

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Table of Contents

Finding Number	State Agency	CFDA Number	Page Number
06-01	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-5
06-02	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-6
06-03	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-7
06-04	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-9
06-05	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-11
06-06	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-13
06-07	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-14
06-08	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-16
06-09	Department of Health/Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-18
06-10	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-19
06-11	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-20
06-12	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-22
06-13	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-24
06-14	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-25
06-15	Department of Health	93.775, 93.776, 93.777, 93.778	I-26

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Table of Contents

Finding Number	State Agency	CFDA Number	Page Number
06-16	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-27
06-17	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-28
06-18	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-30
06-19	Department of Health/Department of Social and Health Services	93.775, 93.776, 93.777, 93.778	I-32
06-20	Department of Health	93.283	I-33
06-21	Department of Health	93.283	I-34
06-22	Department of Social and Health Services	96.558	I-35
06-23	Department of Social and Health Services	96.563	I-36
06-24	Department of Social and Health Services	93.563	I-38
06-25	Department of Social and Health Services/Department of Early Learning	93.575, 93.596	I-39
06-26	Department of Social and Health Services/Department of Early Learning	93.575, 93.596	I-41
06-31	Department of Social and Health Services	84.126	I-43
06-32	Department of Social and Health Services	96.001, 96.006	I-45
06-33	Department of Social and Health Services	96.001, 96.006	I-46
06-34	Department of Social and Health Services	96.001, 96.006	I-47
06-35	Department of Ecology	66.458	I-48
05-03	Department of Social and Health Services	93.778	I-49
05-06	Department of Health/Department of Social and Health Services	93.778	I-51
05-07	Department of Health/Department of Social and Health Services	93.778	I-53

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Table of Contents

Finding Number	State Agency	CFDA Number	Page Number
05-08	Department of Social and Health Services	93.778	I-55
05-09	Department of Social and Health Services	93.778	I-57
05-12	Department of Social and Health Services	93.778	I-58
05-13	Department of Social and Health Services	93.778	I-60
05-14	Department of Social and Health Services	93.778	I-61
05-15	Department of Social and Health Services	93.778	I-63
05-17	Department of Social and Health Services	93.778	I-65
05-18	Department of Health	93.778	I-66
05-19	Department of Social and Health Services	93.778	I-68
05-20	Department of Social and Health Services	93.778	I-69
05-21	Department of Social and Health Services	93.778	I-71
05-23	Department of Social and Health Services	93.778	I-72
05-24	Department of Social and Health Services	93.778	I-73
05-28	Department of Social and Health Services	93.778	I-74
05-30	Department of Social and Health Services	93.575, 93.596, 93.558, 93.667	I-76
05-36	Department of Social and Health Services	93.558	I-78
05-39	Department of Social and Health Services	96.001	I-79
05-41	Department of Social and Health Services	96.001	I-80
05-50	University of Washington	93.389, 93.866, 93.846, 93.837, 93.864, 93.866, 93.856, 93.859	I-81
05-51	University of Washington	Not Specified	I-83

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Table of Contents

Finding Number	State Agency	CFDA Number	Page Number
05-56	Military Department	16.007, 97.004	I-84
05-59	Department of Health	10.557, 93.268 93.283	I-85
04-02 1)	Department of Social and Health Services	93.778	n/a
04-03 1)	Department of Social and Health Services	93.778	n/a
04-04 1)	Department of Social and Health Services	93.778	n/a
04-05 1)	Department of Social and Health Services	93.778	n/a
04-11 1)	Department of Social and Health Services	93.778	n/a
04-13 1)	Department of Social and Health Services	93.778	n/a
04-14	Department of Social and Health Services	93.778	I-86
04-18 1)	Department of Social and Health Services	93.778	n/a
04-20 1)	Department of Social and Health Services	93.778	n/a
04-23 1)	Department of Social and Health Services	93.558	n/a
04-25	Department of Social and Health Services	93.575, 93.596	I-88
04-45 1)	Military Department	16.007, 97.004	n/a
04-48 1)	Employment Security Department	17.245	n/a
03-3 1)	Employment Security Department	17.225	n/a
03-5 1)	Employment Security Department	17.255 2)	n/a
03-11	Department of Social and Health Services	93.778	I-89

1) Two years have passed since the audit report in which the finding occurred was submitted to the Federal clearinghouse. The Federal agency is not currently following up with the auditee, and a management decision was not issued. In some cases, the condition noted in the finding was repeated in a subsequent year and corrective action either has been completed or is currently in progress.

2) This finding relates to a compliance issue that occurred in State Fiscal Year 2001. CFDA 17.255 was the applicable catalog number at that time.

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	01	Finding: Questioned Costs: Status: Corrective Action: Completion Date:	<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><u>CFDA #</u></td> <td><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>Finding is considered no longer valid. Washington Title XIX State Plan Transmittal 06-012 was approved by the Centers for Medicare and Medicaid Services effective June 1, 2006.</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). DSHS is in ongoing communications with CMS. As CMS requests additional information, the Department provides it. CMS is considering Department responses and has not yet made a determination.</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>November 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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For Years Prior to Fiscal Year 2007**

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

Department of Social and Health Services (DSHS)

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" data-bbox="669 779 971 867"> <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>Refer to finding 07-12</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, but not yet approved 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. The programming change request will continue to be evaluated and assigned priority in relation to other changes also under consideration. • Since December 2006, 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. • As of April 30, 2007, Community Service Division Headquarters began quarterly random audits on medical cases and checking for consistent use of SOLQ at application and reviews. From April through June, 302 cases were reviewed showing 98% of SSNs were correct and verified. Department quality assurance staff continues to gather data through random audits. <p>The condition noted in this finding was previously reported in finding 05-20.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit. Refer to finding 07-12.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$903,821		93.777, 93.778	
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	93.775, 93.776	\$903,821										
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 For Years Prior to Fiscal Year 2007**

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

Department of Social and Health Services (DSHS)

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></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;">\$681,508</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>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. • The work request to move the Automated Client Eligibility System alerts into the Department's Document Management System (DMS) has been implemented. The change integrates 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 staff to follow appropriate policies and procedures in assisting the client to apply for a SSN. 		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$681,508		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
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 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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 For the Fiscal Year Ended
 June 30, 2007***

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	03 (Cont'd)	Corrective Action:	<ul style="list-style-type: none"> In April, 2007, the Community Service Division reviewed 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. On May 17, 2007, Community Services Division staff 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.
		Completion Date:	<p>The condition noted in this finding was previously reported in finding 05-15</p> <p>Resolved</p>

**State of Washington
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 For Years Prior to Fiscal Year 2007**

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
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>Refer to finding 07-09</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>										
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 For Years Prior to Fiscal Year 2007**

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 For the Fiscal Year Ended
 June 30, 2007***

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
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 of which \$3,053,769 has been recovered.</p>
		Completion Date:	The lack of adequate internal controls noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit. Refer to finding 07-09.

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2007**

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
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" data-bbox="669 806 964 898"> <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>Refer to finding 07-10</p> <p>To ensure adequate internal controls are followed, 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. The results of these audits assist the department in identifying areas where internal controls could be strengthened. The audits strengthen controls in the following ways:</p> <ul style="list-style-type: none"> ○ The audit plan included an audit of new policies implemented by headquarters that effect MEDS operations, to ensure consistent compliance. ○ Target trends are identified in audits. Trainings focused 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. <p>Training on eligibility determinations for self-employed clients 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.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$53,126		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	05 (Cont'd)	Corrective Action:	<p>Phase one of the Self-Employment training for supervisors and leads was completed on March 12, 2007.</p> <p>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.</p> <p>The condition noted in this finding was previously reported in finding 05-10.</p> <p>Completion Date:</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit. Refer to finding 07-10.</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
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 style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775, 93.776</td> <td style="text-align: right;">\$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 implemented on July 6, 2006, that added edits to prevent 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 implemented 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 this new WAC (WAC 388-543-110) was July 2007.</p> <p>The condition noted in this finding was previously reported in finding 05-23.</p> <p>July 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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**OMB Circular A-133 Audit
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Fiscal Year	Finding Number	Finding and Corrective Action Plan						
06	07	<p>Finding: 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> <p>Questioned Costs:</p> <table border="0" data-bbox="667 806 961 898"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775, 93.776</td> <td>\$0.00</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Finding is considered no longer valid. The Center of Medicare and Medicaid Services released the deferrals in May 2007.</p> <p>Corrective Action: <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 the 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 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 Diagnostic Related Group (DRG) 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	\$0.00	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>							
93.775, 93.776	\$0.00							
93.777, 93.778								

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06	07 (Cont'd)	Corrective Action: The condition noted in this finding was previously reported in finding 05-09. Completion Date: Resolved

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	08	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</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><u>CFDA #</u></td> <td><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 complete</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>	<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									

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
06	08 (Cont'd)	<p>The SSPS system limitations 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 was issued April 9, 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>Completion Date: Resolved</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
06	09	Finding: Questioned Costs:	<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> <table border="0"> <tr> <td style="padding-right: 20px;"><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><u>Department of Social and Health Services</u></p> <p>As a result of a clarification received from CMS, DSHS is no longer included in this finding.</p> <p><u>Department of Health</u></p> <p>Status: Refer to finding 07-15</p> <p>Corrective Action: The Department of Health revised the method of recording deficient findings during Medicare surveys. All reports now indicate that all Federal Medicare hospital certification regulations (Conditions of Participation) are reviewed for compliance during the onsite survey. All deficient findings are documented according to Centers for Medicare and Medicaid Services (CMS) Principles of Documentation.</p> <p>CMS concurs with the actions taken by the Departments to ensure that hospital surveys are documented in accordance with federal regulation.</p> <p>The condition noted in this finding was previously reported in finding 05-06.</p> <p>Completion Date: A lack of internal controls to ensure compliance with hospital survey requirements noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit. Refer to finding 07-15.</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													

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
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><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>Finding is considered no longer valid</p> <p>As a result of the Fiscal Year 2005 Medicaid Audit, the Department asked the Centers 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 does not concur with this finding.</p> <p>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 re-certifications.</p> <p>CMS concurs with the actions taken by the Department to ensure that certification surveys are performed and documented in accordance with Federal regulations.</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								
93.777, 93.778									

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

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>Refer to finding 07-11</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 May 2007, the Department sent a memo to the field as a reminder to get signatures and to document eligibility changes to the application for benefits. 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>										
	93.775, 93.776	\$0										
	93.777, 93.778											

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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 – including applications received since that time – are scanned into an electronic case record and retained by the Department. Prior to that time, obsolete paper copies of applications were destroyed. An application was declared obsolete three years after the last claim was paid. As of the implementation of DMS, all received documents are available. • The Department’s Health and Community Services implemented DMS in all regions during 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 began conducting random audits of medical cases in April 2007. The audits include reviewing the application process.</p> <p>The Department developed a state-wide training group and curriculum for consistency within offices on eligibility determination procedures, among other issues. The training is ongoing.</p> <p>Completion Date: The lack of internal controls noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit. In Fiscal Year 2007, the focus was on lack of controls to ensure new applicants meet federal citizenship requirements. Refer to finding 07-11.</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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>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 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>\$0</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </table> <p>Refer to finding 07-08</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 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>	<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
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	12 (Cont'd)	Corrective Action:	<p>In September 2007, FSA created a work list of staff that is responsible for overpayment referrals to the Office of Financial Recovery (OFR) from the Administrations within the Department. This list of staff was provided to the State Auditor's Office for their use during overpayment audits. This list of staff will be used by FSA to communicate about overpayments by Department administrations and, if necessary, to improve the referral process of overpayments to OFR.</p> <p>The condition noted in this finding was previously reported in finding 05-24.</p> <p>Completion Date:</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit. Refer to finding 07-08.</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

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>Refer to finding 07-13</p> <p>The Centers for Medicare and Medicaid Services (CMS) has been working with the Department to improve the data used for rate setting and has approved Washington State's methodology for setting managed care rates. In addition, the 2006 managed care contract has been approved.</p> <p>The new Provider One payment system will enhance the rate setting process by allowing encounter and other data to be tracked in one comprehensive system. 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.</p> <p>The condition noted in this finding was previously reported in finding 05-21.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit. Refer to finding 07-13.</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
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	14	Finding: Questioned Costs: Status: Corrective Action: Completion Date:	<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 style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775, 93.776</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </table> <p>Corrective action complete</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 has conducted a review from a random sample of Home Health providers every three months. The review is checking for the Core Provider Agreement, the debarment statement, W9, and a current business license. Reviews of existing providers are complete. New procedures are in place for all providers who apply for Medicaid participation.</p> <p>A data base has been 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>May 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									

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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>Completion Date:</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 style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><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 complete</p> <p>The Office of the Inspector General concurred with the State Auditor's Office (SAO) in an Audit Clearance Document: CIN A-10-06-85755. Both the Department and SAO have reviewed this document and agree on the meaning and intent of the federal requirement.</p> <p>To address these requirements, the Department has begun to retain the pre-decisional documentation in accordance with federal requirements and will issue formal directives to its surveyors in order to maintain consistency in this process.</p> <p>The Centers for Medicare and Medicaid Services (CMS) concurs with the Department's intent to comply with federal regulations.</p> <p>The condition noted in this finding was previously reported in finding 05-18.</p> <p>January 2008</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													

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2007**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

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 complete</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 began conducting reviews from a random sample of DME providers every three months. These reviews check for the Core Provider Agreement, the debarment statement, W9, and a current business license for ten providers (2% of DME providers) per quarter. Records will be kept of reviews and actions taken.</p> <p>All new Medicaid applications are checked for required documentation.</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 business 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>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											

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
06	17	<p>Finding: The Department of Social and Health Services is not adequately reviewing pharmaceutical claims to identify patterns of fraud and abuse.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>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 complete</p> <p>Corrective Action: 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 implemented a system enhancement that utilizes this data to validate against the full DEA national database at the time of pharmacy claims adjudication. All pharmacies submitting claims to Medical Assistance are validated whether in state or out of state. The Pharmacy Point of Sale (POS) now validates DEA numbers against the full DEA national database at the time of claims adjudication.</p> <p>As of October 2006 and thereafter, DEA numbers identified as belonging to veterinarians are 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. This review is to ensure that any problems with the database are identified and corrected.</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
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
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"> <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>Refer to finding 07-14</p> <p>The Department's Mental Health Division (MHD) completed the following by December 2006:</p> <ul style="list-style-type: none"> • All incidents that 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>										
	93.775, 93.776	\$0										
	93.777, 93.778											

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
06	19	<p>Finding: 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>Questioned Costs:</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">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>Status: Finding is considered no longer valid</p> <p>Corrective Action: 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 rests with CMS and not with the Department of Social and Health Services (DSHS), the State Medicaid agency. Due to this, the agreement between DSHS and DOH is not required to contain or enforce all federal requirements. At this time, it is the understanding of the Departments that the State Auditor's Office is aware of the clarification from CMS and does not contemplate a repeat finding.</p> <p>The agreement between the DOH and DSHS ensures adequate and timely communication on survey results and allows DSHS to complete federal reports accurately and on time. The agreement does not extend beyond this purpose.</p> <p>The condition noted in this finding was previously reported in finding 05-07.</p> <p>Completion Date: 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											

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Health

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
06	20	Finding: Questioned Costs: Status: Corrective Action: Completion Date:	<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" data-bbox="665 840 966 903"> <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;">93.283</td> <td style="text-align: center;">\$14,170</td> </tr> </table> <p>Corrective action complete</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>January 2008</p>		<u>CFDA #</u>	<u>Amount</u>		93.283	\$14,170
	<u>CFDA #</u>	<u>Amount</u>							
	93.283	\$14,170							

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Health

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
06	21	Finding: Questioned Costs: Status: Corrective Action: Completion Date:	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. <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>93.283</td> <td>\$0</td> </tr> </table> Corrective action in progress 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 Department policy. This will meet the federal time and effort requirements. Estimated August 2008	<u>CFDA #</u>	<u>Amount</u>	93.283	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.283	\$0						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
06	22	Finding: Questioned Costs: Status: Corrective Action: Completion Date:	<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="padding-right: 20px;"><u>CFDA #</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>96.558</td> <td>\$32,041</td> </tr> </table> <p>Corrective action complete</p> <p>The Department 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 added medical cases, including Temporary Assistance for Needy Families Program, to their monthly case audits. These audits focus on mismatched alerts and check for consistent use of SOLQ for SSN verification. <p>Cases identified by the auditor as questioned costs were reviewed and clients were requested to provide documentation to enable the Department to determine eligibility. In June 2007, cases relating to those questioned costs were reviewed for correct social security numbers. All cases identified by the SAO have been addressed and resolved. Ongoing supervisory audits and headquarter audits were implemented to ensure correct social security numbers are used in the future.</p> <p>The condition noted in this finding was previously reported in finding 05-36.</p> <p>June 2007</p>	<u>CFDA #</u>	<u>Amount</u>	96.558	\$32,041
<u>CFDA #</u>	<u>Amount</u>						
96.558	\$32,041						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>96.563</td> <td style="text-align: right;">\$23,259</td> </tr> </table> <p>Refer to finding 07-18</p> <p>In June 2007, the Department implemented the following steps, to ensure compliance with federal requirements for time and effort reporting for the Child Support Enforcement grant:</p> <ul style="list-style-type: none"> • Developed a written process to ensure that the quarterly reconciliation is completed by the fiscal unit staff for child support staff. • Developed and distributed written procedures for employees who work on multiple grants. • Provided training to ensure staffs understand how to report actual time worked. • Continued to make quarterly adjustments based on time reporting. <p>The Department requires semi-annual time certifications in April and October for employees who work 100% on a single federal program. The certification must be signed by a section chief or district manager who has direct knowledge of the work completed. The Department implemented the following steps to meet this requirement:</p> <ul style="list-style-type: none"> • Created lists of employees for each field office that are verified and certified by district managers. • Created lists of employees for each child support headquarters unit which are verified and certified by section chief or district manager. 	<u>CFDA #</u>	<u>Amount</u>	96.563	\$23,259
<u>CFDA #</u>	<u>Amount</u>						
96.563	\$23,259						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	23 (Cont'd)	Corrective Action:	<ul style="list-style-type: none"> • The lower-level reviews of names and verifications are 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. • CSD added 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: The condition noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit. Refer to finding 07-18.</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
06	24	Finding: Questioned Costs: Status: Corrective Action: Completion Date:	<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="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>96.563</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department took the following steps, to provide for adequate internal controls to ensure compliance with federal reporting requirements for the Quarterly Report of Expenditures and Estimates (OCSE 396A):</p> <ul style="list-style-type: none"> • In January 2007, the supervisor of the fiscal unit verified that the report was accurate before and after it was input within On-Line Data Collection. This is an ongoing process. • In April 2007, the Department's Director of Child Support certified the report within the On-Line Data Collection and submitted the report to OCSE. This is an ongoing process. • In June 2007, the Department developed a new workbook that is easy to understand and less error prone. • In June 2007, the Department trained staff responsible for completing the federal report to ensure they understand the workbook. • In July 2007, the Department trained backup staff within the fiscal unit who can also complete the report. <p>The OCSE 396A report for the quarter ending December 31, 2006 corrected the errors made on the March 31, 2006 report. All subsequent quarterly reports through September 30, 2007 have been certified and submitted.</p> <p>July 2007</p>	<u>CFDA #</u>	<u>Amount</u>	96.563	\$0
<u>CFDA #</u>	<u>Amount</u>						
96.563	\$0						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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: 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> <p>Questioned Costs:</p> <table border="0" data-bbox="665 808 966 871"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>96.575, 93.596</td> <td>\$55,610</td> </tr> </table> <p>Status: Refer to finding 07-06</p> <p>Corrective Action: The Department of Early Learning (DEL) was established as a separate agency effective July 1, 2006. Effective October 1, 2007 DEL took over as the administrator of the grant funds and is primarily responsible for ensuring adequate internal controls over direct payments made to child care providers. Thus, DEL is responding to this finding.</p> <p>DEL sent 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" on May 10, 2007. The memo stressed the importance of keeping accurate attendance records and providing records when requested by DEL. The related Washington Administrative Code rules were attached to the memo. The local licensing offices followed up with providers that did not send requested information to the State Auditor's Office (SAO).</p> <p>SAO also recommended that provider attendance records are reconciled to payments. DEL and DSHS do review attendance when there is concern or issues arise on a particular provider. There are an average of 12, 000 providers and 60,000 children each month, making manual attendance record comparison unrealistic. Prior to the creation of DEL, DSHS was evaluating using an electronic attendance keeping system that tied into an electronic payment system. Until an automated system can be developed by DEL, only problem providers and random attendance checking can occur. DEL and DSHS have recently started discussions on random checking.</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					

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	25 (Cont'd)	Corrective Action:	The condition noted in this finding was previously reported in finding 05-30.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit. Refer to finding 07-06.

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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: 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> <p>Questioned Costs:</p> <table border="0" data-bbox="665 808 966 871"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>96.575, 93.596</td> <td>\$7,369</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department of Early Learning (DEL) 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>DEL relies on the Department of Social and Health Services (DSHS), Community Services Division (CSD), to perform supervisory reviews of 1% of all cases in each region to confirm eligibility for federal child care subsidies. Prior to this audit, DEL and CSD were collaborating to resolve the issue of the supervisory reviews not being completed. In mid-2006, the agencies developed a Memorandum of Understanding that clearly establishes requirements and a process CSD will follow to provide quarterly results of audits to DEL.</p> <p>DSHS Economic Services Administration determined the number of child care cases per region and re-established and defined the expectations for the field to complete a 1% child care review. This was communicated to the field offices via a memo that explained the process and requirement, and it was also discussed at the Childcare Coordinators' meeting. DEL is monitoring the quarterly reports for compliance.</p> <p>In response to the auditor's recommendations regarding controls over payments for school holiday contingency hours, DEL sent School Holiday Care billing directions to current in-home/relative providers in March 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					

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
06	26 (Cont'd)	Corrective Action:	<p>DEL also worked with DSHS's Payment Review Program to develop an algorithm that identifies School Holiday Care billing for children who were under the age of five on September 2006. The results were referred to DSHS's Office of Financial Recovery in June 2007 for follow up.</p> <p>In March 2007, DEL explored the possibility of an edit in DSHS's Social Services Payment System that would not allow billing for School Holiday Care unless the child was at least five years old by September 1st of that school year. It was determined, however, that such an edit would not be cost effective.</p> <p>Completion Date: June 2007</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
06	31	<p>Finding: 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> <p>Questioned Costs:</p> <table border="0" data-bbox="667 800 959 863"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">84.126</td> <td style="text-align: center;">\$20,815</td> </tr> </table> <p>Status: Refer to finding 07-18</p> <p>Corrective Action: Time certification training was provided by the Office of Accounting Services (OAS) to the Department's Fiscal Program Managers on March 16, 2007. The training provided an overview of agency policies on time certification requirements for positions that are coded to a single federal program and those that are coded to multiple federal programs and how to implement the policies to ensure consistency and compliance.</p> <p>The owning of a position has been clarified for positions that are split between 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 was clarified during the certification process that occurred in May 2007.</p> <p>In June 2007, the Department's Division of Vocational Rehabilitation (DVR) consulted with the federal partner at Rehabilitation Services Administration (RSA), and it was determined to move questioned salary/benefits and FTE costs in the amount of \$20,815 from the Basic Support grant federal/state split to a 100% state code that will not be included in state match funds for the grant. The correction was processed on June 21, 2007. A copy of the correction document was emailed to Regina Luster at RSA, Department of Education, when DVR received the uploaded version from OAS on June 22, 2007.</p>		<u>CFDA #</u>	<u>Amount</u>		84.126	\$20,815
	<u>CFDA #</u>	<u>Amount</u>						
	84.126	\$20,815						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
06	32	<p>Finding: 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> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <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;">96.001, 96.006</td> <td style="text-align: right;">\$62,931</td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: 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 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. This process is not new, but has been reinforced to ensure that payments conform to the Memorandum of Understanding (MOU) in place with WSP.</p> <p>In March 2007, the Division obtained required signatures from the Social Security Administration (SSA) on a new MOU between the WSP, SSA, Office of Inspector General and the Division. The new MOU contains language that provides for payment of up to 35 percent in indirect costs to the WSP. Signatures required at the state level were obtained in October 2006; SSA did not approve the agreement until March 2007.</p> <p>The Division consulted with the Regional Office of the SSA regarding repayment of indirect costs paid to 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>Completion Date: March 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					

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
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"> <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 complete</p> <p>The Department's Division of Disability Determination Services contacted 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 that affected the percentages used from January 2006 through August 2006. In April 2007, the Division reimbursed SSA for the unallowable costs per Department policy.</p> <p>In August 2007, costs were reconciled and appropriate adjustments to the CMS 64 (Medicaid Quarterly Claims) report were completed.</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>August 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							

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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></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;">\$0</td> </tr> </table> <p>Refer to finding 07-17</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 identified 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 offered personal service contracts to all qualifying providers who were willing to accept standard fees.</p> <p>The Division created contracts and maintains records for each contractor, in accordance with Department policies. New contracts were signed as of October 1, 2007.</p> <p>The condition noted in this finding was previously reported in finding 05-39.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit. Refer to finding 07-17.</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
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Ecology

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
06	35	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Ecology did not comply with federal requirements for payroll costs charged directly to its Capitalization Grants for Clean Water State Revolving Fund 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;">66.458</td> <td style="text-align: right;">\$68,960.47</td> </tr> </table> <p>Corrective action complete</p> <p>By August 2007, the Department completed the following corrective actions:</p> <ul style="list-style-type: none"> • The Water Quality Program Management Team (PMT) reviewed OMB Circular A-87 to gain an understanding of federal requirements for documentation of direct payroll charges to grants. A process was developed that will ensure payroll charges are adequately supported. • All employees within the program were orientated on the proper requirements and expectations for documentation of direct payroll charges to federal grants. • The Department consulted with the Environmental Protection Agency (EPA) Region 10 on the most appropriate method for charging the Water Quality Program’s administrative staff payroll costs to the capitalization grant. A process was agreed upon that is acceptable to both the Department and the EPA. • The Water Quality Program reconciled the payroll costs it charged to the Capitalization Grant to actual time worked on the grant. The Department and the EPA Region 10 reached an agreement on the most appropriate method for repaying the questioned costs. <p>The transaction was completed on October 15, 2007. On November 14, 2007, Department staff met with EPA Region 10 staff to review the transaction, and all agreed it was completed properly.</p> <p>August 2007</p>	<u>CFDA #</u>	<u>Amount</u>	66.458	\$68,960.47
<u>CFDA #</u>	<u>Amount</u>						
66.458	\$68,960.47						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	03	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</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 style="padding-right: 20px;"><u>CFDA #</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td>\$0</td> </tr> </table> <p>Refer to finding 06-10</p> <p>The Department follows the survey process identified in the Centers for Medicare and Medicaid Services (CMS) State Operations Manual, Appendix J. This is where the directions for survey of Intermediate Care Facilities for the Mentally Retarded are found.</p> <p>As authorized by 42 USC § 1302, the Secretary of the Department of Health and Human Services (DHHS) has adopted regulations consistent with the requirements of the Social Security Act. Under these rules: Providers of Intermediate Care Facilities for the Mentally Retarded must meet all of the certification requirements of 42 CFR 483 Subpart I; and state agencies must conduct certification surveys in accordance with 42 CFR 488.26(c), including subsection (5) (d), which states, “the state survey agency must use the survey methods, procedures and forms that are prescribed by CMS.”</p> <p>During an initial certification survey the Department reviews all eight Medicaid conditions of participation, including the associated 489 standards. For a recertification survey, CMS has adopted specific procedures, which require state agencies to review four conditions of participation and the associated 57 standards. The procedures also give the Department the authority to expand the scope of the survey at any time, based upon survey findings or information from other sources.</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	03 (Cont'd)	Corrective Action:	The Department sought additional clarification from the federal Department of Health and Human Services (HHS) to resolve the conflicting direction received by the Office of Inspector General and CMS. DSHS Secretary Robin Arnold-Williams initially raised this question with HHS during a conference call in July 2006, and discussions are continuing with HHS. The Department expects to receive an official decision from HHS shortly.
		Completion Date:	This finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-10.

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	06	Finding: Questioned Costs: Status: Corrective Action: Completion Date:	<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> <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>93.778</td> <td>\$0</td> </tr> </table> <p>Refer to finding 06-09</p> <p><u>Department of Health</u></p> <p>The Department of Health (DOH) and the Department of Social and Health Services (DSHS) have a signed agreement, effective December 2, 2005, that complies with the Medicaid State Plan and federal requirements. The agreement reflects those items that are required by the Centers for Medicare and Medicaid Services (CMS).</p> <p>During the Fiscal Year 2006 Medicaid audit, the auditor reiterated the position that the Department is not in compliance with federal requirements governing Medicaid surveys.</p> <p>While DOH maintains its position that it is meeting all federal requirements, the Department is working to implement documentation procedures that are intended to satisfy the auditor's requirement that field notes are retained as part of the documentation for hospital surveys.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-09.</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	06 (Cont'd)	<p>Finding: 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>Questioned Costs:</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$291,547,052</td> </tr> </table> <p>Status: Refer to finding 06-09</p> <p>Corrective Action:</p> <p><u>Department of Social and Health Services</u></p> <p>The Department of Health (DOH) and the Department of Social and Health Services (DSHS), have a signed agreement effective December 2, 2005 that complies with the Medicaid State Plan and federal requirements for hospital surveys as approved by the Centers for Medicare and Medicaid Services (CMS).</p> <p>The agreement reflects those items that are required by CMS. All reports now indicate that all Federal Medicare hospital certification regulations (Conditions of Participation) are reviewed for compliance during the on-site. All deficient findings are documented according to CMS Principles of Documentation. The Department's review of the information made available by DOH indicates that source documents and other information obtained during survey's is retained in accordance with federal requirements and the agreement between the Department and DOH. DOH and DSHS believe that the terms of the agreement are in compliance with CMS rules.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-09.</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$291,547,052	
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$291,547,052							

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	07	<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, agreement covering hospitals' survey activities does not comply with federal requirements.</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>93.778</td> <td>\$0</td> </tr> </table> <p>Refer to finding 06-19</p> <p>The Department of Health (DOH) and the Department of Social and Health Services (DSHS), have a signed agreement effective December 2, 2005 that complies with the Medicaid State Plan and federal requirements for hospital surveys as approved by the Centers for Medicare and Medicaid Services (CMS).</p> <p>The agreement reflects those items that are required by CMS. All reports now indicate that all Federal Medicare hospital certification regulations (Conditions of Participation) are reviewed for compliance during the on-site. All deficient findings are documented according to CMS Principles of Documentation. The Department's review of the information made available by DOH indicates that source documents and other information obtained during surveys is retained in accordance with federal requirements and the agreement between the DSHS and DOH. DOH and DSHS believe that the terms of the agreement are in compliance with CMS rules.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to Finding 06-19.</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	08	<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 (formerly Medical Assistance Administration), received federal Medicaid funds for unallowable services provided to undocumented aliens.</p> <table border="0" data-bbox="669 806 1003 865"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td>\$83,199,933</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department will wait for the finalization of the current Alien Emergency Medical (AEM) audit by the federal Office of Inspector General and make appropriate corrections so as to avoid any conflicts on the interpretation of the AEM policy. This is estimated to be completed by June 2007.</p> <p>As a result of the Fiscal Year 2005 audit, the following corrective steps are currently in progress to improve internal controls of Social Security number (SSN) verification:</p> <ul style="list-style-type: none"> ▪ A review of the automated SSN verification at the time of the Automated Client Eligibility system (ACES) entry was completed on February 4, 2005. In addition, the Department has enhanced procedures, including modification of the interface with the federal database to update nightly, with income and Medicare eligibility updated daily. ▪ The most significant solution for ensuring correct social security numbers is the modification to the State On-line Query (SOLQ). This change was made in ACES April 16, 2006. The SOLQ interface was modified to accommodate users' ability to multiple queries without exiting the system. With the upgrade staffs were trained to verify the SSN upfront to maximize efficiency and accuracy. 	<u>CFDA #</u>	<u>Amount</u>	93.778	\$83,199,933
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$83,199,933						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	08 (Cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none"> ▪ Staff is currently required to act on SSN discrepancy alerts sent by the Social Security Administration. The Department will continue to provide instruction and written guidance to staff regarding the manner in which alerts are handled. ▪ The Department has initiated a cross-administration SSN Quality Improvement Workgroup and will continue to focus attention on increasing the accuracy of SSNs in ACES and the Medicaid Management Information System. ▪ The auditor also recommended that the Department fund a state program that would pay for the additional care that the state wishes to provide for the undocumented alien population. Such funding decisions are the prerogative of the Legislature and not the Department. <p>The conditions noted in this finding were previously reported in finding 04-05.</p> <p>Completion Date: Estimated July 2008</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	09	<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, Medical Assistance Administration, is not complying with federal requirements to defer Medicaid expenditures related to undocumented aliens.</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;">93.778</td> <td style="text-align: right;">\$27,264,885 to 32,114,267</td> </tr> </table> <p>Refer to finding 06-07</p> <p>The Department established account coding in the Agency Financial Reporting System (AFRS) which facilitated the alien emergency medical (AEM) reporting on the CMS64 effective with the quarter ending June 30, 2004.</p> <p>Effective October 1, 2004, the Department has not drawn federal matching funds for AEM expenditures, except for labor and delivery. The cost for labor and delivery was specifically exempted upon confirmation with the Centers for Medicare and Medicaid Services via an email dated November 17, 2005.</p> <p>The Department will wait for the finalization of the current AEM audit by the federal Office of Inspector General to draw from the Medicaid award. This is estimated to be complete by July 2008.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-07.</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$27,264,885 to 32,114,267
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$27,264,885 to 32,114,267						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	12	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</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="669 701 993 764"> <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;">93.778</td> <td style="text-align: right;">\$1,258,343</td> </tr> </table> <p>Corrective action in progress</p> <p>On June 5, 2006, the Pharmacy Point of Sale (POS) vendor loaded Drug Enforcement Authority (DEA) numbers from the national DEA database and the Department has completed a change request to the Medicaid Management Information System (MMIS) that will utilize this data to validate against the full DEA national database at the time claims are processed for payment. This validation will eliminate the need to rely on a manual process for blocking invalid DEA numbers.</p> <p>New Health Insurance Portability and Accountability Act rules require the use of a National Provider Identifier (NPI) for medical providers starting in May 2007. The Department has expressed to the Centers for Medicaid and Medicare that upon implementation of the ProviderOne system, projected for December 2008, this number will be used to identify prescribing providers in the POS and the DEA number. It will be used solely for validation that a provider is registered to prescribe controlled substances.</p> <p>The Department is in the process of development and implementation of a new MMIS and Pharmacy POS. The new MMIS/POS, targeted for implementation in July 2008, is designed to support the NPI as described above.</p> <p>The Department has a rigorous and extensive Drug Use Review Program and is in full compliance with Sec. 456.709. Post payment review of invalid DEA numbers has been added to the regular Department Payment Review Program (PRP) algorithm process. The PRP ran an algorithm that uses the federal DEA database to identify invalid DEA numbers and issued overpayment notices totaling \$769,000 to 219 pharmacies statewide in January 2006. Upon investigation of overpayment notices and responses from pharmacies, it was determined that virtually all invalid DEA numbers are the result of administrative errors. Given this development, the Department will not perform further post payment review on pharmacy claims through June 2006 (when the automatic check was implemented).</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$1,258,343
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$1,258,343						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	12 (Cont'd)	Corrective Action: Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit with different recommended action items. Refer to finding 06-17. Estimated December 2008

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	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, is not in compliance with the federal Medicaid requirements for reporting adult victims of residential abuse to the Medicaid Fraud Control Unit.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Refer to finding 06-18</p> <p>The Department's Division of Alcohol and Substance Abuse (DASA), Mental Health Division (MHD) Headquarters and Eastern and Western State Hospitals now include procedures and policies to report allegations of abuse and neglect to the Medicaid Fraud Control Unit (MFCU) in accordance with federal law. MHD's policy went into effect March 2005 and DASA's policy went into effect June 30, 2005.</p> <p>The MHD Compliance Officer currently reviews 100 percent of incident and daily reports submitted to the division from the hospitals.</p> <p>The DASA Certification Supervisor currently reviews 100 percent of incident reports of fraud or abuse. The DASA Internal Auditor is monitoring and reviewing incident reports on a monthly basis and ensuring the division is in compliance with all polices related to reporting requirements of Medicaid Fraud and Abuse of Medicaid Patients.</p> <p>The Department also examined the adequacy of policies and procedures related to follow up on contacts made to the Department by the Fraud Control Unit related to potential abuse. This was complete December 2006. Policies and procedures were found to be adequate.</p> <p>The condition noted in this finding was previously reported in finding 04-18.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-18.</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	14	<p>Finding: The Department of Social and Health Services, Health and Recovery Services Administration, does not perform adequate reviews of providers of durable medical equipment to ensure the providers exist, are properly licensed and have submitted accurate information.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.778 \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: In February 2006, the Department's Provider Enrollment Unit put new policies in place requiring verification of a provider's address using the reverse directory.</p> <p>The current Medicaid Management Information System (MMIS) only allows a field for one license. Consequently both business and professional licenses cannot be stored. The new Provider One system will allow both.</p> <p>The current MMIS system is being replaced with the new "ProviderOne" MMIS. The Administration is actively participating in design sessions for the new system. This includes requiring the system to identify expired business licenses. Implementation is target for December 2008.</p> <p>Provider Enrollment is reviewing all providers to assure requirements are met. In January 2006 Provider Enrollment sent out the "24 Month" letters asking providers who have not done any business with the Department for 24 months to respond by Feb 15, 2006, if they wanted to remain on the Department's active list. As of Feb 18, 2006, the Department terminated 820 providers.</p> <p>The Department has initiated a policy where the Provider Relations Field Unit and the Office of Payment Review and Audit (OPRA), visit durable medical equipment (DME) providers ("drive-bys") to verify the address of the DME dealers in that area. This is currently being done and documented.</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	14 (Cont'd)	Corrective Action:	<p>The Division of Fraud and Investigations also verify DME vendors when their investigators are in the field. This information is provided to OPRA, which is responsible for this activity. As of November 17, 2006, 271 reviews had been conducted. There were twelve vendors that remained to be reviewed by OPRA at that time.</p> <p>The condition noted in this finding was previously reported in finding 04-14.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit with different recommended action items. Refer to finding 06-16.</p> <p>Completion Date: Estimated December 2008</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	15	<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 style="padding-right: 20px;"><u>CFDA #</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td>\$1,873,889</td> </tr> </table> <p>Corrective action in progress</p> <p>On February 4, 2005, the Department completed a review of the automated Social Security number (SSN) verification at the time of the Automated Client Eligibility System (ACES) entry. As a result, newly established automated verification of SSN for each ACES entry has been implemented. The ACES federal interface was modified to use State Data Exchange/Wire Third Party Query (WTPY) for SSN verification on a nightly basis. In addition, the Department has enhanced procedures, including modification of the interface with the federal Social Security Administration (SSA) database to update nightly, with income and Medicare eligibility updated daily.</p> <p>The SSA's State Online Query (SOLO) user interface was modified April 16, 2006, to accommodate user's ability to multiple SSN validations without exiting the system. The Department continues to provide instruction and written guidance to staff regarding the manner in which alerts are handled.</p> <p>The Department has initiated a cross-administration SSN Quality Improvement Workgroup and continues to focus attention on increasing the accuracy of SSNs in ACES and the Medicaid Management Information System (MMIS).</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$1,873,889
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$1,873,889						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	15 (Cont'd)	Corrective Action:	<p>The Department is not aware of any known computer interface issues that require specific action at this time. The Department continues to assess, prioritize, and resolve interface issues as they are identified.</p> <p>The Design Phase of the new MMIS is underway and includes a complete assessment of the ACES/MMIS interface. Implementation of the new ProviderOne interface with ACES will be thoroughly tested prior to implementation to assure that data is being transferred accurately. This is targeted for December 2008.</p> <p>The Department receives quarterly death data from the Department of Health (DOH). The Department is a stakeholder in a DOH initiative that will provide the Department with real-time on-line access to DOH death data. Although currently being piloted in two counties, statewide implementation is not anticipated for several years. DOH will remain dependent upon counties for receipt of death data, resulting in a lag in receipt of the information. Due to this lag, the Department continues its successful post-pay review activities and the identification and recoupment of claims paid for deceased clients.</p> <p>The Department's Payment Review Program follows up with quarterly post-payment review activities related to date of death with the identification of any potential provider fraud and appropriate referral to the Medicaid Fraud Control Unit.</p> <p>The conditions noted in this finding were previously reported in finding 04-02.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit with different recommended action items. Refer to finding 06-03.</p> <p>Completion Date: Estimated December 2008</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	17	<p>Finding: The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate reviews of home health agencies to ensure providers are licensed, Medicare certified, and have signed a Core Provider Agreement as required by law.</p> <p>Questioned Costs: <u>CFDA #</u> 93.778 <u>Amount</u> \$208,587</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department's Provider Enrollment Unit updated the Provider Enrollment manual in July 2005 to reflect all the required documents. The lead worker in Provider Enrollment personally trained each worker in the unit to ensure that new manual requirements are met.</p> <p>Provider Enrollment started a project in November 2005 to bring all Home Health providers up to date and have all the needed documents. The project was completed in March 2006.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-14.</p>	

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2007**

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	18	<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, as the law requires.</p> <table border="0" data-bbox="669 814 961 869"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Refer to finding 06-15</p> <p>The Department does not concur with the finding and is in compliance with current state law. RCW 43.43.842 requires the Secretary of Health to adopt requirements for the licensure of home health agencies (HHAs) to include performance of criminal background checks on employees and others who have unsupervised access to vulnerable adults.</p> <p>The goal of an 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 background checks.</p> <p>If the Department's surveyors 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. If no violations have been found by the surveyor, the report is signed, filed and retained by the Department. The Department believes this fulfills the intent of CFR 42 CFR 431.610(f) (3) to retain all information and reports, and is consistent with state law.</p> <p>In addition, the process and methodology for 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 followed by the Department.</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2007**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	19	<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><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td>\$11,449,600</td> </tr> </table> <p>Refer to finding 06-01</p> <p>On March 27, 2006, the Aging and Disability Services Administration (ADSA) submitted recommended State Plan Amendment language to the Health and Recovery Services Administration to clarify Medicare certification is not required when home health agencies provide services that do not require licensed registered nurses or licensed professional nurses. The clarified language is as follows:</p> <p>“State plan skilled nursing services, other than Private Duty, require a home health agency to be Medicare-certified. All other, non-skilled services do not require Medicare certification.”</p> <p>This amended language was approved by Centers for Medicare and Medicaid Services (CMS) on June 30, 2006. It corrects the identified issues related to Private Duty Nursing services provided by home health agencies under the State Plan.</p> <p>CMS requested that the exemption of Medicare Certification for home health agencies that provide personal care services be addressed in the personal care sections of the State Plan. This necessitated an additional amendment request which was submitted to CMS on June 28, 2006. The Department responded to a CMS Request for Additional Information on August 31, 2006, and continues to be in active communication with CMS.</p> <p>ADSA identified \$4,507,228.34 of the questioned costs as payments for services that are not nursing services, and therefore, do not require Medicare certification.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-01.</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$11,449,600
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$11,449,600						

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	20	<p>Finding: The Department of Social and Health Services, Health and Recovery Services Administration, is not complying with federal regulations that require people receiving Medicaid benefits to have valid Social Security numbers.</p> <p>Questioned Costs: <u>CFDA #</u> 93.778 <u>Amount</u> \$10,475,283</p> <p>Status: Refer to finding 06-02</p> <p>Corrective Action: The Department's current Washington Administrative Code (WAC) and procedures require that each client applying for Medicaid benefits furnish their Social Security number (SSN). However, the Department can not delay or deny a client Medicaid benefits pending the issuance or verification of a SSN from the Social Security Administration. This requirement is in federal rule.</p> <p>A review of the automated SSN verification at the time of Automated Client Eligibility System (ACES) entry was completed on February 4, 2005. In addition, the Department has enhanced procedures, including modification of the interface with the federal Social Security Administration (SSA) database to update nightly, with income and Medicare eligibility updated daily.</p> <p>The SSA's State Online Query (SOLQ) user interface was modified to accommodate user's ability to perform multiple SSN validations without exiting the system on April 16, 2006.</p> <p>The Department continues to provide instruction and written guidance to staff regarding the manner in which "alerts" are handled.</p> <p>The Department initiated a cross-administration SSN Quality Improvement Workgroup and will continue to focus attention on increasing the accuracy of SSNs in ACES and the Medicaid Management Information System (MMIS).</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	20 (Cont'd)	Corrective Action:	Beginning May 2006, the Health and Recovery Services Administration runs a monthly report of all clients who received two months of Medicaid benefits without furnishing a SSN. This facilitates follow-up for clients who are approved for Medicaid while pending a SSN or verification of an SSN. Follow-up includes sending letters and other contacts to clients, in order to obtain valid SSNs.
			Eligibility for the Take Charge Program clients (about 90,000 statewide) is not currently done in ACES but in a web-based program outside of ACES. The Take Charge program moved to the ACES main frame on January 7, 2007.
			The condition noted in this finding was previously reported in finding 04-11.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-02.

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	21	<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" data-bbox="665 766 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;">93.778</td> <td style="text-align: center;">\$917,124,619</td> </tr> </table> <p>Refer to finding 06-13</p> <p>Although the Centers for Medicare and Medicaid Services (CMS) has not found fault with the rate-setting process, the Department transferred the encounter data (from the Health Insurance Portability and Accountability Act like format) into the states decision support system (a subset of MMIS data warehouse) in August 2006. This change allows more rigorous analysis of encounter data in the rate setting process.</p> <p>Central Office CMS has not interpreted the Balanced Budget Act rules as saying that states must collect the cost reimbursement information. Region X, Central Office CMS, and the Department have all participated in telephone conversations together discussing this issue. Currently, the consensus is that it is a non-issue. If the requirements change, this would need to be addressed by the Department.</p> <p>The condition noted in this finding was previously reported in finding 04-20.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-13.</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$917,124,619
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$917,124,619							

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	23	<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 ensure that providers of motorized wheelchairs have the documentation required to substantiate claims for payment.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td>\$1,725,509</td> </tr> </table> <p>Corrective action complete</p> <p>The Washington Administrative Code was updated on November 18, 2005 requiring providers to comply with documentation requirements for Medicare and Medicaid.</p> <p>The Department's "Standardize Prescription and Proof of Medical Necessity Form" were designed and have been used since January 2007, for both Nursing Home and Home clients. These requirements went out in a numbered memo. The WAC process was finalized in August 2007, changing scripts from being good for one year vs. the current six months.</p> <p>The auditor questioned the Department's policy not to require prior authorization of wheelchair purchases for clients who are dually eligible for Medicare and Medicaid. The Department believes that prior authorizations for dual eligible clients would be an unnecessary burden on the Department, providers, and clients. This requirement would not be cost effective given the medical necessity requirements fall to Medicare and the State relies on Medicare for this purpose. Medicare has improved its own guidelines including a prior authorization process, which appears to be quite stringent.</p> <p>The condition noted in this finding was previously reported in finding 04-13.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to 06-06.</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$1,725,509
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$1,725,509						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	24	<p>Finding: 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> <p>Questioned Costs:</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$476,599</td> </tr> </table> <p>Status: Refer to finding 06-12</p> <p>Corrective Action: In October 2006, the Department's Division of Audit and Information Services (DAIS) finalized new policies and procedures that direct proper reporting of provider overpayments identified during audits conducted by the Office of Payment Review and Audit (OPRA). These policies prescribe guidance for determining the date of discovery for Hospital and Medical audits.</p> <p>The Office of Financial Recovery (OFR) also established policy and procedures to ensure the Department refunds the federal share of overpayments within 60 days of the date of discovery (per DAIS policy) rather than 60 days of being established as a receivable within the Collections and Accounts Receivable System.</p> <p>OFR and OPRA staffs meet monthly to monitor the overpayment process for all overpayments submitted by OPRA to OFR. This process must operate smoothly if the federal recovery process is to be accurate.</p> <p>OFR and the Office of Accounting Services reviewed the specific accounts audited to determine how much federal portion has been refunded. All outstanding federal portions were refunded by June 30, 2006.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-12.</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$476,599	
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$476,599							

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
05	28	<p>Finding: 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> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <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;">93.778</td> <td style="text-align: right;">\$2,232,301</td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The auditor recommended that the Department require staff to verify accuracy of Social Security numbers (SSN) for all clients. Washington Administrative Code (WAC) 388-476-0005 defines the Department’s current SSN requirements for medical eligibility, and can be found in the Department’s A-Z Manual. Section 3 states, “Assistance will not be delayed, denied or terminated pending the issuance of an SSN by the Social Security Administration (SSA). However, a person who does not comply with these requirements is not eligible for assistance”. If a current and valid SSN is not available, the Department is responsible to assist a client in making an application for an SSN.</p> <p>Verification procedures are described under the section titled “Clarifying Information”. SSNs are automatically verified through a cross-match with the SSA Numident file, once the data is entered into the Automated Client Eligibility System (ACES). SSN discrepancies in Numident generate “alerts” to the workers, as do discrepancies in State Data Exchange (SDX) or Beneficiary Data Exchange (BENDEX).</p> <p>In many cases the SSN is correct in ACES, but may be incorrect in the payment system (SSPS). This may be because the claim number was used in SSPS, or it may be due to data entry errors. When the Home and Community Services Quality Assurance Unit reviews client files to confirm financial eligibility, they check to see that the SSN recorded in SSPS is the same as the SSN recorded in ACES. They report discrepancies, using ACES as the correct record of the SSN.</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$2,232,301
<u>CFDA #</u>	<u>Amount</u>					
93.778	\$2,232,301					

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	28 (Cont'd)	Corrective Action:	<p>The limitations with the SSPS system will be corrected in the new "Provider One" system, when all payments made in SSPS will become part of the new Medicaid Management Information System (MMIS). This is scheduled to occur in December 2008 or later. At that time, all medical and social services payments will be made from the same system, and will use the same ACES SSN verification processes described above.</p> <p>On April 5, 2006, the Department issued a Management Bulletin (MB) reminding staff of the importance of using the client's correct SSN from ACES, and instructions on how to obtain the ACES SSN. When the new MMIS (Provider One) is implemented, using an incorrect SSN in Provider One will cause payments to suspend.</p> <p>The auditor also recommended the Department ensure staff understand state law regarding identify theft. Revised Code of Washington (RCW) 9.35.020 defines first-degree identity theft as the use of false identification to obtain anything of value. Staff members were informed of the RCW via MB in 2005, and the MB previously referenced reiterated the provisions of this state law.</p> <p>Finally, the auditor recommended that instances of apparent identity theft be referred to the appropriate authorities. The Department's Payment Review Program re-runs algorithms quarterly and findings are referred to the Office of Financial Recovery or the Medicaid Fraud Control Unit for recovery. No instances of identity theft were found as a result of the Fiscal Year 2005 audit.</p> <p>The conditions noted in this finding were previously reported in findings 04-03 and 04-04.</p> <p>The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit with different recommended action items. Refer to finding 06-08.</p> <p>Completion Date: Estimated December 2008</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
05	30	<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 Care and Early Learning, does not have adequate internal controls over support for payments made 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</td> <td>\$800,000</td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.558</td> <td></td> </tr> <tr> <td>93.667</td> <td></td> </tr> </table> <p>Refer to finding 06-25</p> <p>The Department’s Division of Child Care and Early Learning (DCCEL) was merged into a new agency, the Department of Early Learning (DEL), effective July 1, 2006.</p> <p>Prior to the transfer to DEL, DCCEL coordinated with the Quality Assurance Office in the Division of Management Resources and Services to conduct an audit of family child care homes by June 30, 2006. The audit included a review of provider attendance records.</p> <p>DEL mailed the non-mandatory Department attendance keeping form to all licensed child care providers in August 2006.. A cover memo reminded providers that they can use this form or a form of their own design as long as it contains the required elements. DEL is currently reviewing the option of requiring providers to use a specific attendance form.</p> <p>DEL reviewed the detailed case review information from the auditors and completed the following by August 31, 2006:</p> <ul style="list-style-type: none"> • Ensure visits were documented correctly. • Follow-up with an onsite visit when necessary. • Follow up as needed to resolve issues. • Document outcomes in the case records. 	<u>CFDA #</u>	<u>Amount</u>	93.575	\$800,000	93.596		93.558		93.667	
<u>CFDA #</u>	<u>Amount</u>												
93.575	\$800,000												
93.596													
93.558													
93.667													

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	30 (Cont'd)	Corrective Action:	<p>DEL is pursuing the development of a new technology system which would automatically track attendance at each child care facility, and interface with the payment system for billing purposes. This is expected to greatly decrease errors in attendance-keeping and payment for child care services. DEL is updating the feasibility study for the new system and has requested funding for this project. The funding request has been incorporated in the Governor's 2007-2009 budget proposal.</p> <p>The condition noted in this finding was previously reported in finding 04-25.</p> <p>Completion Date:</p> <p>The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-25.</p>

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2007**

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	36	<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, should improve compliance with eligibility requirements for the Temporary Assistance for Needy Families Program.</p> <table border="0" data-bbox="669 743 964 806"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.558</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department compared Social Security numbers (SSN) provided by applicants to those contained in records maintained by other state or federal agencies for the 68 adult cases and the 34 child cases noted by the auditor in the finding. When the cases were sent to the field for review and completion, , the Department found:</p> <ul style="list-style-type: none"> • 38 cases were closed cases, • 12 cases have been worked and require no further action, • 52 cases were referred to the Community Service Offices for review and correction. All corrections were made by March 31, 2006. <p>The Automated Client Eligibility System upgrade to the State On Line Query System (SOLQ) system was implemented on April 16, 2006. The upgrade helps ensure correct SSNs. Notification was sent to field staff on SOLQ changes. The Department continues to verify SSNS by following state regulations.</p> <p>The condition noted in this finding was previously reported in finding 04-23.</p> <p>The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-22.</p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$0						

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	39	<p>Finding: 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> <p>Questioned Costs:</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">96.001</td> <td style="text-align: center;">\$7,740,327</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department's Division of Disability Determination Services consulted with the Office of Financial Management (OFM) regarding the proper classification for consultative evaluation services. OFM determined that services provided to the Division's claimants by physicians, psychologists and psychiatrists are, in fact, personal services.</p> <p>The Division will develop a plan, to be phased in by October 2007, that will provide for the issuance of a personal service contract to any medical provider who agrees to see our claimants at the Department's fee schedule. The Division will utilize the competitive procurement process when additional providers are needed to perform evaluations. Until that time, contracts remain in place as client services contracts.</p> <p>Completion Date: The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-34.</p>		<u>CFDA #</u>	<u>Amount</u>		96.001	\$7,740,327	
	<u>CFDA #</u>	<u>Amount</u>							
	96.001	\$7,740,327							

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	41	<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 Program.</p> <table border="0" data-bbox="657 735 974 808"> <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</td> <td style="text-align: center;">\$76,021</td> </tr> </table> <p>Corrective action complete</p> <p>The auditor found the memorandum of understanding (MOU) between the Washington State Patrol (WSP) and the Division of Disability Determination Services (DDDS) did not include a provision for indirect costs and did not require backup documentation prior to payment. The MOU between WSP, DDDS and Social Security Administration (SSA) was valid until September 2006. The subsequent MOU was revised in October 2006 to reflect allowable indirect costs that WSP can charge to SSA.</p> <p>The Division's administrative Fiscal Unit reviewed all WSP billings since inception of the program and determined that all costs were allowable (with the exception of indirect costs). However, the Division now requires WSP to send payroll back-up documentation that matches their billings so that there is no confusion on what is being billed in the future.</p> <p>The conditions noted in this finding were repeated in the Fiscal Year 2006 Washington Single Audit. Refer to finding 06-32.</p>		<u>CFDA #</u>	<u>Amount</u>		96.001	\$76,021
	<u>CFDA #</u>	<u>Amount</u>							
	96.001	\$76,021							

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

(This plan only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																			
05	50	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>Certain University departments' controls are not working effectively to ensure Time And Effort Certification forms are completed in a timely manner and to ensure monthly certification of salaries and wages paid for federal programs are completed as required.</p> <table border="0"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.389</td> <td>\$0</td> </tr> <tr> <td>93.866</td> <td></td> </tr> <tr> <td>93.846</td> <td></td> </tr> <tr> <td>93.837</td> <td></td> </tr> <tr> <td>93.864</td> <td></td> </tr> <tr> <td>93.866</td> <td></td> </tr> <tr> <td>93.856</td> <td></td> </tr> <tr> <td>93.859</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p><u>Faculty Effort Certifications (FECs):</u> The University continues to be engaged in a variety of projects to improve the timeliness of faculty effort certification. Those projects include mandatory training of all faculty receiving effort reports (concluded November 30, 2005) with continuing FEC training being incorporated in the mandatory Faculty Grants Management training program.</p> <p>In addition, the University has enhanced its follow-up process to ensure FECs are certified in a timely manner. A formal process with escalating communication was rolled out in an effort to ensure FECs are certified timely. Also, individual departments cited in this finding have strengthened their monitoring and follow-up processes.</p> <p>Finally, the University continues with the process to replace the existing manual system with an electronic effort reporting and certification system. The new system would include enhanced tracking and follow-up capabilities.</p>	<u>CFDA #</u>	<u>Amount</u>	93.389	\$0	93.866		93.846		93.837		93.864		93.866		93.856		93.859	
<u>CFDA #</u>	<u>Amount</u>																				
93.389	\$0																				
93.866																					
93.846																					
93.837																					
93.864																					
93.866																					
93.856																					
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**State of Washington
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***OMB Circular A-133 Audit
 For the Fiscal Year Ended
 June 30, 2007***

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University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	50 (Cont'd)	Corrective Action:	<p><u>Grant and Contract Certification Reports (GCCRs):</u> The University continues to work with departments on a campus-wide basis, and specifically with those cited in this finding, to strengthen controls that ensure GCCRs are reviewed and signed in a timely manner. This includes, but is not limited to, routine general emphasis on this requirement through meetings such as the Quarterly Research Administrators Meeting as well as individual consultation.</p> <p>Completion Date: System changes are expected to extend over a 1-3 year period</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

***OMB Circular A-133 Audit
 For the Fiscal Year Ended
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University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	51	Finding: Questioned Costs: Status: Corrective Action: Completion Date:	The University did not submit financial status reports in a timely manner. <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>Not Specified</td> <td>\$0</td> </tr> </table> Corrective action in progress Grant and Contract Accounting (GCA) continues to experience a high rate of turnover in the fiscal positions responsible for preparing Financial Status Reports (FSRs) in 2005. GCA is working aggressively to hire and train new staff so that FSRs can be submitted in a timely manner. In addition, GCA has launched a number of projects specifically to address the completion and submission of FSRs on time and have hired staff to assist with this effort. Training on the preparation of FSRs continues for new and existing staff and will continue into 2008. Estimated Summer 2008	<u>CFDA #</u>	<u>Amount</u>	Not Specified	\$0
<u>CFDA #</u>	<u>Amount</u>						
Not Specified	\$0						

**State of Washington
 Summary Schedule of Prior Audit Findings
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**OMB Circular A-133 Audit
 For the Fiscal Year Ended
 June 30, 2007**

Military Department (MIL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	56	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department is not in compliance with subrecipient monitoring requirements for the State Domestic Preparedness Equipment Support Program.</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>16.007</td> <td>\$1,486,473</td> </tr> <tr> <td>97.004</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>Additional requirements in the area of documenting subrecipient monitoring activities and recording audits were added to the Department's policy and procedures. Program specific policy and procedures are being developed and refined. Staff have received training on procedures and a division-wide monitoring schedule is being established.</p> <p>Starting September 30, 2006, program staff are reporting to management on a quarterly basis about the number of subrecipient monitoring visits/contacts made to date.</p> <p>Through subrecipient monitoring, the Department is incorporating equipment inventory tracking system reviews. As of July 1, 2006, additional language was incorporated into existing contracts via amendments and into new contracts to clearly explain equipment management protocols.</p> <p>The status of all 2004 federal single audits were determined and documented by September 30, 2006. The status of all 2005 federal single audits were determined and documented by June 30, 2007.</p> <p>The action items related to this audit finding will be reviewed and reported on as a part of the Department's Government Management Accountability and Performance (GMAP) quarterly meetings.</p> <p>June 2007</p>	<u>CFDA #</u>	<u>Amount</u>	16.007	\$1,486,473	97.004	
<u>CFDA #</u>	<u>Amount</u>								
16.007	\$1,486,473								
97.004									

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
05	59	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The State of Washington is not complying with federal requirements for time and effort reporting for some of the programs it administers.</p> <table border="0" data-bbox="665 709 966 835"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>10.557</td> <td>\$0</td> </tr> <tr> <td>93.268</td> <td></td> </tr> <tr> <td>93.283</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department informed relevant program managers of the necessity of completing semiannual certifications for those employees whose salary expenditures are charged against federal grants.</p> <p>The most recent audit of the Department revealed that one program still had not completed its semiannual certifications for state Fiscal Year 2006.</p> <p>Subsequent to the Fiscal Year 2006 audit, the Department's internal auditor met with the relevant program manager and recommended changes to the certification process in order to enhance timely reporting. These changes have been adopted by the program.</p> <p>Estimated August 2008</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0	93.268		93.283	
<u>CFDA #</u>	<u>Amount</u>										
10.557	\$0										
93.268											
93.283											

**State of Washington
 Summary Schedule of Prior Audit Findings
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**OMB Circular A-133 Audit
 For the Fiscal Year Ended
 June 30, 2007**

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
04	14	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Medical Assistance Administration does not perform adequate reviews of providers of durable medical equipment to ensure the providers exist, are properly licensed, and have submitted accurate information.</p> <table border="0" data-bbox="675 772 961 831"> <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;">93.778</td> <td style="text-align: center;">N/A</td> </tr> </table> <p>Refer to finding 05-14</p> <p>The Department believes exit policies and procedures in its reviews of providers are sufficient to ensure adequate provider verification. Health and Recovery Services Administration (HRSA) (formerly the Medical Assistance Administration) currently verifies business licenses and tax identification numbers and runs the names of these providers against a national provider fraud database. To strengthen the review of ongoing provider validity, the Department is working with investigative staff in the agency to leverage existing resources for site visits and on-site reviews of providers. (See below)</p> <p>The Department is procuring a new Medicaid Management Information System (MMIS) that will have the ability to verify both business and professional licenses and identify expired business licenses. Implementation of the new MMIS is scheduled in February 2008.</p> <p>The Department partnered with the Department of Health to develop a verification system that can check providers' site locations and phone numbers through a reverse directory search. This research, including cost estimates and justification for the new system, was completed in June 2005. The Department found it not cost effective to develop the verification system. Instead, the Attorney General's Medicaid Fraud Control Unit and the Department's Division of Fraud Investigations conduct site reviews when in the field.</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	N/A
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	N/A							

**State of Washington
 Summary Schedule of Prior Audit Findings
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***OMB Circular A-133 Audit
 For the Fiscal Year Ended
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
04	14 (Cont'd)	Corrective Action:	The Department also explored a system for ongoing review and confirmation of provider licenses with the Department of Revenue. The system development was determined to be ineffective when cost of development was compared to cost reductions.
		Completion Date:	The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-14.

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2007**

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

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
04	25	<p>Finding:</p> <p>Questioned Costs:</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.575</td> <td style="text-align: center;">\$1,100,000</td> </tr> <tr> <td></td> <td style="text-align: center;">93.596</td> <td></td> </tr> </table> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>		<u>CFDA #</u>	<u>Amount</u>		93.575	\$1,100,000		93.596		<p>The Department of Social and Health Services, Division of Child Care and Early Learning, does not have adequate internal controls over support for payments made to child care providers.</p> <p>Refer to finding 05-30</p> <p>The Department partly concurs with this finding. The Department has addressed the attendance deficiencies by making a change in Washington Administrative Code (WAC). In October 2004, the WAC was changed to require that providers have the parent or custodian sign their children in and out of care. Attendance records must include the date, child's name, time in, time out, and a certifying signature of either a parent or custodian.</p> <p>The Division of Child Care and Early Learning (DCCEL) developed a nonmandatory attendance form for providers on October 1, 2004. The form is not mandatory because the type of care and attendance needs can vary greatly from one facility to the next, a fact made very clear by the providers at the WAC amendment hearings. A single form to meet all providers' needs was determined to be unrealistic.</p> <p>The Division of Fraud Investigations reviewed ten percent of the in-home providers, in all six regions, to ensure in-home childcare is occurring in the child's home. (March 2005) Operations Review and Consultation monitored subsidy payments to six targeted childcare centers in June 2006.</p> <p>DCCEL coordinated with the Payment Review Program to identify and collect duplicate payments through the use of algorithms. Three duplicate payment algorithms were run and overpayments notices sent to providers. (August 2005)</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2005 Washington Single Audit. Refer to finding 05-30.</p>
	<u>CFDA #</u>	<u>Amount</u>										
	93.575	\$1,100,000										
	93.596											

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2007**

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

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
03	11	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, (DSHS), Medical Assistance Administration (MAA), has not established sufficient internal controls to ensure financial reports submitted to the federal government comply with Medicaid provisions.</p> <table border="0" data-bbox="673 829 966 892"> <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;">93.778</td> <td style="text-align: center;">N/A</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding and has structured its corrective action by the conditions noted by the auditor:</p> <p>Condition 1: <u>DSHS is not reporting disbursements for alien emergency medical (AEM) services.</u></p> <ul style="list-style-type: none"> • The Department agrees that undocumented AEM services should be categorized separate from documented AEM services on the claim; however, the Department is unable to take corrective action at this time. The Automated Client Eligibility System (ACES) and Medical Management Information System (MMIS) do not currently have the capability of capturing undocumented aliens separately from documented aliens and U.S. citizens. • Additionally, the MMIS does not currently have the capability of determining which services were performed as part of an emergent situation and/or any follow-up as required under the decision from Gutierrez v. DSHS, Yakima Superior No. 032017662 (2003). • The Department has established a unique account coding to report AEM expenditures on Line 27 of the CMS 64 report. <p>Condition 2: <u>DSHS is underreporting disbursements in some categories.</u> The Department partially concurs with this condition of the finding. However, the Department is not underreporting expenditures in aggregate. Because of a current situation with the Medical Management Information System (MMIS), there are expenditures included on Line 29, "Other Care Services," that should be reported in other categories on the claim. All reported expenditures are eligible for Title XIX clients. There are also instances where MMIS may not recognize the service code of a disbursement. These disbursements presently are assigned a misleading.</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	N/A
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	N/A							

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
03	11 (Cont'd)	Corrective Action:	<p>title of "suspense." These are not suspense items, but are legitimate Title XIX disbursements and are reported as such on the CMS 64 report This condition was identified by MAA prior to the audit and the Department has changed the title to "Other Care Services." MAA has implemented quarterly JVs to move the charges to appropriate sub/sub/objects. (February 2004)</p> <p>Condition 3: <u>The Department does not have sufficient internal controls over preparation of the CMS-64.</u></p> <ul style="list-style-type: none"> • The Department does not agree with the statement "...provides for no monitoring..." nor does it concur with this condition of the finding. The Centers for Medicare and Medicaid Services has a full time fiscal auditor assigned to the State of Washington who is on-site for several weeks during the preparation of the claim, requesting justification and explanation for specific expenditures. The auditor approves the claim for submission prior to the Department certifying the claim. • Additionally, the entire claim preparation is in itself a reconciliation of Title XIX expenditures. A one-page summary of the reconciliation activity is prepared prior to the claim certification, previously, the summary was prepared after certification. <p>Condition 4: <u>The Department must establish timely and consistent communications between the Medical Assistance Administration (MAA) and the Office of Accounting Services (OAS).</u> There is now better coordination between staffs in the OAS and MAA.</p> <p>Additionally, MAA staffs have implemented better tracking and monitoring mechanisms to ensure timely correction of errors. (January 2004)</p>

**State of Washington
 Summary Schedule of Prior Audit Findings
 For Years Prior to Fiscal Year 2007**

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 For the Fiscal Year Ended
 June 30, 2007***

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
03	11 (Cont'd)	Corrective Action:	<p>Condition 5: <u>The Department must ensure that the coding in the MMIS is accurate.</u></p> <ul style="list-style-type: none"> • MAA hired a full time fiscal analyst who identifies issues with the MMIS coding and develops appropriate corrections. (September 2003) <p>MAA has also initiated a process for selection of a new MMIS system that will better meet the challenges of adequate monitoring of expenditures, identification of problematic areas and upkeep of coding. Estimated replacement is December 2008.</p>
		Completion Date:	Estimated December 2008

