

**State of Washington
Corrective Action Plan**

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2006*

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

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	01	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, does not ensure providers of home health care services are Medicare-certified as required by the Medicaid State Plan.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>93.775, 93.776</td> <td>\$5,117,085</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department does not agree with the auditor that home health agencies performing in-home care must be Medicare certified. The Department followed up on the previous audit by submitting State Plan Amendment (SPA) 06-008, which was approved on April 1, 2006. This amendment exempts home health agencies providing private duty nursing from the Medicare certification requirement. To further clarify language that home health agencies providing personal care do not require Medicare certification, SPA TN 06-012 was submitted to the Centers for Medicare and Medicaid Services (CMS) June 28, 2006. CMS has requested additional information which the Department has provided. CMS is considering the Department's response.</p> <p>The Department will work with Health and Human Services if any unallowable costs are identified.</p> <p>The condition noted in this finding was previously reported in finding 05-19.</p> <p>Estimated June 2007</p>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$5,117,085	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$5,117,085								
93.777, 93.778									

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Fiscal Year	Finding Number	Finding and Corrective Action Plan										
06	02	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services is not complying with federal regulations that require people receiving Medicaid benefits to have valid Social Security numbers.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$903,821</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department has implemented the following processes to ensure Medicaid clients have valid Social Security numbers (SSN):</p> <ul style="list-style-type: none"> • The Department uses the Social Security Administration’s State On-line Query (SOLQ) to check the validity of SSN. Required SOLQ training was conducted in December 2006. • A programming change has been requested for the Automated Client Eligibility System to have hard edits that will require workers to take action at the time of medical recertification for individuals who have a SSN application pending more than 60 days. • Community Service Office supervisors have added medical cases to their monthly case audits that focus on SSN mismatched alerts and checking for consistent use of SOLQ for SSN. (December 2006) • By April 30, 2007, Community Service Division Headquarters will initiate quarterly random audits, on medical cases and checking for consistent use of SOLQ at application and reviews. <p>The condition noted in this finding was previously reported in finding 05-20.</p> <p>Estimated April 2007</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$903,821		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$903,821										
	93.777, 93.778											

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	03	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to prevent Medicaid payments for services provided after a client’s death or to prevent payments for services provided to individuals using the Social Security number of a deceased person.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775, 93.776</td> <td>\$681,508</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department has implemented the following processes to ensure Medicaid clients have valid Social Security numbers (SSN):</p> <ul style="list-style-type: none"> • The Department uses the Social Security Administration’s State On-line Query (SOLQ) to check the validity of SSN. Required SOLQ training was conducted in December 2006. The training emphasized the importance of checking SOLQ for each Medical applicant and of going back to check that the results were federally verified. • A work request was made in January 2007, to move the Automated Client Eligibility System alerts into the Department’s Document Management System (DMS). The change will integrate alerts into DMS to assist workers to monitor and track system generated alerts in the same way they do all other assignments. • In March 2007 a reminder was sent to Community Service Division staffs to follow appropriate policies and procedures in assisting the client to apply for a SSN. • Also in March 2007, Community Service Division staffs received, a memo reminding them to make appropriate referrals to the Department’s Division of Fraud Investigations of any instances of apparent identity theft or provider fraud. 	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$681,508	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$681,508								
93.777, 93.778									

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	03 (Cont'd)	Corrective Action: Completion Date:	<ul style="list-style-type: none"> • The Community Service Division will review, by April 2007, the death notification process with the Department's Health and Recovery Services Administration to ensure there is no delay in providing this information to the field. <p>The condition noted in this finding was previously reported in finding 05-15</p> <p>Estimated April 2007</p>

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06	04	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate controls to ensure compliance with Medicaid requirements to identify third parties responsible for payments for pharmaceutical services.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$70,980</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>No action taken</p> <p>The Department has adequate internal controls, including pre-payment and post-payment compensating controls, sufficient to provide internal control and reasonable assurance that third party resources will be identified and overpayments recovered.</p> <p>Pursuant to 42 CFR 433 sections 138 and 139, the Department has taken “reasonable measures to determine the legal liability of third parties...” Specifically, the Department:</p> <ul style="list-style-type: none"> • Requires clients to report third-party coverage when applying for medical assistance; • Conducts health insurance data cross-matches e.g. Employment Security, Department of Labor and Industries and Department of Personnel, to determine if any other coverage benefits exist; and • Denies pharmacy claims if third-party coverage exists. <p>Additionally, Department staff assists pharmacists, by making billing information available through toll-free lines, Health and Recovery Services Administration’s (HRSA) provider website, clients’ medical identification cards, and explanations of benefits on weekly remittance advices sent to providers.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$70,980		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$70,980										
	93.777, 93.778											

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06	04 (Cont'd)	Corrective Action:	<p>When claims are submitted, the Department's Medical Management Information System (MMIS) client eligibility file reports any client having insurance coverage, and denies the claim. The onus is then placed on the pharmacy provider to verify the availability of third-party benefits and then bill the third party and Medicaid appropriately. When the pharmacy providers bill Medicaid they may need to use override codes to ensure they receive timely reimbursement for services provided. If the pharmacy provider uses an override code and later determines that third party insurance was available, the pharmacy provider is required to verify and pursue clients' third party benefits and refund to HRSA any Medicaid payments also paid by a liable third party.</p> <p>The Department actively conducts post-payment audits of pharmacy override code usage. Thirty pharmacy third party liability audits were performed in 2005; twenty-one in 2006. These audits were identified and prioritized by risk exposure i.e. dollars by override code. Overpayments identified for these 51 audits total \$3,314,056.16.</p>
		Completion Date:	N/A

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06	05	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to support decisions on the eligibility of clients enrolled in Medicaid’s Basic Health Plus program.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$53,126</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>To provide adequate internal controls the Department’s Medical Eligibility Determination Services (MEDS) unit began auditing 15 cases per unit (four units) weekly. The audits focus on income budgeting and documentation. This was implemented in February 2007.</p> <ul style="list-style-type: none"> ○ The audit plan includes an audit of new policies implemented by headquarters that effect MEDS operations, to ensure consistent compliance. ○ Target trends are identified in audits. Trainings focuses on those trends. ○ It is mandated in the audit plan that staff check available interfaces for unreported income, for those clients 16 years of age or older. ○ Audits, including documentation and remarks, are available in the Department’s Automated Client Eligibility System to clearly identify calculations and actions taken. ○ Self employment training was conducted by Eligibility Policy and Community Education staff during February 2007. Training on income budgeting was provided in March 2007. This training included reviewing Department policies and procedures. All training was mandatory for staff. 		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$53,126		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$53,126										
	93.777, 93.778											

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06	05 (Cont'd)	Corrective Action: Completion Date:	The Centers for Medicare and Medicaid Services has ruled that no costs may be recouped for eligibility errors unless the recoupment is the result of a Medicaid Eligibility Quality Control audit. Therefore, no costs will be repaid. The condition noted in this finding was previously reported in finding 05-10. March 2007

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06	06	<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, Health and Recovery Services Administration, does not have adequate controls to ensure claims for wheelchairs and wheelchair accessories are properly authorized as required by law.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775, 93.776</td> <td>\$45,795</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department recognizes that expedited prior authorization for wheelchair claims exceeding two months in a 12 month period is a control weakness. The expedited prior authorization process was corrected through a programming change request implemented on July 6, 2006, that prevents payment beyond authorized time periods without authorization.</p> <p>The Department discovered incorrect coding had been entered in the Medicaid Management Information System for managed care clients in the disease management program. This error was corrected as of July 1, 2006.</p> <p>The Department accepts Medicare authorization for payment of these wheelchair related claims. A second authorization on these claims is not necessary. The Department is implementing a Washington Administrative Code (WAC) governing authorization of wheelchair payments that clearly states that for Medicare clients, no further authorization beyond Medicare is necessary. The implementation date of the new WAC was March 2007.</p> <p>The condition noted in this finding was previously reported in finding 05-23.</p> <p>March 2007</p>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$45,795	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$45,795								
93.777, 93.778									

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06	07	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, is not complying with federal requirements to defer Medicaid expenditures related to undocumented aliens as instructed by the Centers for Medicare and Medicaid Services.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p><u>For the Non-pregnant group</u> The Department’s Health and Recovery Services Administration (HRSA) has coordinated with the Office of Accounting Services (OAS), to both set up unique account coding for Alien Emergency Medical (AEM) charges, and change the frequency of an adjustment that moves these charges to state funds. OAS draws Title XIX revenue once a week and will use the unique cost allocation coding that has been established to avoid drawing any federal revenue for AEM expenditures during the time period between when the expenditures are incurred and the adjustment takes place. This ensures that Medicaid funds are used for allowable expenditures only.</p> <p><u>For the Non-pregnant group</u> - HRSA currently complies with the federal directive regarding drawing federal funds for pregnant alien women. Beginning with State Fiscal Year 2007, only labor and delivery claims are being charged to Title XIX. These claims are being identified by their DRG (Diagnostic Related Group) for inpatient hospital claims or by diagnosis code for physician and other ancillary claims. All non-labor and delivery claims for pregnant alien women except pregnancy related claims are charged to State only funds. Identified prenatal claims are paid with Title XXI (SCHIP) funds only if they are related to labor and delivery claims for the births. This procedure was specifically approved by the Centers for Medicare and Medicaid Services in writing. A copy of the approval was provided to the auditor.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$0										
	93.777, 93.778											

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06	07 (Cont'd)	Corrective Action:	<p>HRSA intends to comply with the federal Office of Inspector General's (OIG) audit report once it is completed to provide us with guidance to differentiate emergent vs. non-emergent services. We anticipate that the OIG audit will be completed by October 2007.</p> <p>The condition noted in this finding was previously reported in finding 05-09.</p> <p>Completion Date: October 2007</p>

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Department of Social and Health Services (DSHS)

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06	08	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services paid providers with Medicaid funds through the Social Services Payment System for services to clients using Social Security numbers belonging to deceased persons.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>93.775, 93.776</td> <td>\$22,344</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department’s current verification procedures require staff to verify Social Security numbers (SSN) for all Medicaid clients, first through a cross-match with the Social Security Administration’s (SSA) Numident file and through the use of the State On-line Query (SOLQ) when there is a discrepancy. The Department’s Eligibility A-Z manual states:</p> <p>“A client-provided social security number must be verified by the worker through an interface with SSA at the time the number is entered into the [Automated Client Eligibility System] ACES.” If additional verification is required, the manual further instructs the worker to “enter the client provided SSN on the ACES Dem1 Screen. Verify the SSN accessing State On-line Query (SOLQ) before exiting the screen.”</p> <p>As demonstrated in this year’s audit, the SSNs were verified and accurate in ACES for the vast majority of exceptions noted in the Social Services Payment System (SSPS) testing. Often the SSN in SSPS is that of a deceased spouse or parent. However, the Department does verify the client’s SSN in ACES prior to authorizing benefits.</p> <p>The limitations we face with the SSPS system should be corrected with the new Provider One system. The Aging and Disability Services Administration has also issued two Management Bulletins (MB) regarding verification of SSNs in ACES. Another MB will be issued by May 2007, with this reminder as well as direction to ensure the SSN entered into SSPS is that of the client as opposed to a claim number.</p> <p>The condition noted in this finding was previously reported in finding 05-28.</p> <p>Estimated May 2007</p>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$22,344	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$22,344								
93.777, 93.778									

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Department of Health (DOH) and Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
06	09	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, are not ensuring compliance with federal law regarding hospital surveys.</p> <p><u>Department of Health</u></p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>Not specified</td> </tr> <tr> <td>93.776</td> <td></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>We previously concurred with the finding to the extent that hospital survey documents should positively assert that all Conditions of Participation have been met through the certification survey process.</p> <p>The current interagency agreement between the Department of Health Facilities and Services Licensing and the Department of Social and Health Services Medical Assistance Administrative has been amended to ensure that hospital surveys positively assert that all conditions of participation have been reviewed. The agreement also had been amended to state that hospital surveys will be conducted according to the current administrative instructions issued by Centers for Medicare and Medicaid Services State Operations Manual.</p> <p>The State Auditor’s finding asserts the current survey process violates 42 CFR 431.610 (f), (1), (3) and (4). This section of the CFR details the requirements for the relationship between the state Medicaid agency and the survey agency but is not descriptive of the survey process. The Auditor’s finding makes no reference to 42 CFR 488 Survey, Certification, and Enforcement Procedures.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	Not specified	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	Not specified												
93.776													
93.777													
93.778													

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Department of Health (DOH) and Department of Social and Health Services (DSHS)

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06	09 (Cont'd)	Corrective Action:	<p>42 CFR 488 clearly references §1902 <u>Requirements for participation in the Medicaid program</u> as a statutory basis, and 42 CFR 488.18 provides the regulatory framework for the CMS survey process. 42 CFR 488.26 (d) specifically states that the state survey agency <u>must use</u> the survey methods procedures and forms that are prescribed by CMS.</p> <p>We agree that the hospital surveys should clearly state that all Conditions of Participation have been reviewed, but we do not agree that we need to exceed the current standard of exception reporting or documentation as that would be contrary to how we are directed by Federal Regulations and the CMS State Operations Manual to document surveys.</p> <p>During December 2006 the Department of Health received communication from the federal cognizant agency that current DOH survey practices are in compliance with the applicable Medicaid regulations.</p> <p>Though the document retention process endorsed by SAO is not required by federal law or rule, the DOH shares an interest in adopting best practices. The Department will implement a documentation retention policy consistent with the business needs of our agency.</p> <p>The condition noted in this finding was previously reported in finding 05-06.</p> <p>Completion Date: Estimated July 2007</p>

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Department of Health (DOH) & Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	09 (Cont'd)	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, are not ensuring compliance with federal law regarding hospital surveys.</p> <p><u>Department of Social and Health Services</u></p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775, 93.776</td> <td>\$0</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </table> <p>No action taken</p> <p>For clarification purposes, it is a requirement for state agencies to produce a "Statement of Deficiencies and Plan of Correction" Centers for Medicare and Medicaid Services (CMS) Form 2567 for every survey event, whether deficiencies were found or not. Form 2567 serves as the official document of the survey event, and is recorded as such on a national database for use by CMS and the state agencies. To produce such a report, it is prudent for surveyors to take complete notes of all observations and to document the date and time of the observations; location; patient identifiers, individuals present during the observation, and the activity being observed, etc., for recall purposes. This is based on the survey protocols outlined in the State Operations Manual for each provider and supplier type.</p> <p>While the document retention process endorsed by SAO is not required by federal law or rule, we share an interest in adopting best practices. It is our intention to work with the Department of Health to implement a documentation retention policy consistent with the business needs.</p> <p>The condition noted in this finding was previously reporting in finding 05-06.</p> <p>N/A</p>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$0	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$0								
93.777, 93.778									

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Department of Social and Health Services (DSHS)

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06	10	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, does not perform certification surveys of Intermediate Care Facilities for the developmentally disabled according to federal law.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>No action taken</p> <p>As a result of the Fiscal Year 2005 Medicaid Audit the Department asked the Center for Medicare and Medicaid Services (CMS) for clarification. On December 8, 2006, the CMS Regional Office (RO) made a determination regarding that audit finding. The CMS RO disagrees with the recommendation. CMS RO's review indicates the Department is following Federal guidelines and applicable regulations. 42 CFR 488.26(d) states "The State survey agency must use the survey methods, procedures, and forms prescribed by CMS." The CMS State Operations Manual gives the Department the guidelines that are followed in doing the certification or recertifications.</p> <p>The condition noted in this finding was previously reported in finding 05-03.</p> <p>N/A</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$0										
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
06	11	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services does not have adequate internal controls to ensure clients seeking to obtain medical benefits through the Medicaid program have applied according to federal regulations.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department complies with federal Medicaid application requirements specifically, the opportunity to apply without delay (42 CFR 435.902) on a form prescribed by the agency and signed under penalty of perjury (42 CFR 435.907(b)). There is no requirement for a (specific) request for Medicaid. However, for clarity the Department is implementing the following steps:</p> <ul style="list-style-type: none"> ● The Department's Community Service Office added a name and case number field to the signature page of the application in January 2007, to ensure all pieces of the application can be identified if separated. ● In March 2007, the Department sent a memo to the field as a reminder to get signatures and to document changes to the request for benefits in March 2007. The staff was also reminded to document eligibility determination. ● Applicants for long-term care programs may check either the box for medical or for long-term care services. Both are considered requests for medical assistance. 		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	11 (Cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none"> ● Since 2003, when the Department’s Document Management System (DMS) became functional for the Community Services Division (CSD). All documents are scanned into an electronic case record and retained by the Department – including applications received since that time. Prior to that time, obsolete paper (hard) copies of applications were destroyed – an application was declared obsolete three years after the last claim was paid. As of the implementation of the Document Management System, all received documents are scanned and stored in an electronic case record, so are available. ● The Department’s Health and Community Services has implemented DMS in two regions and should complete implementation for all regions by December 2007. ● The Department follows 42 CFR 431.17(c) regarding record retention. The statement from the State Records Committee of approval for a three year record retention was given to the auditor. <p>The CSD Headquarters will begin conducting random audits of medical cases in April of 2007. The audit will include reviewing the application process.</p> <p>Completion Date: Estimated December 2007</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
06	12	<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, Office of Financial Recovery and Health and Recovery Services Administration, does not have adequate internal controls to ensure that final settlement amounts are refunded to the federal government and in a timely manner.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Financial Services Administration (FSA) established policies and procedures for refunding federal funds in October 2006. FSA is ensuring that the federal share of overpayments is refunded at the end of the 60-day period following discovery, based on policies established for regular and fraud/abuse overpayments.</p> <p>FSA meets with the Department's Health and Recovery Services Administration monthly and the Economic Services Administration, Aging and Disabilities Services Administration, Juvenile Rehabilitation Administration and Children's Administration periodically to discuss future overpayments and on-going collections.</p> <p>The Fraud and Abuse Coordination Team meets monthly to coordinate fraud cases. Representatives from various Department of Social and Health Services (DSHS) administrations that receive Medicaid funding participate in the meetings with the State's Medicaid Fraud Control Unit and FSA. This is another forum for FSA to obtain information to help overpayment collection efforts.</p> <p>FSA will create a workgroup of DSHS administrations by July 2007 to identify and determine how and who will be the person or office to monitor and ensure that all overpayments are referred to the Office of Financial Recovery.</p> <p>The condition noted in this finding was previously reported in finding 05-24.</p> <p>Estimated July 2007</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$0										
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Fiscal Year	Finding Number	Finding and Corrective Action Plan										
06	13	<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, Health and Recovery Services Administration, has not established internal controls sufficient to ensure payment rates to its Healthy Options managed care providers are based on accurate data.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>No action taken</p> <p>The Centers for Medicare and Medicaid Services (CMS) has approved Washington State's methodology for setting managed care rates. Due to this, no additional action will be taken on this finding. Please note that the new Provider One payment system includes a requirement for plans to submit costs paid data for Encounter Data submissions. Until that system is implemented, the state will continue to compare the encounter data with the plan experience data submitted to the actuary. That process has been reviewed by CMS and determined to be acceptable. Priced encounter data submissions are not a CMS requirement.</p> <p>The condition noted in this finding was previously reported in finding 05-21.</p> <p>N/A</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$0										
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	14	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services does not have adequate controls to ensure home health agencies are licensed, Medicare-certified and have signed Core Provider Agreements as required by law.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775, 93.776</td> <td>\$0</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Provider Enrollment Unit has developed a new procedure to ensure that Home Health providers continue to meet Medicaid participation criteria. Beginning April 2007, Provider Enrollment will conduct a review from a random sample of Home Health providers every three months. The review will check for the Core Provider Agreement, the debarment statement, W9, and a current business license.</p> <p>A data base will be maintained showing the results of the reviews and action taken.</p> <p>The condition noted in this finding was previously reported in finding 05-17.</p> <p>Estimated April 2007</p>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$0	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$0								
93.777, 93.778									

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
06	15	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Health does not retain documentation that would provide evidence to ensure all home health agency providers performed criminal background checks and obtained disclosures on employees having unsupervised access to vulnerable adults and children, as the law requires</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>Not specified</td> </tr> <tr> <td>93.776</td> <td></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>The goal of a Home Health Agency (HHA) survey is to determine if the entity is in compliance with conditions of participation as set forth in 42 CFR Parts 482 and 484, and by inference all applicable state laws including the requirement that HHAs perform criminal back ground checks.</p> <p>Criminal background checks are the responsibility of HHAs in accordance with WAC 246-335-030 (3), and WAC 246-335-065 (12).</p> <p>If surveyors for the Department determine that a subject HHA is in violation of the requirement to complete criminal background checks it is noted as such on the final report: CMS form 2567. If violations involve specific employees, a confidential list is also included and maintained in the file until the issue is resolved.</p> <p>If no violations have been found by the surveyor, the report is signed, filed and retained by the Department of Health. We believe that this fulfills the intent of CFR 42 CFR 431.610(f) (3) <i>to retain all information and reports</i>, and is consistent with state law. In addition, the process and methodology for our conduct of HHA surveys and reporting conforms to the Centers for Medicare and Medicaid Services (CMS) policies and procedures found in their State Operation Manual and Principles of Documentation Guide. The State Operation Manual and Principles of Documentation Guide are based on the requirements of 42 CFR 488, which is descriptive of the exception reporting process currently employed by DOH.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	Not specified	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	Not specified												
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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	15 (Cont'd)	Corrective Action: Completion Date:	<p>The Department of Health maintains that current practices related to background checks are in compliance with all federal regulations. While the document retention process endorsed by SAO is not required by federal law or rule, the DOH shares an interest in adopting best practices. It is the Department's intention to implement a documentation retention policy consistent with the business needs of our agency.</p> <p>The condition noted in this finding was previously reported in finding 05-18.</p> <p>Estimated July 2007</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
06	16	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services does not have adequate controls to ensure providers of durable medical equipment exist, are properly licensed and have submitted accurate information.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Provider Enrollment Unit has developed a new procedure to ensure durable medical equipment (DME) providers continue to meet requirements for the Department. Beginning April 2007, Provider Enrollment will conduct a review from a random sample of DME providers every three months. The review will check for the Core Provider Agreement, the debarment statement, W9, and a current business license. A record will be kept of reviews and action taken.</p> <p>As of January 2007, in-state providers must have a Washington State business license. Out-of-state providers may submit a state, county, or city license. The Department will accept any of the three. If the provider's state does not require a license, the provider must submit a letter stating their state has no licensing requirements.</p> <p>DME vendors that appear questionable based on the initial drive-by review are referred for additional follow up. Follow up reviews are scheduled into the existing workload based on risk and materiality to the Department.</p> <p>The condition noted in this finding was previously reported in finding 05-14.</p> <p>Estimated April 2007</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$0										
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Department of Social and Health Services (DSHS)

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06	17	<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 is not adequately reviewing pharmaceutical claims to identify patterns of fraud and abuse.</p> <table border="0" data-bbox="665 682 966 787"> <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, 93.776</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department’s Pharmacy Point of Sale (POS) vendor loaded the Drug Enforcement Administration (DEA) numbers from the national DEA database and in June 2006, the Department completed a Computer Services Request that utilizes this data to validate against the full DEA national database at the time of pharmacy claims adjudication.</p> <p>By October 2006, DEA numbers identified as belonging to veterinarians had been manually blocked in POS and their claims appropriately recouped. The Department will continue to manually block veterinary DEA numbers as they are identified.</p> <p>Although the Pharmacy POS now validates DEA numbers against the full DEA national database at the time of pharmacy claims adjudication, the Department will continue post-payment review to identify claims with an invalid prescriber number as appropriate.</p> <p>Beginning June 2007, the Department will pilot a provider self review process to allow pharmacies to submit valid DEA numbers for questioned claims. This self-review process is the result of the Department’s previous post-payment review where providers submitted valid DEA numbers for 76 percent of the questioned claims.</p> <p>All overpayments identified by the Department are automatically reimbursed to the federal government via the established reporting process.</p> <p>The condition noted in this finding was previously reported in finding 05-12.</p> <p>Estimated June 2007</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$0										
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Department of Social and Health Services (DSHS)

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06	18	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services has not established effective procedures in all administrations to ensure compliance with the federal Medicaid requirements for reporting adult victims of residential abuse to the Medicaid Fraud Control Unit.</p> <table border="0" data-bbox="665 745 966 840"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Mental Health Division (MHD) completed the following by December 2006:</p> <ul style="list-style-type: none"> • All incidents are elevated to MHD Headquarters are reviewed and tracked for appropriate processing, referrals, corrective action, and close out. • The Department's mental facilities Eastern State Hospital (ESH) and Western State Hospital (WSH) reviewed and updated all policies surrounding the reporting of incidents to include mandatory reporting of substantiated incidents to the Medicaid Fraud Control Unit (MFCU) and appropriate follow up in the event of referrals. This included a feedback loop for cases referred to and from external entities. • The MHD is represented at the Medicaid Fraud Control Unit's monthly committee meetings. • A single point of contact has been designated for all referrals originating from the MFCU. • The Memorandum of Understanding between the Medicaid Fraud Control Unit and the Department has been established. 		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
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06	18 (Cont'd)	Corrective Action:	<p>The MHD will hire an Incident Manager by April 2007, whose primary role will be to track, monitor and to report on incidents.</p> <p>The MHD is developing an electronic incident reporting system that will track and trend incidents. This system will be available to the state hospitals and Regional Support Networks. This will provide an avenue to adequately monitor the incident process. Implementation is expected by June 2007.</p> <p>The condition noted in this finding was previously reported in finding 05-13.</p> <p>Completion Date: Estimated June 2007</p>

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Department of Health (DOH) and Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
06	19	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The agreement between the Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, covering hospitals' survey activities does not comply with federal requirements.</p> <p><u>Department of Health</u></p> <table border="0"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>Not specified</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The current interagency agreement between the Department of Health Facilities Services and Licenses and the Department of Social and Health Services Medical Assistance Administrative has been amended to ensure that hospital surveys positively assert that all conditions of participation have been reviewed. The agreement also states that hospital surveys will be conducted according to the current administrative instructions issued by Centers for Medicare and Medicaid Services State Operations Manual.</p> <p>The State Auditor's finding asserts the current agreement is not in compliance with 42 CFR 431.610 (f). This section of the CFR details the requirements for the relationship between the state Medicaid agency and the survey agency but is not descriptive of the survey process. The Auditor's finding makes no reference to 42 CFR 488 Survey, Certification, and Enforcement Procedures.</p> <p>42 CFR 488 clearly references § 1902 <u>Requirements for participation in the Medicaid program</u> as a statutory basis, and 42 CFR 488.18 provides the regulatory framework for the CMS survey process. 42 CFR 488.26 (d) specifically states that the state survey agency <u>must use</u> the survey methods procedures and forms that are prescribed by CMS.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	Not specified	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
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Department of Health (DOH) and Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	19 (Cont'd)	Corrective Action:	<p>The Centers for Medicare & Medicaid Services (CMS) are responsible for enforcing these policies and developing procedures to include documentation requirements. CMS conducts an annual performance review of the DOH to determine conformance with their policies/procedures/guidelines and regulations. CMS has conducted these reviews annually for the past 3 years and found DOH to be in compliance.</p> <p>By inclusion of the requirement to follow the CMS State Operations Manual we believe that we have met the specific requirements of 42 CFR 431.610 (f).</p> <p>During December 2006 the Department of Health received communication from the federal cognizant agency that current DOH survey practices are in compliance with the applicable Medicaid regulations.</p> <p>Though the document retention process endorsed by SAO is not required by federal law or rule, DOH shares an interest in adopting best practices. The Department will implement a documentation retention policy consistent with the business needs of DOH.</p> <p>The condition noted in this finding was previously report in finding 05-07.</p> <p>Completion Date: Estimated July 2007</p>

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Department of Health (DOH)/Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	19 (Cont'd)	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The agreement between the Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, covering hospitals' survey activities does not comply with federal requirements.</p> <p><u>Department of Social and Health Services</u></p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775, 93.776</td> <td>\$0</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </table> <p>No action taken</p> <p>The Department of Social and Health Services (DSHS) disagrees with this finding. Clarification has been received from the Centers for Medicare and Medicaid Services (CMS) that the authority over the Department of Health (DOH) in conducting hospital surveys lies with CMS, not with the State Medicaid agency. Due to this, the agreement between DSHS and DOH is not required to contain or enforce all federal requirements, since DOH is responsible to CMS for these requirements.</p> <p>The agreement between the two agencies ensures adequate and timely communication on survey results, and allows DSHS to complete federal reports accurately and on time. The agreement's purpose does not extend beyond this purpose.</p> <p>The condition noted in this finding was previously reported in finding 05-07.</p> <p>N/A</p>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$0	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$0								
93.777, 93.778									

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Department of Health

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
06	20	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Washington State Department of Health has not established sufficient internal controls to safeguard gift cards used as incentives for participants in research studies done for the Centers for Disease Control and Prevention Investigations and Technical Assistance Program</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.283</td> <td>\$14,170</td> </tr> </table> <p>Corrective action in progress</p> <p>The DOH implemented improved storage, inventory and reconciliation procedures governing the use of gift cards. Gift card inventory is now stored in the revenue office safe and issued to program managers on an <i>as needed</i> basis. Periodic surprise cash counts and reconciliations with inventory are now performed by our accounting staff. These controls will provide the necessary impetus for program managers to maintain accurate records for gift cards used as incentives in health related studies.</p> <p>Estimated March 2007</p>	<u>CFDA #</u>	<u>Amount</u>	93.283	\$14,170
<u>CFDA #</u>	<u>Amount</u>						
93.283	\$14,170						

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Department of Health

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
06	21	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health is not complying with federal requirements for time and effort reporting for the Centers for Disease Control and Prevention Investigations and Technical Assistance grant.</p> <table border="0"> <tr> <td data-bbox="665 724 763 751"><u>CFDA #</u></td> <td data-bbox="868 724 966 751"><u>Amount</u></td> </tr> <tr> <td data-bbox="665 751 763 779">93.283</td> <td data-bbox="868 751 1466 810">There were no questioned costs associated with this finding.</td> </tr> </table> <p>Corrective action in progress</p> <p>In response to this audit finding, the Department has reformatted the time and effort reporting documentation process so that it is more clearly understood by employees and supervisors who charge their time to CDC related grants. Lowest level supervisors will provide completed time and effort certifications for their staff each quarter per DOH policy. This will meet the federal time and effort requirements.</p> <p>Estimated March 2007</p>	<u>CFDA #</u>	<u>Amount</u>	93.283	There were no questioned costs associated with this finding.
<u>CFDA #</u>	<u>Amount</u>						
93.283	There were no questioned costs associated with this finding.						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
06	22	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Economic Services Administration, is not in compliance with eligibility requirements for the Temporary Assistance for Needy Families 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;">96.558</td> <td style="text-align: right;">\$32,041</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department has implemented the following processes to ensure clients have valid Social Security numbers (SSN):</p> <ul style="list-style-type: none"> • The Department uses the Social Security Administration’s State On-line Query (SOLQ) to check the validity of SSN. In November 2006, a reminder memo was sent to field staffs to use SOLQ. Required SOLQ training was conducted in December 2006. • Beginning December 2006, supervisors have added medical cases to their monthly case audits beginning December 2006, which include Temporary Assistance for Needy Families Program cases and focuses on mismatched alerts and check for consistent use of SOLQ for SSN verification. <p>The Department is required to assist clients with obtaining a SSN. Cases identified by the auditor as questioned costs have been reviewed and clients have been requested to provide documentation to enable the Department to determine eligibility by June 2007.</p> <p>The condition noted in this finding was previously reported in finding 05-36.</p> <p>Estimated June 2007</p>	<u>CFDA #</u>	<u>Amount</u>	96.558	\$32,041
<u>CFDA #</u>	<u>Amount</u>						
96.558	\$32,041						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	23	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Division of Child Support, is not complying with federal requirements for time and effort reporting for the Child Support Enforcement grant.</p> <table border="0" data-bbox="665 724 966 787"> <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;">96.563</td> <td style="text-align: center;">\$23,259</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department will implement the following steps by April 2007, to ensure compliance with federal requirements for time and effort reporting for the Child Support Enforcement grant:</p> <ul style="list-style-type: none"> • Develop a written process to ensure that the quarterly reconciliation is completed by the fiscal unit staff for child support staff. • Develop and distribute written procedures for employees who work on multiple grants. • Provide training to ensure staffs understand how to report actual time worked. • Continue to make quarterly adjustments based on time reporting. <p>The Department's semi-annual time certifications are due in April 2007. The Department will implement the following steps:</p> <ul style="list-style-type: none"> • Create lists of employees for each field office that are verified by district managers. • Create lists of employees for each child support headquarters unit which are verified by section chief or manager. • The lower-level reviews of names and verifications will be attached to a semi-annual certification for the Department's Child Support Division (CSD) Director to sign before it is sent to the Office of Accounting Services. 		<u>CFDA #</u>	<u>Amount</u>		96.563	\$23,259
	<u>CFDA #</u>	<u>Amount</u>							
	96.563	\$23,259							

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	23 (Cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none"> • CSD will add the following statement to the lists being verified by the headquarters managers and the district managers in the field: "I have personnel knowledge of the staff reflected in the FTE report for my office/area. All individuals reported worked 100% on IV-D grant activities (or have provided the necessary and appropriate timesheets.)" <p>Completion Date: Estimated April 2007</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
06	24	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Division of Child Support, does not have adequate internal controls to ensure compliance with federal reporting requirements for the federal Child Support Enforcement grant.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>96.563</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department will be taking the following steps by May 2007, to guarantee adequate internal controls will ensure compliance with federal reporting requirements for the Quarterly Report of Expenditures and Estimates (OCSE 396A):</p> <ul style="list-style-type: none"> • Develop a new workbook that is easy to understand and less error prone, • Train the staffs responsible for completing the federal report to ensure they understands the workbook, • Train a backup staff within the fiscal unit who can also complete the report, • The supervisor of the fiscal unit will verify that the report is accurate before it is certified within On-Line Data Collection (OLDC), and • The Department’s Director of Child Support will certify the report. <p>The OCSE 396A report for the quarter ending December 31, 2006 corrected the errors made on the March 31, 2006 report.</p> <p>Estimated May 2007</p>	<u>CFDA #</u>	<u>Amount</u>	96.563	\$0
<u>CFDA #</u>	<u>Amount</u>						
96.563	\$0						

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	25	<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 and the Department of Early Learning do not have adequate internal controls over direct payments made to child care providers.</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;">96.575, 93.596</td> <td style="text-align: center;">\$55,610</td> </tr> </table> <p>Corrective action in progress</p> <p><u>Department of Social and Health Services</u> The Department of Early Learning is the administrator of the grant funds and primarily responsible for ensuring adequate internal controls over direct payments made to child care providers.</p> <p><u>Department of Early Learning</u> The Department of Early Learning will send a memo to licensed and certified child care providers along with the Department’s newly updated booklet, “Child Care Subsidies, A Booklet for Licensed and Certified Child Care Providers” by April 30, 2007. The memo will stress the importance of keeping accurate attendance records and providing records when requested by the Department of Early Learning. The related Washington Administrative Code rules will be attached to the memo.</p> <p>The condition noted in this finding was previously reported in finding 05-30.</p> <p>Estimated April 2007</p>		<u>CFDA #</u>	<u>Amount</u>		96.575, 93.596	\$55,610
	<u>CFDA #</u>	<u>Amount</u>							
	96.575, 93.596	\$55,610							

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	26	<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 and the Department of Early Learning do not have adequate internal controls in place to ensure only eligible clients receive federal child care subsidies</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;">96.575, 93.596</td> <td style="text-align: center;">\$7,369</td> </tr> </table> <p>Corrective action in progress</p> <p><u>Department of Social and Health Services</u> The Department of Early Learning is the administrator of the grant funds and primarily responsible for ensuring adequate internal controls over eligibility of clients receiving federal child care subsidies.</p> <p>However, based on the Department of Social and Health Services' (DSHS) Management Accountability and Performance Statistics Statewide Report, the DSHS Economic Services Administration determined the number of child care cases per region and reestablished and defined the expectations for the field to complete a 1% child care review using DSHS's Audit 99 database.</p> <p><u>Department of Early Learning</u> The Department of Early Learning (DEL) will send School Holiday Care billing directions to current in-home/relative providers by April 30, 2007.</p> <p>DEL will work with DSHS's Payment Review Program to develop an algorithm that will identify School Holiday Care billing for children who were under the age of five on September 2006. Potential overpayments will be referred to DSHS's Office of Financial Recovery for collection by June 30, 2007.</p> <p>DEL will explore the possibility of an edit in DSHS's Social Services Payment System by March 31, 2007, that will not allow billing for School Holiday Care when the child was not at least five years old by September 1, of that school year.</p> <p>Estimated June 2007</p>		<u>CFDA #</u>	<u>Amount</u>		96.575, 93.596	\$7,369
	<u>CFDA #</u>	<u>Amount</u>							
	96.575, 93.596	\$7,369							

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	27	<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 comply with federal requirements for suspension and debarment for the Social Services Block Grant.</p> <table border="0" data-bbox="669 722 961 781"> <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;">93.667</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>On February 8, 2007, the Department completed a review, on February 8, 2007, of the 139 psychological and psychiatric contracts executed by Children's Administration before debarment terms were revised. The contractors' status was reviewed using the Excluded Parties List System Internet Website (EPLS). None of the 139 contractors were found on the list.</p> <p>The relevant EPLS screen for each search were printed, dated, and filed in the associated contract records.</p> <p>Appropriate debarment certification language was added to the Department's database of general terms and conditions in December 2006. All contracts entered into since have the corrected language.</p> <p>February 2007</p>		<u>CFDA #</u>	<u>Amount</u>		93.667	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.667	\$0							

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	28	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Division of Alcohol and Substance Abuse used federal funds to pay contractors a guaranteed amount above the actual level of service being provided.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.959</td> <td style="text-align: center;">\$78,589</td> </tr> </table> <p>Corrective action complete</p> <p>To ensure payments are issued with deliverables, the Department's Division of Alcohol and Substance Abuse amended contracts by February 28, 2007. The Division formed a cross-divisional workgroup to formulate necessary changes to the contract language.</p> <p>February 2007</p>		<u>CFDA #</u>	<u>Amount</u>		93.959	\$78,589
	<u>CFDA #</u>	<u>Amount</u>							
	93.959	\$78,589							

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	29	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Economic Services Administration, reimbursed contractors for services that were not adequately supported.</p> <table border="0" data-bbox="669 722 974 781"> <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;">96.561</td> <td style="text-align: center;">\$140,542</td> </tr> </table> <p>Corrective action complete</p> <p>The Department requires contractors to maintain back up documentation of client intake and application assistance contacts and group presentations that contain at a minimum:</p> <ul style="list-style-type: none"> • Client name • Date of birth • Signature • Phone number or contact information • Date of service <p>Contractors are required to develop a corrective action plan if discrepancies exceed 5% of verified contacts.</p> <p>The condition noted in this finding was previously reported in finding 05-32.</p> <p>July 2006</p>		<u>CFDA #</u>	<u>Amount</u>		96.561	\$140,542
	<u>CFDA #</u>	<u>Amount</u>							
	96.561	\$140,542							

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Interagency Committee for Outdoor Recreation (IAC)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
06	30	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Interagency Committee for Outdoor Recreation did not comply with federal requirements for suspension and debarment for the Salmon Recovery Program.</p> <table data-bbox="669 722 961 781"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>11.438</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The IAC believed that the certification format in use was adequate, but discovered as a result of the audit that the specific text was out of date. In response to this finding, new language, which has been reviewed by the Auditor, has been incorporated in contracts issued by the IAC. This new language includes an expanded certification regarding suspension and debarment, and sub-contract agreements. Effective January 10, 2007, all federally funded agreements will include this certification.</p> <p>January 2007</p>	<u>CFDA #</u>	<u>Amount</u>	11.438	\$0
<u>CFDA #</u>	<u>Amount</u>						
11.438	\$0						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
06	31	<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 is not complying with federal requirements for time and effort reporting for the federal Vocational Rehabilitation 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;">84.126</td> <td style="text-align: right;">\$20,815</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department received verbal approval from the Federal Divisions of Cost Allocation that the Department's methods qualify as a substitute system. The Department's Office of Accounting Services (OAS) will continue to work on receiving written approval of its substitute systems. (September 2007)</p> <p>The owning of a position has been clarified recently for positions that are split between/among programs. The program identified in the Human Resource Management System organization unit will be responsible for completing the certification. It will be the responsibility of the identified program to update the Personnel Action Request form with the data obtained from the Personnel Activity records on a quarterly basis. This will allow the costs associated with these positions to be charged correctly to the various federal funding sources. The responsibility of these positions will be clarified during the next time certification process in May 2007.</p> <p>Time certification training will be provided by OAS to the Department's fiscal program managers. This training will be conducted by May 2007 and will focus on Accounting Policy Management Board Policies 50.01A and 50.01B.</p> <p>The Department's Division of Vocational Rehabilitation will consult with the federal partner, Rehabilitation Services Administration by July 2007, to determine whether questioned costs should be repaid.</p> <p>The condition noted in this finding was previously reported in finding 05-59.</p> <p>Estimated September 2007</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$20,815
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$20,815						

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06	32	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Division of Disability Determination Services received reimbursement for unallowable costs for the Social Security Disability Insurance Programs.</p> <table border="0" data-bbox="665 724 966 787"> <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;">96.001, 96.006</td> <td style="text-align: center;">\$62,931</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Division of Disability Determination's fiscal unit has controls in place to ensure that billings from the Washington State Patrol (WSP) are carefully scrutinized by at least two individuals before payment is made. If the documentation sent with the billing does not support the invoice, the Division withholds payment until adequate documentation is received.</p> <p>The Division is waiting for a new Memorandum of Understanding (MOU) between the WSP, the Social Security Administration (SSA), Office of Inspector General and the Division to be signed by all parties. This is expected by July 2007. The new MOU contains language that provides for payment of up to 35 percent in indirect costs to the WSP.</p> <p>The Division consulted with the Regional Office of the SSA regarding repayment of indirect costs paid to the WSP. The SSA does not consider these costs unallowable and will not be requesting reimbursement from the Division.</p> <p>The condition noted in this finding was previously reported in finding 05-41.</p> <p>Estimated July 2007</p>		<u>CFDA #</u>	<u>Amount</u>		96.001, 96.006	\$62,931
	<u>CFDA #</u>	<u>Amount</u>							
	96.001, 96.006	\$62,931							

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06	33	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Division of Disability Determination Services charged unallowable costs to Social Security Disability Insurance Programs.</p> <table border="0" data-bbox="669 722 964 781"> <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;">96.001, 96.006</td> <td style="text-align: center;">\$10,520</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Division of Disability Determination Services will contact the Regional office of the Social Security Administration (SSA) to report the unallowable costs associated with the non-grant Medical Assistance Program (NGMA) calculation error. The Division will reimburse SSA for the unallowable costs per Department policy by April 2007.</p> <p>Internal controls have been implemented to ensure that NGMA rates are calculated correctly. The NGMA spreadsheet is now protected so that formula errors do not occur. The spreadsheet calculations are reviewed by the fiscal unit supervisor before being transmitted to the Office of Accounting Services for input into the state accounting system.</p> <p>Estimated April 2007</p>		<u>CFDA #</u>	<u>Amount</u>		96.001, 96.006	\$10,520
	<u>CFDA #</u>	<u>Amount</u>							
	96.001, 96.006	\$10,520							

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
06	34	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Division of Disability Determination Services, did not comply with state and federal regulations when contracting for services paid with Social Security Disability Insurance Program funds.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>96.001, 96.006</td> <td>\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's Division of Disability Determination Services consulted with the Department's Central Contracts Services to develop a personal service contract for consultative providers. The Division will identify prospective contractors through a "Request for Qualification" process, in accordance with the State's RCW 39.29.040 and the Office of Financial Management guidelines. The Division will offer personal service contracts by October 2007, to all qualifying providers willing to accept standard fees published on the Department's internet website at: http://fortress.wa.gov/dshs/maa/DDDS/Fee%20Schedule.pdf.</p> <p>The Division will create contracts and maintain records for each contractor, in accordance with Department policies.</p> <p>The condition noted in this finding was previously reported in finding 05-39.</p> <p>Estimated October 2007</p>	<u>CFDA #</u>	<u>Amount</u>	96.001, 96.006	\$0
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