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**State of Washington  
Corrective Action Plan**

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June 30, 2012***

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**Office of Financial Management (OFM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
12	01	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The State's internal controls over Medicaid payments processed by ProviderOne are inadequate to ensure those payments are properly processed and recorded.</p> <p>none</p> <p>Corrective action in progress</p> <p>While the State does not fully agree with the finding, it recognizes the significance and the priority of internal controls and takes them very seriously.</p> <p>Upon notification by the auditor that one step in the process to validate that the daily interface from ProviderOne to the state's accounting system was lacking, the Health Care Authority immediately instituted the validation step. The validation was performed for the entire period it was missing and the results of that validation indicated that all ProviderOne transactions were properly accounted for in the state's accounting system.</p> <p>The Authority relied on the certification process conducted by the federal Centers for Medicare and Medicaid Services (CMS) to document the sufficiency of ProviderOne internal controls. The CMS certification process was very comprehensive in nature and resulted in the state's ProviderOne being the first in the country to achieve federal certification without a single finding. The state recognizes the value of and has added a requirement to the ProviderOne contract for an independent audit of the system of internal controls at the vendor location. The first report is expected in the spring of 2014.</p> <p>Estimated April 2014</p>

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	02	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not obtain sub-award information or file reports required by the Federal Funding Accountability and Transparency Act for the Special Supplemental Nutrition Program for Women, Infants, and Children.</p> <table border="0"> <tr> <td data-bbox="609 709 706 739"><u>CFDA #</u></td> <td data-bbox="1015 709 1112 739"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 739 706 768">10.557</td> <td data-bbox="1015 739 1112 768">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>Effective October 1, 2012, the Department requires all sub-grantees to complete a Federal Funding Accountability and Transparency Act (FFATA) data collection form which includes the required sub-award information. In addition, the FFATA Sub-award Reporting System (FSRS) is reviewed monthly for current and new grant awards available to report on for the Department. Available and reportable sub-award information is entered monthly by Grants staff into the FSRS. The Grants Supervisor reviews and submits the reports monthly to FSRS and retains a system print out for audit verification.</p> <p>October 2012</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	03	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health does not adequately monitor subrecipients of the Special Supplemental Nutrition Program for Women, Infants, and Children.</p> <table border="0"> <tr> <td data-bbox="602 680 704 709"><u>CFDA #</u></td> <td data-bbox="1013 680 1105 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 709 704 739">10.557</td> <td data-bbox="1013 709 1105 739">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department will conduct an internal review of its subrecipient monitoring processes to determine an appropriate level of activity to address the risks and ensure federal requirements are met. This may include development of a risk model to help inform the type and frequency of monitoring for each subrecipient. The Department will develop agency-level policies and training addressing subrecipient monitoring.</p> <p>Estimated December 2013</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	04	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not obtain a Data Universal Numbering System (DUNS) number from subrecipients prior to awarding federal dollars under the Special Supplemental Nutrition Program for Women, Infants, and Children.</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> </table> <p>Corrective action complete</p> <p>The Department now requires all sub-grantees to complete a Federal Funding Accountability and Transparency Act (FFATA) data collection form which includes the required sub-award information, including the Data Universal Numbering System (DUNS) number.</p> <p>October 2012</p>		<u>CFDA #</u>	<u>Amount</u>		10.557	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	10.557	\$0							

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	05	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health does not have sufficient internal controls to ensure all of its subrecipients receive audits when required.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>10.557</td> <td>\$0</td> </tr> <tr> <td>93.069</td> <td></td> </tr> <tr> <td>93.889</td> <td></td> </tr> <tr> <td>93.917</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department acknowledges the finding by the State Auditor and is committed to resolving the issue and putting into place more effective internal controls by developing and/or improving upon existing processes and controls necessary to ensure that all of the Department's sub-grantees required to have a single audit will have such an audit.</p> <p>Beginning in December 2012, the Department has initiated additional telephone contacts with sub-grantees who did not provide a response to our original inquiry and/or who did not provide a copy of their single audit to the Department and/or the federal Single Audit Clearinghouse in order to achieve 100 percent audit determination compliance.</p> <p>Estimated June 2013</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0	93.069		93.889		93.917	
<u>CFDA #</u>	<u>Amount</u>												
10.557	\$0												
93.069													
93.889													
93.917													

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**Recreation Conservation Funding Board (RCFB)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	06	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Recreation and Conservation Office did not file reports required by the Federal Funding Accountability and Transparency Act for the Pacific Coast Salmon Recovery Program.</p> <table border="0"> <tr> <td data-bbox="609 709 706 741"><u>CFDA #</u></td> <td data-bbox="1015 709 1112 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 706 772">11.438</td> <td data-bbox="1015 741 1112 772">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Board will complete the Federal Funding Accountability and Transparency Act reports on a monthly basis. The lead financial analyst will take the lead on reporting the awards each month. If technical difficulties in reporting the costs should arise, the Board will document the questions, communications and resolution of the issues.</p> <p>Estimated March 2013</p>	<u>CFDA #</u>	<u>Amount</u>	11.438	\$0
<u>CFDA #</u>	<u>Amount</u>						
11.438	\$0						

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**Department of Commerce (COM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	07	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce does not adequately monitor subrecipients of the HOME Investment Partnership Program to ensure subrecipients use federal grant money for authorized purposes and in compliance with laws, regulations, and grant and contract provisions.</p> <table border="0"> <tr> <td data-bbox="609 743 706 772"><u>CFDA #</u></td> <td data-bbox="1015 743 1112 772"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 772 706 802">14.239</td> <td data-bbox="1015 772 1112 802">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding and has taken corrective action including entering client income information into the federal Integrated Disbursement and Information System (IDIS) to ensure compliance with the earmarking requirement.</p> <p>The Department is requesting copies of participation income verification and Housing Quality Standards (HQS) inspection reports to ensure unit and tenant eligibility.</p> <p>The Department's Housing Assistance Unit is following its monitoring protocols and procedures by conducting annual risk assessments. Risk assessment scores based on programmatic review determine the grantees to receive onsite monitoring.</p> <p>Estimated September 2013</p>	<u>CFDA #</u>	<u>Amount</u>	14.239	\$0
<u>CFDA #</u>	<u>Amount</u>						
14.239	\$0						

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**Department of Commerce (COM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	08	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce does not have internal controls to ensure the Department pays out HOME Investment Partnership program income before requesting federal cash draws and interest earned on federal cash advances is returned to the federal government.</p> <table border="0" data-bbox="602 743 1105 800"> <tr> <td data-bbox="602 743 704 768"><u>CFDA #</u></td> <td data-bbox="1013 743 1105 768"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 768 704 793">14.239</td> <td data-bbox="1013 768 1105 793">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this audit finding. The Department reviewed its processes and updated its procedures so that program income is used prior to federal funding sources.</p> <p>The Department will contact the federal grantor regarding the disposition of the \$214 interest earned on federal cash advances.</p> <p>November 2012</p>	<u>CFDA #</u>	<u>Amount</u>	14.239	\$0
<u>CFDA #</u>	<u>Amount</u>						
14.239	\$0						

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**Department of Commerce (COM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>													
12	09	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce does not have sufficient internal controls to ensure all of its subrecipients receive audits as required.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>14.239</td> <td>\$0</td> </tr> <tr> <td>66.468 - ARRA and non-ARRA</td> <td></td> </tr> <tr> <td>81.042</td> <td></td> </tr> <tr> <td>93.568</td> <td></td> </tr> <tr> <td>93.569</td> <td></td> </tr> </table> <p>Corrective action in process</p> <p>The Department will refine written guidance on roles and responsibilities for monitoring audits. Training on use of the Department's Contract Management System audit tracking module is underway and will be completed no later than April 30, 2013.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-10.</b></p> <p>Estimated April 2013</p>	<u>CFDA #</u>	<u>Amount</u>	14.239	\$0	66.468 - ARRA and non-ARRA		81.042		93.568		93.569	
<u>CFDA #</u>	<u>Amount</u>														
14.239	\$0														
66.468 - ARRA and non-ARRA															
81.042															
93.568															
93.569															

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**Employment Security Department (ESD)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	10	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Employment Security Department did not attempt to collect \$440,925 overpaid to claimants for Federal Additional Compensation Unemployment Insurance.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>17.225 - ARRA and non-ARRA</td> <td>\$440,925 ARRA</td> </tr> </table> <p>Corrective action complete</p> <p>On September 7, 2012, the Department completed the necessary computer programming to bill, collect, and account for Federal Additional Compensation (FAC) overpayments. Billing statements were subsequently mailed to claimants who had outstanding FAC overpayment balances. As of November 13, 2012, the Department successfully collected \$1,978,762 in FAC overpayments. Department efforts will continue as permitted by state and federal law to collect outstanding FAC overpayment balances.</p> <p>Questioned costs will be addressed with the federal grantor during their audit resolution process after the report is issued.</p> <p>September 2012</p>	<u>CFDA #</u>	<u>Amount</u>	17.225 - ARRA and non-ARRA	\$440,925 ARRA
<u>CFDA #</u>	<u>Amount</u>						
17.225 - ARRA and non-ARRA	\$440,925 ARRA						

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**Employment Security Department (ESD)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	11	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Employment Security Department does not have controls to ensure compliance with U.S. Department of Labor requirements for determining the accuracy of Unemployment Insurance benefit payments.</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>17.225 - ARRA and non-ARRA</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department has continued to work on improving Benefits Accuracy Measurement (BAM) program processes to ensure complete, accurate and timely investigations are conducted. The Department has completed the following actions:</p> <ul style="list-style-type: none"> <li>• Updated the BAM procedures manual as of July 2012. Continue to revise the manual as needed to remain compliant with USDOL requirements.</li> <li>• Standardized the number of contacts attempts required for compliant BAM claim investigations.</li> <li>• Provided additional investigative and adjudicative training to staff.</li> <li>• Increased communication among staff, other department units and with USDOL to improve quality and consistency of case investigations.</li> <li>• Created standardized forms for use in improving accuracy and quality of investigations.</li> <li>• Implemented a toll-free phone number to increase claimant and employer response rates.</li> <li>• Increased number of contact attempts to verify work search.</li> </ul> <p>The Department will continue to make improvements in BAM investigative processes during the next audit period including increasing the number of files reviewed by supervisory staff.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-08.</b></p> <p>September 2012</p>	<u>CFDA #</u>	<u>Amount</u>	17.225 - ARRA and non-ARRA	\$0
<u>CFDA #</u>	<u>Amount</u>						
17.225 - ARRA and non-ARRA	\$0						

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**Department of Transportation (DOT)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
12	12	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Transportation did not have sufficient internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed.</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>20.500</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>20.507</td> <td></td> </tr> <tr> <td>20.509 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department is considered an innovative leader by the Federal Transit Administration (FTA) for its grant administration methods, which include administering a number of closely related grant programs.</p> <p>The Department appreciates the State Auditor’s work regarding the Statewide Single Audit (SWSA). The “technical difficulties” encountered in filing the required Federal Funding Accountability and Transparency Act (FFATA) reports resulted when the Department made its initial attempts to file the FFATA reports in Fiscal Year 2012 and discovered that the grantor, the Federal Transit Administration (FTA), had not yet entered the award information in its computer system to allow the Department to enter sub-award data and file the reports. The FTA recently input grant award information into the computer system; however, to prevent entering data twice or losing data in the event the FTA did not input all award data into the FTA system, the Department has contacted them to determine if WSDOT can now safely input sub-award data and file the required FFATA reports. The Department also made several other attempts to contact the FTA during and after fiscal year 2012 for guidance and to determine when the system would be available for filing reports. As a result of the audit, the Department is seeking written clarification with the FTA on system availability and use for filing reports.</p> <p>The Department will strengthen internal controls and will continue to work with the FTA until the required FFATA sub-award data can be input and the reports can be filed.</p>	<u>CFDA #</u>	<u>Amount</u>	20.500	\$0	20.507		20.509 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>										
20.500	\$0										
20.507											
20.509 - ARRA and non-ARRA											

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**Department of Transportation (DOT)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	12 (Cont'd)	<p>Additionally in response to the auditor's recommendations:</p> <ul style="list-style-type: none"><li>• The Public Transportation Division is implementing new procedures to ensure FFATA reporting is filed timely.</li><li>• Procedures for FFATA reporting will include appropriate training for employees.</li><li>• FFATA reporting is assigned to one individual, with review and monitoring by another staff member and management.</li></ul> <p>Completion Date: Estimated June 2013</p>

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	13	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not file reports required by the Federal Funding Accountability and Transparency Act for the Drinking Water Program.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>66.468 - ARRA and non-ARRA</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Federal Funding Accountability and Transparency Act (FFATA) reporting on award FS-99083910-0 is now complete. Clarification has also been received from the federal Environmental Protection Agency (EPA) regarding how to report FFATA on future grants. The Department's Drinking Water Program will ensure this is completed annually at the time of contract execution.</p> <p>Fall 2012</p>	<u>CFDA #</u>	<u>Amount</u>	66.468 - ARRA and non-ARRA	\$0
<u>CFDA #</u>	<u>Amount</u>						
66.468 - ARRA and non-ARRA	\$0						

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**Department of Services for the Blind (DSB)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	14	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Services for the Blind did not determine eligibility for all Vocational Rehabilitation program applicants within the allowed period of time.</p> <table border="0" data-bbox="609 682 1104 745"> <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;">84.126</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department of Services for the Blind (DSB) agrees with the audit finding and recommendation. While individual situations may create need to delay an eligibility past the 60-day timeline, case file documentation should be clear about the reason for a delay, and ensure that the applicant is in agreement for the delay in accordance with the auditor’s recommendation</p> <p>Training was provided at the Vocational Rehabilitation (VR) Counselor meeting on October 10, 2012, and at subsequent regional team meetings, to ensure that the awareness of the timeline, the need to meet the timeline, and the need to clearly document reasons for delay of eligibility beyond the 60-day timeline is understood by counselors and supported by their fellow counselors, support staff and supervisors.</p> <p>A system for monthly review of timelines to eligibility is in place. Team leaders review overdue eligibility cases to ensure documentation is in place that describes clearly the reasons for delay. A method for checking status of eligibilities before they are overdue exists in the system, and training for accessing that tool was provided VR counselors on October 10, 2012. The tool requires multiple steps; in a future planned upgrade of the case management system this tool will be in a more prominent “dashboard” feature, allowing more streamlined, easy access to the data.</p> <p>November 2012</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$0						

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**Department of Services for the Blind (DSB)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	15	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Services for the Blind did not have adequate internal controls to ensure compliance with federal suspension and debarment requirements for its federal Vocational Rehabilitation program.</p> <table border="0" data-bbox="602 709 1104 772"> <tr> <td data-bbox="602 709 706 741"><u>CFDA #</u></td> <td data-bbox="1015 709 1104 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 741 706 772">84.126</td> <td data-bbox="1015 741 1104 772">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department agrees with the audit finding and recommendation. As a corrective action, the Department revised contract general terms and conditions document in April 2012. This attachment now includes appropriate certification language for contractor signatures. Additionally, the Department initiated a monthly process effective August of 2012 to review expenditures and identify any vendor that has been paid in excess of \$25,000 over the prior 12 months. These vendors are checked against the federal System for Award Management (SAM) to verify that vendors have not been suspended or debarred.</p> <p>When the Department learned of the finding, immediate action was taken to train principle contract developers with the need to include suspension and debarment language. The Department now includes business staff in training functions sponsored by Technical Assistance &amp; Continuing Education Northwest and is planning on sending four staff to the U.S. Department of Education – Rehabilitation Services Administration National Fiscal Conference in August 2013.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-14.</b></p> <p>August 2012</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$0						

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**Department of Services for the Blind (DSB)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	16	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Services for the Blind did not comply with federal requirements for reporting Vocational Rehabilitation program expenditures.</p> <table border="0"> <tr> <td data-bbox="609 682 706 714"><u>CFDA #</u></td> <td data-bbox="1015 682 1112 714"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 714 706 745">84.126</td> <td data-bbox="1015 714 1112 745">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department agrees with the audit finding and recommendation. The Department is now current on Vocational Rehabilitation federal cost reports.</p> <p>The Department contacted the Department of Education – Rehabilitation Services Administration (RSA) staff to correct prior SF-425 reports. The corrections included separation of indirect costs from direct allocated expenditures and to correctly reflect the federal portion of the indirect costs. The rates used for indirect costs are addressed by the Department in the response to finding 12-17 regarding questioned indirect costs.</p> <p>The Department has developed an internal checklist for steps in preparation and review of the federal cost reports. The checklist requires interaction from three separate staff members to ensure proper reviews of submitted cost information.</p> <p>The Department will take advantage of any training opportunities made available through RSA and the Region 10 Technical Assistance &amp; Continuing Education (TACE) center. TACE now includes fiscal staff in their quarterly meetings.</p> <p>The Department contacted RSA for potential actions in response to the audit findings.</p> <p>December 2012</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$0						

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**Department of Services for the Blind (DSB)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	17	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Services for the Blind charged indirect costs related to the Vocational Rehabilitation program to its federal grant without an approved indirect cost rate.</p> <table border="0" data-bbox="602 709 1170 772"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">84.126</td> <td style="text-align: center;">\$1,259,024.49</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department agrees with the audit finding and recommendation.</p> <p>Department staff did not fully understand the indirect cost recovery rules for the Department of Education. The Department submitted an indirect cost rate proposal to the Department of Education on February 26, 2013 and requested a negotiated settlement for questioned costs. The Department of Education – Rehabilitation Services Administration has been notified about this finding.</p> <p>Estimated June 2013</p>		<u>CFDA #</u>	<u>Amount</u>		84.126	\$1,259,024.49
	<u>CFDA #</u>	<u>Amount</u>							
	84.126	\$1,259,024.49							

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**Office of Superintendent of Public Instruction (OSPI)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	18	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Office of Superintendent of Public Instruction’s internal controls over subrecipient monitoring are not adequate to ensure only proper and allowable costs are charged to the School Improvement Grants program.</p> <table border="0"> <tr> <td data-bbox="609 709 706 741"><u>CFDA #</u></td> <td data-bbox="1015 709 1112 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 706 772">84.377</td> <td data-bbox="1015 741 1112 772">\$0</td> </tr> <tr> <td data-bbox="609 772 787 804">84.388 - ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The increased fiscal monitoring for the School Improvement Grant was determined a priority for Office of Superintendent of Public Instruction (Office) last spring. A detailed fiscal monitoring form was developed in the summer of 2012 for use during the 2012-2013 school fiscal year subrecipient monitoring on-site visits. Additionally, the School Improvement Division formally joined the larger comprehensive consolidated program review process (CPR). The CPR process is the basis for monitoring all but one of the Department of Education grants received by this Office.</p> <p>As of February 2013, the school improvement team is out in the field performing subrecipient monitoring of the School Improvement Grant program, with a significant focus on compliance with fiscal requirements.</p> <p>September 2012</p>	<u>CFDA #</u>	<u>Amount</u>	84.377	\$0	84.388 - ARRA	
<u>CFDA #</u>	<u>Amount</u>								
84.377	\$0								
84.388 - ARRA									

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	19	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health paid unreasonable indirect cost rates to a subrecipient of the Public Health Emergency Preparedness grant.</p> <table border="0" data-bbox="609 682 1120 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;">93.069</td> <td style="text-align: center;">\$9,156.27</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the audit finding and has initiated corrective action.</p> <p>Effective January 1, 2012, the Department has required supporting documentation for all public health invoices. The supporting documentation is sourced from the entity's accounting system. Review of backup documentation is done by each program independently.</p> <p>The Department's Grants Office requires programs to check the indirect cost rate plans for each of its subrecipients who bill indirect costs. Programs are not allowed to pay indirect costs if the billing entity does not have an approved indirect cost plan.</p> <p>The Department will review all bills and backup documentation detail to determine the indirect amount being charged. The Department will continue to monitor the indirect cost plan schedule maintained by the Department's Grants Office to verify approved indirect costs charged by its contractors are within the approved rate.</p> <p>The Department will address the issue of the questioned costs with its federal grantor.</p> <p>Estimated December 2014</p>		<u>CFDA #</u>	<u>Amount</u>		93.069	\$9,156.27
	<u>CFDA #</u>	<u>Amount</u>							
	93.069	\$9,156.27							

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	20	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health does not adequately monitor subrecipients of the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.</p> <table border="0"> <tr> <td data-bbox="609 709 706 741"><u>CFDA #</u></td> <td data-bbox="1015 709 1112 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 706 772">93.069</td> <td data-bbox="1015 741 1112 772">\$0</td> </tr> <tr> <td data-bbox="609 772 706 804">93.889</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>Effective January 2012, the Department requires all contractors to submit backup documentation for all invoices. The programs review the invoice and backup documentation for allowability, reasonableness of cost and fulfillment of contract deliverables. If questions come up regarding the invoice or backup documentation, the program follows up with the contractor and/or consults with the Department's internal auditor or other staff as necessary.</p> <p>The Department had a contractor resume subrecipient fiscal monitoring effective September 2012. A Department employee works with programs to track and resolve fiscal monitoring issues that may arise. The program consults with the contractor to resolve issues and develop a corrective action plan.</p> <p>The Department has followed up on the contractors with questioned costs and has received pay back from those contractors on the unallowable costs identified. In the future, the Department will track issues identified in fiscal monitoring reports and follow up with contractors to resolve those issues, establish corrective action plans and collect unallowable costs if necessary on a more timely basis.</p> <p>As of October 2012 the Department requires all grant information, including CFDA number, CFDA title, federal grant award number, federal grant award name and federal agency name, be included in all subrecipient contracts. This information is included in the Statement of Work templates which are used for all subrecipient contracts.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-17.</b></p> <p>Estimated December 2014</p>	<u>CFDA #</u>	<u>Amount</u>	93.069	\$0	93.889	
<u>CFDA #</u>	<u>Amount</u>								
93.069	\$0								
93.889									

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
12	21	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health does not have sufficient internal controls to ensure it meets federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.</p> <table border="0" data-bbox="602 709 1104 800"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.069</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.889</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department is not certain that the State Auditor's Office interpretation of how to determine level of effort is accurate. The Department will confer with federal grantors on this matter to get a clear understanding of how level of effort should be determined and resolve this issue.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-20.</b></p> <p>Estimated June 2013</p>		<u>CFDA #</u>	<u>Amount</u>		93.069	\$0		93.889	
	<u>CFDA #</u>	<u>Amount</u>										
	93.069	\$0										
	93.889											

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**University of Washington (UW)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
12	22	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The University of Washington does not have monitoring controls to ensure subrecipients receiving less than \$500,000 from the University obtain audits when required to.</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;">93.145</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">93.600</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The University will work to enhance its existing controls to ensure all of its subrecipients receive audits when required including entities who receive less than \$500,000 from the University but whose total expenditures may exceed more than \$500,000 annually.</p> <p>Estimated February 2014</p>		<u>CFDA #</u>	<u>Amount</u>		93.145	\$0		93.600	
	<u>CFDA #</u>	<u>Amount</u>										
	93.145	\$0										
	93.600											

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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>					
12	23	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services does not have internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Child Support Enforcement grant are filed.</p> <table border="0" data-bbox="609 709 1104 772"> <tr> <td data-bbox="609 709 706 741"><u>CFDA #</u></td> <td data-bbox="1015 709 1104 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 706 772">93.563</td> <td data-bbox="1015 741 1104 772">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding.</p> <p>In December 2012 the Department took the following actions:</p> <ul style="list-style-type: none"> <li>• Updated the desk manual used by fiscal staff to track federal grant reporting requirements to include FFATA reporting requirements.</li> <li>• Trained the fiscal staff responsible for grant reporting via Federal Funding Accountability and Transparency Act (FFATA) webinars about reporting requirements.</li> <li>• Completed the reporting requirements for grants issued in fiscal year 2012 and fiscal year 2013.</li> </ul> <p>December 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.563	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.563	\$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>					
12	24	<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 did not obtain a Data Universal Numbering System (DUNS) number from subrecipients prior to awarding federal dollars under Child Support Enforcement grant.</p> <table border="0" data-bbox="609 709 1104 772"> <tr> <td data-bbox="609 709 706 741"><u>CFDA #</u></td> <td data-bbox="1015 709 1104 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 706 772">93.563</td> <td data-bbox="1015 741 1104 772">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding.</p> <p>In December 2012 the Department took the following actions:</p> <ul style="list-style-type: none"> <li>• Obtained DUNS numbers from all subrecipients. The DUNS numbers will be included in annual federal reports that require them.</li> <li>• Trained Department fiscal staff responsible for Federal Funding Accountability and Transparency Act (FFATA) reporting via webinars to learn more about reporting requirements.</li> </ul> <p>On an ongoing basis, fiscal staff will collect DUNS numbers for subrecipients and maintain them in an electronic file.</p> <p>December 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.563	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.563	\$0						

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**Department of Commerce (COM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	25	<p>Finding: The Department of Commerce does not have adequate controls to ensure it draws Low-Income Home Energy Assistance Program federal funds in accordance with the Cash Management Improvement Act Agreement.</p> <p>Questioned Costs:</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>93.568</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this audit finding. The Department reviewed its procedures and corrected the timing of the Low-Income Home Energy Assistance Program federal draws to coincide with the state's Cash Management Improvement Act Agreement.</p> <p>Completion Date: November 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.568	\$0	
<u>CFDA #</u>	<u>Amount</u>						
93.568	\$0						

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**Department of Commerce (COM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	26	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce does not have internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed for the Low-Income Home Energy Assistance Program.</p> <table border="0" data-bbox="602 709 1105 772"> <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;">93.568</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department trained the appropriate Low-Income Home Energy Assistance Program (LIHEAP) staff on the Federal Funding Accountability and Transparency Act (FFATA) requirements and the use of the Federal Funding Accountability and Transparency Sub-award Reporting System (FSRS) database to submit LIHEAP data. The Department is finalizing procedures to ensure FFATA data is entered FSRS and that LIHEAP complies with reporting requirements.</p> <p>Estimated March 2013</p>		<u>CFDA #</u>	<u>Amount</u>		93.568	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.568	\$0							

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**Department of Commerce (COM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	27	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce, Community Services and Housing Division, did not comply with period of availability requirements for its Low-Income Home Energy Assistance program.</p> <table border="0" data-bbox="602 680 1474 743"> <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;">93.568</td> <td style="text-align: center;">\$29,944.23</td> </tr> </table> <p>Corrective action complete</p> <p>The Department reviewed the federal criteria regarding period of availability with fiscal staff. The focus of this review was to ensure staff understand to match the period of service to the award's period of availability when expenditures are made or are moved from one fiscal year to another.</p> <p>The Department will work with the granting agency to determine the treatment of questioned costs.</p> <p>March 2013</p>		<u>CFDA #</u>	<u>Amount</u>		93.568	\$29,944.23
	<u>CFDA #</u>	<u>Amount</u>							
	93.568	\$29,944.23							

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**Department of Early Learning (DEL)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
12	28	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Early Learning does not have adequate internal controls over direct payments to child care providers.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td>\$0</td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.713 - ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department contracted with an independent consultant to review the eligibility system and make recommendations for improvement. The Department and the Department of Social and Health Services (DSHS) developed an action plan to implement the recommendations. Included in the action plan is:</p> <ul style="list-style-type: none"> <li>• improvement of eligibility worker training to better understand the Department's mission;</li> <li>• simplification of policies that would benefit families and DSHS staff, and</li> <li>• coordination with DSHS to make system improvements so that eligibility workers are able to accurately determine eligibility.</li> </ul> <p>The Department has also hired five more auditors (in addition to the five hired in January 2012) to specifically audit child care subsidy payments by comparing subsidy child care provider billings with attendance records.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-23.</b></p> <p>Estimated July 2014</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$0	93.596		93.713 - ARRA	
<u>CFDA #</u>	<u>Amount</u>										
93.575	\$0										
93.596											
93.713 - ARRA											

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**Department of Early Learning (DEL)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>													
12	29	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Early Learning did not maintain federally required documentation for \$21,328.61 in payroll costs charged to the Child Care Development Fund.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.575</td> <td style="text-align: center;">\$21,328.61</td> </tr> <tr> <td></td> <td style="text-align: center;">93.596</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.713 - ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>A previous audit performed in February 2012 had already identified an issue with the recording of payroll certifications to support grant costs. The Department implemented a new more formal, closely reviewed process at that time for collecting payroll certifications. The incident cited in this audit occurred prior to these changes. The payroll costs charged to the Child Care Development Fund (CCDF) were valid, as the employee was working half-time on CCDF-related activities during this time period. However, the certifications were not completed accurately. The Department is confident the new payroll certification policy and procedure will ensure that all employee salaries and benefits are accurate and supported with the proper documentation.</p> <p>The Department has notified the appropriate federal regional staff, and is waiting for their response to this finding.</p> <p>February 2012</p>		<u>CFDA #</u>	<u>Amount</u>		93.575	\$21,328.61		93.596			93.713 - ARRA	
	<u>CFDA #</u>	<u>Amount</u>													
	93.575	\$21,328.61													
	93.596														
	93.713 - ARRA														

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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>									
12	30	<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 over client eligibility for the Child Care Development Fund, resulting in the payment of child care services for ineligible clients.</p> <table border="0"> <tr> <td data-bbox="609 714 706 745"><u>CFDA #</u></td> <td data-bbox="1015 714 1112 745"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 745 706 777">93.575</td> <td data-bbox="1015 745 1112 777">\$3,590</td> </tr> <tr> <td data-bbox="609 777 706 808">93.596</td> <td></td> </tr> <tr> <td data-bbox="609 808 706 840">93.713 - ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department of Social and Health Services partially concurs with this finding. The Department has taken or will take a variety of corrective actions through the course of the year to correct the deficiencies identified during the audit.</p> <p>In February 2013 the Department:</p> <ul style="list-style-type: none"> <li>• Began formal auditing of 1.6% of all case actions, 100% of all new employee case actions and 100% of all instances where a single staff person has authorized multiple payments in the Social Service Payment System (SSPS) in a month.</li> <li>• Began utilizing “Find It/Fix It” procedures based on Department policy, which require all staff to fix errors as they are discovered. This policy incorporates a reporting mechanism to identify trends and error prone processes.</li> <li>• Ensured the Department’s Child Care Subsidy Program Handbook is up-to-date and accurately reflects changes in policy, guidance and procedures.</li> </ul> <p>By March 2013 the Department’s policy staff will review exceptions. Any overpayment requests that are written will be sent to the Office of Financial Recovery for processing.</p> <p>By April 2013 the Department will hire additional staff that will allow the childcare program to be fully staffed.</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$3,590	93.596		93.713 - ARRA	
<u>CFDA #</u>	<u>Amount</u>										
93.575	\$3,590										
93.596											
93.713 - ARRA											

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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>
12	30 (Cont'd)	<p>By June 2013 the Department will transfer responsibility for TANF childcare eligibility determinations to WorkFirst Program Specialists.</p> <p>By July 2013 the Department in conjunction with the Department of Early Learning (DEL) will review program policy and attempt to streamline where appropriate. This could include benefit calculation and payment issuance.</p> <p>By October 2013 the Department will:</p> <ul style="list-style-type: none"> <li>• Work with DEL to review the Washington Childcare Program (WCAP) to identify technology solutions that enhance accuracy of payments and eligibility determinations.</li> <li>• Fully implement episodic auditing (auditing a single action, not the entire case) which allows auditors to focus their review on one portion of the eligibility process at a time. This change in audit approach (from full case to episodic) will allow the Department to focus on error prone cases, while increasing the total percentage of cases audited.</li> </ul> <p>By December 2013 the Department will fully utilize BarCode AuditPlus to track, trend and analyze audits to identify and improve error-prone elements including pre-authorization requirements for error-prone cases.</p> <p>Completion Date: Estimated December 2013</p>

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**Edmonds Community College (ECC)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	31	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>Edmonds Community College did not comply with time and effort requirements for its Head Start Program.</p> <table border="0" data-bbox="602 682 1153 745"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.600</td> <td style="text-align: right;">\$596,035.20</td> </tr> </table> <p>Corrective action in progress</p> <p>Payroll detail was extracted to create a certification form for fiscal year 2012 which included a statement verifying that the dollar figures reported were an accurate and appropriate representation of the exempt employees' Head Start effort. The certification was then signed by the employees, supervisors and the Head Start Executive Director. For the future, the college is planning to add the exempt employees to the internal Time &amp; Accountability System (TAS) which will provide a mechanism for exempt employees to certify their time and effort on a monthly basis. This document will circulate to supervisors and the Executive Director for signature.</p> <p>The College has contacted the U.S. Department of Health and Human Services (HHS), Region X and been advised of the official audit finding/repayment procedure. After the finding is reported and reviewed HHS (the granting agency), Region X personnel will be notified. Region X will then communicate directly with the College to determine if any repayment is warranted.</p> <p>Estimated June 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.600	\$596,035.20
<u>CFDA #</u>	<u>Amount</u>						
93.600	\$596,035.20						

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
12	32	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Children's Administration, is not ensuring the eligibility of clients receiving Adoption Assistance payments.</p> <table border="0" data-bbox="609 682 1104 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;">93.659</td> <td style="text-align: center;">\$79,590</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>In December 2012 the Department took action to correct the issues identified in the audit. The actions taken were:</p> <ul style="list-style-type: none"> <li>• Implementation of an automated process within FamLink, the Department's child welfare and payment system, to suspend all adoption assistance payments when the child reaches 18 years of age. For payments to continue the social worker is required to have proper documentation.</li> <li>• Fiduciary staff does a review of documented proof that payment beyond age 18 is appropriate as a secondary review prior to the manual approval of payment.</li> </ul> <p>By March 2013 the Department will review the exceptions identified during the audit. If the exception does not have appropriate supporting documentation the federal share will be returned to the grantor.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-24.</b></p> <p>Estimated March 2013</p>		<u>CFDA #</u>	<u>Amount</u>		93.659	\$79,590
	<u>CFDA #</u>	<u>Amount</u>							
	93.659	\$79,590							

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	33	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not survey all hospitals and ambulatory surgical centers in accordance with the frequency stipulated by state and federal laws, which could increase the risk of Medicaid clients receiving substandard care.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department now has dedicated and discrete teams for both hospital inspections and ambulatory surgical center inspections and will continue its expanded recruitment efforts to ensure that these teams have the staffing and other resources necessary to conduct timely inspections. To this end, by April 2013, the Department will hire an additional hospital inspector as well as a new manager to lead this team. The ambulatory team is currently fully staffed and has already achieved a 97% compliance rate with federal inspection frequency standards over the last year.</p> <p>On the hospital inspection front, challenges remain but by July 2013, the Department will have the initial results of its new inspection model. This new model was launched in January 2013 and was the result of a Lean performance improvement initiative begun in June 2012. This year-long effort involves a thorough study of the hospital inspection process to explore potential greater efficiencies in the face of ever-increasing regulatory burdens due to heightened federal standards and the hospital growth. In the next six months, the Department will gather the data to determine whether it can inspect larger hospitals using smaller teams thus freeing up staff to run concurrent inspections and increase overall proficiency reducing the backlog. The Department anticipates resolving the backlog of overdue hospitals by June 2014.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-25.</b></p> <p>Estimated June 2014</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$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>											
12	35	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, does not have adequate controls to ensure the accuracy of financial eligibility determinations for clients receiving home and community based services.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding.</p> <p>The Department implemented a corrective action plan when this condition was first noted in the previous audit; however, the corrective action plan was not fully implemented by the time the current fiscal year began. The corrective action plan for this current finding essentially concludes the plan that was initiated in the prior year.</p> <p>In August 2012 the Department required all regions to comply with the auditing policy outlined in Management H12-054-Financial Services Quality Assurance Policies and Procedures. Compliance is measured by Home and Community Services (HCS) Headquarters staff through reports generated from the Audit 99 system.</p> <p>The specific review actions are:</p> <ol style="list-style-type: none"> <li>1. For all staff new to long-term care (LTC) eligibility, after an initial mentoring period during which staff are assisted with case actions as they occur, 25% - 100% of all case actions will be audited based on the learning level of the staff until they become proficient.</li> <li>2. Each region must maintain an average of two audits per month, per worker. These can include full-case audits and focused audits.</li> </ol>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$0												
93.775													
93.777													
93.778 - ARRA and non-ARRA													

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	35 (Cont'd)	<p>3. Focused audits will be conducted as deemed appropriate by the region, with emphasis given to compliance during policy changes related to corrective actions taken as a result of previous audit findings. Parameters of special focused audits will be developed based on program size and effect on payment errors and sample sizes will be statistically valid. Focused audits can include but are not limited to:</p> <ul style="list-style-type: none"> <li>a. Applications that include community spouses and any accompanying spousal resource declarations;</li> <li>b. First annual reviews for cases that include community spouses.</li> </ul> <p style="text-align: right;"><b>The conditions noted in this finding were previously reported in finding 11-33.</b></p> <p>Completion Date: January 2013</p>

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	36	<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 an adequate process to identify ineligible Medicaid expenditures for nonqualified aliens, resulting in \$77,352.13 in questioned costs.</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>93.720 - ARRA</td> <td style="text-align: right;">\$77,352.13</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>This finding involved two administrations within the Department, Aging and Disability Services Administration and the Children’s Administration. Both administrations concurred with the finding.</p> <p><u>Aging and Disability Services Administration (ADSA)</u> ADSA previously developed procedures and new Social Service Payment Codes to ensure billing was done correctly. Due to the timing of when the codes were implemented some payments were made when they should not have been.</p> <p>In January 2013, the Department reimbursed the federal portion of the questioned costs that were identified.</p> <p>In February 2013, the Department confirmed all codes were properly implemented and exceptions identified during the audit were corrected.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$77,352.13	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$77,352.13												
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	36 (Cont'd)	<p><u>Children's Administration (CA)</u>            Only three of the 29 exceptions identified in the audit were the responsibility of the CA. By May 2013 the CA will review the three exceptions to determine if they were or were not eligible for the services they received. The review will include the status of the children in FamLink, CA's case management system. Any process that allowed the children to be allocated to Medicaid when they should not have been will be corrected.</p> <p>If the children were not Medicaid Eligible, the Department will return the federal portion of the expenditures to the grantor.</p> <p>Completion Date: Estimated May 2013</p>

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	37	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services does not have adequate internal controls to ensure daily rates paid to supported living providers for Medicaid clients are accurate and properly authorized.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$10,624</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>By September 2013 the Department will:</p> <ul style="list-style-type: none"> <li>• Implement an electronic rate approval process. The process will include several steps that require each individual involved in the rate review to document their review in the electronic system. The review will be passed on to subsequent reviewers only when this is done.</li> <li>• Identify overpayments resulting from rate adjustments and repay them to the federal government.</li> </ul> <p>Estimated September 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$10,624	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$10,624												
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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>											
12	38	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Economic Services Administration, does not have adequate controls in place to ensure all individuals who receive Medicaid benefits are financially eligible.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>By April 2013 the Department will review all the exceptions identified in the audit finding. As part of the review, common errors will be identified. The errors will be used to develop and enhance current desk aids and materials that will assist eligibility workers to correctly verify and calculate income when determining eligibility for the Children's Medical program.</p> <p>Effective October 2013 applications and renewals for pregnant women, children, and families will be processed through the Health Benefits Exchange web portal. Eligibility will be determined through an automated data-match process.</p> <p>Estimated April 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$0												
93.775													
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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>											
12	39	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services does not have adequate internal controls to ensure Medicaid payments to supported living providers are allowable and supported.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td style="text-align: right;">\$20,376</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>The Department has developed a corrective action plan that addresses the recommendations listed in the audit finding. The corrective action items are meant to improve the Department's internal controls to ensure Medicaid payments are allowable and supported.</p> <p>By September 2013 the Department will:</p> <ul style="list-style-type: none"> <li>• Add a new schedule to the residential programs cost report that will better allow the Department to reconcile reported Instruction and Support Services hours and costs to the provider's actual payroll records.</li> <li>• Determine which providers and clients did not have adequate documentation and verify whether overpayments have already been processed through the Office of Financial Recovery (OFR) or whether they still need to be sent to OFR.</li> <li>• Consult with the Centers for Medicare and Medicaid Services (CMS) to determine the actual extent of overpayments identified in the audit.</li> </ul> <p>Estimated September 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$20,376	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$20,376												
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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>											
12	40	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$9,926.70</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>This finding was against two administrations within the Department of Social and Health Services, the Aging and Disability Services Administration (ADSA) and the Economic Services Administration (ESA). Both administrations concur with the finding. Each administration developed an individual corrective action plan.</p> <p><u>Aging and Disability Services Administration</u> ADSA believes the internal controls in place are sufficient to prevent clients without valid SSNs from receiving Medicaid funded services. New Social Service Payment Systems codes have been developed to ensure Medicaid funds are not used for clients with invalid SSNs.</p> <p>In January 2013 ADSA reimbursed the federal grantor for the questioned costs identified in the audit that related to ADSA clients.</p> <p>ADSA would like to state that this finding is specific to 12 cases out of 60,000 and equal to \$20,000 out of a the Long Term Care annual budget of \$1.7 billion dollars. While this finding represents 0.02% of the cases and 0.001% of the funding, the Department remains committed to pursuing the goal of matching 100% of the clients and SSNs.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$9,926.70	93.775		93.777		93.778 - ARRA and non ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$9,926.70												
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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>
12	40 (Cont'd)	<p><u>Economic Services Administration.</u> In February 2013 ESA reviewed the list of exceptions identified in the audit. ESA acknowledged the payments were made in error and is prepared to reimburse the grantor the questioned costs. After the federal grantor reviews the finding, ESA will take the action requested by the grantor.</p> <p>Barcode (one of ESA's primary systems used to process work) has the ability to generate a message to advise staff of a missing or invalid SSN in the Automated Client Eligibility System (ACES), the Department's case management system. By April 2013 ESA will develop a process to ensure these messages are followed up timely.</p> <p>By July 2014 ESA is anticipating that ACES 3G will be fully implemented. ACES 3G is an updated version of ACES and includes functions that streamline the client interview process allowing for a real-time cross match of SSNs with the Social Security Administration's database. If the SSN passes, ACES 3G auto-populates the SSN as federally verified. If the SSN does not pass, the invalid SSN is immediately flagged and the worker is prompted to take action to get a valid SSN. Less than 10% of staff currently have access to ACES 3G.</p> <p>Completion Date: Estimated July 2014</p>

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
12	41	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, did not perform background checks for some in-home care individual providers in accordance with state law.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td style="text-align: right;">\$91,001</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>By September 2013 the Department will ensure that each Area Agency on Aging has a strong tracking system in place to ensure that all individual providers providing services to Medicaid clients have current background checks. The actions the Department will take are:</p> <ul style="list-style-type: none"> <li>• Develop corrective action plans with three local offices where the most significant deficiencies were noted.</li> <li>• Terminate payments to providers that do not have current background checks.</li> <li>• Terminate contracts of providers that fail to comply with requests to obtain a current background check;</li> <li>• Inform staff of background check policies by way of a management bulletin.</li> </ul> <p>The Department will also consult with the Centers for Medicare and Medicaid Services (CMS) to determine the actual extent of overpayments identified in the audit.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-34.</b></p> <p>Estimated September 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$91,001	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$91,001												
93.775													
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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	43	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority does not have adequate controls to ensure providers meet initial and ongoing eligibility requirements to participate in the Medicaid program.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>As of March 25, 2011, the Patient Protection and Affordable Care Act (ACA) introduced new screening procedures for providers and suppliers. The Act identifies Durable Medical Equipment providers as moderate to high-risk business partners who require unscheduled, unannounced site visits. The Authority is finalizing written policies and procedures to comply with the Act. The Authority plans to be compliant with the site visit verification as well as the other ACA screening requirements by March 2013.</p> <p><b>The condition noted in this finding was previously reported in finding 11-48.</b></p> <p>Estimated March 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	44	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority did not have adequate controls to ensure violations of Medicaid laws and regulations by providers are identified and referred to the Medicaid Fraud Control Unit (MFCU), risking the loss of public resources.</p> <table border="0"> <thead> <tr> <th data-bbox="609 716 706 741"><u>CFDA #</u></th> <th data-bbox="1015 716 1112 741"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 741 706 766">93.720 - ARRA</td> <td data-bbox="1015 741 1112 766">\$0</td> </tr> <tr> <td data-bbox="609 766 706 791">93.775</td> <td></td> </tr> <tr> <td data-bbox="609 791 706 816">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 816 706 842">93.778 - ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action not taken</p> <p>The Authority does not concur with this finding. The Authority maintains that adequate controls are in place to ensure that violations of Medicaid laws and regulations are identified and referred to the Medicaid Fraud Control Unit (MFCU) in a timely manner. The analysis completed by State Auditor's Office (SAO) focused on "cases" that are entered and tracked through the Authority's Case Tracking System and assigned to Surveillance and Utilization Review (SUR) staff.</p> <ul style="list-style-type: none"> <li>• The entry of cases into the Case Tracking System should not be considered, by itself, to be a suspicion of fraud or abuse. Rather, the system is used to track a variety of cases, with appropriate timeframes for each type of case.</li> <li>• Sixty (60) percent of the cases identified by SAO as open more than 180 days are Medical Service Verification (MSV) receipts. As noted in finding 12-54, there are no federal timeline requirements for MSV reviews. They are assigned a lower priority based on a historically low return on investment.</li> <li>• Some cases are entered in the case tracking system as placeholders and reminders for staff to follow up with additional review. In addition, there has historically been no consistent criterion for utilization of the Drop Down Labeling in the system so the categories may not be consistent.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	44 (Cont'd)	<p>The Authority complies with the provisions of 42 CFR 455.14 regarding preliminary investigations and 42 CFR 455.15 regarding full investigations. The Authority complies with all federal reporting requirements related to numbers of investigations and detailed processes for conducting each type.</p> <p>In short, this finding identifies inconsistencies in the Authority's use of its Case Tracking System rather than any actual deficiency in identification of fraud or referral to MFCU. SAO's scrutiny assisted the Authority in identifying the need for more consistency in the use of the Case Tracking System. However, it is wrong to conclude that the Authority does not have control of its caseload and does not refer all appropriate cases to MFCU, based upon the length of time a case has been open in the Case Tracking System. Processes are in place to prioritize the work of SUR investigators, ensuring that the Authority is addressing those cases with the highest potential for fraud, waste and abuse and properly utilizing resources to focus on cases that yield the highest return on investment.</p> <p><b>The condition noted in this finding was previously reported in finding 11-46.</b></p> <p>Completion Date: N/A</p>

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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	45	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority's inadequate internal controls over claims from Federally Qualified Health Centers led to payments of more than \$1.4 million for charges improperly calculated and claimed.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$727,690</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority agrees with this finding.</p> <p>Currently, the internal controls for Federal Qualified Health Centers (FQHC) overpayments and improper billings rely more heavily on post-pay claims review and recoupment rather than denial at the point of claim submission.</p> <p>The Authority will make the appropriate updates to the system and billing guides for FQHCs so that the system edits will prevent overpayments and improper billings at the point of claim submission. This will include denial of claims without a qualifying encounter service being billed for the same client on the same day, as well as multiple billings for one client for the same day that should be included in one encounter billing.</p> <p>The Authority will work with its internal audit staff to recoup the improperly paid claims and will work with the U.S. Department of Health and Human Services to determine treatment of questioned costs.</p> <p>Estimated January 2014</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$727,690	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$727,690												
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Fiscal Year	Finding Number	Finding and Corrective Action Plan											
12	46	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority improperly claimed \$48,365.31 in federal reimbursement for the Medicaid program.</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>93.720 - ARRA</td> <td style="text-align: right;">\$48,365.31</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority agrees with this finding and concurs that 162 claims were erroneously paid after the client's date of death.</p> <ul style="list-style-type: none"> <li>• The Authority has reviewed and recouped all the payments identified by the State Auditor's Office as paid to deceased persons.</li> <li>• The Authority continues to strengthen procedures to improve the immediate documentation of a client's death. For managed care and fee-for-service payments, ProviderOne does capture and recoup paid claims when notified of a date of death through the Automated Client Eligibility System (ACES), the eligibility source system. In addition, the Authority will continue to receive death data from the Department of Health to assist with the proper identification of client death information. The Authority will continue to refine post payment processes to capture this information for timely recoveries.</li> <li>• The Authority has reviewed all payments cited by the State Auditor's Office to ineligible people and concurs with the auditor's findings. The Authority will arrange repayment of any federal funds received in error by September 30, 2013.</li> <li>• The Authority has reviewed all transactions listed by the auditors and corrected any case errors.</li> <li>• The Authority will strengthen training processes already in place by sending a social security number (SSN) verification reminder memo to Community Services Division staff. The Authority will continue to pursue enhancements to verification procedures that promote SSN accuracy. The Authority anticipates SSN accuracy will improve under health care reform because clients will input their own SSNs and will get instant feedback if an input error was made.</li> </ul> <p>Estimated September 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$48,365.31	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	47	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority’s internal controls are insufficient to ensure payment rates for its Healthy Options managed care program are accurate.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority continues to disagree with this finding but will take the following actions in an effort to resolve the repeat findings on this issue:</p> <ul style="list-style-type: none"> <li>• The Authority will use encounter data submitted from the Managed Care Organizations (MCOs) for the next rate-setting activities. The MCOs will no longer submit encounter data directly to the Authority’s actuary.</li> <li>• With the implementation of a new Medicaid payment system and a new Fraud and Abuse Detection System, Washington Medicaid has launched a Managed Care Program Integrity Initiative. The purpose of the initiative is to assess the quality and completeness of encounter data provided by MCOs and to conduct analyses that identify potential fraud, waste and abuse. If encounter data problems are identified, the Authority will prepare a report with actionable information for the plans. Subsequent encounter data validation runs will determine progress by the MCOs in remediating the identified issues.</li> <li>• The Authority is also participating with the State Auditor’s Office in the performance audit of the MCOs.</li> </ul> <p><b>The condition noted in this finding was previously reported in finding 11-40.</b></p> <p>Estimated June 2014</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	48	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority did not complete the required automatic data processing (ADP) risk analysis and system security reviews of ProviderOne, the new Medicaid Management Information System, risking the loss of Medicaid program assets and jeopardizing Medicaid program integrity.</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>93.720 - ARRA</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority partially agrees with this finding. The Authority considers the safeguarding of personally identifiable and protected health information a top priority and has required controls in place. However, the Authority agrees that additional independent review will strengthen Authority's ability to ensure that the vendor has effective controls in place.</p> <p>For automatic data processing (ADP) assets under its direct control, the Authority has implemented security controls consistent with the Washington State Office of the Chief Information Officer (OCIO) Security Standard 141.10, OMB Circular A-133, the HIPAA Security Rule, and other guiding and regulatory documents. Examples of controls include, but are not limited to the following:</p> <ul style="list-style-type: none"> <li>- Utilization of services provided by Consolidated Technology Services to secure the network perimeter;</li> <li>- Implementation of user device endpoint protection to guard against malware and other threats;</li> <li>- Encryption of confidential data where appropriate;</li> <li>- Development of applications which protect against common exploits;</li> <li>- Active management of user access controls;</li> <li>- Implementation of password standards consistent with OCIO requirements;</li> <li>- Appropriate response to security incidents.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	48 (Cont'd)	<p>For assets not under direct Authority control, such as those managed by the ProviderOne vendor, the Authority has received verbal and written documentation that indicates compliance with the above requirements. Examples of controls include, but are not limited to:</p> <ul style="list-style-type: none"> <li>- Vendor conducts both internal and third-party security assessments annually;</li> <li>- Extensive background checks are conducted on employees;</li> <li>- Employees attend mandatory HIPAA, ePHI and security awareness training;</li> <li>- Data entering or exiting at the vendor facility is encrypted using SSL or SFTP;</li> <li>- Authority hardware and data are physically segregated from other customers.</li> <li>- The ProviderOne Technical Library provides extensive documentation of ProviderOne design and operations, including security components.</li> </ul> <p>In the finding, the State Auditor's Office notes the identification of four significant deficiencies that could affect the state's ability to safeguard Medicaid program assets. The Authority previously provided a response to these four identified deficiencies. The responses may be found in the Washington State Auditor's Special Audit Report <i>Health Care Authority ProviderOne</i>, number 1008984.</p> <p>Completion Date: Estimated December 2013</p>

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	49	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority does not comply with the data-sharing requirements of 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.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority continues to disagree with this finding.</p> <p>The Authority maintains that it is in compliance with the Deficit Reduction Act of 2005 (DRA) and applicable state law. The Authority meets this standard by making data available to all insurers to use for Third Party Liability (TPL) reporting and by matching data directly with those insurers most likely to provide third party coverage to Medicaid recipients.</p> <p>The Authority’s position on compliance was further corroborated by an independent review conducted by Health Management Systems (HMS) in March 2010. That review stated, “HMS’s review of the DSHS confirms a strong Medicaid TPL program...” This report also noted areas of industry best practices that the Authority could explore to enhance its cost avoidance and recovery. As a result of this review, the Authority entered into a contract with HMS to strengthen and improve its efforts in the area of TPL recoveries as HMS provides for enhanced data-matching to better identify a client’s medical insurance coverage. The contracted activities include: conducting electronic data exchanges with health insurers, and verifying and updating the insurance eligibility of Medicaid recipients for billing liable third parties on behalf of the Authority.</p> <p>The Authority has taken steps to enhance its recovery effort. The Authority submitted a system change request to incorporate a tool that the federal Centers for Medicare and Medicaid Services (CMS) has identified for DRA data exchange requirements. This activity could not be pursued until CMS issued its guidance in June 2010. The Authority will implement the change request based on prioritization against all other system change requests in their order of importance.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	49 (Cont'd)	<p>Although the Authority has been in compliance with the DRA since it was passed into law in April 2007, the above actions demonstrate how the Authority continues to improve ways to share Medicaid information with health insurers so the state is not paying for claims that should have been paid by a liable third party.</p> <p><b>The condition noted in this finding was previously reported in finding 11-38.</b></p> <p>Completion Date: N/A</p>

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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	50	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority did not adequately monitor subrecipients to ensure Medicaid Administrative Match expenditures are allowable and subrecipients obtained federal compliance audits.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority agrees with the finding and has implemented the following corrective actions:</p> <p>To improve oversight, the Medicaid Administrative Match program added a fiscal component to its monitoring of school districts and local health jurisdictions. Beginning June 1, 2012 the fiscal monitoring for the timeframe monitored, the Authority uses a random sampling process to select time study participants. The Authority compares the actual salaries and benefits of those selected through this process to salaries and benefits claimed for those participants. The Authority also reviews direct and indirect claimed costs for the same period monitored.</p> <p>Additionally, effective November 2012, all contract monitoring tools have been updated to include verification of compliance with subrecipient audit requirements as part of the Authority's onsite/desk monitoring process. One staff member has been assigned the task of tracking receipt of needed audits from subrecipients, reviewing them and ensuring audit findings are addressed.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-42.</b></p> <p>June 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$0												
93.775													
93.777													
93.778 - ARRA and non-ARRA													

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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	51	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority does not perform the federally required retrospective drug use review of pharmaceutical claims data to identify patterns of fraud or abuse.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority continues to disagree with this finding.</p> <p>The Authority performs ongoing periodic review of pharmaceutical claims data to identify fraud, waste, or abuse which satisfies federal requirements .The Authority performs claim review and analysis in multiple offices including but not limited to the Office of Program Integrity (OPI) mentioned in Description and Cause of Condition. The Authority does not assert that the claims analysis performed by OPI satisfies federal conditions on its own. Analysis performed in OPI, by the Quality Management Team, and the Patient Review and Coordination program work together to satisfy federal requirements.</p> <p>The State Auditor’s Office (SAO) was provided with information in October 2012 detailing three claim review and analysis algorithms performed by OPI during state fiscal year 2012. Two of these three are not mentioned in this finding despite their details having been submitted to SAO. Additional analyses were performed by OPI during the same period that were not detailed for the SAO, because they did not result in opportunities for recoupment (i.e., additional reviews were performed which looked for, but did not find significant fraud, waste, abuse, or billing errors).</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$0												
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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	51 (Cont'd)	<p>In addition to the work of OPI, the agency's Quality Management Team performed 175 claim analyses of individual prescribers in federal fiscal year 2012, and the Patient Review and Coordination program performed 4,249 individual client claim analyses.</p> <p>The Authority is very interested in working with the SAO to provide additional information or clarification so as to eliminate this repeat audit finding in the future.</p> <p><b>The condition noted in this finding was previously reported in finding 11-41.</b></p> <p>Completion Date: N/A</p>

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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	52	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority cannot be sure it is properly claiming Children’s Health Insurance Program (CHIP) funds.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Health Care Authority agrees with the finding and has taken corrective action.</p> <p>The Authority developed a report using data from the Medicaid Management Information System to identify claims by Recipient Aid Category (RAC) and Federal Poverty Level (FPL) based on net income. The report was implemented for state fiscal year 2013 beginning with the quarterly transfer for July-September 2012, which was processed in January 2013.</p> <p><b>The condition noted in this finding was previously reported in finding 11-37.</b></p> <p>January 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$0												
93.775													
93.777													
93.778 - ARRA and non-ARRA													

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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	53	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority's inadequate internal controls over claims for dental services led to more than \$648,000 in overpayments to providers.</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>93.720 - ARRA</td> <td style="text-align: right;">\$324,237</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority has or will take the following corrective action:</p> <ol style="list-style-type: none"> <li>1. Fluoride treatment for children. The Authority agrees that the Medicaid billing guide, Washington Administrative Code (WAC) and the ProviderOne system are not aligned. It is the Authority's intent to allow fluoride with applicable age/annual limits, per client, per provider consistent with the Medicaid provider guide. The WAC needs to be corrected because it does not match the policy and no recovery is necessary.</li> <li>2. Dental Cleanings. The Authority found system issues that have been corrected, and the Authority's Division of Program and Payment Integrity will recoup the overpayments.</li> <li>3. Dental X-rays. The Authority agrees that the billing guide and WAC are not aligned with the ProviderOne payment system. It is the Authority's intent to pay for necessary diagnostic X-rays per client, per provider. The agency will update the WAC and billing guides, and any payments made outside of these limitations will be identified and recouped by the Authority.</li> <li>4. Oral Evaluation Services. The Authority agrees that there were system issues for most of the overpayments. The Authority will update the WAC and billing guide to allow for additional evaluations for clients managed by the Department of Social and Health Services' Aging and Disability Services Administration.</li> </ol>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$324,237	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	53 (Cont'd)	<p>5. Limited Visual Evaluations and Family Oral Health Education. The Authority paid both services with a miscellaneous code, and was unable to set up automated system limitations. However, the Authority now has new codes with edits for the Limited Visual Evaluation as of January 1, 2013, and has set up system limits for both services. The Authority has submitted requests to the Office of Payment Integrity to identify overpayments and recoup funds.</p> <p>In total, the agency will recoup roughly \$337,833 of federal and state share of overpayments. All other services were paid correctly based on agency intent.</p> <p>Completion Date: Estimated December 2013</p>

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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	54	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority does not have adequate controls in place to verify services billed by providers with Medicaid beneficiaries in accordance with federal laws, risking the loss of Medicaid resources.</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>93.720 - ARRA</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority does not agree with the finding and disagrees that the Medical Service Verification (MSV) process lacks adequate controls.</p> <p>Historically, the MSV process has proven to have no value in detecting fraud. The Authority prioritizes its program integrity and surveillance and utilization review resources in areas that have been proven to yield a higher return on investment. Therefore, the Authority maintains a position that spending resources on MSV processing actually reduces its ability to focus on program integrity activities that increase controls.</p> <p>Of the 30 MSVs noted in the audit as “lacking follow-up,” the Authority maintains that resources dedicated to these MSVs were appropriate given the process and the dollar values at stake:</p> <ul style="list-style-type: none"> <li>• Thirteen (13) (including three that were paid at zero and a fourth with 39 cents at risk) were not followed up because the amounts paid did not warrant the purchase of translation services (average of \$68 per MSV).</li> <li>• Another 6 (with an average of less than \$12 per MSV) were not followed-up because the clients could not be located.</li> <li>• Of the 11 remaining, 10 MSVs (with an average paid amount of \$28) received no follow-up when, for instance, clients checked every box, checked no boxes, or completed the form when the service in question was provided to another member of the household.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$0												
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93.777													
93.778 - ARRA and non-ARRA													

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	54 (Cont'd)	<p>The audit also identified 20 surveys sent to clients that should have been excluded. The Authority notes that the CMS Manual suggests that states review “a sample of at least 400 recipients each month.” In 2012, the Authority reviewed an average of more than 700 MSVs per month—75% more than suggested. In terms of fraud detection, the Authority believes this exceptional number of MSV reviews more than compensates for the 20 MSV cases that should have been excluded.</p> <p>The Authority will continue to refine its selection process for MSV reviews and will continue to meet federal MSV requirements.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-39.</b></p> <p>Completion Date: N/A</p>

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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	55	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$61,267.23</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority concurs with this finding. The Authority will continue to send monthly "NO SSN" reports to Community Services Division for correction. Many of the 206 clients with no SSN identified in the audit have had their Medicaid terminated or they received Medicaid for services for which a SSN is not required, such as labor and delivery or alien emergency medical services.</p> <p>The Authority's foster care medical team has changed processes to add the SSN for children in adoption support. Of the 14,000 children in adoption support, approximately 90% now have a SSN listed in the Automated Client Eligibility System (ACES). Before this change, the SSN had been verified but it was not input in ACES.</p> <p>The Authority will send a memo outlining procedures for verifying SSNs in order to ensure that staff involved in the verification process are following the correct SSN verification procedures.</p> <p>The Authority will continue to pursue enhancements to verification procedures that promote SSN accuracy. The Authority anticipates SSN accuracy will improve under Health Care Reform due to the client inputting their own SSN and getting instant feedback if an input error was made.</p> <p>The Authority will pay back the federal share for any payments made on ineligible persons before the end of the federal fiscal year.</p> <p>Estimated September 30, 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$61,267.23	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$61,267.23												
93.775													
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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	56	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority did not have adequate controls to ensure the federal share of overpayments to Medicaid providers is refunded to the federal government in a timely manner.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>As part of the Authority’s process for auditing providers to identify overpayments, draft audit reports are issued as a preliminary step. The draft reports are subject to modification based upon provider responses. Accordingly, the Authority did not consider preliminary recovery amounts identified in draft audit reports to be “discovery,” and was not sending draft audit reports to Office of Financial Recovery (OFR).</p> <p>The Office of Program Integrity contacted OFR to let them know the Authority would be adding the date of the draft letter to the account allocation code sheet, effective January 16, 2013. This met with OFR’s approval and this action has been completed.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-49.</b></p> <p>January 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$0												
93.775													
93.777													
93.778 - ARRA and non-ARRA													

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	57	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not maintain federally required documentation for \$140,468 in payroll costs charged to the National Bioterrorism Hospital Preparedness Program.</p> <table border="0" data-bbox="602 709 1474 772"> <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;">\$140,468.09</td> </tr> </table> <p>Corrective action complete</p> <p>Since July 2012 the employees have been using positive time and attendance record keeping which reflects actual time worked in accordance with federal requirements.</p> <p>The Department will address the issue of the questioned costs with its federal grantor.</p> <p><b>The conditions noted in this finding were previously reported in finding 11-19.</b></p> <p>July 2012</p>		<u>CFDA #</u>	<u>Amount</u>		93.889	\$140,468.09
	<u>CFDA #</u>	<u>Amount</u>							
	93.889	\$140,468.09							

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	58	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not obtain a Data Universal Numbering System (DUNS) number from subrecipients prior to awarding federal dollars under the HIV Care Formula Grant Program.</p> <table border="0" data-bbox="609 709 1104 772"> <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;">93.917</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department agreed with the finding and, upon notification of the issue, immediately collected DUNS numbers from all current subrecipients. In December 2012, the Department clarified the requirement with staff that the DUNS number will be collected for all sub-contractors by using the Federal Funding Accountability and Transparency Act form. Management will not approve a contract for routing for approval if this form is not attached.</p> <p>January 2013</p>		<u>CFDA #</u>	<u>Amount</u>		93.917	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.917	\$0							

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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	59	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department does not have sufficient internal controls to ensure all of its subrecipients receive audits for the Disaster Grants-Public Assistance program when required.</p> <table border="0" data-bbox="602 709 1474 772"> <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;">97.036</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the findings in this audit. A corrective action plan is being developed to review the current process, rescind the old outdated policy and procedures and rewrite new policy and procedures that address the short comings noted by the auditor.</p> <p>Estimated June 2013</p>		<u>CFDA #</u>	<u>Amount</u>		97.036	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	97.036	\$0							

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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	60	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department did not file reports required by the Federal Funding Accountability and Transparency Act for the Disaster Grants-Public Assistance program.</p> <table border="0" data-bbox="609 703 1104 777"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>97.036</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's contracts office attempted to comply with the new Federal Funding Accountability and Transparency Act (FFATA) reporting requirement upon notification of the new reporting requirement in October 2010. The Department assigned a staff member to learn and maintain the new federal reporting system in September 2010. From the very start of the process, the Department encountered problems that prevented data entry in the federal reporting system. The Department was in communications with federal systems administration since the reporting requirement started in October 2010.</p> <p>The system problem still exists today. Federal Emergency Management Agency (FEMA) representatives acknowledge this fact and their responsibility to rectify the situation. The system problem has been demonstrated to audit staff and has been confirmed by FEMA Region 10 representatives.</p> <p>The Department's contracts office is in the process of developing a FFATA policy and procedures. This will resolve the internal control issues referenced in this finding. The Department is continuing to work with FEMA resolve the reporting problems and intends to have all past reports filed and up to date within 45 days of FEMA resolving the system problems. All other reports have been submitted and are up to date.</p> <p>Estimated June 2013</p>	<u>CFDA #</u>	<u>Amount</u>	97.036	\$0
<u>CFDA #</u>	<u>Amount</u>						
97.036	\$0						

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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	61	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department did not comply with the Federal Funding Accountability and Transparency Act reporting requirements for the Homeland Security Grant Program.</p> <table border="0" data-bbox="602 709 1105 772"> <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;">97.067</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department's contracts office is in the process of developing FFATA reporting policy and procedures. This will resolve the internal control issues referenced in this finding. The Department is continuing to work with FEMA resolve the reporting problems and intends to have all past reports filed and up to date within 45 days of FEMA resolving the system problems. All other reports have been submitted and are up to date.</p> <p>Estimated June 2013</p>		<u>CFDA #</u>	<u>Amount</u>		97.067	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	97.067	\$0							

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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	62	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department does not have sufficient internal controls to ensure all of its subrecipients receive audits when required and that all subrecipients take timely and appropriate corrective actions for audit findings issued for the Homeland Security Grant Program.</p> <table border="0"> <tr> <td data-bbox="609 743 706 772"><u>CFDA #</u></td> <td data-bbox="1015 743 1112 772"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 772 706 802">97.067</td> <td data-bbox="1015 772 1112 802">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the findings in this audit. A corrective action plan is being developed to review the current process, rescind the old outdated policy and procedures and rewrite new policy and procedures that address the short comings noted by the auditor.</p> <p>Estimated June 2013</p>	<u>CFDA #</u>	<u>Amount</u>	97.067	\$0
<u>CFDA #</u>	<u>Amount</u>						
97.067	\$0						

**State of Washington  
Corrective Action Plan**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2012**

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

**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	63	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department's internal controls over subrecipient monitoring are not working as designed and the Department does not adequately monitor subrecipients of the Homeland Security Grant Program.</p> <table border="0"> <tr> <td data-bbox="609 709 706 739"><u>CFDA #</u></td> <td data-bbox="1015 709 1112 739"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 739 706 768">97.067</td> <td data-bbox="1015 739 1112 768">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the findings in this audit. A corrective action plan is being developed to review the current process, rescind the old outdated policy and procedures and rewrite new policy and procedures that address the short comings noted by the auditor.</p> <p>Estimated June 2013</p>	<u>CFDA #</u>	<u>Amount</u>	97.067	\$0
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