

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

**Table of Contents**

<b>Finding No.</b>	<b>State Agency</b>	<b>Corrective Action Plan Page Number</b>	<b>Single Audit Page Number</b>
07-01	Department of Natural Resources	H – 3	F – 8
07-02	Recreation and Conservation Office	H – 4	F – 12
07-03	Department of Natural Resources	H – 6	F – 16
07-04	Department of Natural Resources	H – 7	F – 19
07-05	University of Washington	H – 8	F – 22
07-06	Department of Social and Health Services/Department of Early Learning	H – 9	F – 26
07-07	Department of Social and Health Services	H – 13	F – 31
07-08	Department of Social and Health Services	H – 14	F – 35
07-09	Department of Social and Health Services	H – 15	F – 39
07-10	Department of Social and Health Services	H – 17	F – 44
07-11	Department of Social and Health Services	H – 19	F – 49
07-12	Department of Social and Health Services	H – 20	F – 59
07-13	Department of Social and Health Services	H – 22	F – 63
07-14	Department of Social and Health Services	H – 23	F – 66

---

---

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

---

---

**Table of Contents**

<b>Finding No.</b>	<b>State Agency</b>	<b>Corrective Action Plan Page Number</b>	<b>Single Audit Page Number</b>
07-15	Department of Health	H – 25	F – 70
07-16	Department of Health	H – 26	F – 73
07-17	Department of Social and Health Services	H – 27	F – 77
07-18	Department of Social and Health Services	H – 28	F – 81

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

**Department of Natural Resources (DNR)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
07	01	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Natural Resources did not comply with federal requirements for payroll costs charged directly to the Cooperative Forestry Assistance grant.</p> <table border="0" data-bbox="711 766 1023 829"> <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;">10.664</td> <td style="text-align: center;">\$234,527</td> </tr> </table> <p>Corrective action in progress</p> <p>The majority of expenses charged to federal grants administered by the Department are direct payroll expenses charged to specific grants. The Department is in compliance with federal requirements for these types of charges.</p> <p>The auditors expressed concerns over specific cases in which time was charged to grants based on budget allocations. These cases involved splitting time to different grants with program objectives that were very similar. In some cases the work between grants was indistinguishable, and time charged was split evenly between two funding sources. In other cases, the effort and cost to reconcile actual work to the budgeted allocations would exceed any possible benefit from avoiding a potential miscoding to a particular grant. In both of these situations our grantor was aware of our processes and had given their verbal approval.</p> <p>The Department discussed this issue with our grantor and will work with them to ensure that the process used to charging payroll costs meets with their approval, and that the approval for the process is documented in writing.</p> <p>Estimated April 2008</p>		<u>CFDA #</u>	<u>Amount</u>		10.664	\$234,527
	<u>CFDA #</u>	<u>Amount</u>							
	10.664	\$234,527							

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

**Recreation and Conservation Office (RCO)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>				
07	02	<p>Finding: The Recreation and Conservation Office does not have adequate internal controls over sub-recipient monitoring.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="649 714 1006 777"> <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;">11.438</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Status: Corrective action in progress</p> <p>The RCO is addressing this audit finding as follows:</p> <ul style="list-style-type: none"> <li>• Allowable costs/cost principles Each biennium, risk assessments will be conducted on all new grantees and for all existing grantees with active agreements. This assessment will include at a minimum a review of financial data, prior performance and A-133 audit records. The results of the assessment will be used to identify the grantee as a high, medium or low risk and will be presented to our Grant Program Review Group for additional review as applicable. This Group will review the audits, check recommendations and determine if corrective action plans are adequate.</li> </ul> <p>Each fiscal year RCO will perform extensive desk review audits of grantee reimbursement requests including but not limited to receipts, invoices, timesheets and financial records. RCO will use the results of the risk assessment as part of our criteria for our sampling pool.</p> <p>After additional staff are hired and trained, RCO will begin quarterly grantee site visits, as needed, for sub-recipient monitoring compliance.</p> <p>In order to ensure that site inspections and final reports are adequately documented in PRISM (RCO's PROject Information System) and the grant project file, the section manager or designee will conduct a monthly review of closed grants to ensure that PRISM and the grant project files are complete.</p> <ul style="list-style-type: none"> <li>• Earmarking RCO does not agree that internal controls were inadequate for tracking the one percent limitation on grant funds used for administrative costs related to the grant. RCO charged 1% administration for internal costs; there were no administrative charges included from our sponsors. This earmark, defined by the Memorandum of Understanding (MOU) dated May 1, 2000 was followed.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	11.438	\$0
<u>CFDA #</u>	<u>Amount</u>					
11.438	\$0					

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

**Recreation and Conservation Office (RCO)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	02 (Cont'd)	<ul style="list-style-type: none"> <li>• Audit requirement</li> </ul> <p>RCO's current policy regarding OMB Circular A-133 audit requirements will be revised to ensure grantee compliance. This revision will include sanctions that will be imposed when the sponsor is not compliant with the policy. Upon approval of this revised policy by the Grant Program Review Group, this policy will be communicated to all grantees and included in a future revision of our Reimbursement Manual 8 for Grant Programs.</p> <p>RCO will also revise standard contract terms and conditions to include the A-133 audit requirements.</p> <p>Completion Date: Estimated June 2009</p>

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

**Department of Natural Resources (DNR)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
07	03	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Natural Resources did not have adequate internal controls to ensure compliance with federal matching requirements for the Cooperative Endangered Species Conservation Fund grant.</p> <table border="0" data-bbox="711 766 1015 829"> <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;">15.615</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Description of Condition of this finding states, “---it has been unable to satisfactorily document the land valuation and use in accordance with federal requirements.” The Department has been working with the U.S. Fish and Wildlife Service (USFW) for over a year in an attempt to get clear direction on our proposed match properties. There have been differing interpretations of Yellow Book standards for both acquired and match properties, timing of appraisals and division of match properties for several grants.</p> <p>With the confusing and sometimes conflicting responses from the USFW, the Department was not able to reach finality on the matching requirements. In an effort to meet the requirements of these grants the Department met with the USFW to address concerns of five specific grants, including Phases I, II, and III of the Hoh River Conservation Corridor Project and the Swamp Lake Project. Agreement was reached on November 16, 2007 regarding several issues which will allow closure of several grants. It is projected that the matching requirements for these grants will be met by March 31, 2008. Additionally, the Department has been actively involved in reviewing new Draft Guidelines proposed by USFW which should resolve much of the ambiguity in administration of Section 6 grants.</p> <p>Estimated March 2008</p>		<u>CFDA #</u>	<u>Amount</u>		15.615	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	15.615	\$0							

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

**Department of Natural Resources (DNR)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
07	04	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Natural Resources did not have adequate controls to comply with federal requirements for subrecipient monitoring in the Cooperative Endangered Species Conservation Fund grant.</p> <table border="0" data-bbox="711 766 1015 829"> <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;">15.1615</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>This type of transaction represents a unique case in which the land trusts are classified as subrecipients by virtue of receiving real property rather than the receipt of federal funds for them to expend. The actual expenditure of the federal funds was made by the Department and was not called into question by the auditor.</p> <p>In the case of other grants in which the Department passes through federal funds for expenditure by the subrecipients, the Department has demonstrated a clear understanding of our responsibilities for subrecipient monitoring. Although the land trust subrecipients do not actually expend federal funds, the Department now understands that our responsibility for monitoring also extends to them.</p> <p>In August 2007 the Department identified three land trusts for which the grant period had ended and sent letters reminding them of the audit requirements in OMB Circular A-133. The Department received audit reports from two of those land trusts. The third land trust is currently undergoing an audit and will forward the results to us upon completion.</p> <p>Additionally, the Department added language to the cooperative agreement to ensure that in future transactions the audit requirements are more clearly articulated to subrecipients.</p> <p>November 2007</p>		<u>CFDA #</u>	<u>Amount</u>		15.1615	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	15.1615	\$0							

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

**University of Washington (UW)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
07	05	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The University of Washington's internal controls were inadequate to ensure compliance with requirements of its Gaining Early Awareness and Readiness for Undergraduate Programs Grant.</p> <table border="0" data-bbox="711 766 1015 829"> <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;">84.334</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>This grant noted in the finding has expired and, therefore has no remaining activities. However, for other related GEAR UP programs, controls have been strengthened to ensure sufficient evidence of sub-recipient monitoring is retained. Written program activity monitoring reports are now maintained.</p> <p>In addition, the University has ensured that the reporting methodology is documented so that in the event of employee turnover, the reporting process can be replicated.</p> <p>September 2007</p>		<u>CFDA #</u>	<u>Amount</u>		84.334	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	84.334	\$0							

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
07	06	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services and the Department of Early Learning do not have adequate internal controls over direct payments to child care providers.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>93.575, 93.596,</td> <td>\$0</td> </tr> <tr> <td>93.558</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>DEL and DSHS partially concur with the auditor’s finding that neither department has adequate internal controls over direct payments to child care providers.</p> <p>The Departments agree there is no process to routinely reconcile Social Service Payment System (SSPS) payments made to providers with the provider’s attendance records. Both Departments also agree that the program’s integrity would be enhanced by such reconciliation but have not had sufficient resources to perform the complex, time consuming reconciliation on a routine basis. In lieu of a reconciliation process both Departments have focused their efforts on improving provider accuracy in billing and conducting alternate post-payment audits performed at various frequencies, to monitor the accuracy of service authorizations and payment.</p> <p>In response to this finding DEL and DSHS will continue to cooperate in identifying and implementing internal controls that will improve billing practices by providers and increase payment accuracy.</p> <p><b>DEL will:</b></p> <ul style="list-style-type: none"> <li>• By Fall 2008, DEL will review the current training for providers on billing instructions and as needed, use “plain talk” principles to make the training for billing instructions clearer.</li> <li>• By Fall 2008, DEL will re-examine the state’s attendance record policy and evaluate the impact of mandating the use of a standard attendance reporting form to reduce the difficulty of reconciling attendance and SSPS payment records.</li> <li>• By the end of June 2009, DEL will train licensed and license-exempt family child care providers per the requirements of the</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.575, 93.596,	\$0	93.558	
<u>CFDA #</u>	<u>Amount</u>								
93.575, 93.596,	\$0								
93.558									

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	06 (Cont'd)	<p>2007-2009 Collective Bargaining Agreement (CBA) between the State of Washington and the Service Employees International Union 925. That agreement requires the State to provide, and all family child care providers to attend, training on subsidy payments. DEL will begin training these providers in the spring or summer of 2008 and document provider attendance at the training.</p> <p><b>DSHS will:</b></p> <ul style="list-style-type: none"> <li>• Continue to utilize the Payment Review Program (PRP) and mandatory monthly supervisory reviews to improve the accuracy of the authorization process and identify billing errors. Mandatory monthly supervisory reviews are performed by supervisors or lead workers in the local offices. The results of the reviews are documented in the Audit 99 audit tool. Community Services Division (CSD) Headquarters reviews the documentation to ensure monitoring compliance.</li> <li>• By April 30, 2008, DSHS will develop audit procedures, and implement audits, involving the reconciliation of a representative sample of the Social Services Payment System's (SSPS) child care payments with attendance record documentation obtained through DEL.</li> <li>• DSHS will work with DEL to develop protocols by April 30, 2008, for obtaining the attendance record documentation needed to complete the audits.</li> </ul> <p><b>DEL and DSHS will jointly:</b></p> <ul style="list-style-type: none"> <li>• Implement the requirements of The Improper Payments Information Act (IPIA) of 2002 that requires states to conduct and report on audits of child care authorizations to the US Department of Health and Human Services (HHS) on a 3 year cycle. To meet the IPIA requirements, DEL requested funds from the State Legislature to contract with the Quality Assurance</li> </ul>

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	06 (Cont'd)	<p>Unit of the Economic Services Administration. The Quality Assurance Unit began auditing a random sample of 276 child care authorizations from federal fiscal year 2007 for accuracy in January 2008. The results of the audit will be forwarded to DEL for reporting to U.S. Department of Health and Human Services (HHS) by June 30, 2008. DSHS will continue to conduct these reviews on an annual basis and report authorization issues to DEL.</p> <ul style="list-style-type: none"> <li>• By March 15, 2008, Economic Services Administration (ESA) and DEL will formalize their roles and responsibilities for audit, authorization, and payment accuracy in the Joint Service Level Agreement signed by the Deputy Secretary from DSHS and Deputy Director from DEL.</li> <li>• By March 30, 2008, the Community Services Division and DEL will review the September 2006 DSHS Quality Assurance Family Home Eligibility and Payment Review Report written by the Office of Quality Assurance to assure appropriate actions were taken to resolve the issues affecting the accuracy of authorizations and payments. Action plans will be developed to resolve outstanding issues.</li> <li>• By March 31, 2008, ESA Quality Assurance will establish and conduct a Joint Child Care Review Committee that will meet monthly to review and assess child care authorization, training and payment errors through a root cause analysis to reduce and prevent future errors. Within two weeks after each meeting, any issues coming out of the Joint Child Care Review Committee will be brought forward to the ESA Assistant Secretary from DSHS and the Deputy Director from DEL.</li> <li>• By May 31, 2008, the results of the audit of the reconciliation of SSPS child care payments with attendance record documentation will be forwarded to DEL for reporting to the HHS. DSHS will continue to conduct these reviews on an annual basis and report authorization issues to DEL.</li> </ul>

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	06 (Cont'd)	<ul style="list-style-type: none"> <li>• By May 31, 2008, the Community Services Division and DEL will review the SSPS provider payroll payment system and evaluate whether or not changes to SSPS could make it easier for providers to bill accurately.</li> <li>• By June 30, 2008, the SSPS Program of DSHS will identify the resources needed to make recommended changes and establish the feasibility and priority of recommended changes within current workload priorities.</li> </ul> <p><b>The condition noted in this finding was previously reported in finding 06-25.</b></p> <p>Completion Date: Estimated June 2009</p>

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
07	07	<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 internal controls to ensure that interest penalty collections are refunded to the federal government.</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;">\$268,380.81</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 will work with the appropriate federal entities to determine the best method to refund the interest to the federal government.</p> <p>The Department will analyze the calculations for the questioned costs identified in the audit, related to unreported interest penalty collections, and remit the appropriate amount to the federal government by April 1, 2008.</p> <p>By July 1, 2008, the Department will establish policies and procedures to ensure that federal share of interest is refunded to the federal government in an accurate and timely manner.</p> <p>The Department will determine the amount of interest related to unreported interest penalty collections for the period July 1, 2007 to July 1, 2008 and remit that interest back to the federal government by July 15, 2008.</p> <p>Estimated July 2008</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$268,380.81		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$268,380.81										
	93.777, 93.778											

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
07	08	<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 the federal share of overpayments made to Medicaid providers are refunded in a timely manner.</p> <table border="0" data-bbox="711 766 1015 856"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.775, 93.776</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department believes that existing internal controls are sufficient and adequately address the federal regulatory requirement to ensure that the federal share of overpayments is refunded within 60 days of discovery; however, the Department will work with the applicable federal entities to verify that procedures are adequate and in compliance with the Code of Federal Regulations. By July 1, 2008, the Department resolves to arrive at a mutual agreement with the federal liaisons on how best to comply with the Code of Federal Regulations without undue burden on resources and the manual reconciliation process for the return of the federal share of overpayments.</p> <p>The Office of Financial Recovery will work with the Finance Directors of each Administration by March 31 2008, to provide reasonable assurance that all overpayments will be referred to the Office of Financial Recovery in a timely manner.</p> <p><b>The condition noted in this finding was previously reported in finding 06-12.</b></p> <p>Estimated July 2008</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												

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
07	09	<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’s internal controls are inadequate to identify and recover Medicaid overpayments to pharmaceutical providers made through inappropriate use of billing override codes.</p> <table border="0" data-bbox="711 766 1015 861"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>Questioned Costs:</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 Health and Recovery Services Administration (HRSA) will continue outreach activities that commenced on September 27, 2007, including working with the Washington State Pharmacy Association and the Pharmacy Focus Group to identify opportunities to improve third party liability processes and to raise awareness in the pharmacy community for Third Party Liability (TPL) overpayments.</p> <p>On December 31, 2007, HRSA started the Other-Coverage-Code 7 project. This project was reviewed with the Pharmacy Focus Group and is aimed at making pharmacies cognizant of their Other-Coverage-Code 7 use, and allows HRSA Coordination of Benefits Section to verify and update client eligibility files with correct third party payer information. Based on feedback from the pharmacy community, HRSA may extend or modify this activity.</p> <p>Also, on December 31, 2007, HRSA sent letters identifying claims with Other-Coverage-Codes to pharmacies asking them to conduct a self-review of their billings to ensure compliance. Based on feedback from the pharmacy community, HRSA may extend or modify this activity.</p> <p>Beginning December 31, 2007, the Office of Payment Review and Audit within HRSA began performing a comprehensive risk assessment to identify potential enhancements to existing post-payment controls. Available program resources will be identified and compared with current TPL claim expenditures by March 31, 2008, to ensure the most cost effective recovery methods.</p> <p>HRSA is evaluating additional Point of Sale (POS) pre-payment controls, including adding a new field to the POS system for bank identification numbers and bin and processor control numbers (PCN). Approved recommendations will be incorporated into the new POS; changes to occur</p>		<u>CFDA #</u>	<u>Amount</u>	Questioned Costs:	93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
Questioned Costs:	93.775, 93.776	\$0										
	93.777, 93.778											

**State of Washington  
Corrective Action Plan**

*OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007*

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	09 (Cont'd)	<p>Corrective Action: on or before June 30, 2009.</p> <p><b>The condition noted in this finding was previously reported in finding 06-04.</b></p> <p>Completion Date: Estimated June 2009</p>

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
07	10	<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's, internal controls are inadequate to support decisions on the eligibility of clients enrolled in Medicaid's Basic Health Plus Program.</p> <table border="0" data-bbox="711 798 1006 892"> <thead> <tr> <th></th> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: left;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>Questioned</td> <td>93.775, 93.776</td> <td>\$0</td> </tr> <tr> <td>Costs:</td> <td>93.777, 93.778</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department conducted a focus audit that was completed in May 2007 which identified a specific knowledge gap that contributed significantly to the identified exceptions.</p> <p>The Department developed, and in July 2007 delivered, Self Employment (SE) training for all Medical Eligibility Determination Services (MEDS) staff. This training focused on the specific knowledge and performance gaps identified in the focused audit of SE cases. The State Auditor's Office was provided with the curriculum and desk aids developed. The Department continues to audit to the standards presented at the training with a resulting increase in accuracy and improved documentation of SE cases.</p> <p>In December 2007, MEDS staff met with Health Care Authority (HCA) staff to review and update the language on the HCA, Basic Health Plus application to specify that DSHS rules/requirements are applied to information related to eligibility for Basic Health Plus. The proposed date for the new HCA application is April 2008.</p> <p>New rules were developed and implemented for income calculation and SE documentation effective January 2008. These new rules are expected to streamline the documentation and verification required for SE cases in particular. New rules training was delivered to all MEDS staff on December 19, 2007. A desk aid was developed, reviewed by policy staff, and was delivered to MEDS staff on December 28, 2007.</p>		<u>CFDA #</u>	<u>Amount</u>	Questioned	93.775, 93.776	\$0	Costs:	93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
Questioned	93.775, 93.776	\$0										
Costs:	93.777, 93.778											

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
07	10 (Cont'd)	Corrective Action:	<p>Audits of 5% of the applications/reviews are to be performed to ensure correct application of new rules. Auditing began on January 2, 2008 and is expected to continue for 4 months, or until April 30, 2008.</p> <p><b>The condition noted in this finding was previously reported in finding 06-05.</b></p> <p>Completion Date: Estimated April 2008</p>

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
07	11	<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 internal controls to ensure new applicants meet federal citizenship requirements before receiving Medicaid benefits.</p> <table border="0" data-bbox="711 737 1015 829"> <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;">\$10,044</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 is taking the following action to address this audit finding:</p> <ul style="list-style-type: none"> <li>• Manual accounting entries will be completed by the Division of Rates and Finance within the Health and Recovery Services Administration (HRSA) in March 2008, to fund expenditures with state funds for enrollees who have not satisfied federal requirements. Ongoing future accounting entries will be made as necessary.</li> <li>• Citizenship verification and identity processes will be developed by HRSA by May 1, 2008, to ensure accurate eligibility decisions for all applicants 19 years of age and older and for all non-pregnant applicants under the age of 19.</li> <li>• By May 15, 2008, HRSA will provide medical eligibility staff with citizenship verification, identity training and communication related to eligibility for applicants 19 years of age and older as well as for non-pregnant applicants under the age of 19.</li> <li>• Beginning June 1, 2008, HRSA will require citizenship verification and proof of identity for all applicants 19 years of age and older prior to Medicaid approval.</li> <li>• Beginning June 1, 2008, HRSA will require citizenship verification and proof of identity (with a 90 day grace period) for all non-pregnant applicants under the age of 19 prior to Medicaid approval.</li> </ul> <p>Estimated June 2008</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$10,044		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$10,044										
	93.777, 93.778											

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
07	12	<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 people receiving Medicaid benefits have valid Social Security numbers.</p> <table border="0" data-bbox="711 737 1015 831"> <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>As a result of last year’s findings, State On-line Query (SOLQ) training was developed. As of December 2006, all financial staff in the Economic Services Administration (ESA) has been trained in the use of SOLQ, and are required to use SOLQ to check Social Security numbers (SSN) at the time of the client’s initial application for benefits in all programs.</p> <p>In December 2006, ESA Supervisors added medical cases to their monthly alerts with a focus on SSN verification.</p> <p>In April 2007, the Operations Support Quality Assurance unit within ESA began conducting monthly random audits on medical cases checking for consistent use of SOLQ at the time of application for benefits and at scheduled case reviews. The audit results are provided to the Division of Employment and Assistance Program (DEAP) Director and the DEAP Operations Chief for review and further action as appropriate. The audits, used to identify errors and determine trends, will continue.</p> <p>On October 14, 2007, the Department added a hard edit in the Department’s Automated Client Eligibility System (ACES) that requires workers to take action at the time of medial recertification for individuals who have had a SSN application pending for more than 60 days. Workers are currently required to take action on all cases with no SSN that are identified in a monthly “No SSN” report. The report identifies Medicaid recipients subject to the SSN requirement who do not have a SSN in ACES and have been active on medical assistance for at least two months.</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											

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
07	12 (Cont'd)	Corrective Action:	<p>In January 2008, staff from Health and Recovery Services (HRSA) and ESA met to discuss solutions to the repeat State Auditor SSN findings. The following action steps were identified:</p> <ul style="list-style-type: none"> <li>• In January 2008, HRSA sent ESA a “No SSN” list sorted to identify individuals under age 12-months and over age 12-months who lack a SSN in ACES.</li> <li>• In February 2008, ESA / DEAP sent the list of individuals who are over 12 months of age and not exempt from the SSN requirement to ESA field staff for immediate action to verify and enter SSN into ACES.</li> <li>• In February 2008, ESA developed and distributed a desk aid for line staff with easy-to-understand information on medical eligibility rules and SSN requirements.</li> <li>• In February 2008, ESA posted an article on iESA, Inside Economic Services Administration intranet webpage, regarding SSN requirements for Medicaid.</li> <li>• In February 2008, ESA issued a memo to field staff regarding Payment Error Rate Measurement (PERM) reviews for the State Children’s Health Insurance Program, and the critical need to meet SSN requirements to ensure program integrity and avoid findings of ineligibility in PERM reviews.</li> <li>• ESA / DEAP will follow up on action taken to verify and enter SSN into ACES by monitoring to ensure SSNs for individuals over 12 months of age. This monitoring began in March 2008 and will be ongoing.</li> </ul> <p><b>The condition noted in this finding was previously reported in finding 06-02.</b></p> <p>Completion Date: Estimated March 2008</p>

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
07	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’s internal controls are insufficient 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>Corrective action in progress</p> <p>The Department believes that controls in place provide reasonable assurance that the data used in rate-setting is accurate and complete.</p> <p>In the Managed Care Program, health care plans provide detailed financial data directly to the Department’s contract actuary. Because of concerns with the proprietary nature of this data, health care plans do not submit the data to the Department. The actuary completes a validation of the financial data received from the Healthy Options plans by comparing it with the financial statements found in the annual independent audits completed on the health care plans and submitted to the Office of the Insurance Commissioner. The actuary also reviews encounter data submitted to the Department by the health care plans. When those data sets provide a reasonable assurance to the actuary that the financial and encounter data is representative of services performed, the actuary proceeds to calculate the health care plan rate for the provider based upon the submitted financial and encounter data. When the data sets do not provide the reasonable assurance, the actuary works with the health care plan to resolve discrepancies or inconsistencies prior to performing the rate calculation.</p> <p>The Centers for Medicaid and Medicare Services (CMS) recently completed a follow-up to their 2004 audit. If CMS has continued findings related to the adequacy of data used for rate setting, the state will work with CMS by June 2008 to develop an acceptable corrective action plan.</p> <p><b>The condition noted in this finding was previously reported in finding 06-13.</b></p> <p>Estimated June 2008</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											

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
07	14	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services' internal controls are insufficient to ensure compliance with federal Medicaid requirements for reporting adult victims of residential abuse to the Medicaid Fraud Control Unit.</p> <table border="0" data-bbox="711 766 1015 861"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>Questioned Costs:</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>In May 2007, the Department hired an Incident Manager to coordinate incident reporting, investigations, policies and procedures, and audits. The Incident Manager immediately began tracking and monitoring incidents using a standardized electronic incident reporting template for state hospitals and Regional Support Networks for reporting to Mental Health Division (MHD) Management. This allows for notification of incidents and information about the investigation to MHD, Health and Recovery Services Administration (HRSA), and other DSHS administrations.</p> <p>The Incident Manager will continue with regular monthly meetings that were established in August 2007, with MHD administration and hospital incident management staff, to ensure compliance with reporting requirements consistent with DSHS policy.</p> <p>In October 2007, the Incident Manager established an operational procedure for the process of reporting incidents, by type of seriousness, to MHD and HRSA.</p> <p>In January 2008, the Incident Manager met with the Medicaid Fraud Control Unit (MFCU) staff to clarify MFCU's reporting standards regarding residential abuse, and followed up with Western State Hospital on the five incidents identified in the audit. Those incidents were verified that they were referred to the Washington State Patrol (WSP) ** per MFCU protocol. The MHD will ensure that any future incidents that require reporting to MFCU are done.</p> <p>The incident Manager worked with Western State Hospital staff and MFCU to clarify reporting standards and referrals for residential abuse. These standards were implemented into the MHD incident reporting</p>		<u>CFDA #</u>	<u>Amount</u>	Questioned Costs:	93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
Questioned Costs:	93.775, 93.776	\$0										
	93.777, 93.778											

**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007***

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
07	14 (Cont'd)	Corrective Action:	<p>policy in February 2008.</p> <p>The MHD rewrote the current MHD Incident reporting policy, approved in February 2008. The policy will include directions, content and timelines on reporting and referrals to outside agencies, and complies with federal requirements; these outside agencies include MFCU, Adult Protective Services and Child Protective Services.</p> <p>The Incident Manager will meet with Western State Hospital staff to review the findings, examine incident reports and forward any reports to law enforcement as necessary in March 2008.</p> <p>The MHD will ensure hospital staff are fully trained in the investigation process to begin immediately, and completed by June 2008. The Incident Manager will follow-up with appropriate hospital staff to ensure documentation and completion of investigation training.</p> <p>By August 2008, the MHD will conduct on-site audits for incident reporting and administer corrective actions when necessary. Also by August 2008, the Incident Manager will conduct on-site reviews to assess the state hospital and contractor compliance with the division's policy for investigating, monitoring, and referring incident reports. When deficiencies are identified, corrective action will be required and monitored until complete.</p> <p><b>**Note:</b> In agreement with MFCU, and according to state policy, MHD and State Hospital staff report suspected residential abuse to the WSP.</p> <p><b>The condition noted in this finding was previously reported in finding 06-18.</b></p> <p>Completion Date: Estimated August 2008</p>

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>						
07	15	<p>Finding: The Department of Health does not have adequate internal controls to ensure compliance with federal Medicaid requirements for hospital surveys.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="716 772 1008 863"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775, 93.776</td> <td>\$0</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: In response to the finding the Department will take the following actions:</p> <ul style="list-style-type: none"> <li>• Issue an internal office procedure detailing the requirement for pre-decisional documentation to be included in the survey files.</li> <li>• Conduct periodic quality assurance reviews of completed survey files to ensure that the procedure is consistently followed.</li> </ul> <p><b>The condition noted in this finding was previously reported in finding 06-09.</b></p> <p>Completion Date: Estimated May 2008</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								

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

**Department of Health (DOH)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
07	16	<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 National Bioterrorism Hospital Preparedness 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;">93.889</td> <td style="text-align: right;">\$31,759.10</td> </tr> </table> <p>Corrective action in progress</p> <p>In response to the finding the Department will implement the following measures:</p> <ul style="list-style-type: none"> <li>• All DOH divisions/programs using Public Health Emergency Preparedness (PHEPR) or other federal grant funds to pay for some or all of an employee's time will agree in writing to provide supporting time and effort documentation on a monthly basis to the PHEPR program manager for their employees performing work for the PHEPR program.</li> <li>• All DOH divisions/programs using federal grant funds to pay for some or all of an employees time, agree in writing to submit an estimated budget/spending plan at the beginning of each new program year. This spending plan will specify the projected costs and numbers of employees to be partially or fully supported with federal grant funds during the coming year.</li> <li>• Federal funds will not be used to pay less than 10% of any employee's monthly salary cost. In any case, all employee time charged to a grant will be documented for time and effort, and that documentation will be provided to PHEPR program manger every month.</li> <li>• DOH division/program management will meet with PHEPR staff at least annually to review (1) the past year's program costs and expenditures incurred by the division/program, and (2) the coming year's grant related costs and expenditures anticipated to be incurred by the division /program.</li> </ul> <p>Estimated May 2008</p>	<u>CFDA #</u>	<u>Amount</u>	93.889	\$31,759.10
<u>CFDA #</u>	<u>Amount</u>						
93.889	\$31,759.10						

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
07	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, 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></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>96.001, 96.006</td> <td></td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Division of Disability Determination Services (DDDS) sought a determination from the Office of Financial Management (OFM) regarding classification of contracts between DDDS and consultative providers. In April 2006, OFM issued a written determination classifying these contracts as personal service, rather than client service.</p> <p>In October 2007, DDDS identified prospective contractors through a Request for Qualification process, in accordance with RCW 39.29.040 and OFM guidelines. DDDS offers personal service contracts to all qualifying providers willing to accept standard fees published by the Department of Social and Health Services on the Internet Website at <a href="http://fortress.wa.gov/dshs/maa/DDDS/Fee%20Schedule.pdf">http://fortress.wa.gov/dshs/maa/DDDS/Fee%20Schedule.pdf</a>.</p> <p>In October 2007, DDDS created contracts and began maintaining documentation records for consultative evaluations by individual medical practitioner / contractor in accordance with Department policies. By the end of October 2007, all doctors/professionals providing services for DDDS and its clients, with date of service of October 1, 2007 or later, have personal service contracts in place.</p> <p><b>The condition noted in this finding was previously reported in finding 06-34.</b></p> <p>October 2007</p>		<u>CFDA #</u>	<u>Amount</u>	96.001, 96.006		\$0
	<u>CFDA #</u>	<u>Amount</u>							
96.001, 96.006		\$0							

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2007**

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
07	18	<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 allocating employee salaries and wages in accordance with its Public Assistance Agency Cost Allocation Plan.</p> <table border="0" data-bbox="717 730 1023 823"> <thead> <tr> <th></th> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>Questioned</td> <td>93.775, 93.563</td> <td>\$162,924</td> </tr> <tr> <td>Costs:</td> <td>84.126, 93.959</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Office of Accounting Services (OAS) will work with each of the Department administrations by March 31, 2008, and review the positions noted in the audit as being an exception. The outcome will be to:</p> <ul style="list-style-type: none"> <li>• Correct the methodology used to allocate the position; or</li> <li>• Update the account coding associated with the position; or</li> <li>• Update the Public Assistance Cost Allocation Plan (PACAP) to identify the position and methodology used to allocate the position; or</li> <li>• Ensure time and effort documentation is produced and maintained to support the charges.</li> </ul> <p>OAS will continue to work with all Department administrations to accurately code positions and assist them in implementing the requirements of the PACAP, to be completed by April 30, 2008.</p> <p>The Accounting Policy Management Board will review Administrative Policy 19.50.01B, "Federal Compliance with Time Certifications for Positions Charged to Multiple Funding Sources" and provide clearer instructions to all Department administrations on documentation requirements for the distribution of salaries and wages charged to multiple programs, also by April 30, 2008.</p> <p>The Department will work with each of the federal granting agencies to determine if any of the questioned costs are to be returned.</p> <p><b>The condition noted in this finding was previously reported in finding 06-23 and 06-31.</b></p> <p>Estimated April 2008</p>		<u>CFDA #</u>	<u>Amount</u>	Questioned	93.775, 93.563	\$162,924	Costs:	84.126, 93.959	
	<u>CFDA #</u>	<u>Amount</u>										
Questioned	93.775, 93.563	\$162,924										
Costs:	84.126, 93.959											