

Audit Report: 2012 F

Finding Number: 001

Finding: The State's internal controls over Medicaid payments processed by ProviderOne are inadequate to ensure those payments are properly processed and recorded.

Resolution: While the state does not fully agree with the finding, it recognizes the significance and the priority of internal controls and takes them very seriously. Upon notification by the auditor that one step in the process to validate that the daily interface from ProviderOne to the state's accounting system was lacking, the Health Care Authority (HCA) immediately instituted the validation step. The validation was performed for the entire period it was missing and the results of that validation indicated that all ProviderOne transactions were properly accounted for in the state's accounting system.

HCA relied on the certification process conducted by the federal Centers for Medicare and Medicaid Services (CMS) to document the sufficiency of ProviderOne internal controls. The CMS certification process was very comprehensive in nature and resulted in the state's ProviderOne being the first in the country to achieve federal certification without a single finding.

The state recognizes the value of, and has added a requirement to the ProviderOne contract for an independent audit of, the system of internal controls at the vendor location. The first report is expected in the spring of 2014.

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