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Department of Health (DOH)

Agency: 303

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**Audit Report:** 2011 F

**Finding Number:** 017

**Finding:** The Department of Health does not monitor sub-recipients of the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.

**Resolution:** The Department partially concurs with the finding, and has or will implement corrective action to:

- Collect all required federal reports from subrecipient entities that are required to provide them, and ensure that they are reviewed. Where subrecipient entities do not comply with this requirement, the Department will initiate appropriate sanctions consistent with the federal compliance supplement.
- Follow up on issues identified through both the federal audits and subrecipient monitoring in a more timely and coordinated manner and formalize this process in policy and procedure. The Department wishes to emphasize that these efforts are in place, and that it is collecting questioned costs related to subrecipient monitoring activities.
- Notify subrecipients of grant information as described in the federal compliance supplement.
- Increase the scope of the document review performed in contracted monitoring visits, in a measured way, beginning with the calendar year 2012 fiscal monitoring visits.
- Collect summary level expenditure information as part of its invoicing process for subrecipients participating in its consolidated contracting process.
- Consider similar summary level documentation requirements for nonprofits and Native American tribes with whom the Department has subrecipient relationships.

The Department is also reviewing federal Office of Management and Budget guidance in light of certain regulatory interpretations by the auditor, and will formalize Department subrecipient monitoring practices, including follow up, in policy and procedure. The estimated completion date is June 2013.

The Department will work with its federal grantor to resolve the questioned costs identified by the auditor.

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## Status of Resolution of Audit Findings

December 2012

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Department of Health (DOH)

Agency: 303

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**Audit Report:** 2011 F

**Finding Number:** 018

**Finding:** The Department of Health did not comply with federal reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.

**Resolution:** In response to this finding, the Department's Grants Management Office has:

- Developed written procedures for preparing the Federal Financial Report (FFR) which include filing timeline, completion instructions, and review instructions. Additionally, FFR backup documents are stapled or otherwise attached to the FFR to prevent being lost or misplaced.
- Developed written instructions for completing the Federal Cash Transaction Report (FCTR). Additionally, FCTR backup documents are stapled or otherwise attached to the FCTR to prevent being lost or misplaced.

The Department's Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs have improved the documentation of the procedures for completing required reports.

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## Status of Resolution of Audit Findings

December 2012

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Department of Health (DOH)

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**Audit Report:** 2011 F

**Finding Number:** 019

**Finding:** The Department of Health did not maintain the federally required documentation for \$189,000 in payroll costs charged to the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.

**Resolution:** The auditors first identified the time keeping record issue for the program managers in the 2010 state fiscal year single audit which was released in March 2011. Effective January 1, 2011, when the Department became aware of the time keeping record issue, it was corrected and the Department believes this issue is resolved.

The 2011 state fiscal year single audit also noted that a number of program employees began keeping time sheets during 2011 and also completed quarterly payroll certifications. The auditors classified this as an exception and a questioned cost because the two documents did not agree. This error has also been corrected.

The Department will work with the federal grantors to resolve the questioned costs identified by the auditors.

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## Status of Resolution of Audit Findings

December 2012

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Department of Health (DOH)

Agency: 303

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**Audit Report:** 2011 F

**Finding Number:** 020

**Finding:** The Department of Health does not have sufficient internal controls to ensure federal requirements for matching and level of effort are met for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.

**Resolution:** The Department concurs with the finding. In response to the auditor's recommendation, the Department developed and implemented additional means of tracking the matching-related transactions for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness grants.

The Department is working to determine how to properly present the maintenance of funding requirement with an estimated completion in December 2012.

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## Status of Resolution of Audit Findings

December 2012

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Department of Health (DOH)

Agency: 303

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**Audit Report:** 2011 F

**Finding Number:** 025

**Finding:** The Department of Health did not survey hospitals in accordance with state law, which could increase the risk of Medicaid clients receiving substandard care services.

**Resolution:** The Department concurs with this finding. The Department is creating a dedicated hospital survey team that will have sufficient staff resources to complete hospital surveys within the required time frames. This survey team should be in place by February 2014.

The Department explored funding sources and expanded recruitment efforts in order to attract and pay for more resources to support this team. The Department's goal was to add two additional inspectors, and that recruitment process was completed in September 2012.

The Department is conducting a thorough study of its survey process to explore potential efficiencies in the face of ever-increasing regulatory burdens due to heightened federal standards, hospital growth, and other factors. This study should be completed by April 2013.

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## Status of Resolution of Audit Findings

December 2012

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Department of Health (DOH)

Agency: 303

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**Audit Report:** 2011 F

**Finding Number:** 049

**Finding:** The Department of Health charged the National Bioterrorism Hospital Preparedness Program for activities that occurred after the grant period had ended.

**Resolution:** The Department concurs with the finding, but wishes to indicate that the corrective action to the 2010 finding was implemented as soon as possible after the auditors identified this issue in March 2011.

The Department has reviewed its internal controls that are intended to prevent payments from being charged to grants that have exceeded their period of availability. These controls include the closing of account coding on or before the 90th calendar day unless a written extension has been provided by the federal grantor.

These controls were implemented in March 2011, subsequent to the completion of the auditor's field work for the state fiscal year 2010 single audit. The transactions that the auditor identified as not compliant while conducting the 2011 single audit occurred in the interim between the beginning of the fiscal year 2011 and when the Department became aware of the control issue.

The Department will work with the federal grantor to resolve questioned costs identified by the auditors.

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