA unit. In addition to these reviews, field office supervisors are required to complete quality assurance reviews on individual provider files. In 2015, a total of 1,293 files were reviewed by supervisors. Overall, internal quality assurance reviews showed 97 percent proficiency. This process will continue and will assist in evaluating compliance with the Department’s policies and processes to identify potential changes.</p> <p>The Department has sent numerous communications to the U.S. Department of Health and Human Services regarding resolution of the questioned costs, but is still awaiting a response.</p> <p>The conditions noted in this finding were previously reported in findings 2014-049, 2013-040, 12-41, and 11-34, which the auditors determined to be resolved. This finding is considered unresolved due to outstanding questioned costs.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$26,138		93.777			93.778 ARRA and non-ARRA	
	<u>CFDA #</u>	<u>Amount</u>													
	93.775	\$26,138													
	93.777														
	93.778 ARRA and non-ARRA														

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2015	040 (cont'd)	Completion Date: In progress  Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2014	048	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Medicaid Adult Family Home providers to ensure all providers, caregivers and resident managers who are employed directly or by contract have proper background checks.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u>                      93.775 \$1,082,213                      93.777                      93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: In response to the fiscal year 2013 audit the Department implemented several processes that continued through the fiscal year 2014 audit and remain ongoing.</p> <p>The Department is providing training to staff on standard operating procedures for inspections which includes reviewing background checks on all caregivers, representatives and resident managers who are employed directly or by contract.</p> <p>Additionally, the Department is continuing to strengthen its monitoring of Adult Family Home (AFH) staff background checks through the Department’s standard facility licensing, annual facility survey and investigatory business protocols. During AFH inspections, the Department reviews background checks for all employees working at the facility to ensure disqualified caregivers do not have access to vulnerable adults.</p> <p>The Department will take action on questioned costs as requested by Center for Medicare and Medicaid Services.</p> <p>The conditions noted in this finding were previously reported in finding 2013-037. The auditors considered this finding unresolved in fiscal year 2020 due to outstanding questioned costs.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer                      External Audit Compliance Manager                      PO Box 45804                      Olympia, WA 98504-5804                      (360) 664-6027  <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>