

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

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

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

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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
04-14 1)	Department of Social and Health Services	93.778	n/a
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

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<b>Finding Number</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Page Number</b>
04-25 1)	Department of Social and Health Services	93.575,	n/a
03-11	Department of Social and Health Services	93.778	H – 69

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

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**Department of Natural Resources (DNR)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
07	01	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Natural Resources did not comply with federal requirements for payroll costs charged directly to the Cooperative Forestry Assistance grant.</p> <table border="0" data-bbox="669 758 971 821"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">10.664</td> <td style="text-align: center;">\$234,527</td> </tr> </table> <p>Corrective action complete</p> <p>The majority of expenses charged to federal grants administered by the Department are direct payroll expenses charged to specific grants. The Department is in compliance with federal requirements for these types of charges.</p> <p>The auditors expressed concerns over specific cases in which time was charged to grants based on budget allocations. These cases involved splitting time to different grants with program objectives that were very similar. In some cases the work between grants was indistinguishable, and time charged was split evenly between two funding sources. In other cases, the effort and cost to reconcile actual work to the budgeted allocations would exceed any possible benefit from avoiding a potential miscoding to a particular grant. In both of these situations our grantor was aware of our processes and had given their verbal approval.</p> <p>The Department discussed this issue with our grantor and has received specific direction from them. As to the issue of questioned costs the grantor replied "...we have no cause to recover any portion of the \$234,527 of expenditures that has been questioned in the state audit report. In our opinion, the Forest Service has received fair value for the funds awarded to the WDNR, and the expenditures, including salaries are reasonable and appropriate."</p> <p>The grantor gave guidance on the grants with similar purposes - the State and Private Cooperative Health, and the national Fire Plan Forest Health authorities: "In our region of the country, both programs serve identical purposes and can be used interchangeably."</p>		<u>CFDA #</u>	<u>Amount</u>		10.664	\$234,527
	<u>CFDA #</u>	<u>Amount</u>							
	10.664	\$234,527							

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**Department of Natural Resources (DNR)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	01 (Cont'd)	The Department has implemented a process of monthly reconciliations of time being charged to grants.  Completion Date: August 2008

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**Recreation and Conservation Funding Board (RCFB)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
07	02	<p>Finding: The Recreation and Conservation Office does not have adequate internal controls over sub-recipient monitoring.</p> <p>Questioned</p> <p>Costs: <u>CFDA #</u>                      <u>Amount</u>            11.438                                      \$0</p> <p>Status: Refer to finding 08-06</p> <p>The Recreation and Conservation Funding Board (RCFB) is addressing this audit finding as follows:</p> <p><u>Allowable costs/cost principles</u>            The Board 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 Board's grant program review group for additional review as appropriate, based on the level of risk. This group, comprised of section managers of the Board'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 Board 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 Board's Project 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 Board's grant management sections. One of their responsibilities is to review completed projects to ensure that</p>

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**Recreation and Conservation Funding Board (RCFB)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	02 (Cont'd)	<p>they are properly closed. Senior OGMs are developing a checklist to help with this process.</p> <p><u>Earmarking</u>            The Board does not agree that internal controls were inadequate for tracking the one percent limitation on grant funds used for administrative costs related to the grant. The Board charged 1% administration for internal costs; there were no administrative charges included from our sponsors. This earmark, defined by the Memorandum of Understanding (MOU) dated May 1, 2000, was followed.</p> <p><u>Audit requirement</u>            In June 2008, the Board updated its internal policies related to compliance with federal audit requirements. The policy now requires placing subrecipients in suspended status for lack of either audits or valid extensions from their federal cognizant agencies. In October 2008, the Board started reviewing subrecipient audit results and tracking corrective action plans for completion.</p> <p>The Board will also revise its standard contract terms and conditions to include the federal audit requirements.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2008 Washington Single Audit. Refer to finding 08-06.</p>

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**Department of Natural Resources (DNR)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
07	03	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Natural Resources did not have adequate internal controls to ensure compliance with federal matching requirements for the Cooperative Endangered Species Conservation Fund grant.</p> <table border="0"> <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;">15.615</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Description of Condition of this finding states, "---it has been unable to satisfactorily document the land valuation and use in accordance with federal requirements." The Department worked with the U.S. Fish and Wildlife Service (USFW) for over a year in an attempt to get clear direction on our proposed match properties. There were differing interpretations of Yellow Book standards for both acquired and match properties, timing of appraisals and division of match properties for several grants.</p> <p>With the confusing and sometimes conflicting responses from the USFW, the Department was not able to reach finality on the matching requirements at the time of the audit. In an effort to meet the requirements of these grants the Department met with the USFW to address concerns of five specific grants, including Phases I, II, and III of the Hoh River Conservation Corridor Project and the Swamp Lake Project. Agreement was reached on November 16, 2007 regarding several issues, which allowed the closure of these grants. Matching properties for all of these grants have been identified and approved by the USFW.</p> <p>In cooperation with the USFW the Department has developed a new procedure for identifying match properties at an earlier point in the process. Match properties are now identified and presented to USFW for approval prior to the request for funds.</p> <p>June 2008</p>	<u>CFDA #</u>	<u>Amount</u>	15.615	\$0
<u>CFDA #</u>	<u>Amount</u>						
15.615	\$0						

**State of Washington  
Corrective Action Plan**

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**Department of Natural Resources (DNR)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
07	04	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Natural Resources did not have adequate controls to comply with federal requirements for subrecipient monitoring in the Cooperative Endangered Species Conservation Fund grant.</p> <table border="0"> <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;">15.615</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>This type of transaction represents a unique case in which the land trusts are classified as subrecipients by virtue of receiving real property rather than the receipt of federal funds for them to expend. The actual expenditure of the federal funds was made by the Department and was not called into question by the auditor.</p> <p>In the case of other grants in which the Department passes through federal funds for expenditure by the subrecipients, the Department has demonstrated a clear understanding of our responsibilities for subrecipient monitoring. Although the land trust subrecipients do not actually expend federal funds, the Department now understands that our responsibility for monitoring also extends to them.</p> <p>In August 2007 the Department identified three land trusts for which the grant period had ended and sent letters reminding them of the audit requirements in OMB Circular A-133. The Department received audit reports from two of those land trusts. The third land trust is currently undergoing an audit and will forward the results to us upon completion.</p> <p>Additionally, the Department added language to the cooperative agreement to ensure that in future transactions the audit requirements are more clearly articulated to subrecipients.</p> <p>November 2007</p>	<u>CFDA #</u>	<u>Amount</u>	15.615	\$0
<u>CFDA #</u>	<u>Amount</u>						
15.615	\$0						

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Corrective Action Plan**

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**University of Washington (UW)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
07	05	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The University of Washington's internal controls were inadequate to ensure compliance with requirements of its Gaining Early Awareness and Readiness for Undergraduate Programs Grant.</p> <table border="0" data-bbox="669 772 961 829"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.334</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>This grant noted in the finding has expired and, therefore, has no remaining activities. However, for other related GEAR UP programs, controls have been strengthened to ensure sufficient evidence of sub-recipient monitoring is retained. Written program activity monitoring reports are now maintained.</p> <p>In addition, the University has ensured that the reporting methodology is documented so that, in the event of employee turnover, the reporting process can be replicated.</p> <p>September 2007</p>	<u>CFDA #</u>	<u>Amount</u>	84.334	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.334	\$0						

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
07	06	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services and the Department of Early Learning do not have adequate internal controls over direct payments to child care providers.</p> <table border="0"> <tr> <td></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, 93.596,</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.558</td> <td></td> </tr> </table> <p>Refer to finding 08-13</p> <p>DEL and DSHS partially concur with the auditor’s finding that neither department has adequate internal controls over direct payments to child care providers.</p> <p>The Departments agree there is no process to routinely reconcile Social Service Payment System (SSPS) payments made to providers with the provider’s attendance records. Both Departments also agree that the program’s integrity would be enhanced by such reconciliation but have not had sufficient resources to perform the complex, time consuming reconciliation on a routine basis. In lieu of a reconciliation process, both Departments have focused their efforts on improving provider accuracy in billing and conducting alternate post-payment audits performed at various frequencies, to monitor the accuracy of service authorizations and payment.</p> <p>In response to this finding DEL and DSHS will continue to cooperate in identifying and implementing internal controls that will improve billing practices by providers and increase payment accuracy.</p> <p><b>To date, DEL has:</b></p> <ul style="list-style-type: none"> <li>· Reviewed, improved the accuracy and “plain talked” the subsidy training for billing instructions in August 2008.</li> <li>· Additionally DEL began training licensed family child care providers and license exempt in-home relative child care providers per the requirements of the 2007-2009 Collective Bargaining Agreement (CBA) between the State of Washington and the Service Employees International Union 925. The agreement requires the State to provide training on subsidy payments for those providers covered under the contract that</li> </ul>		<u>CFDA #</u>	<u>Amount</u>		93.575, 93.596,	\$0		93.558	
	<u>CFDA #</u>	<u>Amount</u>										
	93.575, 93.596,	\$0										
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**Department of Social and Health Services (DSHS)/Department of Early Learning (DEL)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	06 (Cont'd)	<p>accept child care subsidies. DEL is documenting provider attendance at the training.</p> <p><b>DEL will:</b> By December 2008, DEL will re-examine the state's attendance record policy and evaluate the impact of mandating the use of a standard attendance reporting form to reduce the difficulty of reconciling attendance and SSPS payment records.</p> <p><b>To date DSHS has:</b></p> <ul style="list-style-type: none"> <li>· On May 29, 2008, DEL and DSHS Economic Services Division, Quality Assurance unit, developed procedures for obtaining required attendance record documentation from providers for the reconciliation of audits.</li> <li>· In July 2008, DSHS developed audit procedures and implemented audits, involving the reconciliation of a representative sample of the SSPS child care payments with attendance record documentation obtained through DEL.</li> </ul> <p><b>DSHS will:</b> Continue to utilize the Payment Review Program (PRP) and mandatory monthly supervisory reviews to improve the accuracy of the authorization process and identify billing errors. Mandatory monthly supervisory reviews are performed by supervisors or lead workers in the local offices. The results of the reviews are documented in the Audit 99 audit tool. Community Services Division (CSD) Headquarters reviews the documentation to ensure monitoring compliance.</p> <p><b>Jointly, DEL and DSHS have:</b></p> <ul style="list-style-type: none"> <li>· Implemented the requirements of The Improper Payments Information Act (IPIA) of 2002 that requires states to conduct and report on audits of childcare authorizations to the US Department of Health and Human Services (HHS) on a 3-year cycle.</li> </ul>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	06 (Cont'd)	<ul style="list-style-type: none"> <li>· In January 2008, the Quality Assurance Unit began auditing a random sample of 276 child care authorizations from federal fiscal year 2007 for accuracy. The results of the audit were forwarded to DEL for reporting to HHS by June 30, 2008. DSHS will continue to conduct these reviews on an annual basis and report authorization issues to DEL.</li> <li>· On February 4, 2008, the DSHS CSD and DEL reviewed the SSPS Provider Payroll Payment System and evaluated whether or not changes to SSPS could make it easier for providers to bill accurately. Because Working Connections Child Care (WCCC) is in the process of moving provider billing to the new DSHS ProviderOne system, the Department determined it was not feasible to make changes to the SSPS system at this time. ESA/CSD will actively participate in discussions on possible improvements/changes with the new ProviderOne system when a workgroup is convened.</li> <li>· On March 30, 2008, CSD and DEL reviewed the September 2006 DSHS Quality Assurance Family Home Eligibility and Payment Review Report written by the Office of Quality Assurance to assure appropriate actions were taken to resolve the issues affecting the accuracy of authorizations and payments. Action plans were developed and are routinely monitored at the monthly Regional Child Care Coordinators Meeting to resolve outstanding issues.</li> <li>· On March 31, 2008, Economic Services Administration Quality Assurance established and conducted a Joint Child Care Review Committee that will meet monthly to review and assess childcare authorization, training and payment errors through a root cause analysis to reduce and prevent future errors. Within two weeks after each meeting, any issues coming out of the Committee are brought forward to the ESA Assistant Secretary from DSHS and the Deputy Director from DEL.</li> <li>· In April 2008, the SSPS Program of DSHS identified the resources needed to make recommended changes and establish the feasibility and priority of recommended changes within current workload priorities. It was determined that it is not feasible to make changes to the system at this time. As part of the implementation of the new Provider One system (the</li> </ul>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	06 (Cont'd)	<p>Department's new payment system for Medicaid and other programs), the Department is working on requirements and design of the WCCC provider.</p> <ul style="list-style-type: none"> <li>· On September 30, 2008, DSHS ESA and DEL formalized their roles and responsibilities for audit, authorization, and payment accuracy in the Joint Service Level Agreement signed by the Deputy Secretary from DSHS and Deputy Director from DEL.</li> </ul> <p><b>The condition noted in this finding was previously reported in finding 06-25.</b></p> <p><b>The condition noted in this finding was repeated in the Fiscal Year 2008 Washington Single Audit with different recommended action items. Refer to finding 08-13.</b></p> <p>Completion Date: Estimated June 2009</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
07	07	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Office of Financial Recovery and Health and Recovery Services Administration, does not have internal controls to ensure that interest penalty collections are refunded to the federal government.</p> <table border="0"> <thead> <tr> <th data-bbox="669 758 857 785"><u>CFDA #</u></th> <th data-bbox="873 758 1003 785"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="669 785 857 812">93.775, 93.776</td> <td data-bbox="873 785 1003 812">\$268,380.81</td> </tr> <tr> <td data-bbox="669 812 857 840">93.777, 93.778</td> <td></td> </tr> </tbody> </table> <p>Refer to finding 08-18</p> <p>The Department is working with the appropriate federal entities to determine the best method to refund the interest to the federal government.</p> <p>The Department analyzed the calculations for the questioned costs identified in the 2007 audit, related to unreported interest penalty collections, and remitted the appropriate amount to the federal government on March 27, 2008.</p> <p>On October 14, 2008, the Department established policies and procedures to ensure that federal share of interest is refunded annually to the federal government in an accurate and timely manner.</p> <p>On November 17, 2008, the Department determined the amount of interest related to unreported interest penalty collections for the period July 1, 2007 to July 1, 2008 and remitted that interest back to the federal government.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2008 Washington Single Audit. Refer to finding 08-18.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$268,380.81	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$268,380.81								
93.777, 93.778									

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
07	08	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Office of Financial Recovery and Health and Recovery Services Administration, does not have adequate internal controls to ensure the federal share of overpayments made to Medicaid providers are refunded in a timely manner.</p> <table border="0"> <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 08-20</p> <p>The Department believes that existing internal controls are sufficient and adequately address the federal regulatory requirement to ensure that the federal share of overpayments is refunded within 60 days of discovery; however, the Department is working with the applicable federal entities to verify that procedures are adequate and in compliance with the Code of Federal Regulations.</p> <p>In the spring of 2008, the Office of Financial Recovery began sending monthly reminder emails to department administrations requesting assurance that all overpayments had been forwarded. After subsequent discussion with the State Auditor's Office, a new policy and procedures were approved in October 2008 and implemented in November 2008.</p> <p>The Department is currently working to arrive at a mutual agreement with the federal liaisons on how best to comply with the Code of Federal Regulations without undue burden on resources and the manual reconciliation process for the return of the federal share of overpayments. This agreement is anticipated to be finalized by the end of 2008.</p> <p><b>The condition noted in this finding was previously reported in finding 06-12.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2008 Washington Single Audit. Refer to finding 08-20.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$0										
	93.777, 93.778											

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
07	09	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration’s internal controls are inadequate to identify and recover Medicaid overpayments to pharmaceutical providers made through inappropriate use of billing override codes.</p> <table border="0" data-bbox="669 751 961 848"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>Questioned Costs:</td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>Refer to finding 08-21</p> <p>The Health and Recovery Services Administration (HRSA) will continue outreach activities that commenced on September 27, 2007, including working with the Washington State Pharmacy Association and the Pharmacy Focus Group to identify opportunities to improve third party liability processes and to raise awareness in the pharmacy community for Third Party Liability (TPL) overpayments.</p> <p>On December 31, 2007, HRSA started the Other-Coverage-Code 7 project. This project was reviewed with the Pharmacy Focus Group and is aimed at making pharmacies cognizant of their Other-Coverage-Code 7 use and allows HRSA Coordination of Benefits Section to verify and update client eligibility files with correct third party payer information. Based on feedback from the pharmacy community, HRSA has decided to continue with this activity. No modifications will be made at this time.</p> <p>Also, on December 31, 2007, HRSA sent letters identifying claims with Other-Coverage-Codes to pharmacies asking them to conduct a self-review of their billings to ensure compliance. Based on feedback from the pharmacy community, HRSA has decided to continue with this activity. No modifications will be made at this time.</p> <p>Beginning December 31, 2007, the Office of Payment Review and Audit within HRSA began performing a comprehensive risk assessment to identify potential enhancements to existing post-payment controls. Available program resources were identified and compared with current TPL claim expenditures on March 17, 2008, to ensure the appropriate level of post payment audit coverage for TPL claims and to ensure improper payments are identified and recovered.</p> <p>HRSA is evaluating additional Point of Sale (POS) pre-payment controls, including adding a new field to the POS system for bank identification</p>		<u>CFDA #</u>	<u>Amount</u>	Questioned Costs:	93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
Questioned Costs:	93.775, 93.776	\$0										
	93.777, 93.778											

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	09 (Cont'd)	<p>numbers and bin and processor control numbers (PCN). Approved recommendations will be incorporated into the new POS; changes to occur on or before June 30, 2009.</p> <p><b>The condition noted in this finding was previously reported in finding 06-04.</b></p> <p><b>The condition noted in this finding was repeated in the Fiscal Year 2008 Washington Single Audit with different recommended action items. Refer to finding 08-21.</b></p> <p>Completion Date: Estimated June 2009</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
07	10	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration's, internal controls are inadequate to support decisions on the eligibility of clients enrolled in Medicaid's Basic Health Plus Program.</p> <table border="0" data-bbox="669 787 966 877"> <thead> <tr> <th data-bbox="669 787 836 814"><u>CFDA #</u></th> <th data-bbox="836 787 966 814"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="669 814 836 842">93.775, 93.776</td> <td data-bbox="836 814 966 842">\$0</td> </tr> <tr> <td data-bbox="669 842 836 877">93.777, 93.778</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The Department conducted a focus audit that was completed in May 2007, the audit identified a specific knowledge gap that contributed significantly to the identified exceptions.</p> <p>The Department developed, and in July 2007 delivered, Self Employment (SE) training for all Medical Eligibility Determination Services (MEDS) staff. This training focused on the specific knowledge and performance gaps identified in the focused audit of SE cases. The State Auditor's Office was provided with the curriculum and desk aids developed. The Department continues to audit to the standards presented at the training with a resulting increase in accuracy and improved documentation of SE cases.</p> <p>New rules were developed and implemented for income calculation and SE documentation effective January 2008. These new rules are expected to streamline the documentation and verification required for SE cases in particular. New rules training was delivered to all MEDS staff on December 19, 2007. A desk aid was developed, reviewed by policy staff, and was delivered to MEDS staff on December 28, 2007.</p> <p>In December 2007, MEDS staff met with Health Care Authority (HCA) staff to review and update the language on the HCA, Basic Health Plus application to specify that DSHS rules/requirements are applied to information related to eligibility for Basic Health Plus. The new Basic Health Plus application is located on the HCA web site and became available for use on May 15, 2008.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$0	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$0								
93.777, 93.778									

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	10 (Cont'd)	<p>Audits of 5% of the applications/reviews are to be performed to ensure correct application of new rules. Auditing began on January 2, 2008, and has been integrated into the MEDS monthly auditing plan of 50 cases per month per team, equating to 7% of the applications/reviews performed.</p> <p><b>The condition noted in this finding was previously reported in finding 06-05.</b></p> <p>Completion Date: May 2008</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
07	11	<p>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.</p> <p>Questioned Costs: <u>CFDA #</u> 93.775, 93.776 <u>Amount</u> \$10,044            93.777, 93.778</p> <p>Status: Refer to finding 08-22</p> <p>Corrective Action: The Department took the following action to address this audit finding:</p> <ul style="list-style-type: none"> <li>· Beginning May 1, 2008, Health and Recovery Services Administration (HRSA) requires citizenship verification and proof of identity (with a 90-day grace period) for all non-pregnant applicants under the age of 19 prior to Medicaid approval.</li> <li>· Citizenship verification and identity processes were developed by HRSA on May 8, 2008, to ensure accurate eligibility decisions for all applicants 19 years of age and older and for all non-pregnant applicants under the age of 19.</li> <li>· Between May and July 2008, HRSA provided medical eligibility staff with citizenship verification, identity training and communication related to eligibility for applicants 19 years of age and older as well as for non-pregnant applicants under the age of 19.</li> <li>· Beginning July 1, 2008, HRSA requires citizenship verification and proof of identity for all applicants 19 years of age and older prior to Medicaid approval.</li> <li>· On September 1, 2008, manual accounting entries were completed, by the Division of Rates and Finance within HRSA, to fund expenditures with state funds for enrollees who have not satisfied federal requirements. Future accounting entries will be made as necessary.</li> </ul> <p><b>A lack of internal controls related to applicants seeking medicaid benefits meeting federal regulations was previously reported in finding 06-11.</b></p>	

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	11 (Cont'd)	Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2008 Washington Single Audit. Refer to finding 08-22.

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
07	12	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services does not have adequate internal controls to ensure people receiving Medicaid benefits have valid Social Security numbers.</p> <table border="0"> <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 08-23</p> <p>As a result of the 2006 audit finding, State On-line Query (SOLQ) training was developed. As of December 2006, all financial staff in the Economic Services Administration (ESA) has been trained in the use of SOLQ, and are required to use SOLQ to check Social Security numbers (SSN) at the time of the client's initial application for benefits in all programs.</p> <p>In December 2006, ESA Supervisors added medical cases to their monthly alerts with a focus on SSN verification.</p> <p>In April 2007, the Operations Support Quality Assurance unit within ESA began conducting monthly random audits on medical cases checking for consistent use of SOLQ at the time of application for benefits and at scheduled case reviews. The audit results are provided to the Division of Employment and Assistance Program (DEAP) Director and the DEAP Operations Chief for review and further action as appropriate. The audits, used to identify errors and determine trends, will continue.</p> <p>On October 14, 2007, the Department added a hard edit in the Department's Automated Client Eligibility System (ACES) that requires workers to take action at the time of medical recertification for individuals who have had a SSN application pending for more than 60 days. Workers are currently required to take action on all cases with no SSN that are identified in a monthly "No SSN" report. The report identifies Medicaid recipients subject to the SSN requirement who do not have a SSN in ACES and have been active on medical assistance for at least two months.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$0										
	93.777, 93.778											

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	12 (Cont'd)	<p>In January 2008, staff from Health and Recovery Services (HRSA) and ESA met to discuss solutions to the repeat State Auditor SSN findings. The following action steps were identified in the meeting and subsequently completed:</p> <ul style="list-style-type: none"> <li>• In January 2008, HRSA sent ESA a “No SSN” list sorted to identify individuals under age 12-months and over age 12-months who lack a SSN in ACES.</li> <li>• In February 2008, ESA / DEAP sent the list of individuals who are over 12 months of age and not exempt from the SSN requirement to ESA field staff for immediate action to verify and enter SSN into ACES.</li> <li>• In February 2008, ESA developed and distributed a desk aid for line staff with easy-to-understand information on medical eligibility rules and SSN requirements.</li> <li>• In February 2008, ESA posted an article on iESA, Inside Economic Services Administration intranet webpage, regarding SSN requirements for Medicaid.</li> <li>• In February 2008, ESA issued a memo to field staff regarding Payment Error Rate Measurement (PERM) reviews for the State Children’s Health Insurance Program, and the critical need to meet SSN requirements to ensure program integrity and avoid findings of ineligibility in PERM reviews.</li> <li>• ESA / DEAP will follow up on action taken to verify and enter SSN into ACES by monitoring to ensure SSNs for individuals over 12 months of age. This monitoring began in March 2008 and will be ongoing.</li> </ul> <p><b>The condition noted in this finding was previously reported in finding 06-02.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2008 Washington Single Audit. Refer to finding 08-23.</p>

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
07	13	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration’s internal controls are insufficient to ensure payment rates to its Healthy Options managed care providers are based on accurate data.</p> <table border="0" data-bbox="665 756 966 850"> <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, 93.776</td> <td>\$0</td> </tr> <tr> <td>93.777, 93.778</td> <td></td> </tr> </tbody> </table> <p>Refer to finding 08-24</p> <p>The Department believes that controls in place provide reasonable assurance that the data used in rate-setting is accurate and complete.</p> <p>In the Managed Care Program, health care plans provide detailed financial data directly to the Department’s contract actuary. Because of concerns with the proprietary nature of this data, health care plans do not submit the data to the Department. The actuary completes a validation of the financial data received from the Healthy Options plans by comparing it with the financial statements found in the annual independent audits completed on the health care plans and submitted to the Office of the Insurance Commissioner. The actuary also reviews encounter data submitted to the Department by the health care plans. When those data sets provide a reasonable assurance to the actuary that the financial and encounter data is representative of services performed, the actuary proceeds to calculate the health care plan rate for the provider based upon the submitted financial and encounter data. When the data sets do not provide the reasonable assurance, the actuary works with the health care plan to resolve discrepancies or inconsistencies prior to performing the rate calculation.</p> <p>The Centers for Medicaid and Medicare Services (CMS) recently completed a follow-up to their 2004 audit. There was no finding of non-compliance regarding rate setting. The follow-up audit report was forwarded to the State Auditor’s Office.</p> <p><b>The condition noted in this finding was previously reported in finding 06-13.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2008 Washington Single Audit. Refer to finding 08-24.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$0	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$0								
93.777, 93.778									

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
07	14	<p>Finding:</p> <p>The Department of Social and Health Services' internal controls are insufficient to ensure compliance with federal Medicaid requirements for reporting adult victims of residential abuse to the Medicaid Fraud Control Unit.</p> <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:</p> <p>Corrective Action:</p>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$0	93.777, 93.778		<p>Corrective action complete</p> <p>In May 2007, the Department hired an incident manager to coordinate incident reporting, investigations, policies and procedures, and audits. The incident manager immediately began tracking and monitoring incidents using a standardized electronic incident reporting template for state hospitals and regional support networks for reporting to Mental Health Division (MHD) management. This allows for notification of incidents and information about the investigation to MHD, Health and Recovery Services Administration (HRSA), and other Department administrations.</p> <p>Between June 2007 and August 2008, the incident manager held monthly meetings with MHD administration and hospital incident management staff to ensure compliance with reporting requirements consistent with Department policy. Monthly meetings continue on an as needed basis. In October 2007, the incident manager established an operational procedure for reporting incidents by level of seriousness to MHD and HRSA.</p> <p>The incident manager worked with Western State Hospital staff and the medicaid fraud control unit (MFCU) to clarify reporting standards and referrals for residential abuse. These standards were included in the MHD incident reporting policy, which was approved in February 2008. The policy complies with federal requirements and includes directions, content and timelines on reporting and referrals to outside agencies, including MFCU, Adult Protective Services and Child Protective Services.</p>
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$0								
93.777, 93.778									

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	14 (Cont'd)	<p>The incident manager followed up with Western State Hospital on the five incidents identified in the audit where the State Auditor's Office determined referrals should have been made to MFCU, and verified that the incidents were referred to the Washington State Patrol per MFCU protocol. The MHD will ensure that required reporting to MFCU on any future incidents is done.</p> <p>In July 2008, the incident manager conducted on-site reviews for incident reporting policies and procedures for all three state psychiatric hospitals. Specific deficiencies were identified and corrected on-site. The incident manager also made recommendations for internal policy changes.</p> <p><b>The condition noted in this finding was previously reported in finding 06-18.</b></p> <p>Completion Date: July 2008</p>

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
07	15	<p>Finding: The Department of Health does not have adequate internal controls to ensure compliance with federal Medicaid requirements for hospital surveys.</p> <p>Questioned Costs:</p> <table border="0"> <tr> <td></td> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td></td> <td>93.775, 93.776</td> <td>\$0</td> </tr> <tr> <td></td> <td>93.777, 93.778</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: In response to the finding, the Department completed the following actions by October 2008:</p> <ul style="list-style-type: none"> <li>· Issued an internal office procedure detailing the requirement for pre-decisional documentation to be included in the survey files and to be retained per applicable state retention schedules.</li> <li>· The Department’s Investigations and Inspection Office clinical care supervisors will conduct periodic quality assurance reviews of completed survey files to ensure that the procedure is consistently followed.</li> </ul> <p><b>The condition noted in this finding was previously reported in finding 06-09.</b></p> <p>Completion Date: October 2008</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$0		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>									
	93.775, 93.776	\$0									
	93.777, 93.778										

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
07	16	<p>Finding: The Department of Health is not complying with federal requirements for time and effort reporting for the National Bioterrorism Hospital Preparedness Program.</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;">93.889</td> <td style="text-align: center;">\$31,759.10</td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action:</p> <p>In response to the finding the Department has implemented the following measures:</p> <ul style="list-style-type: none"> <li>· All Department divisions/programs using Public Health Emergency Preparedness (PHEPR) or other federal grant funds to pay for some or all of an employee's time have agreed in writing to provide supporting time and effort documentation on a monthly basis to the PHEPR program manager for their employees performing work for the PHEPR program.</li> <li>· All Department divisions/programs using federal grant funds to pay for some or all of an employee's time have agreed in writing to submit an estimated budget/spending plan at the beginning of each new program year. This spending plan will specify the projected costs and numbers of employees to be partially or fully supported with federal grant funds during the coming year.</li> <li>· The Department's division/program management are meeting with PHEPR staff at least annually to review (1) the past year's program costs and expenditures incurred by the division/program, and (2) the coming year's grant related costs and expenditures anticipated to be incurred by the division/program.</li> </ul> <p>In October 2008, the PHEPR program received additional guidance that cost objectives need to originate at the program focus level and that previous inclusion of multiple program focus areas within the same broader cost objective was not an allowable practice. The Department is working to come into compliance with this recent guidance.</p>		<u>CFDA #</u>	<u>Amount</u>		93.889	\$31,759.10	
	<u>CFDA #</u>	<u>Amount</u>							
	93.889	\$31,759.10							

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

***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 Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
07	16 (Cont'd)	<p>Additionally, the Department internal auditor completed a broad based review of time and effort records within the agency in November 2008. Recommendations from this audit will be followed through with program management to ensure compliance with federal time and effort reporting requirements.</p> <p>Completion Date: Estimated February 2009</p>

**State of Washington  
Corrective Action Plan**

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

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

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
07	17	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Division of Disability Determination Services, did not comply with state and federal regulations when contracting for services paid with Social Security Disability Insurance Program funds</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">96.001, 96.006</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Division of Disability Determination Services (DDDS) sought a determination from the Office of Financial Management (OFM) regarding classification of contracts between DDDS and consultative providers. In April 2006, OFM issued a written determination classifying these contracts as personal service, rather than client service.</p> <p>In October 2007, DDDS identified prospective contractors through a Request for Qualification process, in accordance with RCW 39.29.040 and OFM guidelines. DDDS offers personal service contracts to all qualifying providers willing to accept standard fees published by the Department of Social and Health Services on the Internet Website at <a href="http://fortress.wa.gov/dshs/maa/DDDS/Fee%20Schedule.pdf">http://fortress.wa.gov/dshs/maa/DDDS/Fee%20Schedule.pdf</a>.</p> <p>In October 2007, DDDS created contracts and began maintaining documentation records for consultative evaluations by individual medical practitioner / contractor in accordance with Department policies. By the end of October 2007, all doctors/professionals providing services for DDDS and its clients, with date of service of October 1, 2007 or later, have personal service contracts in place.</p> <p><b>The condition noted in this finding was previously reported in finding 06-34.</b></p> <p>October 2007</p>		<u>CFDA #</u>	<u>Amount</u>		96.001, 96.006	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	96.001, 96.006	\$0							

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

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
07	18	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services is not complying with federal requirements for allocating employee salaries and wages in accordance with its Public Assistance Agency Cost Allocation Plan.</p> <table border="0"> <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, 93.563</td> <td style="text-align: center;">\$162,924</td> </tr> <tr> <td></td> <td style="text-align: center;">84.126, 93.959</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>In April 2008, the Office of Accounting Services (OAS) worked with each of the Department administrations and reviewed the positions noted in the audit as being an exception. The outcome was to:</p> <ul style="list-style-type: none"> <li>· Correct the methodology used to allocate the position; or</li> <li>· Update the account coding associated with the position; or</li> <li>· Update the Public Assistance Cost Allocation Plan (PACAP) to identify the position and methodology used to allocate the position; or</li> <li>· Ensure time and effort documentation is produced and maintained to support the charges.</li> </ul> <p>Affected programs submitted amended plans by the required deadline for those specific positions.</p> <p>OAS continued to work with all Department administrations to accurately code positions and assist them in implementing the requirements of the PACAP that was completed in April 2008.</p> <p>In April 2008, the Accounting Policy Management Board reviewed Administrative Policy 19.50.01B, "Federal Compliance with Time Certifications for Positions Charged to Multiple Funding Sources" and approved the changes.</p> <p>The Department will continue to work with each of the federal granting agencies to determine if any of the questioned costs are to be returned.</p> <p><b>The condition noted in this finding was previously reported in finding 06-23 and 06-31.</b></p> <p>April 2008</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.563	\$162,924		84.126, 93.959	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.563	\$162,924										
	84.126, 93.959											

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

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(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)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
06	02	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services is not complying with federal regulations that require people receiving Medicaid benefits to have valid Social Security numbers.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775, 93.776</td> <td>\$903,821</td> </tr> <tr> <td>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"> <li>· 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.</li> <li>· 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.</li> <li>· 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.</li> <li>· A programming change implemented on October 15, 2007 altered what actions workers were expected to take when determining medical eligibility. The change requires staff to either enter a SSN or make a new entry in the SSA/SSN Referral and SSN Application date field in the Automated Client Eligibility System. A soft edit was also added. The soft edit reminds the worker to take action at the time of medical recertification for individuals who have a SSN application pending more than 60 days.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$903,821	93.777, 93.778	
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$903,821								
93.777, 93.778									

**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, 2008***

(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)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
06	02 (Cont'd)	<p><b>The condition noted in this finding was previously reported in finding 05-20.</b></p> <p>Completion Date:      The condition noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit. Refer to finding 07-12.</p>

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

***OMB Circular A-133 Audit  
 For the Fiscal Year Ended  
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(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	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"> <li>· Requires clients to report third-party coverage when applying for medical assistance;</li> <li>· 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</li> <li>· Denies pharmacy claims if third-party coverage exists.</li> </ul> <p>Additionally, Department staff assists pharmacists by making billing information available through toll-free lines, Health and Recovery Services Administration’s (HRSA) provider website, clients’ medical identification cards, and explanations of benefits on weekly remittance advices sent to providers.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775, 93.776	\$70,980		93.777, 93.778	
	<u>CFDA #</u>	<u>Amount</u>										
	93.775, 93.776	\$70,980										
	93.777, 93.778											

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
06	04 (Cont'd)	<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> <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.</p>

**State of Washington  
Summary Schedule of Prior Audit Findings  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
06	05	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to support decisions on the eligibility of clients enrolled in Medicaid's Basic Health Plus program.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.775, 93.776</td> <td style="text-align: center;">\$53,126</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777, 93.778</td> <td></td> </tr> </table> <p>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"> <li>· The audit plan included an audit of new policies implemented by headquarters that effect MEDS operations to ensure consistent compliance.</li> <li>· Target trends are identified in audits. Trainings focused on those trends.</li> <li>· It is mandated in the audit plan that staff check available interfaces for unreported income for those clients 16 years of age or older.</li> <li>· Audits, including documentation and remarks, are available in the Department's Automated Client Eligibility System to clearly identify calculations and actions taken.</li> </ul> <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>										
	93.775, 93.776	\$53,126										
	93.777, 93.778											

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

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

(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)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
06	05 (Cont'd)	<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><b>The condition noted in this finding was previously reported in finding 05-10.</b></p> <p>Completion Date: 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**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133.)

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
06	09	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, are not ensuring compliance with federal law regarding hospital surveys.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>Not specified</td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p><b><u>Department of Social and Health Services</u></b></p> <p>As a result of a clarification received from CMS, DSHS is no longer included in this finding.</p> <p><b><u>Department of Health</u></b></p> <p>Refer to finding 07-15</p> <p>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><b>The condition noted in this finding was previously reported in finding 05-06.</b></p> <p>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 2008**

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

(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)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
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"> <li>· 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.</li> <li>· The CSD Headquarters began conducting random audits of medical cases in April 2007. The audits include reviewing the application process.</li> <li>· 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.</li> <li>· 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.</li> </ul>		<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  
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***OMB Circular A-133 Audit  
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 June 30, 2008***

(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)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
06	11 (Cont'd)	<ul style="list-style-type: none"> <li>· 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.</li> <li>· The Department's Health and Community Services implemented DMS in all regions during December 2007.</li> <li>· The Department follows 42 CFR 431.17(c) regarding record retention. The statement from the State Records Committee of approval for a 3-year record retention was given to the auditor.</li> </ul> <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  
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**Department of Social and Health Services (DSHS)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
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></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 07-08</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  
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**Department of Social and Health Services (DSHS)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
06	12 (Cont'd)	<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><b>The condition noted in this finding was previously reported in finding 05-24.</b></p> <p>Completion Date: 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  
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**Department of Social and Health Services (DSHS)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
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 ProviderOne system (the Department's new payment system for Medicaid and other programs) 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><b>The condition noted in this finding was previously reported in finding 05-21.</b></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											

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
06	18	<p>Finding: 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> <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: Refer to finding 07-14</p> <p>Corrective Action: The Department's Mental Health Division (MHD) completed the following by December 2006:</p> <ul style="list-style-type: none"> <li>· All incidents that are elevated to MHD Headquarters are reviewed and tracked for appropriate processing, referrals, corrective action, and close out.</li> <li>· 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.</li> <li>· The MHD is represented at the Medicaid Fraud Control Unit's monthly committee meetings.</li> <li>· A single point of contact has been designated for all referrals originating from the MFCU.</li> <li>· The Memorandum of Understanding between the Medicaid Fraud Control Unit and the Department has been established.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.775, 93.776	\$0	93.777, 93.778		
<u>CFDA #</u>	<u>Amount</u>								
93.775, 93.776	\$0								
93.777, 93.778									

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
06	18 (Cont'd)	<p>The Incident Manager, whose primary role is to track, monitor and report on incidents, began employment on May 16, 2007.</p> <p>The MHD is developing an electronic incident reporting system that will track and trend incidents. This system will be available to the state hospitals and Regional Support Networks. This will provide an avenue to adequately monitor the incident process. Implementation was completed in January 31, 2008.</p> <p><b>The condition noted in this finding was previously reported in finding 05-13.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal year 2007 Washington Single Audit. Refer to finding 07-14.</p>

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
06	21	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health is not complying with federal requirements for time and effort reporting for the Centers for Disease Control and Prevention Investigations and Technical Assistance grant.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.283</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>In response to this audit finding, the Department has reformatted the time and effort reporting documentation process so that it is more clearly understood by employees and supervisors who charge their time to CDC related grants.</p> <p>Lowest level supervisors have provided completed time and effort certifications for their staff each quarter per Department policy. This will meet the federal time and effort requirements.</p> <p>In October 2008, the PHEPR program (under CFDA 93.283) received additional guidance that cost objectives need to originate at the program focus level and that previous inclusion of multiple program focus areas within the same broader cost objective was not an allowable practice.</p> <p>The Department is working to come into compliance with this recent guidance.</p> <p>Estimated February 2009</p>	<u>CFDA #</u>	<u>Amount</u>	93.283	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.283	\$0						

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
06	23	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Division of Child Support, is not complying with federal requirements for time and effort reporting for the Child Support Enforcement grant.</p> <table border="0" data-bbox="669 772 961 835"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>96.563</td> <td>\$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"> <li>· Developed a written process to ensure that the quarterly reconciliation is completed by the fiscal unit staff for child support staff.</li> <li>· Developed and distributed written procedures for employees who work on multiple grants.</li> <li>· Provided training to ensure staffs understand how to report actual time worked.</li> <li>· Continued to make quarterly adjustments based on time reporting.</li> </ul> <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"> <li>· Created lists of employees for each field office that are verified and certified by district managers.</li> <li>· Created lists of employees for each child support headquarters unit, which are verified and certified by section chief or district manager.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	96.563	\$23,259
<u>CFDA #</u>	<u>Amount</u>						
96.563	\$23,259						

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
06	23 (Cont'd)	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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)."</li> </ul> <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>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
06	25	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services and the Department of Early Learning do not have adequate internal controls over direct payments made to child care providers.</p> <table border="0" data-bbox="669 772 961 835"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">96.575, 93.596</td> <td style="text-align: center;">\$55,610</td> </tr> </table> <p>Refer to finding 07-06</p> <p>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							

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

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

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>				
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="667 800 959 856"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>84.126</td> <td>\$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					

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
06	31 (Cont'd)	<p>The Department received verbal approval from the Federal Divisions of Cost Allocation (DCA) that the Department's methods used for positions that are coded to multiple federal programs do qualify as a substitute system. The original submittal of the 2005-2007 Cost Allocation Plan has been approved, and amendments to the plan have been submitted that include the updates addressing substitute systems. However, corrections/updates are currently being made to the amendments per feedback received from the Division of Cost Allocation. It is estimated that the current amendments should be approved by March 2009.</p> <p>Positions owned by other Divisions and partially charged to DVR may have various methodologies or substitute systems for allocating activities. These various methodologies have been incorporated into the Cost Allocation Plan via amendments.</p> <p><b>The condition noted in this finding was repeated in the Fiscal Year 2007 Washington Single Audit with different recommended action items. Refer to finding 07-18.</b></p> <p>Completion Date: Estimated March 2009</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
05	08	<p>Finding: 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> <p>Questioned Costs:</p> <table border="0"> <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>Status: Corrective action in progress</p> <p>Corrective Action:</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"> <li>▪ 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.</li> <li>▪ 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 perform multiple queries without exiting the system. With the upgrade, employees were trained to verify the SSN upfront to maximize efficiency and accuracy.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$83,199,933	
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$83,199,933						

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
05	08 (Cont'd)	<ul style="list-style-type: none"> <li>▪ Staff is currently required to act on SSN discrepancy alerts sent by the Social Security Administration. The Department is continuing to provide instruction and written guidance to staff regarding the manner in which alerts are handled.</li> <li>▪ The Department has initiated a cross-administration SSN Quality Improvement Workgroup and is continuing to focus attention on increasing the accuracy of SSNs in ACES and the Medicaid Management Information System.</li> <li>▪ 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.</li> </ul> <p>The Department is waiting for the finalization of the current Alien Emergency Medical (AEM) audit by the federal Office of Inspector General and will make appropriate corrections so as to avoid any conflicts on the interpretation of the AEM policy. It is estimated that the audit will be completed by June 2009.</p> <p><b>The conditions noted in this finding were previously reported in finding 04-05.</b></p> <p>Completion Date: Estimated June 2009</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>				
05	09	<p>Finding: 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> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td>\$27,264,885 to 32,114,267</td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: 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 is waiting for the finalization of the current AEM audit by the federal Office of Inspector General to draw from the Medicaid award. It is estimated that the audit will be completed by June 2009.</p> <p><b>The condition noted in this finding was repeated in the Fiscal Year 2006 Washington Single Audit with different recommended action items. Refer to finding 06-07.</b></p> <p>Completion Date: Estimated June 2009</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					

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>				
05	12	<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: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td>\$1,258,343</td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: 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 new ProviderOne system (the Department's new payment system for Medicaid and other Programs), projected for Spring 2009, 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 ProviderOne system. The new ProviderOne system, targeted for implementation in the Spring of 2009, 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					

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
05	12 (Cont'd)	<p><b>The condition noted in this finding was repeated in Finding 06-17 in the Fiscal Year 2006 Washington Single Audit with different recommended action items.</b></p> <p>Completion Date: Estimated Spring 2009</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>			
05	14	<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 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"> <tr> <td data-bbox="669 806 764 863"><u>CFDA #</u> 93.778</td> <td data-bbox="870 806 966 863"><u>Amount</u> \$0</td> </tr> </table> <p>Corrective action in progress</p> <p>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 ProviderOne system ( the Department's new payment system for Medicaid and other programs) will allow both.</p> <p>Provider Enrollment reviewed 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 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>	<u>CFDA #</u> 93.778	<u>Amount</u> \$0
<u>CFDA #</u> 93.778	<u>Amount</u> \$0				

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
05	14 (Cont'd)	<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 current MMIS system is being replaced with the new ProviderOne system. The Administration is actively participating in design sessions for the new system. This includes requiring the system to identify expired business licenses. Implementation is targeted for Spring 2009.</p> <p><b>The condition noted in this finding was previously reported in finding 04-14.</b></p> <p><b>The condition noted in this finding was repeated in finding 06-16 in the Fiscal Year 2006 Washington Single Audit with different recommended action items.</b></p> <p>Completion Date: Estimated Spring 2009</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
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><u>CFDA #</u></td> <td><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 (SOLQ) user interface was modified April 16, 2006, to accommodate user's ability to perform 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						

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
05	15 (Cont'd)	<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 Provider One system ( the Department's new payment system for Medicaid and other programs) is underway and includes a complete assessment of the ACES/MMIS interface. Implementation of the new ProviderOne system interface with ACES will be thoroughly tested prior to implementation to assure that data is being transferred accurately. This is targeted for Spring 2009.</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><b>The conditions noted in this finding were previously reported in finding 04-02.</b></p> <p><b>The condition noted in this finding was repeated in finding 06-03 in the Fiscal Year 2006 Washington Single Audit with different recommended action items.</b></p> <p>Completion Date: Estimated Spring 2009</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
05	28	<p>Finding:</p> <p>Questioned 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" data-bbox="669 772 993 835"> <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;">\$2,232,301</td> </tr> </table> <p>Corrective action in progress</p> <p>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							

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
05	28 (Cont'd)	<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 ProviderOne system (the Department's new payment system for Medicaid and other programs) is implemented, using an incorrect SSN in the new ProviderOne system will cause payments to suspend.</p> <p>The auditor also recommended the Department ensure staff understand state law regarding identity 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 limitations with the SSPS system will be corrected in the new ProviderOne system, when all payments made in SSPS will become part of the new ProviderOne system. This is scheduled to occur in the Spring of 2009. 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><b>The conditions noted in this finding were previously reported in findings 04-03 and 04-04.</b></p> <p><b>The conditions noted in this finding were repeated in finding 06-08 in the Fiscal Year 2006 Washington Single Audit with different recommended action items.</b></p> <p>Completion Date: Estimated Spring 2009</p>

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**University of Washington (UW)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>																			
05	50	<p>Finding:</p> <p>Questioned 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 data-bbox="656 764 753 793"><u>CFDA #</u></th> <th data-bbox="857 764 954 793"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="656 793 753 823">93.389</td> <td data-bbox="857 793 954 823">\$0</td> </tr> <tr> <td data-bbox="656 823 753 852">93.866</td> <td></td> </tr> <tr> <td data-bbox="656 852 753 882">93.846</td> <td></td> </tr> <tr> <td data-bbox="656 882 753 911">93.837</td> <td></td> </tr> <tr> <td data-bbox="656 911 753 940">93.864</td> <td></td> </tr> <tr> <td data-bbox="656 940 753 970">93.866</td> <td></td> </tr> <tr> <td data-bbox="656 970 753 999">93.856</td> <td></td> </tr> <tr> <td data-bbox="656 999 753 1029">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 as well as some modifications to the procedure were 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. These actions have resulted in significant improvement in the timeliness in the certification of FEC reports.</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																				
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**University of Washington (UW)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
05	50 (Cont'd)	<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. Additionally, enhanced documentation has been completed for the University's website reinforcing the requirements and procedures for GCCRs and a committee formed to determine if the process can be streamlined and/or modified in any way to provide for efficiencies that will result in more thorough compliance.</p> <p>Completion Date: System changes are expected to extend over a 1-3 year period</p>

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**University of Washington (UW)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
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" data-bbox="651 682 950 745"> <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;">Not Specified</td> <td style="text-align: center;">\$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). GCA is working aggressively to hire and train new staff so that FSRs can be submitted in a timely manner. In addition, GCA recently reorganized their office to put a concentrated effort on the completion and submission of FSRs. Training on the preparation of FSRs continues for new and existing staff and will continue into 2009.  GCA has developed and implemented an improved follow-up and escalation process to improve timeliness of communication related to fiscal reporting from campus departments. In addition, GCA is developing tools, outreach, and guidance for campus departments to ensure their responsibilities within the closing process, including the deadlines for submission, are clear.  Estimated December 2009		<u>CFDA #</u>	<u>Amount</u>		Not Specified	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	Not Specified	\$0							

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>													
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"> <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;">10.557</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.268</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.283</td> <td></td> </tr> </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 managers and recommended changes to the certification process in order to enhance timely reporting. These changes have been adopted by the program.</p> <p>In October 2008 the Public Health Emergency Preparedness program (under CFDA 93.283) received additional guidance that cost objectives need to originate at the program focus level and that previous inclusion of multiple program focus areas within the same broader cost objective was not an allowable practice.</p> <p>The Department is working to come into compliance with this recent guidance.</p> <p>Estimated February 2009</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														

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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"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>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><b>Condition 1:</b> <u>DSHS is not reporting disbursements for alien emergency medical (AEM) services.</u></p> <ul style="list-style-type: none"> <li>· 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.</li> <li>· 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).</li> <li>· The Department has established a unique account coding to report AEM expenditures on Line 27 of the CMS 64 report.</li> </ul> <p><b>Condition 2:</b> <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						

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan
03	11 (Cont'd)	<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 journal vouchers to move the charges to appropriate sub/sub/objects. (February 2004)</p> <p><b>Condition 3:</b> <u>The Department does not have sufficient internal controls over preparation of the CMS-64.</u></p> <ul style="list-style-type: none"> <li>· 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.</li> <li>· 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.</li> </ul> <p><b>Condition 4:</b> <u>The Department must establish timely and consistent communications between the Medical Assistance Administration (MAA) and the Office of Accounting Services (OAS).</u></p> <p>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>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
03	11 (Cont'd)	<p><b>Condition 5:</b> <u>The Department must ensure that the coding in the MMIS is accurate.</u></p> <ul style="list-style-type: none"> <li>· MAA hired a full time fiscal analyst who identifies issues with the MMIS coding and develops appropriate corrections. (September 2003)</li> </ul> <p>MAA has also initiated a process for selection of a the new ProviderOne system (the Department's new payment system for Medicaid and other programs) that will better meet the challenges of adequate monitoring of expenditures, identification of problematic areas and upkeep of coding. Estimated replacement is Spring 2009.</p> <p>Completion Date: Estimated Spring 2009</p>