

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010**

Summary of Financial Statement Findings

| Finding Number | Finding |
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| 10-01 | The State's internal controls are inadequate to ensure the Schedule of Expenditures of Federal Awards is accurately prepared, placing the state at risk of incomplete and inaccurate reporting to the federal government. This could affect the amount of federal funding the state receives in the future. |

Summary of Federal Findings

| Finding Number | Finding |
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| 10-02 | The Department of Social and Health Services, Economic Services Administration, did not comply with federal regulations regarding support of salaries and wages paid to employees. |
| 10-03 | The Department of Social and Health Services did not issue retroactive food assistance payments in accordance with federal law. |
| 10-04 | The Recreation and Conservation Office did not comply with federal cash management requirements. |
| 10-05 | The Department of Commerce, Local Government and Infrastructure Division, does not have controls to ensure it complies with reporting requirements for the Community Development Block Grant program. |
| 10-06 | The Department of Social and Health Services, Division of Behavioral and Health Services, does not ensure Justice Assistance Grant subrecipients are registered in the Central Contractor Registration database as required by federal regulation. |
| 10-07 | The Department of Social and Health Services did not provide adequate information to its Justice Assistance Grant subrecipients, nor did it monitor subrecipients' use of those funds. |
| 10-08 | The Employment Security Department did not comply with U.S. Department of Labor requirements for determining the accuracy of benefit payments. |
| 10-09 | The Employment Security Department did not comply with federal cash management requirements. |
| 10-10 | The Employment Security Department did not adequately review job search logs to ensure unemployment insurance claimants are eligible for benefits. |
| 10-11 | The Department of Transportation does not have adequate controls to ensure that information the American Recovery and Reinvestment Act requires to be reported for its Highway Planning and Construction program is accurate. |
| 10-12 | The Department of Transportation did not ensure highway construction contractor invoices were supported and approved before payment. |
| 10-13 | The Department of Transportation did not support over \$759,000 in payroll costs in accordance with federal regulations for the Formula Grants for Other Than Urbanized Areas. |
| 10-14 | The Department of Ecology does not have adequate internal controls to ensure it complies with suspension and debarment requirements. |
| 10-15 | The Department of Health did not comply with time and effort requirements for the Capitalization Grants for Drinking Water State Revolving Fund program. |
| 10-16 | The Energy Office of the Department of Commerce does not have controls to ensure it complies with Davis-Bacon (prevailing wage) requirements. |
| 10-17 | The Energy Office at the Department of Commerce does not have controls to ensure it complies with reporting requirements for the State Energy Program. |
| 10-18 | The Energy Office at the Department of Commerce did not adequately monitor grantees and loan recipients and paid for unallowable costs under the State Energy Program. |

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| 10-19 | The Department of Commerce, Community Services and Housing Division, does not have controls to ensure it complies with subrecipient monitoring requirements for the Weatherization Assistance for Low-Income Persons program. |
| 10-20 | The Department of Commerce, Community Services and Housing Division, does not have controls to ensure it complies with suspension and debarment requirements for the Weatherization Assistance for Low-Income Persons program. |
| 10-21 | The Department of Commerce, Community Services and Housing Division, did not comply with subrecipient monitoring requirements for the Weatherization Assistance for Low-Income Persons program. |
| 10-22 | The Department of the Services for the Blind is not complying with federal requirements regarding payroll costs charged to the Vocational Rehabilitation Program. |
| 10-23 | The Department of Social and Health Services is not complying with federal requirements for suspension and debarment for the federal Vocational Rehabilitation Program. |
| 10-24 | The Department of Social and Health Services is not complying with federal requirements for time and effort documentation for the Vocational Rehabilitation Program. |
| 10-25 | The Department of Health does not monitor subrecipient expenditures of the National Bioterrorism Hospital Preparedness and Public Health Emergency Preparedness programs. |
| 10-26 | The Department of Health did not support over \$448,000 in payroll costs in accordance with federal regulations for the National Bioterrorism Hospital Preparedness and Public Health Emergency Preparedness Programs. |
| 10-27 | The Department of Commerce does not ensure the Temporary Assistance for Needy Families funding it provides to subrecipients is reported and audited in accordance with federal regulations. |
| 10-28 | The Department of Social and Health Services requested federal grant funding in excess of its immediate needs. |
| 10-29 | The Department of Commerce, Community Services and Housing Division, did not comply with subrecipient monitoring requirements for the Community Services Block Grant program. |
| 10-30 | The Department of Commerce, Community Services and Housing Division, did not comply with period of availability requirements for the Community Services Block Grant program. |
| 10-31 | The Department of Early Learning and the Department of Social and Health Services do not have adequate internal controls over direct payments to child care providers. |
| 10-32 | The Department of Social and Health Services, Children's Administration, is not ensuring the eligibility of clients receiving adoption assistance payments. |
| 10-33 | The Department of Social and Health Services spent approximately \$2.7 million of federal Children Health Insurance Program (CHIP) money on unallowable administrative activities. |
| 10-34 | The Department of Social and Health Services does not have adequate procedures to ensure compliance with earmarking requirements for the Children's Health Insurance Program. |
| 10-35 | The Department of Social and Health Services did not have adequate internal controls to accurately identify and claim all eligible Children's Health Insurance Program expenditures. |
| 10-36 | The Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Based Services Division, does not have adequate controls to ensure Medicaid recipients have received the services for which Medicaid is billed. |
| 10-37 | The Department of Social and Health Services does not have an adequate process to identify ineligible Medicaid expenditures for nonqualified aliens at the time of payment, resulting in \$187,557 in questionable costs. |
| 10-38 | The Department of Social and Health Services, Medicaid Purchasing Administration, does not have adequate controls to ensure controlled substances prescribed for Medicaid clients are authorized and allowable. |
| 10-39 | The Department of Social and Health Services, Aging and Disability Services Administration, did not ensure the level of in-home care services for some clients was evaluated at least annually. |

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| 10-40 | The Department of Social and Health Services, Medicaid Purchasing Administration, does not comply with state law and the federal Deficit Reduction Act of 2005, thereby increasing the likelihood that the state is paying claims that should have been paid by liable third parties. |
| 10-41 | The Department of Social and Health Services did not ensure all Medicaid providers were eligible to participate in the program. |
| 10-42 | The Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Based Services Division, does not have adequate internal controls to ensure Medicaid payments to in-home service providers are allowable and supported. |
| 10-43 | The Department of Social and Health Services did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers. |
| 10-44 | The Department of Social and Health Services Medicaid Purchasing Administration's internal controls are insufficient to ensure payment rates for its Healthy Options managed care program are based on accurate data. |
| 10-45 | The Department of Social and Health Services, Aging and Disability Services Administration, does not have adequate controls in place to ensure all applicant-owned assets are counted when Medicaid eligibility is determined. |
| 10-46 | The Department of Social and Health Services, Economic Services Administration, does not have adequate controls to ensure sufficient action is taken to correct errors identified by the Medical Eligibility Quality Control Unit. |
| 10-47 | The Department of Social and Health Services, Medicaid Purchasing Administration, does not have adequate controls in place to ensure all individuals who receive Medicaid benefits are financially eligible. |
| 10-48 | The Department of Social and Health Services' internal controls are inadequate to ensure non-emergency medical transportation expenditures are allowable and adequately supported. |
| 10-49 | The Department of Social and Health Services did not have adequate controls to ensure the federal share of overpayments made to Medicaid providers are refunded to the federal government in an accurate and timely manner. |
| 10-50 | The Department of Social and Health Services paid Medicaid providers for services that were not provided to Medicaid beneficiaries. |
| 10-51 | The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate procedures to ensure Medicaid is the payer of last resort for pharmacies. |
| 10-52 | The Department of Social and Health Services, Medicaid Purchasing Administration, does not have adequate controls to ensure providers meet initial and ongoing eligibility requirements to participate in the Medicaid program. |
| 10-53 | The Department of Social and Health Services Medicaid Purchasing Administration does not perform a retrospective drug use review of pharmaceutical claims data to identify patterns of fraud or abuse as required by federal law. |
| 10-54 | The Department of Social and Health Services, Aging and Disability Services Administration, billed approximately \$600,000 to the Medicaid program for services provided to ineligible individuals. |
| 10-55 | The Department of Social and Health Services, Medicaid Purchasing Administration, did not ensure managed care premium payments were paid only for Medicaid eligible clients, resulting in the loss of approximately \$1 million of public funds. |
| 10-56 | The Department of Health charged federal grants for expenditures after the grant period had closed. |
| 10-57 | The Department of Social and Health Services, Aging and Disability Services Administration, Division of Behavioral Health and Recovery, did not comply with the federal requirement for independent peer reviews for the Substance Abuse Prevention and Treatment Block Grant. |