

**State of Washington
Corrective Action Plan**

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2008*

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

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
08	01	Finding:	The Department of Social and Health Services does not ensure that retroactive Food Assistance payments to clients are calculated correctly as prescribed by state and federal law.						
		Questioned Costs:	<table border="0"> <thead> <tr> <th data-bbox="656 772 748 802"><u>CFDA #</u></th> <th data-bbox="753 772 846 802"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="656 808 748 837">10.551</td> <td data-bbox="753 808 846 837">\$13,995</td> </tr> <tr> <td data-bbox="656 837 748 867">10.561</td> <td></td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	10.551	\$13,995	10.561	
<u>CFDA #</u>	<u>Amount</u>								
10.551	\$13,995								
10.561									
		Status:	Corrective action in progress						
		Corrective Action:	<p>In March 2009, Economic Services Administration (ESA) reviewed all cases (24) cited in this audit. Nineteen cases were identified as having a potential error. Community Services Division (CSD) Headquarter staff reviewed these cases and determined nine cases were acceptable and did not require additional work; ten were returned to field staff for correction. The remaining five cases were for incorrect payments. For these five, the Department will follow established rules and policies to determine the amount of overpayment.</p> <p>By April 30, 2009, ESA will work with the respective federal agencies to determine if the costs identified need to be adjusted or repaid.</p> <p>By July 2009, all staff responsible for issuing food stamp benefits will be re-trained on the proper calculation of retroactive payments. The training will focus on circumstances when a retroactive payment is indicated, allowed, and time limitations required by law.</p>						
		Completion Date:	Estimated July 2009						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																						
08	03	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Economic Services Administration, did not comply with documentation requirements for its Random Moment Time Sample to ensure administrative costs was properly charged to federal and state funds.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;">CFDA #</td> <td style="text-align: center;">Amount</td> </tr> <tr> <td></td> <td style="text-align: center;">10.561</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.558</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.667</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.596</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.566</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department has taken or will take the following steps to address the issues noted in this finding:</p> <ul style="list-style-type: none"> · In October 2008, Random Moment Time Sample (RMTS) instructions and RMTS-Barcode instructions were sent electronically to all RMTS Coordinators. Communication included contact information for Coordinators with questions or those in need of technical assistance. · In December 2008, an iESA news article was published to educate all staff on RMTS requirements, processes and responsibilities. This was followed by the Operations Support Division (OSD)/Fiscal creating a monthly report for CSO Administrators that communicates audit results by location. · In January 2009, the OSD Fiscal Chief attended a Community Services Division Regional Administrator meeting to discuss RMTS requirements and audit results. This was followed by OSD/Fiscal identifying members of a workgroup to update the current RMTS Instructions. · By March 31, 2009, training materials will be developed for Community Service Office (CSO) Administrators and RMTS Coordinators. · By April 30, 2009, ESA will work with the respective federal 		CFDA #	Amount		10.561	\$0		93.778			93.558			93.667			93.596			93.566	
	CFDA #	Amount																						
	10.561	\$0																						
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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	03 (Cont'd)	<ul style="list-style-type: none">· agencies to determine if the costs identified need to be adjusted or repaid.· OSD/Fiscal will continue to conduct monthly audits of RMTS samples. Each CSO will be audited annually. <p>Completion Date: Estimated May 2009</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																			
08	04	Finding:	The Department of Social and Health Services is not complying with federal requirements for allocating employee salaries and wages in accordance with its Public Assistance Agency Cost Allocation Plan.																		
			<table border="0"> <thead> <tr> <th></th> <th style="text-align: center;"><u>CFDA #</u></th> <th style="text-align: center;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>Questioned</td> <td style="text-align: center;">10.561</td> <td style="text-align: center;">\$23,394</td> </tr> <tr> <td>Costs:</td> <td style="text-align: center;">93.563</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.658</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.667</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775</td> <td></td> </tr> </tbody> </table>		<u>CFDA #</u>	<u>Amount</u>	Questioned	10.561	\$23,394	Costs:	93.563			93.658			93.667			93.775	
	<u>CFDA #</u>	<u>Amount</u>																			
Questioned	10.561	\$23,394																			
Costs:	93.563																				
	93.658																				
	93.667																				
	93.775																				
		Status:	Corrective action in progress																		
		Corrective Action:	<p>In October 2008, the Operations Support Division (OSD)/Fiscal placed the discussion of Time & Effort requirements, and how it relates to the written Public Assistance Cost Allocation Plan (PACAP) maintained by OSD/Fiscal, as a standing agenda item on the quarterly Community Services Division (CSD) Regional Business Manager (RBM) meeting agenda.</p> <p>In December 2008, OSD/Fiscal contacted the CSD RBM's regarding the six Economic Services Administration staff identified by the State Auditor's Office (SAO) to determine why the positions were split coded and if the language needs to be added to the written PACAP. The outcome of the contacts with the RBMs was that there currently was language in the PACAP about four of the employees positions being split coded. The RBM initiated and is maintaining the proper documentation to support the split coding. For the remaining two employees, language will be added to the PACAP to support their positions being split coded.</p> <p>In February 2009, the following measures were taken:</p> <ul style="list-style-type: none"> · The Social Services Payment System (SSPS) Office Chief worked with the affected administrations and developed a Memorandum of Understanding (MOU), which established a specific methodology for accurately allocating the costs of the four staff in the Provider File Unit to the correct federal funding source. The MOU was reviewed and signed by administrations. 																		

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	04 (Cont'd)	<ul style="list-style-type: none"> • The Office of Financial Recovery (OFR) began maintaining documentation on how the Enforcement Manager position is charged to the benefiting funding sources as described in Public Assistance Cost Allocation Plan's base (ICP) 531 methodology. • The SSPS Office Chief submitted the MOU to administrations for signature. <p>In March 2009, the following measures were taken:</p> <ul style="list-style-type: none"> • The SSPS implemented the methodology agreed upon in the MOU. • OSD/Fiscal submitted an update to the written PACAP to the Fiscal Services Administration that includes language regarding staff identified by the SAO as requiring adjustments. This will be completed in April 2009. • The Information and Technology Office (ITO) and the Office of Accounting Services (OAS) began maintaining documentation on how the ITO staff time is charged to the benefiting funding sources as described in PACAP. Documentation will be maintained by the Grants Management Section within OAS. • OAS began working with the Center for Medicare and Medicaid Services federal contact to determine if any repayments are required. <p>In April 2009, the following measures will be taken:</p> <ul style="list-style-type: none"> - OSD/Fiscal will submit an update to the written PACAP to the Fiscal Services Administration with language describing staff costs that are allocated to various DSHS Administrations based on the lease matrix (i.e. square footage). • The PACAP will be updated to reflect the exception for the allocation of the four Provider File Unit staff using the methodology agreed to in the MOU. • The Economic Services Administration will work with the

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	04 (Cont'd)	<p>appropriate federal agencies to determine if costs identified during the audit need to be adjusted or repaid.</p> <p>The condition noted in this finding was previously reported in finding 07-18.</p> <p>Completion Date: Estimated April 2009</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
08	05	Finding:	The Department of Social and Health Services did not comply with federal requirements for time and effort documentation for the Medical Assistance and Food Stamps Employment and Training programs.									
		Questioned Costs:	<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;">10.561</td> <td style="text-align: center;">\$141,515</td> </tr> <tr> <td></td> <td style="text-align: center;">93.775</td> <td></td> </tr> </table>		<u>CFDA #</u>	<u>Amount</u>		10.561	\$141,515		93.775	
	<u>CFDA #</u>	<u>Amount</u>										
	10.561	\$141,515										
	93.775											
		Status:	Corrective action in progress									
		Corrective Action:	<p>In January 2008, prior to the audit undertaken by the State Auditor’s Office, Economic Services Administration’s (ESA’s) Regional Business Managers (RBM’s) received time & effort training from the Office of Accounting Services Grants Management Manager. The RBMs are responsible for monitoring compliance with time and effort requirements in their respective regions.</p> <p>In August 2008, DSHS Office of Accounting Services updated the DSHS Administrative Policies regarding time & effort (19.50.01A and 19.50.01B) to more clearly reflect federal requirements.</p> <p>In October 2008, the updated DSHS Administrative Policies 19.50.01A and 19.50.01B were presented and discussed with the Community Service Division (CSD) RBMs at their quarterly meeting. The Operations Support Division (OSD)/Fiscal placed the discussion of time & effort requirements as a standing agenda item on the quarterly CSD RBM meeting agenda. RBMs will be available for technical assistance upon request.</p> <p>In January 2009, OSD’s Fiscal Office Chief attended a CSD Regional Administrator meeting to discuss time & effort requirements and audit findings.</p> <p>In April 2009, the CSD Director will follow up by requiring the RBMs to train CSD field staff. Also in April 2009, the ESA will work with the respective federal agencies to determine if the costs identified need to be adjusted or repaid.</p> <p>In June 2009, the newly formed Random Moment Time Study (RMTS) workgroup will evaluate the process to determine if additional programs</p>									

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	05 (Cont'd)	<p>can be included in the sample as a means to automate reporting functionality and decrease the need for time sheets. Any changes will be incorporated into the Public Assistance Cost Allocation Plan, which will be submitted to the federal grantor for approval.</p> <p>Completion Date: Estimated June 2009</p>

**State of Washington
Summary Schedule of Prior Audit Findings
For Years Prior to Fiscal Year 2008**

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

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Recreation and Conservation Funding Board (RCFB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
08	06	<p>Finding: The Recreation and Conservation Office does not have adequate internal controls over sub-recipient monitoring.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="597 705 948 762"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">11.438</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Status: Corrective action in progress</p> <p>The Recreation and Conservation Funding Board (RCFB) is addressing this audit finding as follows:</p> <p>The Agency is working to develop a formal risk assessment tool and process and has contacted the Office of Financial Management, Risk Management Division for assistance.</p> <p>Once the tool is developed, risk assessments will be conducted on a biennial basis of all new grantees and for all existing grantees with active agreements. At a minimum, this assessment will include a review of financial data, prior performance, and audit records. The results of the assessment will be used to identify the grantee as high, medium, or low risk and will be presented to the Agency's grant program review group for additional review as appropriate, based on the level of risk. This group, comprised of section managers of the Agency's grant management program, will review the audits, check recommendations, and determine if corrective action plans are adequate.</p> <p>In August 2008, staff started reviewing subrecipient financial records to ensure that costs reimbursed are accurate and allowable. In November 2008, staff began presenting the results to the internal audit review group. This group analyzes the results of the staff review and makes recommendations for changes that a specific subrecipient needs to make or changes that the Agency should implement to its policies or internal business practices to improve overall compliance with federal regulations.</p> <p>In order to ensure that site inspections and final reports are adequately documented in the Agency's PProject Information System (PRISM) and the grant project file, the section manager or designee will conduct a monthly review of closed grants to ensure that PRISM and the grant project files are complete. In November 2008, a senior outdoor grant manager (OGM) position was established in each of the Agency's grant management sections. One of their responsibilities is to review completed projects to ensure that they are properly closed. Senior OGMs are developing a checklist to help with this process.</p>	<u>CFDA #</u>	<u>Amount</u>	11.438	\$0
<u>CFDA #</u>	<u>Amount</u>					
11.438	\$0					

**State of Washington
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Recreation and Conservation Funding Board (RCFB)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	06 (Cont'd)	<p>In February 2009, fiscal staff started reviewing subrecipient source documents such as time sheet records, invoices, and bank information. Fiscal staff will conduct training for subrecipients and is developing training materials, which will be available on the internet. The training will cover the RCO grant reimbursement process and will teach subrecipients how to use PRISM to check the status of invoices and view agreement terms, such as eligible costs, contract limits by category, and matching percentage. Fiscal staff will also visit subrecipients to review documents and train staff.</p> <p>Agency fiscal staff will review subrecipient administrative charges to provide reasonable assurance that costs are allowable.</p> <p>The condition noted in this finding was previously reported in finding 07-02.</p> <p>Completion Date: Estimated June 2009</p>

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The Department of Community, Trade, and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
08	07	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Community, Trade, and Economic Development did not comply with federal performance reporting requirements.</p> <table border="0" data-bbox="651 737 950 800"> <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;">14.239</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding. As stated in the finding, the U.S. Department of Housing and Urban Development (HUD) has not provided clear direction on the scope of the report or made an issue of the fact that the report has not been submitted. The Section 3 reporting issue was not raised during several program reviews conducted by HUD personnel at CTED.</p> <p>CTED's Housing Division has determined the performance reporting requirements and will file the required report by the due date of March 31, 2009.</p> <p>Estimated March 2009</p>		<u>CFDA #</u>	<u>Amount</u>		14.239	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	14.239	\$0							

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The Department of Community, Trade, and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
08	08	Finding:	The Department of Community, Trade, and Economic Development did not comply with federal suspension and debarment requirements for subrecipients.				
		Questioned Costs:	<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;">16.575</td> <td style="text-align: right;">\$0</td> </tr> </table>	<u>CFDA #</u>	<u>Amount</u>	16.575	\$0
<u>CFDA #</u>	<u>Amount</u>						
16.575	\$0						
		Status:	Corrective action in progress				
		Corrective Action:	<p>The Department’s Office of Crime Victims Advocacy followed contract language recommended by the Office of Justice Programs Financial Guide located on their website. The Department now understands that the guidance was inaccurate. This contract language issue was not raised during a program review by the Department of Justice, Office of Justice Programs, Office for Victims of Crime conducted within the past year.</p>				
			<p>All new contracts effective July 1, 2009 will have the required suspension and debarment language as found in the agency’s standard contract template.</p>				
		Completion Date:	Estimated July 2009				

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Washington State Patrol (WSP)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
08	09	Finding:	The Washington State Patrol did not comply with federal requirements for suspension and debarment for the National Motor Carrier Safety program.				
		Questioned Costs:	<table border="0"> <tr> <td data-bbox="652 737 808 766"><u>CFDA #</u></td> <td data-bbox="857 737 950 766"><u>Amount</u></td> </tr> <tr> <td data-bbox="652 768 808 798">20.218</td> <td data-bbox="857 768 950 798">\$0</td> </tr> </table>	<u>CFDA #</u>	<u>Amount</u>	20.218	\$0
<u>CFDA #</u>	<u>Amount</u>						
20.218	\$0						
		Status:	Corrective action complete				
		Corrective Action:	The State Patrol has implemented written procedures in its Supply Section requiring that the Excluded Parties List System be checked to insure a vendor is not listed as suspended or debarred. This requirement will be carried out for all purchases of \$25,000 or greater which use federal funds and will be done regardless of whether being purchased off a master state contract or with delegated purchasing authority.				
		Completion Date:	February 2009				

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08	10	<p>Finding:</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>93.658</td> <td>\$3,783.07</td> </tr> <tr> <td>93.667</td> <td></td> </tr> <tr> <td>93.558</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.659</td> <td></td> </tr> </tbody> </table> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$3,783.07	93.667		93.558		93.777		93.659		<p>Federal funds were misappropriated at the Department of Social and Health Services' Division of Children and Family Services.</p> <p>Corrective action in progress</p> <p>Effective internal controls in this case, which involved a two level review, resulted in discovery of the misappropriation. The supervisor referred the travel reimbursement request to the area administrator due to the amount requested. The area administrator reviewed case entries and contacted clients to confirm whether the social worker actually made home visits as claimed. This led to the discovery of employee's falsified records. Disciplinary action resulted in the termination of the employee involved.</p> <p>By April 30, 2009, Children's Administration (CA) will refer this case to the Office of Financial Recovery (OFR). During the month of April, CA will determine the exact amount to be recommended for recovery by OFR and contact the appropriate federal agencies to determine if identified costs need to be adjusted or repaid.</p> <p>Estimated April 2009</p>
<u>CFDA #</u>	<u>Amount</u>														
93.658	\$3,783.07														
93.667															
93.558															
93.777															
93.659															

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
08	11	Finding:	The Department of Social and Health Services does not ensure that Temporary Assistance to Needy Families payments are reduced for clients who do not participate in WorkFirst activities as required by state and federal law.				
		Questioned Costs:	<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;">93.558</td> <td style="text-align: right;">\$4,119.20</td> </tr> </table>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$4,119.20
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$4,119.20						
		Status:	Corrective action in progress				
		Corrective Action:	<p>By March 31, 2009, the Department will review the cases cited in this audit to determine if the children are in school. For cases where they are not in school, appropriate actions will be taken to follow state policy and pursue the sanction process.</p> <p>In April 2009, the Economic Services Administration will work with the appropriate federal agency to determine if the costs identified during this audit need to be adjusted or repaid.</p> <p>As a result of this finding, the Department's further review of applicable state statutes has clarified that the state statutes governing teen education requirements apply to teens who are themselves parents and not teens in general. Neither state nor federal law or regulation require dependent teens age 16 or older (i.e., teens who are not parents) to complete an Individual Responsibility Plan (IRP) and participate in WorkFirst activities.</p> <p>The Department will amend the TANF State Plan by July 2009 to eliminate the requirement to sanction dependent children (16 and 17 years of age) who are not in school. In addition, the Department will revise the WAC and WorkFirst Handbook to eliminate documentation of dependent teen school attendance as a program requirement.</p>				
		Completion Date:	Estimated July 2009				

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

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
08	13	Finding:	The Department of Early Learning and the Department of Social and Health Services do not have adequate internal controls over direct payments to child care providers.						
		Questioned							
		Costs:	<table border="0"> <tr> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td style="text-align: center;">93.575</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td style="text-align: center;">93.596</td> <td></td> </tr> </table>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$0	93.596	
<u>CFDA #</u>	<u>Amount</u>								
93.575	\$0								
93.596									
		Status:	Corrective action complete						
		Corrective Action:	<p>In July 2008, the Department of Early Learning (DEL) and the Department of Social and Health Services (DSHS) implemented a process to reconcile child care payments to child care provider attendance records to determine the payments were supported by appropriate documentation. The Departments documented their respective responsibilities in the October 8, 2008 Service Level Agreement.</p>						
			<p>On a monthly basis, licensed child center and child care licensed family home payment files are randomly selected from the Social Service Payment System (SSPS) by DSHS. DEL sends a written request to the providers to obtain attendance records from providers and provides them to DSHS to reconcile with the SSPS payment files. If a discrepancy is found, DSHS follows DEL policy to write the overpayment. If providers fail to provide DEL with the requested attendance records, DSHS finds the case in error and writes an overpayment.</p>						
			<p>The condition noted in this finding was previously reported in finding 07-06.</p>						
		Completion Date:	October 2008						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
08	14	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>Child Care public funds were misappropriated at the Department of Social and Health Service’s Economic Services Administration.</p> <table border="0" data-bbox="657 756 982 850"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.575</td> <td>\$66,304.57</td> </tr> <tr> <td>93.596</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department will work closely with Attorney General’s Office and the State Auditor’s Office in pursuing recoupment of the misappropriated public funds. Personnel actions, as appropriate, against employees involved have been taken pursuant to results of the investigation by law enforcement agencies.</p> <p>To address the internal control issues noted, the Department will review controls currently in place and determine the need for additional controls to monitor child care authorizations. If gaps in the internal controls are identified, they will be revised.</p> <p>After the internal controls review is completed, a memo will be sent to Department staff by April 30, 2009, instructing them to follow internal controls. If an area warrants training, it will be provided to staff.</p> <p>Annually, all Department employees are required to review and sign the Employee Annual Review Checklist that covers Administrative Policy 18.64 Standards of Ethical Conduct for Employees.</p> <p>Estimated April 2009</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$66,304.57	93.596	
<u>CFDA #</u>	<u>Amount</u>								
93.575	\$66,304.57								
93.596									

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Department of Early Learning (DEL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
08	15	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Early Learning does not have adequate controls to ensure that contractors have not been suspended or debarred from working on federally funded 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;">93.575</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>As a result of this finding, the Department of Early Learning (DEL) began checking the Federal Suspension and Debarment website for all federally funded contracts, prior to the issuance of a contract. Additionally, DEL is working with the Attorney General's Office to ensure the Department's basic contract templates meet all state and federal regulations.</p> <p>November 2008</p>		<u>CFDA #</u>	<u>Amount</u>		93.575	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.575	\$0							

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
08	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 internal controls to ensure Child Welfare Services complies with earmarking compliance requirements.</p> <table border="0" data-bbox="649 756 974 840"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.645</td> <td style="text-align: center;">\$847,751.58</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding and understands the "Assurance" required by the change to Title IV-E of the Social Security Act by P.L. 109-288 as signed into law September 28, 2006. The Department currently has a manual process in place for allocating costs to the Child Welfare grant. Journal vouchers are created by staff and approved by the Senior Finance Manager who verifies that only 10% of the total costs (the maximum allowed by the new law) charged to the grant are administrative costs prior to approving the journal voucher for processing. This process will remain in place until an automated system is implemented and functional.</p> <p>By March 31, 2009, the Children's Administration will discuss the amounts charged to the 2008 grant with the federal grantor and return any amounts the federal agency deems unallowable. The Department will have an automated structure in place for the cost allocation to ensure expenditures match the eligibility requirements.</p> <p>Estimated December 2009</p>		<u>CFDA #</u>	<u>Amount</u>		93.645	\$847,751.58
	<u>CFDA #</u>	<u>Amount</u>							
	93.645	\$847,751.58							

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
08	17	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Children's Administration, is not following established internal controls over the eligibility of clients receiving adoption assistance payments.</p> <table border="0" data-bbox="657 735 966 798"> <tr> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td style="text-align: center;">93.659</td> <td style="text-align: center;">\$163,832</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department has taken or will take the following actions regarding staff compliance with internal controls surrounding adoption support:</p> <ul style="list-style-type: none"> · In March 2009, the Department reviewed internal adoption support processing and documentation procedures with region staff. Emphasis was on program eligibility, review and documentation requirements specified in state laws and regulations. Since the audit, new staff have taken over these duties and received training for the duties, which included an explanation of these requirements. · In April 2009, the Department will utilize program requirements as well as lessons learned from the audit to share with staff in all regions and Adoption Support Program Managers to enhance overall documentation of eligibility and payment/benefits. A statewide conference call is scheduled with all adoption support coordinators to discuss requirements and information from the audit. · In May 2009, all regions will train adoption support staff in internal adoption support processing guidelines. · In June 2009, Regional Adoption Support Supervisors will begin spot checking current adoption support files on a quarterly basis as a way to verify guidelines are followed. Once implemented spot checking will be an ongoing part of the supervisors tasks. <p>With respect to the questioned costs, the Department has or will take the following actions:</p>	<u>CFDA #</u>	<u>Amount</u>	93.659	\$163,832
<u>CFDA #</u>	<u>Amount</u>						
93.659	\$163,832						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	17 (Cont'd)	<ul style="list-style-type: none"> · In February 2009, the Department obtained the list of files reviewed during the audit. · In April 2009, the Department will work with the grantor to determine if questioned costs need to be repaid or if documentation to support the questioned costs will be accepted. · In June 2009, the Department will submit documentation to the grantor that outlines corrections to individual case deficiencies. The Department will request that the documentation be reviewed and considered for satisfying case eligibility. · In August 2009, the Department will request the federal grantor provide a written response stating which cases are not in compliance with the federal program requirements and the amount of associated funds that must be repaid. <p>Completion Date: Estimated August 2009</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
08	18	Finding:	<p>The Department of Social and Health Services, Office of Financial Recovery and Health and Recovery Services Administration, does not have internal controls to ensure that interest penalty collections are refunded to the federal government.</p>										
		Questioned Costs:	<table border="0"> <thead> <tr> <th data-bbox="651 800 792 827"><u>CFDA #</u></th> <th data-bbox="797 800 954 827"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="651 833 792 861">93.775</td> <td data-bbox="797 833 954 861">\$0</td> </tr> <tr> <td data-bbox="651 867 792 894">93.776</td> <td></td> </tr> <tr> <td data-bbox="651 900 792 928">93.777</td> <td></td> </tr> <tr> <td data-bbox="651 934 792 961">93.778</td> <td></td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778													
		Status:	Corrective action complete										
		Corrective Action:	<p>In November 2008, the Department remitted the 2008 State Fiscal Year federal portion of the interest to the Center for Medicare and Medicaid Services (CMS) through the federal draw process.</p> <p>In March 2009, the Department implemented a process and created an interest report for remitting the federal share of the interest to the CMS each month through the federal revenue draw process. The transaction was a credit to the federal draw, which reduced the draw by the amount of the interest. The transaction detail was shown on the quarterly Federal CMS-64 claim.</p>										
		Completion Date:	<p>The condition noted in this finding was previously reported in finding 07-07.</p> <p>March 2009</p>										

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
08	19	Finding:	Public funds were misappropriated at the Department of Social and Health Services' Division of Developmental Disabilities.				
		Questioned Costs: 93.775 93.776 93.777 93.778	<table border="0"> <thead> <tr> <th data-bbox="656 743 792 772"><u>CFDA #</u></th> <th data-bbox="797 743 950 772"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="656 772 792 802">93.775</td> <td data-bbox="797 772 950 802">\$ 0</td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$ 0
<u>CFDA #</u>	<u>Amount</u>						
93.775	\$ 0						
		Status:	Corrective action complete				
		Corrective Action:	<p>In February 2008, the Department referred the employee who misappropriated \$8,289.92 and the home health agency that received approximately \$91,000 to the Attorney General's Office and Medicaid Fraud Control Unit (MFCU). Criminal charges against the employee and home health agency will be filed. The date for filing criminal charges will be determined by the prosecutors. The Department will seek to recover the amount misappropriated as well as all investigative costs.</p> <p>In April 2008, the Division of Developmental Disabilities (DDD) implemented changes to DDD Policy 6.01-Social Services Payment System (SSPS) regarding SSPS monitoring to specify monitoring roles and what documents need to be reviewed. Supervisors now review payment output reports on a monthly basis and document findings in the Client Authorization Services Input System-Social Services Payment System (CASIS-SSPS) database, which are retained for at least three years.</p> <p>Supervisors select and review three case files per month to monitor for appropriateness of services currently authorized. Any suspected fraud is reported to the Central Contract Services Office and the Division of Fraud Investigations or MFCU as appropriate.</p>				
		Completion Date:	April 2008				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
08	21	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration’s internal controls are inadequate to identify and recover Medicaid overpayments to pharmaceutical providers made when billing codes are used inappropriately.										
		Questioned											
		Costs:	<table border="0"> <thead> <tr> <th data-bbox="651 808 808 837"><u>CFDA #</u></th> <th data-bbox="857 808 950 837"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="651 837 808 867">93.775</td> <td data-bbox="857 837 950 867">\$0</td> </tr> <tr> <td data-bbox="651 867 808 896">93.776</td> <td></td> </tr> <tr> <td data-bbox="651 896 808 926">93.777</td> <td></td> </tr> <tr> <td data-bbox="651 926 808 955">93.778</td> <td></td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778													
		Status:	Corrective action in progress										
		Corrective Action:	<p>The Department does not concur with this finding but the Health and Recovery Services Administration (HRSA) will continue working with the Washington State Pharmacy Association (WSPA) to prevent inappropriate payments for pharmacy claims that are not allowable under the Medicaid program.</p> <p>The HRSA is now performing an on-going risk analysis and assessment to determine the appropriate level of post payment audit coverage for Third Party Liability (TPL) claims in light of current staffing resources. This effort resulted in a plan being devised and implemented to ensure that audits are focused on the most aberrant providers. On a quarterly basis, paid claims data is run to identify providers with the highest usage of manual override codes. The providers are ranked by paid amount and those with the highest dollars are prioritized and are reviewed by the Office of Payment Review and Audit. The Department believes it is maximizing use of its post payment audit efforts through this quarterly review process because the pharmacies selected for audit are those with claims where the Department knows the Medicaid client has primary insurance.</p> <p>HRSA will continue to enhance strategies for ensuring post payment audit coverage. The process will continue to focus on identifying and prioritizing audits by risk exposure (i.e. dollars by other coverage code), but may include additional steps or resources to strengthen the overall post payment review process and provide reasonable assurance that improper payments are recovered.</p>										

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	21 (Cont'd)	<p>In January 2010, as a result of a ProviderOne Change Request (CR) submitted in August 2008, there will be a revision to a system edit requiring Other Payer Date. Tightening the TPL edit will only allow an override code 3 to process if there is a valid date in the <i>Other Payer Date</i> field.</p> <p>The condition noted in this finding was previously reported in finding 07-09.</p> <p>Completion Date: Estimated April 2010</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
08	22	Finding:	The Department of Social and Health Services does not have adequate internal controls to ensure new applicants meet federal citizenship requirements before receiving Medicaid benefits.										
		Questioned Costs:	<table border="0"> <thead> <tr> <th data-bbox="651 774 760 804"><u>CFDA #</u></th> <th data-bbox="764 774 873 804"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="651 810 760 837">93.775</td> <td data-bbox="764 810 873 837">\$0</td> </tr> <tr> <td data-bbox="651 844 760 871">93.776</td> <td></td> </tr> <tr> <td data-bbox="651 877 760 905">93.777</td> <td></td> </tr> <tr> <td data-bbox="651 911 760 938">93.778</td> <td></td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778													
		Status:	Corrective action in progress										
		Corrective Action:	<p>Beginning May 2008, the following measures were taken:</p> <ul style="list-style-type: none"> · Citizenship verification and identity processes were developed by the Health and Recovery Services Administration (HRSA) to ensure accurate eligibility decisions for all applicants 19 years of age and older. · HRSA provided citizenship verification, identity training and communication related to eligibility for non-pregnant applicants under the age of 19 to medical eligibility staff. · HRSA began requiring citizenship verification and proof of identity (with a 90 day grace period) for all non-pregnant applicants under the age of 19 prior to Medicaid approval. · Citizenship verification and identity processes were developed by HRSA to ensure accurate eligibility decisions for all non-pregnant applicants under the age of 19. <p>Beginning July 2008, the following measures were taken:</p> <ul style="list-style-type: none"> · HRSA provided citizenship verification, identity training and communication related to eligibility for applicants 19 years of age and older to medical eligibility staff. · HRSA began requiring citizenship verification and proof of identity for all applicants 19 years of age and older prior to 										

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	22 (Cont'd)	<p>Medicaid approval.</p> <ul style="list-style-type: none"> · HRSA began providing a weekly report of approved new applicants who did not have correct citizenship codes in the Automated Client Eligibility System (ACES) to field staff. If citizenship had not been verified, then the client's Medicaid coverage was terminated. <p>In September 2008, manual accounting entries were completed by the Division of Rates and Finance to fund expenditures with state funds for enrollees who have not satisfied federal requirements.</p> <p>In July 2009, a change will be made to the ACES eligibility system to support Medicaid termination or denial of adults who must verify their citizenship and do not have the correct citizenship codes.</p> <p>The condition noted in this finding was previously reported in finding 07-11.</p> <p>Completion Date: Estimated July 2009</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
08	23	Finding:	The Department of Social and Health Services does not have adequate internal controls to ensure people receiving Medicaid benefits have valid Social Security numbers.										
		Questioned Costs:	<table border="0"> <thead> <tr> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: left;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778													
		Status:	Corrective action in progress										
		Corrective Action:	<p>Beginning in February 2007, Health and Recovery Services Administration (HRSA) has been sending “No Social Security Number (SSN)” reports to the Community Services Division (CSD) of the Economic Services Administration (ESA), Aging and Disability Services Administration (ADSA), and staff within HRSA. The “No SSN” report lists individuals who have received services without a valid SSN. HRSA supervisors use the report to monitor and audit staff to ensure SSNs are requested, received, and verified. CSD Headquarters (HQ) sends the report to field staff to review every other month. This schedule allows the system to remove a case from the report after it has been updated and completed. CSD HQ staff use the “No SSN” report to monitor staff action for claims without valid SSNs.</p> <p>Beginning in March 2008, CSD HQ staff has been reviewing a minimum of 10 randomly selected cases per region each month from the “No SSN” report. The cases are reviewed to determine if the “No SSN” reports are worked and acted upon by staff.</p> <p>Beginning August 2008, HRSA’s Medical Eligibility Determination Services staff enters and verifies all SSNs for HRSA non-adoption support cases. Supervisors consistently perform random audits to confirm that verification of all SSNs is occurring.</p> <p>The audit testing revealed 79 clients for whom the Department could not provide evidence of a correct SSN. The administrations involved in the audit reviewed these clients with the following results:</p> <ul style="list-style-type: none"> • In December 2008, HRSA resolved 32 cases that did not include evidence of a correct SSN: two were corrected; three were opened in error; 11 were closed; one was in process; seven had 										

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	23 (Cont'd)	<p>adoption support verified; and eight had adoption support in process.</p> <ul style="list-style-type: none"> · In January 2009, ESA resolved 30 cases that did not include evidence of a correct SSN: 27 were closed and no longer receiving assistance and three were never approved for services and subsequently closed because the client did not provide a SSN. · In February 2009, Children’s Administration (CA) resolved 17 cases that did not have a correct SSN: all 17 cases were for adoption subsidy with SSNs being obtained by cross matching the child’s pre-adoption name with their post-adoption name. <p>In March 2009, ESA/CSD developed a policy that established clear monitoring expectations for supervisors regarding their monitoring of staff responses to SSN mismatch alerts. These were shared with CSD Financial Coordinators and will be shared again in April 2009. The Financial Coordinators will in turn share the information with their Financial Supervisors at the end of April 2009. Finally, a memo was sent to field offices instructing them to consistently review the SSN alerts they receive.</p> <p>By March 31, 2009, HRSA will send a “Do You Know” document to staff reminding them to consistently and properly resolve SSN mismatch alerts. This document is also meant to remind supervisors and Office Chiefs how important it is for HRSA staff to resolve SSN problems as part of their normal business practices.</p> <p>By July 31, 2009, HRSA Foster Care Medicaid Team (FCMT) is planning to review active caseloads for non-federally verified SSNs, which include adoption support cases. If an SSN is not found, HRSA will continue working with the Foster Care Health Program Manager at CA to get a verified SSN for the child. In each case where a SSN cannot be verified, termination procedures will be initiated.</p> <p>The condition noted in this finding was previously reported in finding 07-12.</p> <p>Completion Date: Estimated July 2009</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
08	24	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration’s internal controls are insufficient to ensure payment rates to its Healthy Options managed care providers are based on accurate data.										
		Questioned Costs:	<table border="0"> <thead> <tr> <th data-bbox="651 806 808 835"><u>CFDA #</u></th> <th data-bbox="857 806 951 835"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="651 835 808 865">93.775</td> <td data-bbox="857 835 951 865">\$0</td> </tr> <tr> <td data-bbox="651 865 808 894">93.776</td> <td></td> </tr> <tr> <td data-bbox="651 894 808 924">93.777</td> <td></td> </tr> <tr> <td data-bbox="651 924 808 953">93.778</td> <td></td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
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93.778													
		Status:	N/A										
		Corrective Action:	<p>The Department does not concur with the finding and will not be taking additional corrective action. The Department is of the opinion that the process currently in place is sufficient.</p> <p>Although the Department does not directly review costs reported by managed care organizations (MCO) to the Department’s actuaries, there is a significant and sufficient verification of the accuracy and completeness of the information. Each MCO must have the submitted information certified in writing as accurate and complete by an independent actuary. The Department’s actuary then validates the information submitted by comparison to the audited financials submitted to the Office of the Insurance Commissioner. The actuary also compares costs between MCOs and resolves outliers.</p> <p>The rate setting methodology and rates have been approved by the Centers for Medicare and Medicaid Services (CMS) annually as a part of contract approval and CMS. Additionally, in an audit of Healthy Options, CMS had no findings concerning rate setting.</p> <p>The condition noted in this finding was previously reported in finding 07-13.</p>										
		Completion Date:	N/A										

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
08	25	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, does not comply with the state law (RCW 74.09A) and the federal Deficit Reduction Act of 2005 to identify all third parties liable for payment of Medicaid services.										
		Questioned Costs:	<table border="0"> <thead> <tr> <th data-bbox="651 772 792 802"><u>CFDA #</u></th> <th data-bbox="797 772 954 802"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="651 808 792 837">93.775</td> <td data-bbox="797 808 954 837">\$0</td> </tr> <tr> <td data-bbox="651 844 792 873">93.776</td> <td></td> </tr> <tr> <td data-bbox="651 879 792 909">93.777</td> <td></td> </tr> <tr> <td data-bbox="651 915 792 945">93.778</td> <td></td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778													
		Status:	Corrective action in progress										
		Corrective Action:	<p>The Department believes that it is in compliance with the Deficit Reduction Act of 2005. Health and Recovery Services Administration (HRSA) meets this standard by making data available to “all” insurers to use for Third Party Liability reporting and by matching data directly with those insurers most likely to provide third party coverage to Medicaid recipients. While the Department believes it meets legal requirements now, with the implementation of the new ProviderOne, which will replace the Medicaid Management Payment System, the Department will further enhance data matching activities.</p>										
			<p>October 31, 2009 is the anticipated go-live date for the new ProviderOne. When the system goes live, HRSA will be able to send an electronic Coordination of Benefits eligibility inquiry to health plans who have signed Trading Partner Agreements with the Department of Social and Health Services, (DSHS) HRSA. Trading Partner Agreements will not be implemented until the Center for Medicare and Medicaid (CMS) approves the data elements jointly agreed to by the state and insurers. Once CMS approves the data elements, they will be included in the agreements. The trading partners will be able to respond with an electronic response to eligibility inquiries that indicates the availability of health care coverage at a particular time. For those insurers or carriers who may not have their systems ready to participate, HRSA will continue working with them using the methods currently in place.</p>										
		Completion Date:	Estimated October 2009										

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
08	26	Finding:	The Department of Social and Health Services does not have adequate internal controls to ensure non-emergency medical transportation expenditures are allowable and adequately supported.										
		Questioned Costs:	<table border="0"> <thead> <tr> <th data-bbox="651 716 792 745"><u>CFDA #</u></th> <th data-bbox="797 716 954 745"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="651 751 792 781">93.775</td> <td data-bbox="797 751 954 781">\$0</td> </tr> <tr> <td data-bbox="651 787 792 816">93.776</td> <td></td> </tr> <tr> <td data-bbox="651 823 792 852">93.777</td> <td></td> </tr> <tr> <td data-bbox="651 858 792 888">93.778</td> <td></td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778													
		Status:	N/A										
		Corrective Action:	<p>The Department does not agree that it lacks adequate internal controls to ensure that Washington State’s Non-emergency Transportation (NEMT) expenditures are legitimate, allowable and adequately supported, or that the Department does not monitor brokers to ensure all Medicaid rules are followed and costs are appropriate. The Department performs the following activities in line with DSHS administrative policy for risk assessment and contract monitoring:</p> <ul style="list-style-type: none"> • Department staff performs annual pre-contract risk assessments for all brokers. These contracts are defined as client service contracts and not sub-recipients. Contracts that are designated as sub-recipients require a higher standard of fiscal monitoring; • Department staff review monthly broker invoices, back-up documentation, and reports before the invoices are approved for payment; • Program managers review monthly for service delivery patterns and trends including use of low-cost modes of transportation as well as cost per trip; • Program managers monitor and respond to “daily operations” activities including inquiries, complaints, and all client incident/accident reports; • The team of program managers prioritizes, based on risk assessment and historical information, which brokers need on-site reviews for consultation, technical assistance, and compliance monitoring to ensure broker activities comply with state and federal regulations; • Annually, the program managers rotate on-site reviews of the 8 brokers; each broker is reviewed every other year for specific issues or general contract compliance. Six of eight total brokers 										

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	26 (Cont'd)	<p>were visited in 2008. These on-site reviews include direct observation, documentation review, interviews with broker managers, bookkeeping, and direct-service staff;</p> <ul style="list-style-type: none"> · Annually, program managers review broker service delivery and service expenditures in detail, looking at multi-year historical data and reviewing broker regions against others of similar size and characteristics. This in-depth review is done in preparation for contract/budget negotiations for the next contract year in order to negotiate the best value for the state; · The Department requires all NEMT brokers, by contract, to annually complete and provide the state with copies of independent audits. Seven of eight brokers are required to complete A-133 level audits. The eighth broker is very small and must meet single audit requirements. All brokers are in compliance with this annual audit requirement. <p>Completion Date: N/A</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
08	27	<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, Home and Community Based Services division, does not have internal controls to ensure Medicaid payments to in-home service providers are allowable and supported.</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</td> <td style="text-align: right;">\$472,432</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department agrees with the auditor on the importance of assuring that payments for personal care are accurate and reasonable. Many significant safeguards are in place such as:</p> <ul style="list-style-type: none"> ▪ Personal care services by definition provide assistance with very basic needs such as eating, bathing, transferring, turning and ambulation. It is readily apparent if a client is not receiving these services. Medicaid funded personal care does not claim to cover the entire spectrum of client needs 24 hours per day 7 days a week. The plan produced by the Comprehensive Assessment and Reporting Evaluation (CARE) assessment covers a very basic and limited number of hours related to necessary assistance with activities of daily living. It would be close to impossible to complete the tasks in the care plan in a number of hours significantly under the authorization. ▪ Consistent with statute, the client supervises their care provider. The assessment includes information as to whether the client is able to supervise their provider and, in the case where they are not able, agency managed personal care is available or the case manager will identify how the services will be monitored. Clients are given information on how to contact their case manager if there are concerns about service delivery. The Department has the authority to terminate payment in the event there is a good faith belief that services are not being provided as authorized to a Medicaid client. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$472,432	93.776		93.777		93.778	
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Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	27 (Cont'd)	<p>While the Department maintains that state law assigns the responsibility for scheduling, tracking, and time keeping to the client, in response to this finding:</p> <ul style="list-style-type: none"> · In March 2009, the Department will issue a management bulletin to Area Agencies on Aging and the Division of Developmental Disabilities that addresses the statutory mandate to review a sample of timesheets. · By September 2009, the Department will issue a written communication to clients on employer responsibilities including time tracking and record keeping. <p>Completion Date: Estimated September 2009</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
08	28	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate internal controls to ensure all controlled substances prescribed for Medicaid clients are authorized and allowable.										
		Questioned Costs:	<table border="0"> <thead> <tr> <th data-bbox="651 842 808 871"><u>CFDA #</u></th> <th data-bbox="857 842 950 871"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="651 877 808 907">93.775</td> <td data-bbox="857 877 950 907">\$0</td> </tr> <tr> <td data-bbox="651 913 808 942">93.776</td> <td></td> </tr> <tr> <td data-bbox="651 949 808 978">93.777</td> <td></td> </tr> <tr> <td data-bbox="651 984 808 1014">93.778</td> <td></td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778													
		Status:	N/A										
		Corrective Action:	<p>The Department does not agree with this finding for the following reasons:</p> <ul style="list-style-type: none"> · There are not any federal or state statutes that require a payer (e.g. state) to validate the Drug Enforcement Administration (DEA) number of a prescriber. Therefore, the Department disagrees that the lack of an edit that validates the DEA number for Schedule III - V drugs constitutes inadequate internal controls or that the lack of such validation renders the payment unallowable. · The Department believes that responsibility for compliance with controlled substance requirements lies with the prescribing provider and the dispensing pharmacies. There are not any provisions in the Controlled Substance Act (21 USC Sec. 821) or the state Uniform Controlled Substance Act (RCW 69.50) that could be interpreted as a requirement relating to payment of claims for controlled substances. <p>The Department has the following controls in place regarding DEA numbers and Schedule II drugs:</p> <p>The Department implemented a Pharmacy Point of Sale (POS) edit in July 2002 for the purpose of validating the DEA number of the prescribing physician for Schedule II drugs. While the Department considered this to</p>										

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	28 (Cont'd)	<p>be an essential validation to add to the POS, it was not implemented because of any federal/state requirement. Rather, the Department implemented this because Schedule II drugs are subject to the highest risk of abuse. The Department considered it prudent to provide this additional validation to guard against the potential for fraud and abuse.</p> <p>In addition to the edit in the POS that validates the DEA for Schedule II drugs, the Department has a set of robust Program Integrity activities that includes pharmacy utilization review, pharmacy rules-based algorithms that identify improper payments, and data mining activities that identify patterns outside the norm. In the absence of any requirement to validate DEA numbers for controlled substances, DSHS considers that this set of Program Integrity activities provide adequate controls to ensure that controlled substances are authorized and allowable.</p> <p>Completion Date: N/A</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	29 (Cont'd)	<p data-bbox="846 617 1365 674">(9) Clinical abuse or misuse as described in Sec. 456.705(b)(7)”</p> <p data-bbox="656 709 1443 888">The Department conducts retrospective reviews as required every quarter. For each of the measures cited above, an analysis is completed and the results of that analysis are reported to Center for Medicare and Medicaid Services (CMS) Region 10. These results are reported on forms CMS specifically created for reporting the results of the analysis on each of these measures, including overutilization and abuse and misuse.</p> <p data-bbox="656 924 1419 1039">The Department believed it had presented reports to the State Auditor’s Office (SAO), which document its compliance with the CFR and will continue to work with the SAO to understand what additional documentation would meet their needs.</p> <p data-bbox="656 1075 1401 1163">Additionally, the Department utilizes algorithms, conducts provider modeling, conducts audits, and uses client specific prior authorization processes to identify inappropriate use of health care services.</p> <p data-bbox="656 1199 1443 1465">The Department’s focus has been on the appropriateness of prescribing physicians drug selection, while the auditors focused on the usefulness of utilization review in detecting fraud. Even though the Department did not agree with the finding, the Department will continue to work with the (SAO) to resolve any differences. The next meeting will take place on or before April 15, 2009. Also, the Department will work with the SAO to coordinate a meeting with the CMS and request a review of the Department’s efforts to comply with the applicable CFR by April 30, 2009.</p> <p data-bbox="428 1501 704 1558">Completion Date: N/A</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan												
08	30	Finding:	The Department of Social and Health Services, Economic Services Administration, Medicaid Eligibility Quality Control Unit (MEQC), did not retain documentation to support the results of its federally required audits of Medicaid client eligibility.											
		Questioned Costs:	<table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$0</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>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778		
<u>CFDA #</u>	<u>Amount</u>													
93.775	\$0													
93.776														
93.777														
93.778														
		Status:	Corrective action complete											
		Corrective Action:	<p>The Medicaid Eligibility Quality Control (MEQC) Unit took the following actions:</p> <ul style="list-style-type: none"> · In July 2008, the MEQC Unit received records retention training from the Department’s Records Officer (DSHS Records Management). · In August 2008, beginning with the Project #58 Division of Developmental Disability (DDD) Waiver cases sample, the MEQC Unit converted to electronic recordkeeping – with staff entering data directly into an electronic access database. Each project has a unique database. · In January 2009, the MEQC Unit developed a formal records retention procedure in accordance with state and federal records retention requirements. 											
		Completion Date:	January 2009											

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan		
08	31	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, does not have adequate controls in place to ensure all assets applicants own are counted when Medicaid eligibility is determined.</p> <p><u>CFDA #</u></p> <p>93.775</p> <p>93.776</p> <p>93.777</p> <p>93.778</p> <p>N/A</p>	<p><u>Amount</u></p> <p>\$0</p> <p>The Department does not agree that federal rules require verification of financial statements for the previous five years, unless a transfer has been declared or there are inconsistent facts in the record or other problems with the application.</p> <p>The Department agrees that the financial documents reviewed for most applications do not provide a complete picture of the applicant's financial circumstances during the five years prior to the month of application. However, the Department would point out that with the majority of the applications this is not necessary, because assets and asset transfers are not an issue. In addition, there is currently no infrastructure that would allow the Department to run an asset check on any applicant without specific information as to what the asset is and where the asset is located. Currently, the only means that the Department has of obtaining that information is through the applicant's self declaration on the application, his/her signature attesting to the accuracy of the application and the interview with the client. The approved practice the Department has been operating under for more than two decades relies on self declaration by the client for any asset transfers or sales within the five year look back period. The Department is committed to ensuring that Medicaid clients are financially eligible for the programs that they receive and will continue to pursue and verify any declared asset transfers that it becomes aware of (either through the interview process or as declared by the applicant) to ensure that they were appropriate transfers and not done to qualify for Medicaid.</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan																
08	33	<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 internal controls to ensure its verification process complies with federal intent.</p> <table border="0" data-bbox="646 779 954 930"> <thead> <tr> <th></th> <th style="text-align: center;"><u>CFDA #</u></th> <th style="text-align: center;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">93.775</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.776</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>Even though the Department does not agree with the finding, the following actions have been or will be taken:</p> <ul style="list-style-type: none"> • The Department has instituted a toll-free hot-line to solicit information on Medicaid provider fraud, waste and abuse. On a monthly basis, the Health and Recovery Services Administration (HRSA) receives an average of eight referrals that warrant further investigation/research based on calls received on the toll-free number; this is compared to the zero valid investigations received via the survey process. • The Department has also instituted an e-mail address for external clients, stakeholders and internal state staff to report Medicaid provider complaints. On a monthly basis, HRSA averages 11 referrals that warrant further investigation/research based on e-mails; this is compared to the zero valid investigations received via the survey process. • Additionally, the Department has a set of robust program integrity activities including utilization review and data mining activities. Payment Rreview Program (PRP) runs proactive data analyses on paid claims to identify providers who appear to be billing aberrantly for certain services or billings vary greatly from their peers. Thousands of overpayments, audits and Medicaid Fraud Control Unit (MFCU) referrals have resulted from these data reviews. • Beginning February 2009, the Department began sending surveys on approximately 500 claims selected by the vendor each month. • By October 31, 2009, upon implementation of the new 		<u>CFDA #</u>	<u>Amount</u>		93.775	\$0		93.776			93.777			93.778	
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08	33	<p>ProviderOne which will replace the Department’s Medicaid Management Payment System, the HRSA will automatically generate approximately 2,500 manual survey verifications each month.</p> <p>Completion Date: Estimated October 2009</p>

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08	34	<p>Finding:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Based Services Division, does not have adequate controls in place to ensure Medicaid recipients have received the services for which Medicaid is being billed.</p>										
		<p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="651 806 808 835"><u>CFDA #</u></th> <th data-bbox="857 806 948 835"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="651 835 808 865">93.775</td> <td data-bbox="857 835 948 865">\$0</td> </tr> <tr> <td data-bbox="651 865 808 894">93.776</td> <td></td> </tr> <tr> <td data-bbox="651 894 808 924">93.777</td> <td></td> </tr> <tr> <td data-bbox="651 924 808 953">93.778</td> <td></td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778		
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93.775	\$0												
93.776													
93.777													
93.778													
		<p>Status:</p>	<p>Corrective action in progress</p>										
		<p>Corrective Action:</p>	<p>The Department concurs that it does not have an automated process that provides Medicaid recipients with information on the number of hours billed to the Department by individual providers (IP). The Department has requested funding in the 2008 Supplemental Budget and the 2009-2011 Biennial Budget to continue current planning efforts to procure and implement a new Provider Compensation Subsystem (PCS). The PCS will interface with the new ProviderOne system and replace the Social Services Payment System as the payment vehicle for individual providers. The PCS will meet the service verification requirements through an automated process. If the client sees a discrepancy in the hours provided versus the hours billed, they will be instructed to notify the Department. Implementation of the PCS is dependent on approval by the Center for Medicaid and Medicare Services and legislative approval of the Department's budget request.</p> <p>Until the proposed PCS is implemented the Department will rely on the following controls that are currently in place:</p> <ul style="list-style-type: none"> · Case managers complete an assessment that results in an authorization of hours that cannot be exceeded by a provider invoice. · Clients are expected to keep timesheets for their individual providers and the Area Agency case managers perform random audits of this practice to ensure that it occurs. 										

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08	34 (Cont'd)	<ul style="list-style-type: none"> · Clients receive a copy of the service authorization that tells them the number of hours of service they are eligible to receive. Clients are advised and understand they can choose when those hours are provided and direct the individual provider when to provide them. Case Managers also advise clients to contact them if they are not receiving the hours (care) they are eligible for. · The Department, through its Payment Review Program, runs algorithms to detect possibly fraudulent claims. Overpayments are initiated and referrals are made to the Medicaid Fraud Control Unit as indicated by findings. <p>Additionally, in April 2009, in lieu of direct client verification, the Department will issue a written communication to clients about employer responsibilities regarding time tracking and record keeping.</p> <p>Completion Date: Estimated October 2009</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
08	35	Finding:	<p>The Department of Social and Health Services, Aging and Disability Services Administration, did not ensure evaluations or re-evaluations of level of care for clients receiving in-home care services have been performed at least once every 12 months.</p>										
		Questioned Costs:	<table border="0"> <thead> <tr> <th data-bbox="651 800 792 827"><u>CFDA #</u></th> <th data-bbox="797 800 1464 827"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="651 833 792 861">93.775</td> <td data-bbox="797 833 1464 861">\$54,215.06</td> </tr> <tr> <td data-bbox="651 867 792 894">93.776</td> <td></td> </tr> <tr> <td data-bbox="651 900 792 928">93.777</td> <td></td> </tr> <tr> <td data-bbox="651 934 792 961">93.778</td> <td></td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$54,215.06	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$54,215.06												
93.776													
93.777													
93.778													
		Status:	Corrective action in progress										
		Corrective Action:	<p>The Department will continue current monitoring of care assessment activities that are already in place. Preliminary data for the Department's current monitoring cycle, which began in October 2008, indicates that the Department is on target for 95 percent compliance for assessment timelines. Staff from Home and Community Services Division will be responsible for ensuring compliance.</p> <p>In April 2009, the Department will distribute a Comprehensive Assessment Reporting Evaluation factsheet to field staff providing instructions on assessment timelines.</p> <p>In April 2009, the Department will contact the Center for Medicare and Medicaid Services to determine if any costs charged to Medicaid funds in this audit must be reimbursed. The Aging and Disability Services Administration does not believe there are any questioned costs because all clients were eligible for services received.</p>										
		Completion Date:	Estimated April 2009										

**State of Washington
Corrective Action Plan**

**OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2008**

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																
08	36	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Service, Health and Recovery Services Administration, does not have adequate controls to ensure providers meet ongoing eligibility requirements to participate in the Medicaid program.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.776</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding and is improving the monitoring of providers licenses as follows:</p> <p>In February 2009, Health and Recovery Services Administration (HRSA) began receiving provider enrollment information from the Adult Day Health Providers program, which is administered by the Aging and Disability Services Administration (ADSA). HRSA has received a current listing of all providers contracted with ADSA. The listing identifies all providers who are currently enrolled with HRSA and other administrations. HRSA will be notified by the ADSA program manager when there are changes in the licensure of a provider.</p> <p>By March 1, 2009, HRSA modified WAC 388-530 to remove the requirement that all durable medical equipment providers must have appropriately trained and qualified staff to be eligible as a Medicaid provider. The public hearing was held January 27, 2009, and the rule was filed with an effective date of March 1, 2009.</p> <p>During March 2009, HRSA will send letters to all respiratory therapists and Oxygen providers requesting documentation of current licensure and status by April 1, 2009.</p> <p>When HRSA receives licenses and documents from providers, they will be reviewed and documented in an imaging system on the provider master file. If the providers do not submit required information by April 1, 2009, the provider number will be terminated.</p> <p>By late Fall 2009, upon implementation of the new ProviderOne which will replace the Department’s Medicaid Management Payment System,</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$0		93.776			93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>																
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**State of Washington
Corrective Action Plan**

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2008*

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
08	36 (Cont'd)	information on licenses will be retained in ProviderOne. Reminder letters will be automatically generated from ProviderOne when licenses are about to expire. Completion Date: Fall 2009

**State of Washington
Corrective Action Plan**

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2008*

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

The University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
08	37	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The University of Washington was reimbursed by its Vision Research Program for unallowable charges.</p> <table border="0" data-bbox="657 730 950 793"> <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;">93.867</td> <td style="text-align: center;">\$20,864</td> </tr> </table> <p>Corrective action complete</p> <p>The University has already augmented existing internal controls in the areas of increased communication, training, and monitoring, development of guidelines and revisions to forms and standard operating procedures to ensure that only authorized procedures are paid for with grant funds.</p> <p>In addition, the University has resolved all issues related to this condition with the National Institutes of Health (NIH) Office of Laboratory Animal Welfare.</p> <p>June 2008</p>		<u>CFDA #</u>	<u>Amount</u>		93.867	\$20,864
	<u>CFDA #</u>	<u>Amount</u>							
	93.867	\$20,864							