

**State of Washington  
 Summary Schedule of Prior Audit Findings  
 For Years Prior to Fiscal Year 2012**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 30, 2012.)

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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>																							
11	01	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Economic Services Administration did not have controls in place to comply with federal regulations regarding costs of salaries charged to federal grants.</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>10.551</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>10.561</td> <td></td> </tr> <tr> <td>93.558</td> <td></td> </tr> <tr> <td>93.714 - ARRA</td> <td></td> </tr> <tr> <td>93.716 - ARRA</td> <td></td> </tr> <tr> <td>93.720</td> <td></td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding.</p> <p>The Department has taken and will continue to address the deficiencies identified in the audit.</p> <p>In March 2012 the Department:</p> <ul style="list-style-type: none"> <li>• Reviewed and reduced the number of split coded positions which will limit the need for adjustments, and</li> <li>• Identified one staff in headquarters who will be responsible for ensuring time certification policies and procedures comply with federal requirements.</li> </ul> <p>In April 2012, the staff person responsible for time certification started reviewing salary charges on a monthly basis to ensure costs are transferred as appropriate. Also, ongoing quarterly reviews will be completed to reconcile time spent with actual expenditures.</p> <p>April 2012</p>	<u>CFDA #</u>	<u>Amount</u>	10.551	\$0	10.561		93.558		93.714 - ARRA		93.716 - ARRA		93.720		93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>																								
10.551	\$0																								
10.561																									
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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>									
11	02	<p>Finding: The Department of Social and Health Services, Economic Services Administration did not issue retroactive food assistance payments in accordance with federal law.</p> <table border="0"> <tr> <td data-bbox="440 709 565 737">Questioned</td> <td data-bbox="607 709 699 737"><u>CFDA #</u></td> <td data-bbox="1016 709 1109 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 741 509 768">Costs:</td> <td data-bbox="607 741 683 768">10.551</td> <td data-bbox="1016 741 1243 768">\$11,300.00 (approx.)</td> </tr> <tr> <td></td> <td data-bbox="607 772 683 800">10.561</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>In April and May 2011 the Department trained field staff on the proper calculation of retroactive payments. The same training is required for new employees responsible for issuing benefits.</p> <p>By March 2012 all exceptions identified in the audit were reviewed by Department staff who determined the correct supplement amount for which the client was eligible. For those payments determined to be unallowable the Department established an overpayment that was issued to the client.</p> <p>By January 2013 the Department is planning to update the Automated Client Eligibility System (ACES) with an edit that will prevent retroactive benefit payments beyond the allowable 12 month period.</p> <p>The Department will address the issue of the questioned costs with the U.S. Department of Agriculture.</p> <p><b>The condition noted in this finding was previously reported in finding 10-03.</b></p> <p>Completion Date: Estimated January 2013</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	10.551	\$11,300.00 (approx.)		10.561	
Questioned	<u>CFDA #</u>	<u>Amount</u>									
Costs:	10.551	\$11,300.00 (approx.)									
	10.561										

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
11	03	Finding:  Questioned Costs:  Status:  Corrective Action:          Completion Date:	The Recreation and Conservation Office did not support more than \$220,000 in payroll costs as required by federal regulations for the Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program.  <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>11.438</td> <td style="text-align: right;">\$220,859.57</td> </tr> </table> Corrective action complete  The Recreation and Conservation Funding Board (Board) concurs with this finding and has taken the following corrective action: <ul style="list-style-type: none"> <li>• Payroll costs are drawn as they occur. This change covers direct salaries and benefits. The Board started drawing indirect costs to cover administrative salaries and benefits effective July 2011.</li> <li>• Verified that the Board’s handling of the payroll costs complied with the Cost Principles for State, Local and Indian Tribal Governments, OMB Circular A-87.</li> <li>• Updated all staff on the audit outcomes and trained fiscal staff on the detailed changes to processes.</li> <li>• Discussed the questioned costs with U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA) in May 2012. Final resolution is pending.</li> </ul> May 2012	<u>CFDA #</u>	<u>Amount</u>	11.438	\$220,859.57
<u>CFDA #</u>	<u>Amount</u>						
11.438	\$220,859.57						

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
11	04	Finding:  Questioned Costs:  Status:  Corrective Action:          Completion Date:	The Recreation and Conservation Office did not support more than \$62,000 in administrative costs as required by federal regulations for the Pacific Coast Salmon Recovery Pacific Salmon Treaty Program.  <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">11.438</td> <td style="text-align: right;">\$62,643.00</td> </tr> </table> Corrective action complete  The Recreation and Conservation Funding Board (Board) concurs with this finding and has taken the following corrective action: <ul style="list-style-type: none"> <li>• Based all administrative costs on the Board’s federally approved indirect rate. The Board draws administrative costs as they occur and started drawing indirect costs to cover administrative salaries and benefits effective July 2011.</li> <li>• The Board contacted the U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA) grants staff in May 2012 and they indicated that an amendment to the grant agreement to include indirect costs in the grant budget was not required.</li> <li>• In May 2012 the Board shared with NOAA grants staff the base of the administrative costs (agency pass-through).</li> <li>• Updated all staff on the audit outcomes and trained fiscal staff on the detailed changes to processes needed.</li> <li>• Discussed the questioned costs with the NOAA in May 2012. Final resolution is pending.</li> </ul> May 2012	<u>CFDA #</u>	<u>Amount</u>	11.438	\$62,643.00
<u>CFDA #</u>	<u>Amount</u>						
11.438	\$62,643.00						

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**Military Department (MIL)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
11	05	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department did not support \$155,647 in payroll costs in accordance with federal regulations for its National Guard Operations and Maintenance grant.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>12.401 – ARRA and non-ARRA</td> <td>\$155,647.00</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding. The following were completed by July 20, 2012:</p> <ul style="list-style-type: none"> <li>• The Department changed its hiring procedures to include a notation on the Personnel Action Form to include whether or not the employee is required to submit quarterly certifications. This notation is noted by the program hiring authority.</li> <li>• The Payroll Section maintains a listing of employees who are required to submit quarterly certifications.</li> <li>• The Payroll Section is responsible for collecting the required certifications on each employee and maintaining appropriate records.</li> </ul> <p>The United States Property and Fiscal Office (federal granting agency) was forwarded a copy of the draft finding. The USPFO performed an internal review of the situation in August 2012. They determined that sufficient internal controls were implemented as a result of the audit finding and are not requiring the Military Department to repay the \$155,647.</p> <p>July 2012</p>	<u>CFDA #</u>	<u>Amount</u>	12.401 – ARRA and non-ARRA	\$155,647.00
<u>CFDA #</u>	<u>Amount</u>						
12.401 – ARRA and non-ARRA	\$155,647.00						

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**Military Department (MIL)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	06	<p>Finding: The Military Department does not have controls to ensure it complies with Davis-Bacon (prevailing wage) requirements.</p> <p>Questioned Costs: <u>CFDA #</u> 12.401 – ARRA and non-ARRA <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding. The following actions have been taken to correct this deficiency:</p> <ul style="list-style-type: none"> <li>• The responsibility for monitoring compliance with Davis-Bacon (prevailing wage) requirements has been assigned to the Contracting Section of the Military Department.</li> <li>• The Contracting Section is familiar with Davis-Bacon reporting requirements and has incorporated the submission and review of weekly certified payrolls into contracts requiring such reporting.</li> <li>• The Contracting Section is responsible for collecting certified payrolls and will monitor compliance.</li> </ul> <p>Completion Date: February 2012</p>

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**Washington State Housing and Finance Commission (WSHFC)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
11	07	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Washington Housing Finance Commission did not ensure funding it provided to subrecipients of the Tax Credit Assistance Program was reported and audited in accordance with federal regulations.</p> <table border="0"> <tr> <td data-bbox="602 709 760 737"><u>CFDA #</u></td> <td data-bbox="1013 709 1105 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 737 760 764">14.258 - ARRA</td> <td data-bbox="1013 737 1105 764">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Commission concurs with the determination of the State Auditor’s Office (SAO) that the Commission did not ensure subrecipient received federal audits as required. As noted by the SAO, the Commission subsequently corrected the error by receiving and reviewing such audits and will continue to do so for any subsequent years in which the Commission provides Tax Credit Assistance Program funds to a subrecipient.</p> <p>Additionally, the Commission will increase diligence in communicating federal grant information to subrecipients, including providing CFDA numbers and adding clarity on federal requirements for subrecipient audits.</p> <p>February 2012</p>	<u>CFDA #</u>	<u>Amount</u>	14.258 - ARRA	\$0
<u>CFDA #</u>	<u>Amount</u>						
14.258 - ARRA	\$0						

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**Employment Security Department (ESD)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
11	08	<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 comply 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="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>17.225 – ARRA and non-ARRA</td> <td>\$0</td> </tr> </table> <p>Refer to finding 12-11</p> <p>The Department has made and continues to make the necessary improvements to ensure all BAM (Benefit Accuracy Measurement) investigations are accurate, complete and compliant with U.S. Department of Labor requirements.</p> <p>Improvements completed or in process include the following:</p> <ul style="list-style-type: none"> <li>• Revised processes to improve claimant and employer response rates.</li> <li>• Continued increase in supervisory case review and oversight.</li> <li>• Enhanced staff knowledge through training, sharing of best practices and peer case file reviews.</li> <li>• Retention of experienced and knowledgeable investigators.</li> <li>• Increased communication and cooperation with others units in the Department, BAM staff in other states and external regulators.</li> <li>• Increased reference resources available within the Department.</li> <li>• Updating the BAM procedural manual and unit forms.</li> </ul> <p><b>The condition noted in this finding was previously reported in finding 10-08.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-11.</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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 For the Fiscal Year Ended  
 June 30, 2012**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 2012.)

**Department of Transportation (DOT)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	09	<p>Finding: The Department of Transportation did not support over \$768,000 in payroll costs in accordance with federal regulations for the Formula Grants for Other Than Urbanized Areas.</p> <p>Questioned Costs: <u>CFDA #</u> 22.509 – ARRA and non-ARRA <u>Amount</u> non-ARRA: \$643,146.33 ARRA: \$125,631.22</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department appreciates the State Auditor’s work regarding the Formula Grants for Other Than Urbanized Areas. 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. At this time, the Department has taken all corrective actions within its authority to ensure compliance with federal regulations. The Department is awaiting required authorization from the federal grantor to implement its planned correction.</p> <p>On July 1 2011, the Department’s Public Transportation Division (PTD) began charging direct payroll costs to grant programs based on actual time worked in accordance to federal regulations (2CFR225). WSDOT continues to work with the FTA to seek approval of the formalized direct payroll cost allocation plan the PTD submitted in 2009, known as a substitute system. In addition, the Department requested acknowledgement that administrative costs allocated to the Formula Grants for Other Than Urbanized program from 2009-2011 were appropriate. The FTA has not requested that any funds be repaid.</p> <p><b>The condition noted in this finding was previously reported in finding 10-13.</b></p> <p>Completion Date: July 2011</p>

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**Department of Commerce (COM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
11	10	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Commerce does not ensure the funding it provides to sub-recipients is reported and audited in accordance with federal regulations.</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>66.468 - ARRA and non-ARRA</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>81.042 - ARRA and non-ARRA</td> <td></td> </tr> <tr> <td>93.569</td> <td></td> </tr> <tr> <td>93.710 - ARRA</td> <td></td> </tr> </table> <p>Refer to finding 12-09</p> <p>The Department partially concurs with the finding. The Department agrees five subrecipients did not submit audit reports as required and this oversight was not caught. In June 2012 the Department contacted the five subrecipients and verified compliance with A-133 by obtaining copies of audit reports.</p> <p>Subrecipient contract terms and conditions identify the requirement that organizations receiving in excess of \$500,000 in federal funds must have a Circular A-133 audit and submit copies to the Department. The Department has increased periodic reviews of subrecipients with expenditures of federal funds provided by the Department of \$500,000 or more by refining specific audit requirements and reporting functionality in its tracking systems to better follow-up on delinquent reports. In July 2012, the Department added specific audit requirements and reporting functionality to its Contract Management System (CMS) to calculate, by contractor, all Department payments to contractors within the contractor’s fiscal year. Any contractors receiving at or above \$500,000 in federal resources are flagged as requiring an A-133 audit. While the Department recognizes the audit requirement is for funds expended by the contractor, we use the amount disbursed to contractors as a trigger for the flag. The Department also created several reports to enhance follow-up on delinquent reports and increase periodic review: 1) A-133 Audit Tracking – lists all contractors requiring an A-133 audit by contractor Fiscal Year; 2) Audit Required - an exception report with due dates to indicate who has not yet submitted an audit; 3) Audit Findings – a short list which lists all contractors with finding(s) and comments; 4) Audit Findings – a long list which gives expenditure detail by contract to identify funding sources.</p>	<u>CFDA #</u>	<u>Amount</u>	66.468 - ARRA and non-ARRA	\$0	81.042 - ARRA and non-ARRA		93.569		93.710 - ARRA	
<u>CFDA #</u>	<u>Amount</u>												
66.468 - ARRA and non-ARRA	\$0												
81.042 - ARRA and non-ARRA													
93.569													
93.710 - ARRA													

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**Department of Commerce (COM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	10 (Cont'd)	<p>Since it is possible for subrecipients to receive less than \$500,000 from the Department plus additional funds from other sources to exceed the threshold for requiring an A-133, the Department intends to remind subrecipients of this requirement; however, it has no method to determine when this threshold is met. During July 2012 the Department sent subrecipients a general reminder about the threshold for requiring an A-133. The Department is satisfied that program funds expended during this period were appropriate and correct through the monthly invoice verification process, the required documentation review and on-site monitoring conducted for each subrecipient.</p> <p>The Department does not agree that it has the responsibility to ensure subrecipients are reporting all federal program funds in their Schedule of Expenditures of Federal Awards. Further, the Department does not believe it is required to re-audit an A-133 audit prepared by the subrecipient's Certified Public Accountant. Generally accepted accounting principles and federal regulations enumerate many financial statement disclosure requirements with which auditees and auditors must comply. If the State Auditor's Office has concerns about the quality of an audit report, there are procedures for notifying the State Board of Accountancy of those concerns. The Department does not have the expertise to make such judgments.</p> <p>The Department believes timely and appropriate corrective action was completed for the four subrecipient audit findings. There are instances where the Department made the decision to accept the subrecipient's original response to the audit finding and, consequently, has not required any follow-up. This course of action is within the Department's purview. The Department has refined specific corrective action and management decision documentation and reporting functionality in CMS to better centrally document timely and appropriate audit review and corrective action for subrecipient audit findings. By December 2012 the Department intends to implement central documentation and review of corrective action activities in CMS and update procedures.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-09.</p>



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**University of Washington (UW)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>								
11	12	<p><b>Finding:</b> The University of Washington did not comply with the eligibility requirements of federal student financial aid programs.</p> <p><b>Questioned Costs:</b></p> <table border="0"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>84.063 – ARRA and non-ARRA</td> <td>\$ 10,645.00</td> </tr> <tr> <td>84.268</td> <td>\$102,418.00</td> </tr> <tr> <td>93.658 – ARRA and non-ARRA</td> <td>\$ 13,562.00</td> </tr> </tbody> </table> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> The University’s School of Social Work has strengthened its internal control structure. Duties have been segregated so that the Assistant Dean for Student Affairs, who had complete control of the independent study process, no longer approves independent study course proposals. The Directors of the Masters of Social Work (MSW) and the Bachelor of Social Work (BASW) Programs now approve all independent study course proposals. To ensure compliance with this policy, two steps are in place. First, on day 10 of each quarter, the files of all students enrolled in independent study courses are reviewed to ensure that the independent study course proposals are properly documented and approved. Second, periodic checks are conducted by the Associate Dean for Academic Affairs on a sample of students enrolled in independent study courses to ensure that proposals are properly documented and approved.</p> <p>The University currently provides guidance to students regarding their eligibility for Student Financial Aid via a number of communication mechanisms, including secure websites with individual student eligibility information, written, verbal and email communication from financial aid counselors and printed publications and websites relating to general financial aid information. In the future, typically at the beginning of the Fall Quarter, alerts will be sent to undergraduate and graduate academic department advisors directing them to University policies regarding financial aid eligibility. These alerts will also serve to remind them that they should direct students who have questions or concerns about financial aid to the Office of Student Financial Aid.</p> <p>On March 9, 2012, the University of Washington received the Final Program Review Determination Letter from the U.S. Department of Education (DOE) for the questioned costs related to the Pell Grant Program, CFDA #84.063. The total amount of repayment that they are requesting is \$10,668.62 (which is the amount of overpayment plus interest). Payment was sent to DOE on April 17, 2012.</p>	<u>CFDA #</u>	<u>Amount</u>	84.063 – ARRA and non-ARRA	\$ 10,645.00	84.268	\$102,418.00	93.658 – ARRA and non-ARRA	\$ 13,562.00
<u>CFDA #</u>	<u>Amount</u>									
84.063 – ARRA and non-ARRA	\$ 10,645.00									
84.268	\$102,418.00									
93.658 – ARRA and non-ARRA	\$ 13,562.00									

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**University of Washington (UW)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	12 (Cont'd)	<p>On March 9, 2012, the University of Washington received the Final Program Review Determination Letter from the U.S. Department of Education (DOE) for the Federal Direct Student Loan Program, CFDA #84.268. The total amount of repayment that they are requesting is \$9,530.74. This figure takes into consideration the amount of loans improperly awarded (\$102,418), the expected repayment amount of the loans to be received from students after applying our institutional default rate, and additional interest incurred. Payment was sent to DOE on April 17, 2012.</p> <p>The University of Washington sent a check to the Department of Social and Health Services on February 14, 2012 in the amount of \$13,562 to repay the questioned costs on the Foster Care Title IV-E grant, CFDA #93.658.</p> <p>Completion Date: Estimated October 2012</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
11	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 Social and Health Services is not complying with federal requirements for suspension and debarment for its federal Vocational Rehabilitation Program.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>84.126</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>84.390 - ARRA</td> <td></td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding.</p> <p>The Department's Division of Vocational Rehabilitation (DVR) purchases client services with a STARS Authorization for Purchase (AFP).</p> <p>DVR added a suspension and debarment clause to the terms and conditions of the AFP. Also, language was added to the beginning of the AFP and to the terms and condition that states the AFP is a binding contract once the vendor agrees to the terms and/or begins providing the services.</p> <p><b>The condition noted in this finding was previously reported in finding 10-23.</b></p> <p>February 2012</p>		<u>CFDA #</u>	<u>Amount</u>	84.126		\$0	84.390 - ARRA		
	<u>CFDA #</u>	<u>Amount</u>										
84.126		\$0										
84.390 - ARRA												

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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>							
11	14	Finding:  Questioned Costs:  Status:  Corrective Action:         Completion Date:	The Department of Services for the Blind is not complying with federal requirements for suspension and debarment for its federal Vocational Rehabilitation Program.  <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.126</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">84.390 - ARRA</td> <td></td> </tr> </table> Refer to finding 12-15  The Department concurs with this finding and has taken the following steps to ensure all vendors receiving more than \$25,000 in vocational rehabilitation funds are not suspended or debarred: <ul style="list-style-type: none"> <li>• Expanded its General Terms and Conditions (GT&amp;Cs) to include suspension and debarment certification language;</li> <li>• Attached the expanded GT&amp;Cs to all service delivery outcome plans and contracts;</li> <li>• Started monthly reviews if a current vendor has received more than \$25,000 in grant funds in the preceding twelve months. If so, staff will verify the vendor has signed the GT&amp;Cs providing the necessary certification; and</li> <li>• Trained staff to ensure these procedures are implemented.</li> </ul> The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-15.	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0	84.390 - ARRA	
<u>CFDA #</u>	<u>Amount</u>								
84.126	\$0								
84.390 - ARRA									

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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>									
11	15	<p>Finding: The Department of Services for the Blind did not comply with federal requirements regarding services charged to the Vocational Rehabilitation Program.</p> <table border="0" data-bbox="440 709 1136 800"> <tr> <td data-bbox="440 709 568 737">Questioned</td> <td data-bbox="607 709 699 737"><u>CFDA #</u></td> <td data-bbox="1013 709 1105 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 737 509 764">Costs:</td> <td data-bbox="607 737 683 764">84.126</td> <td data-bbox="1013 737 1136 764">\$20,676.00</td> </tr> <tr> <td></td> <td data-bbox="607 764 781 791">84.390 - ARRA</td> <td data-bbox="1013 764 1131 791">\$ 36.00</td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department acknowledges the finding. In March 2012, the Department submitted to the U.S. Department of Education Rehabilitation Services Administration (RSA) a request for determination on whether the tools and methods developed by the Department for documenting estimated individual plans for employment (IPE) goods and services costs, modification of cost estimates, service date ranges, extension of general timeliness guidelines and active client involvement in decision making meet necessary requirements.</p> <p>If RSA finds a need for closer alignment of IPE content and accompanying detailed case narrative, the Department will by January 2013 focus staff training on updating standardized IPE responses, and making other necessary process adjustments as directed by RSA.</p> <p>The Department will handle questioned costs pursuant to direction from RSA.</p> <p>Completion Date: Estimated January 2013</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	84.126	\$20,676.00		84.390 - ARRA	\$ 36.00
Questioned	<u>CFDA #</u>	<u>Amount</u>									
Costs:	84.126	\$20,676.00									
	84.390 - ARRA	\$ 36.00									

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**Department of Early Learning (DEL)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan						
11	16	<p><b>Finding:</b> The Department of Early Learning did not comply with time and effort requirements for its Special Education Grants for Infants and Families for the Early Support for Infants and Toddlers Program.</p> <p><b>Questioned Costs:</b></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>84.181</td> <td style="text-align: right;">\$96,711.00</td> </tr> <tr> <td>84.393 - ARRA</td> <td></td> </tr> </table> <p><b>Status:</b> Corrective action complete</p> <p><b>Corrective Action:</b> The Department acknowledges that two payroll certifications (for one employee) out of the entire Early Support for Infants and Toddlers (ESIT) program were not obtained. The Department did contact the employee after this was discovered, who responded that 100% of his time was devoted to the work funded under the Special Education Grant. However, this retroactive certification was not allowed by the auditor.</p> <p>This specific employee completed a certificate for every period while the program was at the Department of Social and Health Services. However, when the program transferred to the Department of Early Learning, somehow the follow-through did not occur and his certificates were never received by the Fiscal Manager. This was a clear indication that the Department needed to tighten up its process for ensuring a certificate is completed for all the ESIT staff.</p> <p>Steps have already been taken to ensure this does not happen again. The ESIT Fiscal Program Manager (FPM) implemented the following procedures:</p> <ul style="list-style-type: none"> <li>• Developed a certification tracking grid containing a list of ESIT program and ESIT IT staff.</li> <li>• Scanned and electronically stored all certificates.</li> <li>• Delivered original hard copy certificates to the Fiscal Office for recording/filing.</li> </ul> <p>The Department will continue to use the tracking grid as a checklist to ensure that all certificates are obtained from ESIT program and ESIT IT staff.</p> <p>The U.S. Department of Education is not requiring the Department to pay back the questioned costs.</p> <p><b>Completion Date:</b> February 2012</p>	<u>CFDA #</u>	<u>Amount</u>	84.181	\$96,711.00	84.393 - ARRA	
<u>CFDA #</u>	<u>Amount</u>							
84.181	\$96,711.00							
84.393 - ARRA								

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
11	17	<p>Finding: The Department of Health does not monitor subrecipients of the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.</p> <table border="0" data-bbox="440 709 1149 800"> <tr> <td data-bbox="440 709 565 737">Questioned</td> <td data-bbox="607 709 699 737"><u>CFDA #</u></td> <td data-bbox="1013 709 1105 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 737 509 764">Costs:</td> <td data-bbox="607 737 683 764">93.069</td> <td data-bbox="1013 737 1149 764">\$480,000.00</td> </tr> <tr> <td></td> <td data-bbox="607 764 683 791">93.889</td> <td data-bbox="1013 764 1149 791">\$190,832.00</td> </tr> </table> <p>Status: Refer to finding 12-20</p> <p>Corrective Action: The Department partially concurs with the State Auditor’s Office (SAO) finding, and has or will implement corrective action to:</p> <ul data-bbox="643 989 1458 1814" style="list-style-type: none"> <li>• Collect all required A-133 reports from subrecipient entities that are required to provide them, and ensure that they are reviewed. Where subrecipient entities do not comply with this requirement, the Department will initiate appropriate sanctions consistent with the A-133 compliance supplement.</li> <li>• Follow up on issues identified through both the A-133 audits and subrecipient monitoring in a more timely and coordinated manner and formalize this process in policy and procedure. However, the Department wishes to emphasize that these efforts are in place, and that it is collecting questioned costs relating to subrecipient monitoring activities.</li> <li>• Notify subrecipients of grant information as described in the A-133 compliance supplement.</li> <li>• Increase the scope of the documentary review performed in contracted monitoring visits, in a measured way, beginning with the calendar year 2012 fiscal monitoring visits.</li> <li>• Collect summary level expenditure information as part of its invoicing process for subrecipients participating in its consolidated contracting process.</li> <li>• Consider similar summary-level documentation requirements for non profits and Native American tribes with whom the Department has subrecipient relationship.</li> </ul>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.069	\$480,000.00		93.889	\$190,832.00
Questioned	<u>CFDA #</u>	<u>Amount</u>									
Costs:	93.069	\$480,000.00									
	93.889	\$190,832.00									

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	17 (Cont'd)	<p>The Department is also reviewing OMB guidance in light of certain regulatory interpretations by the SAO, and will formalize Department subrecipient monitoring practices, including follow up, in policy and procedure.</p> <p>The Department will work with its federal grantor to resolve the questioned costs identified by the SAO.</p> <p><b>The condition noted in this finding was previously reported in finding 10-25.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-20.</p>

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**Department of Health (DOH)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
11	18	Finding:  Questioned Costs:  Status:  Corrective Action:       Completion Date:	<p>The Department of Health did not comply with federal reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.</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>93.069</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.889</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>In response to this finding, the Department’s Grants Management Office has developed:</p> <ul style="list-style-type: none"> <li>• Written procedures for preparing the Federal Financial Report (FFR) which include (a) FFR filing timeline, (b) FFR completion instructions, and (c) FFR review instructions. Additionally, FFR backup documents are stapled or otherwise attached to the FFR to prevent being lost or misplaced.</li> <li>• Written instructions for completing the Federal Cash Transaction Report (FCTR). Additionally, FCTR backup documents are stapled or otherwise attached to the FCTR to prevent being lost or misplaced.</li> </ul> <p>The Department’s Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs have improved the documentation of the procedures for completing required reports.</p> <p>June 2012</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>									
11	19	<p>Finding: Department of Health did not maintain the federally required documentation for \$189,000 in payroll costs charged to the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.</p> <table border="0"> <tr> <td data-bbox="440 709 565 737">Questioned</td> <td data-bbox="607 709 699 737"><u>CFDA #</u></td> <td data-bbox="1013 709 1105 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 741 509 768">Costs:</td> <td data-bbox="607 741 683 768">93.069</td> <td data-bbox="1013 741 1149 768">\$114,206.06</td> </tr> <tr> <td></td> <td data-bbox="607 772 683 800">93.889</td> <td data-bbox="1013 772 1149 800">\$ 75,686.14</td> </tr> </table> <p>Status: Refer to finding 12-57</p> <p>Corrective Action: The State Auditor’s Office (SAO) first identified the time keeping record issue for the program managers in the 2010 state fiscal year single audit which was released in March of 2011. Effective January 1, 2011 when the Department became aware of the time keeping record issue, it was corrected and the Department believes this issue is resolved.</p> <p>The 2011 state fiscal year single audit also noted that a number of program employees began keeping time sheets during 2011 and also completed quarterly payroll certifications. SAO classified this as an exception and a questioned cost because the two documents did not agree. This error has also been corrected.</p> <p>The Department will work with the federal grantors to resolve the questioned costs identified by the SAO.</p> <p><b>The condition noted in this finding was previously reported in finding 10-26.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-57.</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.069	\$114,206.06		93.889	\$ 75,686.14
Questioned	<u>CFDA #</u>	<u>Amount</u>									
Costs:	93.069	\$114,206.06									
	93.889	\$ 75,686.14									

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
11	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 have sufficient internal controls to ensure federal requirements for matching and level of effort are met for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.069</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.889</td> <td></td> <td></td> </tr> </table> <p>Refer to finding 12-21</p> <p>The Department concurs with the State Auditor’s Office (SAO) finding.</p> <p>In response to the SAO recommendation, the Department has developed and implemented additional means of tracking the matching related transactions for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness grants.</p> <p>The Department is working to determine how to properly present the maintenance of funding (MOF) requirement.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-21.</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 Social and Health Services (DSHS)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	21	<p>Finding: The Department of Social and Health Services, Division of Child Support, did not comply with federal regulations on documentation for employee salaries and wages charged to the Child Support Enforcement Program.</p> <p>Questioned Costs: <u>CFDA #</u> 93.563 – ARRA and non-ARRA <u>Amount</u> \$65,432.56</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding however, the Department does not concur with the questioned costs.</p> <p>In October 2011 the Department implemented the following procedures to ensure only allowable salaries and benefits are charged to the Child Support Enforcement Grant:</p> <ul style="list-style-type: none"> <li>• All employees who do not work 100% on the grant are required to complete monthly time sheets, recording the actual hours worked on each program;</li> <li>• Employees whose job duties change, or are reassigned, during the certification period, are required to complete time sheets beginning the month the change occur and each month thereafter;</li> <li>• Fiscal staff began and continue working with program staff to ensure that time sheets are completed and submitted for all affected employees;</li> <li>• Cost coding was changed for those employees serving in developmental job assignments (DJA) outside of the child support program, removing them from the grant; and</li> <li>• From October 2011 forward, semi-annual certifications are allowed only for employees who work 100% on the grant.</li> </ul> <p>When the U.S. Department of Health and Human Services (HHS) contacts the Department about questioned costs identified in this audit, the Department will negotiate repayment and take action as recommended by HHS.</p> <p>Completion Date: October 2011</p>

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**Department of Commerce (COM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
11	22	<p>Finding: The Department of Commerce, Community Services and Housing Division, did not comply with period of availability requirements for its Community Services Block Grant program.</p> <table border="0" data-bbox="441 709 1149 800"> <tr> <td data-bbox="441 709 565 737">Questioned</td> <td data-bbox="607 709 699 737"><u>CFDA #</u></td> <td data-bbox="1013 709 1105 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="441 737 509 764">Costs:</td> <td data-bbox="607 737 683 764">93.569</td> <td data-bbox="1013 737 1149 764">\$147,422.00</td> </tr> <tr> <td></td> <td data-bbox="607 764 781 791">93.710 - ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding. Department program staff did not properly review the pre-coded payment documentation to ensure costs were within the proper period of availability. Subrecipients used an out-of-date pre-coded payment document template with closed 2009 award year coding. Neither program staff nor fiscal staff verified nor corrected the old coding. As a result, \$57,071.69 was paid beyond the period of availability for 2009. Commerce fiscal staff did not properly review costs transferred from one grant year to another grant year to ensure costs were within the proper period of availability. Program staff inadvertently chose items outside the period of availability when requesting a transfer. Fiscal staff reviewing the work of newly trained fiscal staff did not properly verify backup documentation for the transfer. As a result, \$90,350.46 transferred was not properly identified within the period of availability for the 2009 award year.</p> <p>In February 2012, fiscal and program staff reviewed and corrected the \$147,422.15 questioned 2009 grant year costs by transfer to the correct grant year per the period of availability. Appropriate costs within the period of availability for the 2009 grant were identified and subsequently transferred, resulting in zero net impact to the Community Services Block Grant 2009 award year.</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.569	\$147,422.00		93.710 - ARRA	
Questioned	<u>CFDA #</u>	<u>Amount</u>									
Costs:	93.569	\$147,422.00									
	93.710 - ARRA										

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**Department of Commerce (COM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	22 (Cont'd)	<p>The Department concurs with the Auditors recommendations to properly review payment costs for proper period of availability and stop providing pre-coded payment documents to subrecipients. The Department has reiterated document review and approval expectations with program and fiscal staff. During April 2012 all pre-coding was removed from payment document (invoice) templates and a request was sent to contractors asking them to stop using old pre-coded templates.</p> <p>Understanding a federal program may have awards with overlapping / concurrent periods of availability, in January 2012 the Department added award tracking to its Contract Management System (CMS), including award first-in-first-out (FIFO) functionality to help reduce or eliminate cost transfers at award end between award years. In June 2012, the Department began entering Community Services Block Grant awards in CMS using the FIFO functionality.</p> <p>In July 2012, the Department added CMS system edits to notify users when attempting to use coding not associated with the contract. The Department intends to add additional CMS system edits to notify when an award end date is past, prior to allowing payment and an edit to prevent payment 45 days beyond the award end date.</p> <p><b>The condition noted in this finding was previously reported in finding 10-30.</b></p> <p>Completion Date: Estimated October 2012</p>

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	23	<p>Finding: The Department of Early Learning and the Department of Social and Health Services do not have adequate internal controls over direct payments to child care providers.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u>            93.575 \$0            93.596            93.713 – ARRA</p> <p>Status: Refer to finding 12-28</p> <p>Corrective Action: As reported in past audit reports, the Department of Early Learning (DEL) and the Department of Social and Health Services (DSHS) have taken steps to improve control over child care payments, such as increasing communications to the public on fraud-reporting options, and researching options for a new electronic attendance tracking system. DEL and DSHS Office of Fraud and Accountability have been working closely on payment and fraud related issues. Electronic attendance as a project has been formally funded by the legislature beginning July 2012 and is anticipated to go live no later than July 2015.</p> <p>The agencies have begun, or will implement additional measures as follows:</p> <ul style="list-style-type: none"> <li>• In January 2012, DEL added 5 new staff specifically to audit child care subsidy payments by comparing subsidy child care provider billings with attendance records. DEL is seeking budgetary authority to expand this to 10 FTEs by using federal Child Care Development Block grant money to fund the additional 5 FTEs.</li> <li>• DEL auditors expand the audit scope when they identify a child care provider that billed incorrectly. Providers are randomly selected for audit and include high billing providers from all three types: centers, family homes and license exempt providers. This is an on-going activity. Initial results for July 2011 included \$160,000 in overpayments with expanded audits occurring for August and September based on the July results. October 2011 is underway, with no final results to report.</li> </ul> <p>In accordance with the terms of the collective bargaining agreement with Service Employees International Union 925, DEL contracts with a third party to provide training on subsidy billing to licensed family home and license exempt providers. Training has been updated to reflect changes in rules in the past several months and is anticipated to be re-launched in October 2012.</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	23 (Cont'd)	<ul style="list-style-type: none"> <li>• DEL will contract with a third party to develop on-line training for subsidy billing for child care center billing staff. A child care center billing training booklet has been finalized and is available on line.</li> <li>• DEL continues to work with the third party contractor that provides training on subsidy billing to licensed family home and license exempt providers to complete the training for centers. With the completion of this training a foundation has been made for the work of the online training for centers.</li> </ul> <p style="text-align: center;"><b>The condition noted in this finding was previously reported in finding 10-31.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-28.</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	24	<p>Finding: The Department of Social and Health Services, Children's Administration, is not ensuring the eligibility of clients receiving Adoption Assistance payments.</p> <p>Questioned Costs: <u>CFDA #</u> 93.659 – ARRA and non-ARRA <u>Amount</u> \$33,624.00</p> <p>Status: Refer to finding 12-32</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>The Department has trained staff and conducted spot checks of payments. In February 2012, the Children’s Administration sent a memo that included procedures and controls for setting up and managing adoption support payments to all adoption support staff and managers. Also, an in-service was conducted with staff to review procedures and controls.</p> <p>In September 2012 the Department reviewed all payments on the exception list. Those paid in error have been referred to the Office of Financial Recovery for collection. The federal portion of the incorrect payments were returned to the federal grantor.</p> <p>The Department has developed system controls in Famlink (the Department’s child welfare and payment system) that suspend payments after a child turns 18 years. The new controls will ensure payments can only be resumed after staff has manually confirmed the payments made for the adopted child are warranted. Additionally, staff must ask a separate fiduciary employee to continue the payments. The controls are currently being tested and testing is scheduled to be concluded in December 2012.</p> <p><b>The condition noted in this finding was previously reported in finding 10-32.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-32.</p>

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>													
11	25	<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 hospitals in accordance with state law, which could increase the risk of Medicaid clients receiving substandard care services.</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</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</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>Refer to finding 12-33</p> <p>The Department concurs with this finding.</p> <p>The Department is creating a dedicated hospital survey team that will have sufficient staff resources to complete hospital surveys within the required time frames. This process should be completed by February 2014.</p> <p>The Department explored funding sources and expanded recruitment efforts in order to attract and pay for more resources to support this team. The Department’s goal is to add two additional inspectors. The recruitment process was completed by September 2012.</p> <p>The Department is conducting a thorough study of its survey process to explore potential greater efficiencies in the face of ever-increasing regulatory burdens due to heightened federal standards, the hospital growth and the like. This study should be completed by April of 2013.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-33.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	\$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>													
11	26	<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 paid Medicaid providers for services that were not provided to Medicaid beneficiaries.</p> <table border="0"> <thead> <tr> <th data-bbox="609 680 706 705"><u>CFDA #</u></th> <th data-bbox="1015 680 1112 705"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 709 706 735">93.720</td> <td data-bbox="1015 709 1274 735">non-ARRA: \$45,624.90</td> </tr> <tr> <td data-bbox="609 739 706 764">93.775</td> <td data-bbox="1015 739 1274 764">ARRA: \$ 9,899.69</td> </tr> <tr> <td data-bbox="609 768 706 793">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 798 706 823">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 827 966 852">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>The Department will continue its work to strengthen processes that may provide a timelier and more consistent way to inform field staff about deceased clients. More specifically, the Department has taken or will take the following actions:</p> <ul style="list-style-type: none"> <li>• In March 2012 the Invalid Payment Report was implemented and is utilized on an ongoing basis.</li> <li>• In April 2012 all exceptions identified in the audit were reviewed and overpayments were established for all unallowable payments.</li> <li>• By November 2012 the Overpayment Policy will be finalized.</li> </ul> <p>The Department will work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be reimbursed.</p> <p>Estimated November 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$45,624.90	93.775	ARRA: \$ 9,899.69	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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**Department of Social and Health Services (DSHS)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	27	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Office of Financial Recovery, did not have adequate controls to ensure the federal share of overpayments made to Medicaid providers is refunded to the federal government in an accurate and timely manner.</p> <table border="0"> <thead> <tr> <th data-bbox="609 737 706 766"><u>CFDA #</u></th> <th data-bbox="1015 737 1112 766"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 766 706 798">93.720</td> <td data-bbox="1015 766 1112 798">\$0</td> </tr> <tr> <td data-bbox="609 798 706 829">93.775</td> <td></td> </tr> <tr> <td data-bbox="609 829 706 861">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 861 706 892">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 892 706 924">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Refer to finding 12-56</p> <p>The Department concurs with this finding.</p> <p>Corrective action was implemented by the Department in October 2011. At that time all Department administrations and partners (Health Care Authority) received the first quarterly notification from the Department’s Office of Financial Recovery (OFR) that all overpayments were to be submitted to the OFR for collection and reimbursement to the federal government as required by administrative policy and law. Also, the notification was sent to all parties again in January 2012.</p> <p>In October 2011, OFR also started a quarterly notification process that reminds Department administrations to submit all overpayments to OFR in a timely manner. The second quarterly notification was sent to all parties again in January 2012. This will allow OFR to repay the federal government in a timely manner.</p> <p><b>The condition noted in this finding was previously reported in finding 10-49.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-56.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
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**Department of Social and Health Services (DSHS)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	28	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:	<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"> <thead> <tr> <th data-bbox="609 680 706 709"><u>CFDA #</u></th> <th data-bbox="1015 680 1112 709"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 709 706 739">93.720</td> <td data-bbox="1015 709 1474 739">non-ARRA: \$25,498.50</td> </tr> <tr> <td data-bbox="609 739 706 768">93.775</td> <td data-bbox="1015 739 1474 768">ARRA: \$ 5,696.71</td> </tr> <tr> <td data-bbox="609 768 706 798">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 798 706 827">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 827 1474 856">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>This finding involved two administrations within the Department, the Children’s Administration (CA) and the Economic Services Administration (ESA). Both concur with the finding, and have or will implement the following corrective action:</p> <p>CA has:</p> <ul style="list-style-type: none"> <li>Reviewed the four exceptions identified in the audit. CA determined three cases were closed because clients did not apply for social security numbers; the fourth client applied for a social security number in August 2011. Communicated to staff who verify SSNs the Department’s procedures along with additional tools that have been developed to identify SSNs.</li> </ul> <p>ESA has:</p> <ul style="list-style-type: none"> <li>In January 2012 the Automated Client Eligibility System (ACES) was updated to allow SSN verification at the time of application screening. Staff can verify an applicant’s SSN through a real time cross match with the Social Security Administration database by way of the State On-line Query (SOLQ).</li> <li>In February 2012 the two exceptions identified in the audit were reviewed and corrected.</li> </ul> <p>June 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$25,498.50	93.775	ARRA: \$ 5,696.71	93.776		93.777		93.778 – ARRA and non-ARRA	
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**Department of Social and Health Services (DSHS)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	29	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services does not have adequate internal controls to ensure Medicaid payments to in-home service providers are allowable and supported.</p> <table border="0"> <thead> <tr> <th data-bbox="609 709 706 739"><u>CFDA #</u></th> <th data-bbox="1015 709 1112 739"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 739 706 768">93.720</td> <td data-bbox="1015 739 1274 768">non-ARRA: \$9,664.64</td> </tr> <tr> <td data-bbox="609 768 706 798">93.775</td> <td data-bbox="1015 768 1274 798">ARRA: \$2,367.93</td> </tr> <tr> <td data-bbox="609 798 706 827">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 827 706 856">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 856 966 886">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department does not concur with this finding. It is the Department’s opinion there are adequate controls in place. Current controls are:</p> <ul style="list-style-type: none"> <li>• Individual providers submit a signed invoice through the mail or through the state’s Interactive Voice Response System to the Department of Social and Health Services for payment. This serves as verification and documentation that they have provided the services for which they are requesting payment. The state retains these invoices/records as the record that providers have attested to the number of service hours provided to the recipient.</li> <li>• Case managers complete an assessment that results in an authorization of hours that cannot be exceeded by a provider invoice.</li> <li>• Recipients receive a copy of the service summary that tells them the number of hours of service they are eligible to receive. Recipients are advised they can choose when those hours are provided and direct the individual provider when to provide them. Case Managers also advise recipients to contact them if they are not receiving the hours (or care) for which they are eligible.</li> <li>• Recipients are expected to keep copies of timesheets for their individual providers. Case Managers periodically review these time sheets and verify with the recipient that authorized services have been provided. Case managers are instructed to document the review of time sheets and the discussion of service verification in a Service Episode Record.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$9,664.64	93.775	ARRA: \$2,367.93	93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	non-ARRA: \$9,664.64														
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**State of Washington  
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 For Years Prior to Fiscal Year 2012**

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

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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>
11	29 (Cont'd)	<ul style="list-style-type: none"> <li>• Timesheet auditing has been added to the annual Quality Assurance monitoring cycle.               <ul style="list-style-type: none"> <li>○ In August 2011, all individual providers delivering personal care services received a written reminder of their obligation to keep a record of the date/time that in-home services are provided to Aging and Disability Services Administration (ADSA) recipients and complete and retain copies of their timesheets.</li> <li>○ In September 2011, ADSA audited a statistically valid sample of individual provider time sheets to ensure that services billed for were consistent with timesheet documentation submitted. In instances where the billed hours differed from timesheet records or timesheets were not provided, service receipt was verified with the recipient. Corrective actions were taken which included contract termination and processing overpayments.</li> </ul> </li> </ul> <p>In spite of these controls, the Department will take the following actions to ensure Medicaid payments to in-home service providers are allowable and supported.</p> <ul style="list-style-type: none"> <li>• By October 2012 the Department will monitor a randomly selected, statistically valid sample of in-home providers. The Department will verify with selected recipients that Medicaid billed services were received.</li> <li>• By December 2012 the Department will audit a randomly selected sample of individual provider timesheets to determine if services billed for are consistent with timesheet documentation that was submitted.</li> </ul> <p>In July 2012 the Department learned the U.S. Department of Health and Human Services (HHS) will not determine the status of questioned costs until the audit makes its way through the Federal audit clearinghouse. It could be one to two years before HHS makes a decision on questioned costs. When HHS reviews the audit the Department will work with them on questioned costs.</p> <p><b>The condition noted in this finding was previously reported in finding 10-42.</b></p> <p>Completion            Date: Estimated December 2012</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	30	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, did not ensure the level of in-home care services is appropriate and clients are still eligible for assistance at least annually.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u>            93.720 non-ARRA: \$42,041.10            93.775 ARRA: \$ 8,894.94            93.776            93.777            93.778 – ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department partially concurs with this finding. The Department agrees that a very small percentage of assessments (56 out of 57,472) were late. However, the Department does not concur with the questioned costs as each client for whom payments were made remained eligible for Medicaid services during the period the assessment was out of date. The Department believes it has strong internal controls to ensure that level of care assessments for clients receiving in-home care is performed at least every twelve months.</p> <p>In July 2012 the Department learned the U.S. Department of Health and Human Services (HHS) will not determine the status of questioned costs until the audit makes its way through the Federal audit clearinghouse. It could be one to two years before HHS makes a decision on questioned costs. When HHS reviews the audit the Department will work with them on questioned costs.</p> <p><b>The condition noted in this finding was previously reported in finding 10-39.</b></p> <p>Completion Date: July 2012</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>																		
11	31	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, charged approximately \$36,000 to the Medicaid program for services provided to ineligible individuals.</p> <table border="0"> <tr> <td data-bbox="440 709 565 737">Questioned</td> <td data-bbox="607 709 699 737"><u>CFDA #</u></td> <td data-bbox="1013 709 1105 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 741 509 768">Costs:</td> <td data-bbox="607 741 683 768">93.720</td> <td data-bbox="1013 741 1279 768">non-ARRA: \$18,101.36</td> </tr> <tr> <td></td> <td data-bbox="607 772 683 800">93.775</td> <td data-bbox="1062 772 1279 800">ARRA: \$ 4,630.08</td> </tr> <tr> <td></td> <td data-bbox="607 804 683 831">93.776</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 835 683 863">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 867 954 894">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>The Department inadvertently did not account for the July 2010 CHIP expenditure correction. This was corrected in December 2011 by returning funds to Medicaid and charging the enhanced CHIP funding.</p> <p>Also, in July 2011 the Department established new payment codes for state only and CHIP enhanced clients. This ensures only eligible Medicaid expenditures are charged to the Medicaid program.</p> <p>Completion Date: December 2011</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.720	non-ARRA: \$18,101.36		93.775	ARRA: \$ 4,630.08		93.776			93.777			93.778 – ARRA and non-ARRA	
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 For the Fiscal Year Ended  
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**Department of Social and Health Services (DSHS)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>																		
11	32	<p>Finding: The Department of Social and Health Services does not have an adequate process to identify ineligible Medicaid expenditures for nonqualified aliens at the time of payment, resulting in \$52,104 in questionable costs.</p> <table border="0"> <tr> <td data-bbox="440 709 565 737">Questioned</td> <td data-bbox="607 709 699 737"><u>CFDA #</u></td> <td data-bbox="1013 709 1105 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 741 509 768">Costs:</td> <td data-bbox="607 741 683 768">93.720</td> <td data-bbox="1013 741 1279 768">non-ARRA: \$43,039.37</td> </tr> <tr> <td></td> <td data-bbox="607 772 683 800">93.775</td> <td data-bbox="1062 772 1279 800">ARRA: \$ 9,065.34</td> </tr> <tr> <td></td> <td data-bbox="607 804 683 831">93.776</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 835 683 863">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 867 954 894">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding. The Department acknowledged that Medicaid funds were used to serve non-qualified alien clients. Procedures have been implemented to prevent this from occurring in the future.</p> <p>In November 2011 the Department corrected the exceptions identified in the audit. All questioned costs have been reimbursed to Medicaid.</p> <p>In April 2012 the Department developed new payment codes that are used to move alien clients to state only funded programs.</p> <p>Completion Date: April 2012</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.720	non-ARRA: \$43,039.37		93.775	ARRA: \$ 9,065.34		93.776			93.777			93.778 – ARRA and non-ARRA	
Questioned	<u>CFDA #</u>	<u>Amount</u>																		
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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>
11	33	<p>Finding: 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 Medicaid clients receiving home and community based services.</p> <p>Questioned <u>CFDA #</u> <u>Amount</u>            Costs: 93.720 \$0            93.775            93.776            93.777            93.778 – ARRA and non-ARRA</p> <p>Status: Refer to finding 12-35</p> <p>Corrective Action: The Department concurs with this finding.            The Department has taken the following actions to correct the deficiencies identified in the finding:</p> <ul style="list-style-type: none"> <li>• In February 2012 the Department convened a meeting of the Home and Community Services (HCS) Director, regional financial coordinators, and the HQ financial eligibility manager. All HCS offices will use the Audit 99 program to audit the financial determinations processed by all financial services specialists (FSS). Audit 99 is used to track case audits at the local office level. Data can be rolled-up for regional and state-wide reports.</li> <li>• In June 2012 all HCS office staff were notified that Audit 99 was to be utilized when auditing the work of the Financial Services Specialists.</li> <li>• In August 2012 a Management Bulletin was issued to all Home and Community Services financial staff that listed the requirements for auditing the work of Financial Services Specialists (FSS). Once an FSS becomes proficient there will be two audits per month of his/her work.</li> </ul> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-35.</p>

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 For the Fiscal Year Ended  
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**Department of Social and Health Services (DSHS)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>													
11	34	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, 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"> <thead> <tr> <th data-bbox="609 709 706 739"><u>CFDA #</u></th> <th data-bbox="1015 709 1112 739"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 739 706 768">93.720</td> <td data-bbox="1015 739 1474 768">non-ARRA: \$368,404.41</td> </tr> <tr> <td data-bbox="609 768 706 798">93.775</td> <td data-bbox="1015 768 1474 798">ARRA: \$ 81,221.28</td> </tr> <tr> <td data-bbox="609 798 706 827">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 827 706 856">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 856 1474 886">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Refer to finding 12-41</p> <p>The Department concurs with this finding.</p> <p>The Department will work to ensure that each Area Agency on Aging (AAA) has a strong tracking system in place to ensure that all providers have current background checks and that authorizations are terminated when providers are noncompliant with background check requirements. The Department has taken the following action:</p> <ul style="list-style-type: none"> <li>• In July 2012 determined no payments or contacts were required to be terminated because providers obtained all background checks.</li> <li>• In August 2012 finalized and distributed to field staff a Management Bulletin (Internal Background Check Processes for AAAs).</li> <li>• In July 2012 the Department learned the U.S. Department of Health and Human Services (HHS) will not determine the status of questioned costs until the audit makes its way through the Federal audit clearinghouse. It could be one to two years before HHS makes a decision on questioned costs. When HHS reviews the audit the Department will work with them on questioned costs.</li> </ul> <p>The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-41.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$368,404.41	93.775	ARRA: \$ 81,221.28	93.776		93.777		93.778 – ARRA and non-ARRA	
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93.720	non-ARRA: \$368,404.41														
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 For the Fiscal Year Ended  
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**Department of Social and Health Services (DSHS)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>												
11	35	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration does not have adequate controls to ensure Medicaid recipients have received the services for which Medicaid is billed.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</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> <p>Status: Refer to finding 12-34</p> <p>Corrective Action: The Department did not concur with this finding and is of the opinion there are strong controls in place currently to ensure that recipients receive services for which Medicaid is being billed. These are:</p> <ul style="list-style-type: none"> <li>• Case managers complete an assessment that results in an authorization of hours that cannot be exceeded by a provider invoice.</li> <li>• Recipients receive a copy of the service summary that tells them the number of hours of service they are eligible to receive. Recipients are advised they can choose when those hours are provided and direct the individual provider when to provide them. Case Managers also advise recipients to contact them if they are not receiving the hours (or care) for which they are eligible.</li> <li>• Recipients are expected to keep copies of timesheets for their individual providers which are periodically reviewed by case managers.</li> <li>• Timesheet auditing has been added to the Department’s annual Quality Assurance monitoring cycle.</li> <li>• The Department, through its Payment Review Program, runs algorithms to detect possible fraudulent claims. Overpayments are initiated and referrals are made to the Medicaid Fraud Control Unit as appropriate.</li> <li>• The Social Service Payment System will not process payments in excess of hours authorized.</li> </ul> <p>Also, the Department has added service verification monitoring to the Quality Assurance monitoring cycle. Starting in October 2012 the Department is verifying with the selected recipients that Medicaid billed services were received. Based on the findings, correction action is being taken. Such action includes, as appropriate, processing of overpayments, procuring the needed services that were not provided, terminating contracts with the providers, and referrals to the Medicaid Fraud Control Unit for further action.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>													
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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>
11	35 (Cont'd)	<p>By December 2012, the Department will:</p> <ul style="list-style-type: none"> <li>• Audit a randomly selected sample of Individual Provider's timesheets to determine if services billed for are consistent with timesheet documentation submitted.</li> <li>• Determine if an automated solution is a possibility.</li> </ul> <p><b>The condition noted in this finding was previously reported in finding 10-36.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-34.</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>												
11	36	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, does not have adequate controls in place to ensure all applicant-owned assets are counted when Medicaid eligibility is determined.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</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> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department does not concur with this finding The Department does not agree that federal rules require verification of financial statements for the previous five years, unless a transfer has been declared or there are inconsistent facts in the record or other problems with the application. The Department submitted its policies and procedures to the Centers for Medicare and Medicaid Services (CMS) and asked if they met federal guidelines. The Department believes that the response from CMS validates its position.</p> <p>Even though the Department does not agree with the finding, it executed a contract with LexisNexis for its software that provides records of property and vehicles owned or transferred during the last five years and beyond. Screening through the LexisNexis database was implemented June 14, 2012. Statewide training was completed in early June. Ongoing training will be scheduled as needed by regional “experts” and LexisNexis contracted trainers. On June 14, 2012, a Management Bulletin was sent to all field staff about using the LexisNexis system. Program Managers are monitoring access to the system. Regional offices are responsible for monitoring policy compliance through their case audits.</p> <p><b>The condition noted in this finding was previously reported in finding 10-45.</b></p> <p>Completion Date: June 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>													
93.720	\$0													
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**Health Care Authority/Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan																		
11	37	<p>Finding: The Health Care Authority and the Department of Social and Health Services do not have adequate controls to correctly report all Medicaid expenditures that are eligible for additional Children Health Insurance Program (CHIP) funds.</p> <table border="0"> <tr> <td data-bbox="440 716 565 743">Questioned</td> <td data-bbox="607 716 699 743"><u>CFDA #</u></td> <td data-bbox="1013 716 1105 743"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 743 509 770">Costs:</td> <td data-bbox="607 743 683 770">93.720</td> <td data-bbox="1013 743 1040 770">\$0</td> </tr> <tr> <td></td> <td data-bbox="607 770 683 798">93.775</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 798 683 825">93.776</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 825 683 852">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 852 954 882">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Refer to finding 12-52</p> <p>Corrective Action: The Health Care Authority agrees with the finding and has taken the following corrective action:</p> <ul style="list-style-type: none"> <li>• In November 2011, the Authority retroactively transferred all eligible Managed Care claims to CHIP. The Authority is currently working with the Department of Social and Health Services’ Aging and Disability Services Administration (ADSA) to ensure all eligible Medicaid claims for clients are transferred to CHIP.</li> <li>• The Health Care Authority now monitors CHIP funds on a monthly basis, and an internal staff workgroup conducts an additional review using an Excel tracking spreadsheet with data from Agency Financial Reporting System (AFRS) to ensure accuracy and proper use of funds.</li> <li>• The Authority developed a report using data from its Medicaid Management Information System to identify claims by Recipient Aid Category (RAC) and Federal Poverty Level (FPL) based on net income.</li> <li>• Effective July 1, 2012 the Authority implemented a new methodology for accounting for Section 107 Kids (133% federal poverty level) using eligibility data from ProviderOne.</li> </ul> <p>The Department of Social and Health Services also concurs with the finding. The Department developed systems to appropriately expend CHIP funds for Section 214 and regular children. Further, once available, the Department will use the new report developed by the Health Care Authority to determine eligibility for Section 107 children.</p> <p><b>The condition noted in this finding was previously reported in finding 10-35.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-52.</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.720	\$0		93.775			93.776			93.777			93.778 – ARRA and non-ARRA	
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 For the Fiscal Year Ended  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 2012.)

**Health Care Authority (HCA)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan												
11	38	<p>Finding: The Health Care Authority does not comply with state law and the federal Deficit Reduction Act of 2005, increasing the likelihood that the state is paying claims that should have been paid by liable third parties.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</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> <p>Status: Refer to finding 12-49</p> <p>Corrective Action: 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 is taking the following steps to enhance its recovery effort:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>													
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**State of Washington  
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***OMB Circular A-133 Audit  
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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	38 (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 10-40.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-49.</p>

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 For the Fiscal Year Ended  
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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>												
11	39	<p><b>Finding:</b> The Health Care Authority did not investigate information on potential Medicaid fraud or abuse in accordance with federal law, risking the loss of Medicaid resources.</p> <p><b>Questioned Costs:</b></p> <table border="0"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.720</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and Non-ARRA</td> <td></td> </tr> </tbody> </table> <p><b>Status:</b> Refer to finding 12-54</p> <p><b>Corrective Action:</b> The Authority does not agree with the finding that there is a “lack of timely follow-through on returned surveys” as there are no federal timeline requirements for Medical Services Verification surveys.</p> <p>The Authority prioritizes its program integrity/surveillance and utilization resources in areas that have proven to yield a higher return on investment. Data analytics have proven in the past to better identify suspicious provider patterns. Past investigations have been targeted on cases that have the highest potential to lead to a fraud or audit referral.</p> <p>The State Auditor’s Office (SAO) asked the Authority to review 10 surveys that SAO believed merited a full investigation. Authority staff determined that several of the claims contained inaccurate information stemming from inaccurate information and conversion data linked to the implementation of ProviderOne, the Authority’s new Medicaid Management Information System. Of the 10, only one was ultimately found to be worthy of a full investigation.</p> <p>The Authority has:</p> <ul style="list-style-type: none"> <li>• Conducted an initial review on all returned surveys received between January 1, 2011, through June 30, 2011, to determine whether further review and prioritization of individual cases were warranted for detection of Medicaid fraud, and</li> <li>• The Surveillance and Utilization Review unit triages returned Medical Services Verification surveys to follow up as resources are available.</li> </ul> <p><b>Completion Date:</b> The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-54.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		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>													
11	40	<p>Finding:</p> <p>Questioned 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"> <thead> <tr> <th data-bbox="609 678 706 709"><u>CFDA #</u></th> <th data-bbox="1015 678 1112 709"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 709 706 741">93.720</td> <td data-bbox="1015 709 1112 741">\$0</td> </tr> <tr> <td data-bbox="609 741 706 772">93.775</td> <td></td> </tr> <tr> <td data-bbox="609 772 706 804">93/776</td> <td></td> </tr> <tr> <td data-bbox="609 804 706 835">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 835 706 867">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Refer to finding 12-47</p> <p>The Authority continues to disagree with this audit finding.</p> <p>There are sufficient controls in place to ensure that managed care rates are set based on the verified managed care organizations (MCO) actual costs of care. Actuarially certified, proprietary cost information is submitted directly to the Authority’s actuary. The actuary verifies the information submitted by comparing it to audited financial statements submitted to the Office of the Insurance Commissioner and encounter data submitted to the Authority. As part of the verification, the actuary has the MCOs complete a reconciliation of cost information with encounter data. The actuary also does analysis of prior years, compares MCOs to each other and resolves outliers that arise from its verification and analyses with the MCOs.</p> <p>The MCOs each have fraud and abuse controls. The controls provide reasonable assurance that the data used in rate-setting is accurate and complete. This assertion is supported by the fact that the Authority has had no findings regarding rate setting in the Centers for Medicare and Medicaid Services (CMS) reviews and has had its rates consistently approved by CMS with their full understanding of the rate setting methodology.</p> <p>Even though the Authority disagrees with the finding, it is developing a plan for validation of encounter data.</p> <p><b>The condition noted in this finding was previously reported in finding 10-44.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-47.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93/776		93.777		93.778 – ARRA and non-ARRA	
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**Health Care Authority (HCA)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	41	<p>Finding: The Health Care Authority does not perform a retrospective drug use review of pharmaceutical claims data to identify patterns of fraud or abuse as required by federal law.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u>            93.720 \$0            93.775            93.776            93.777            93.778 – ARRA and non-ARRA</p> <p>Status: Refer to finding 12-51</p> <p>Corrective Action: The Authority disagrees with this finding.</p> <p>The State Auditor’s Office (SAO) asserts that the Health Care Authority does not perform a retrospective drug use review of pharmaceutical claims data to identify patterns of fraud or abuse as required by federal law.</p> <p>In fact, the Health Care Authority performs ongoing periodic examination of claims data and other records in order to identify patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care among physicians, pharmacists, and Medicaid recipients, or associated with specific drugs or groups of drugs, as required by 42 CFR § 456.709.</p> <p>The Authority agrees that federal regulation, specifically 42 CFR § 456.709, requires the Health Care Authority to have a retrospective drug use review program through which it conducts ongoing periodic examinations, at least quarterly, of claims data and other records in order to identify patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care. The Auditor’s finding is in error because it fails to cite to or apply 42 CFR § 456.714 which operates to limit 42 CFR § 456.709.</p> <p>42 CFR § 456.714 acknowledges that the retrospective drug use review requirements in 42 CFR § 456.709 are duplicative of the Surveillance and Utilization Review requirements provided for in 42 CFR Part 456, subpart A and 42 CFR Part 455. The regulation then expressly permits the Health Care Authority “to limit review activities to those that focus on what constitutes appropriate and medically necessary care to avoid duplication ....” This is precisely what the Health Care Authority has done. The Authority operates a robust Surveillance and Utilization Review program. The Health Care Authority, in full compliance with federal law, focuses its retrospective drug use review activities on ensuring appropriate and medically necessary care.</p>

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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	41 (Cont'd)	<p>The SAO states that “[t]he Authority believes its review of the medical appropriateness of prescribing and dispensing drugs is sufficient to fulfill the fraud and abuse-related requirements of federal law.” This is incorrect. Again, it is the Health Care Authority’s Surveillance and Utilization Review program that fulfills the fraud and abuse-related requirements of federal law. In accordance with federal law the Authority’s retrospective drug use review program focuses on what constitutes appropriate and medically necessary care and does not duplicate the fraud and abuse activities under the Surveillance and Utilization Review program. Other business units within the Authority perform analysis in the remaining areas of concern to the Auditor, per 42 CFR § 456.714 allowing states to limit the review activity of Drug Utilization Review staff to avoid duplication of activities related to fraud and abuse.</p> <p>The SAO states that “[the Authority] has not provided us any information on how often or how it does that analysis.” The Auditor also states that “the Authority is not analyzing pharmaceutical claim data and other records to identify patterns of fraud, abuse, or misuse of Medicaid funds...” Both of these statements are incorrect.</p> <p>The Health Care Authority has extensive detection programs that address potential fraud and abuse by clients, prescribers and pharmacies. The Office of Program Integrity’s Payment Review Program, Surveillance and Utilization Review unit and Medical Audit units analyze, review, and audit pharmacy claims data to identify potential Medicaid fraud, waste or abuse. The Patient Review and Coordination Program analyzes client data to set restrictions on high risk clients and identify aberrant prescribing patterns by providers. A third party contractor compares provider data with peers and follows up with prescribers who show ongoing aberrance in their prescribing practices. And the Quality Management Team investigates complaints or information about quality of care issues or concerns, and evaluates and documents the information in a case tracking database.</p> <p><b>The condition noted in this finding was previously reported in finding 10-53.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-51.</p>

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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>													
11	42	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:	The Health Care Authority did not adequately monitor subrecipients to ensure Medicaid expenditures are allowable and supported.  <table border="0"> <thead> <tr> <th style="text-align: left;"><u>CFDA #</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.720</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> Refer to finding 12-50  The Authority agrees with the finding.  To improve oversight, the Medicaid Administrative Match program added a fiscal component to all monitoring activities of school districts and local health jurisdictions.  Effective June 1, 2012 the fiscal monitoring activity includes the following for the timeframe monitored: <ul style="list-style-type: none"> <li>• The actual salaries and benefits of participants selected through a random sampling process are compared to salaries and benefits claimed.</li> <li>• Direct and indirect claimed costs are also reviewed.</li> </ul> The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-50.	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		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>													
11	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 Medicaid is the payer of last resort.</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</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</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>Refer to finding 12-42</p> <p>The Authority disagrees with this finding.</p> <p>The Office of Program Integrity currently has two full-time auditors dedicated to reviewing pharmacy third party liability claims for inappropriate use of override codes. It may be that additional system enhancements could strengthen controls over the use of overrides. The Authority will continue to communicate with and educate pharmacy providers on the proper use of third party liability override codes.</p> <p>In addition, the Authority has strengthened and improved efforts in the area of Third-Party Liability (TPL) recoveries by contracting with Health Management Systems (HMS) to augment recovery efforts. This is done by performing enhanced data-matching available through HMS 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>With the enhanced data matching, the Authority has mitigated the potential loss of recoveries and the inappropriate use of override codes. This is a much more cost effective way to enforce TPL controls.</p> <p><b>The condition noted in this finding was previously reported in finding 10-51.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-42.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and Non-ARRA	
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**Health Care Authority (HCA)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan												
11	44	<p>Finding: The Health Care Authority improperly claimed \$111,108.98 in federal reimbursement for the Medicaid program.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td style="text-align: right;">non-ARRA: \$91,038.03</td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">ARRA: \$20,070.95</td> </tr> <tr> <td>93.776</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> <p>Status: Corrective action complete</p> <p>Corrective Action: The Authority agrees with this finding.</p> <p>The Health Care Authority concurs that of the 183 clients reported by the State Auditor’s Office (SAO), 152 clients apparently received some benefits in error. While the payments cited by the SAO are a relatively small amount of the funds handled by the Authority, the Authority continues to target 100 percent accuracy in payments. In response to the finding:</p> <ul style="list-style-type: none"> <li>• The Authority reviewed all the payments cited by the SAO to deceased persons or other ineligible people and identified and corrected payments made in error after the person’s date of death or made to someone other than the rightful holder of the Social Security Number in question. Past findings involving Social Security Number matching have often proven to be explainable – a widow continuing to cite a spouse’s Social Security Number, for example.</li> <li>• The Authority arranged repayment of any federal funds received in error following completion of the reviews in April 2012.</li> </ul> <p>The Authority continues to strengthen procedures to improve accuracy of all payments and claims that are paid for unallowable services. The Authority provides some programs for nonqualified and undocumented aliens that utilize multiple funding streams to pay for services that are not allowed by federal matching dollars. A portion of the transaction errors identified by the auditors related to clients in programs that have these multiple funding streams.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	non-ARRA: \$91,038.03	93.775	ARRA: \$20,070.95	93.776		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>
11	44 (Cont'd)	<p>When an error is discovered, it is corrected going forward; however, the Authority does not set up overpayments unless there is intentional fraud that is being prosecuted. The Authority strengthens procedures on an ongoing basis through Medicaid Eligibility Quality Control (MEQC) reviews and monthly reports. The Authority self-monitors errors through monthly reports sent to field staff for correction. When these reports are not corrected timely, there is a meeting between upper management from the Authority and the Community Service Division of the Department of Social and Health Services (DSHS). These reports are included in a monthly round up and sent to DSHS management.</p> <p>The Authority will address the issue of questioned costs with the U.S. Department of Health and Human Services.</p> <p>Completion Date: April 2012</p>

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**Health Care Authority (HCA)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
11	45	Finding:  Questioned Costs:  Status:  Corrective Action:	<p>The Health Care Authority does not have adequate controls to ensure controlled substances prescribed for Medicaid clients are authorized and allowable.</p> <table border="0"> <thead> <tr> <th data-bbox="609 680 706 709"><u>CFDA #</u></th> <th data-bbox="1015 680 1112 709"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 709 706 739">93.720</td> <td data-bbox="1015 709 1112 739">\$26,051.78</td> </tr> <tr> <td data-bbox="609 739 706 768">93.775</td> <td></td> </tr> <tr> <td data-bbox="609 768 706 798">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 798 706 827">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 827 706 856">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action not taken</p> <p>The Authority continues to disagree with this finding.</p> <p>There are no federal or state statutes that require a payer (e.g., the Health Care Authority) to validate the Drug Enforcement Administration (DEA) number of a prescriber. Therefore, the Authority disagrees that the lack of an edit that validates DEA for Schedule 2-5 drugs constitutes inadequate internal controls or that the lack of such validation renders the payment unallowable.</p> <p>The Health Care Authority believes that responsibility for compliance with controlled substance requirements lies with the prescribing provider and the dispensing pharmacies. The Controlled Substance Act (21 USC Sec. 821) and the State Uniform Controlled Substance Act (Chapter 69.50 RCW) do not regulate payment for controlled substances, and there are no provisions in either that could be interpreted as a requirement relating to payment of claims for controlled substances. Title 21 CFR Section 1306.04 clearly states that the prescribing practitioner is responsible for assuring that the prescription conforms in all essential respects to the law and regulation:</p> <p><i>(a) A prescription for a controlled substance to be effective must be issued for a legitimate medical purpose by an individual practitioner acting in the usual course of his professional practice. <u>The responsibility for the proper prescribing and dispensing of controlled substances is upon the prescribing practitioner, but a corresponding responsibility rests with the pharmacist who fills the prescription.</u></i></p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$26,051.78	93.775		93.776		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>
11	45 (Cont'd)	<p>This finding indicates that <i>“the Authority has procedures to ensure a prescriber of schedule 2 drugs has a DEA number, but the procedures do not verify whether the DEA number is valid.”</i> That statement is incorrect. The Authority’s Pharmacy Point of Sale (POS) system maintains a prescriber network of known National Provider Identifier (NPI) to DEA associations, and it is updated by state staff as new associations become known. System functionality includes manual updates to a “blocked prescriber list” that identifies prescriber DEAs prevented from prescribing Schedule II drugs. Claims for Schedule 2 drugs are validated against the DEAs on the prescriber network. The problem identified by the State Auditor’s Office (SAO) is not a lack of validation. Rather, the DEA regular file update is received into the POS on a monthly basis, resulting in a lag in the DEA effective dates and a discrepancy with the DEA file that SAO used to conduct the audit. As noted in previous years, there continues to be no complete external file that accurately and completely associates NPI to DEA.</p> <p>In addition to the POS edit that validates the DEA for Schedule II drugs, the Health Care Authority has a set of robust Program Integrity activities including pharmacy utilization review, pharmacy rules-based algorithms that identify improper payments, and data mining activities that identify patterns outside the norm. In the absence of any requirement to validate the DEA number for controlled substances, the Authority believes this set of Program Integrity activities provides adequate controls to ensure that controlled substances are authorized and allowable.</p> <p>The Authority will address the issue of questioned costs with the U.S. Department of Health and Human Services.</p> <p><b>The condition noted in this finding was previously reported in finding 10-38.</b></p> <p>Completion Date: N/A</p>

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 June 30, 2012**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 2012.)

**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>													
11	46	<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 violations of Medicaid laws and regulations by providers are identified and are referred to Medicaid Fraud Control Unit (MFCU), risking the loss of public resources.</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</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</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>Refer to finding 12-44</p> <p>The Authority disagrees with this finding.</p> <p>The Authority has adequate controls to ensure that violations of Medicaid law and regulations are identified and referred to the Medicaid Fraud Control Unit. This is supported by a review of cases in the Case Tracking System and the timeliness in which they are worked. The Case Tracking System is used to track a variety of cases; thus, the timeframes in which those cases are resolved does not necessarily lead to the conclusion of inadequate controls. Processes are in place to prioritize the work of SURS (Surveillance and Utilization Review Subsystem) investigators, ensuring that the Authority is addressing those cases with the highest potential for fraud, waste and abuse. These are also the cases that yield the highest return on investment.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-44.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and Non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	\$0														
93.775															
93.776															
93.777															
93.778 – ARRA and Non-ARRA															

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**Health Care Authority (HCA)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan												
11	47	<p>Finding: The Health Care Authority’s internal controls are inadequate to ensure non-emergency medical transportation expenditures are allowable and adequately supported.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.776</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> <p>Status: Corrective action complete</p> <p>Corrective Action: The Authority agrees with the finding, but notes that the solution to these issues is now in place. The State Auditor’s Office (SAO) report stated incorrectly that the trip information database has not improved.</p> <p>During state fiscal year 2011, the Authority built a trip information database that can be used to verify that all Medicaid rules are followed and that all services the transportation brokers provide are legitimate, reasonable and adequately supported. The database includes new data fields that will allow the Authority to more closely monitor transportation services, operations and expenditures.</p> <p>Brokers began adding information to the system in early 2011, and the Authority was able to test the new database with positive results between March 2011 and June 2011.</p> <p>Other monitoring activities:</p> <ul style="list-style-type: none"> <li>• Desk audits using SAO monitoring tools,</li> <li>• Review of financial and operating reports,</li> <li>• Review of fleet inventories and inspection schedules,</li> <li>• Monthly review of brokers invoices and reports,</li> <li>• Review of broker reports of incidents and accidents, and</li> <li>• Review of brokers annual independent audits.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		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>
11	47 (Cont'd)	<p>From July 2011 through December 2011, the Authority conducted on-site monitoring of all six transportation brokers with the new trip information database, and found all six to be in compliance with Medicaid rules and regulations.</p> <p><b>The condition noted in this finding was previously reported in finding 10-48.</b></p> <p>Completion Date: February 2012</p>

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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>													
11	48	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</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"> <thead> <tr> <th data-bbox="609 709 706 737"><u>CFDA #</u></th> <th data-bbox="1015 709 1112 737"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 737 706 764">93.720</td> <td data-bbox="1015 737 1112 764">\$0</td> </tr> <tr> <td data-bbox="609 764 706 791">93.775</td> <td></td> </tr> <tr> <td data-bbox="609 791 706 819">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 819 706 846">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 846 706 873">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Refer to finding 12-43</p> <p>The Authority partially agrees with the finding.</p> <p>Corrective action steps have already implemented many of the audit recommendations:</p> <ul style="list-style-type: none"> <li>• The Provider Enrollment Unit now ensures appropriate provider licensing eligibility upon initial enrollment and throughout the provider’s enrollment. The Authority also has established a data-sharing agreement with the Department of Health that automatically updates providers’ licensing information. This ensures the Provider Enrollment Unit consistently receives the most current provider licensing information daily. If a Department of Health license has expired, the Health Care Authority is notified, and the ProviderOne payment system ends the taxonomy associated with the provider’s file, preventing further payments.</li> <li>• As of March 25, 2011, the Patient Protection and Affordable Care Act introduced new screening procedures for providers and suppliers. The Act identifies Durable Medical Equipment providers as moderate to high-risk business partners who deserve unscheduled, unannounced site visits. The Health Care Authority is finalizing written policies and procedures to comply with the Act. The Health Care Authority estimates it will meet this requirement in January 2013. The Authority also has requested computer system changes that will add mandatory data fields needed for compliance with the federal law.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.776		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>														
93.720	\$0														
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**Health Care Authority (HCA)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	48 (Cont'd)	<ul style="list-style-type: none"> <li>• The Health Care Authority has resumed site visits with newly enrolled DME providers. The Authority is also planning revalidation site visits for Durable Medical Equipment suppliers not currently enrolled with Medicare or another state's Medicaid agency. The Centers for Medicare and Medicaid Services only requires these providers to be revalidated once every five years. Federal law (42 CFR §455.410 (C)) allows the Authority to rely on screening, including site visits, conducted by Medicare or another state's Medicaid agency.</li> </ul> <p style="text-align: center;"><b>The condition noted in this finding was previously reported in finding 10-52.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2012 Washington Single Audit. Refer to finding 12-43.</p>

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
11	49	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health charged the National Bioterrorism Hospital Preparedness Program for activities that occurred after the grant period had ended.</p> <table border="0"> <tr> <td data-bbox="602 709 706 739"><u>CFDA #</u></td> <td data-bbox="1015 709 1104 739"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 739 706 768">98.889</td> <td data-bbox="1015 739 1104 768">\$38,574.67</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the State Auditor’s Office (SAO) finding, but wishes to indicate that the corrective action to the 2010 finding was implemented as soon as possible after the SAO had identified this issue in March of 2011.</p> <p>The Department has reviewed its internal controls that are intended to prevent payments from being charged to grants that have exceeded their period of availability. These controls include the closing of account coding on or before the 90<sup>th</sup> calendar day unless a written extension has been provided by the federal grantor.</p> <p>These controls were implemented in March of 2011 subsequent to the completion of the SAO field work for the state fiscal year 2010 Single Audit. The transactions that the auditor identified as not compliant while conducting the 2011 Single Audit occurred in the interim between the beginning of the fiscal year 2011 and when the Department was made aware of the control issue.</p> <p>The Department will work with the federal grantor to resolve questioned costs identified by the SAO.</p> <p><b>The condition noted in this finding was previously reported in finding 10-56.</b></p> <p>March 2011</p>	<u>CFDA #</u>	<u>Amount</u>	98.889	\$38,574.67
<u>CFDA #</u>	<u>Amount</u>						
98.889	\$38,574.67						

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**Office of Financial Management (OFM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	50	<p>Finding: The Washington Commission for National and Community Service at the Office of Financial Management does not properly monitor subgrantees to ensure expenditures of AmeriCorps grant funding are allowable and adequately supported.</p> <p>Questioned Costs: <u>CFDA #</u> 94.006 - ARRA and non-ARRA <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: Based on areas identified for improvement, the Washington Commission for National and Community Service (CNCS) has or will carry out a series of program monitoring enhancements to improve consistency and internal controls:</p> <ul style="list-style-type: none"> <li>• On July 19, 2012, the Commission explained its Corrective Action policy for all new/continuing AmeriCorps subgrantees at its Statewide Director meeting. This policy states that each monitoring file contains details on any finding, including any follow up and resolution to ensure the corrective action is completed in a consistent and timely manner.</li> <li>• On July 19, 2012, the Commission explained at the Statewide Director meeting its policy regarding the percentage of AmeriCorps member files to be reviewed during all site monitoring visits. The policy includes a random selection process for selecting AmeriCorps members' files for review. (The Commission does not require a 100% member file verification as part of the monitoring process.)</li> <li>• On August 31, 2012, the Commission completed all risk assessments for program year 2012-13. All new subgrantees are considered high risk and will be monitored within three months after their contract has started.</li> <li>• By January 31, 2013, all AmeriCorps subgrantees will have submitted eligibility certification confirmation on their AmeriCorps member rosters, signed by authorized program officials, stating that the AmeriCorps members have met the eligibility requirements beginning with the 2012-13 Program Year.</li> </ul> <p>The Commission expects some AmeriCorps subgrantees will not begin their first enrollment until the end of January 2013, so they cannot begin their eligibility certification confirmation process until then for the Program Year 2012-13.</p> <p>Completion Date: Estimated January 2013</p>

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**Employment Security Department (ESD)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	51	<p>Finding: The Employment Security Department did not ensure all background checks were performed for AmeriCorps members as required by federal regulations.</p> <p>Questioned Costs: <u>CFDA #</u> 94.006 – ARRA and non-ARRA      <u>Amount</u> non-ARRA: \$85,554.24 ARRA: \$ 6,014.15</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department has revised processes for ensuring all background check documentation for AmeriCorps members is properly retained and on file prior to enrollment in the program. Improvements include the following:</p> <ul style="list-style-type: none"> <li>• Created a background check policy and procedures to ensure compliance with program documentation requirements.</li> <li>• Revised records retention processes by maintaining all background check documentation centrally in the program headquarters office.</li> <li>• Improved internal controls by ensuring independent reviews are conducted on all member files.</li> <li>• Increased staff and subrecipient awareness of documentation requirements through training, ongoing communication and increased monitoring and technical assistance.</li> <li>• Hired an additional staff member to focus on compliance monitoring and assist in implementing new procedures.</li> </ul> <p>The Department does not agree that members served under this grant were ineligible and will work with the grantor agency on resolving the issue of questioned costs.</p> <p>Completion Date: June 2012</p>

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**Office of Financial Management (OFM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
10	01	<p><b>Finding:</b> The State’s internal controls are inadequate to ensure the Schedule of Expenditures of Federal Awards is accurately prepared, placing the state at risk of incomplete and inaccurate reporting to the federal government. This could affect the amount of federal funding the state receives in the future.</p> <p><b>Questioned Costs:</b> None</p> <p><b>Status:</b> Corrective action complete</p> <p><b>Corrective Action:</b> The Office of Financial Management (OFM) concurs that internal controls related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA) need to be strengthened. OFM corrected the SEFA prior to submitting it to the federal government by the deadline of March 31 and releasing it to the public. To address the weaknesses noted in the finding, OFM has taken the following actions.</p> <p><b>Oversight and Reconciliation:</b> OFM assigned staff to independently review preparation of the Schedule of Expenditures of Federal Awards (SEFA) and its reconciliation to the Agency Financial Reporting System (AFRS), and to follow up on any questioned areas. The SEFA is analyzed for exceptions and deviations from the prior year to enhance accuracy and completeness. System integrity and reconciliation checklists are also reviewed.</p> <p><b>Systems:</b> OFM has modified various system table change processes. These changes strengthen controls over the tables, which determine important elements of SEFA reporting. OFM has changed upload and input steps to strengthen controls over system-derived CFDA number, title, and cluster that are reported on the SEFA.</p> <p><b>Guidance:</b> OFM focused on the reporting errors noted in this finding during the year-end training given to state agencies in June 2011. Additionally, OFM included an article on proper SEFA reporting in the Connection newsletter. Annually, OFM is discussing prior year SEFA reporting issues as appropriate with agencies during year end meetings.</p> <p><b>Completion Date:</b> May 2012</p>

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan																		
10	02	<p>Finding: The Department of Social and Health Services, Economic Services Administration, did not comply with federal regulations regarding support of salaries and wages paid to employees.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="text-align: right; padding-right: 10px;"><u>CFDA #</u></td> <td style="text-align: right; padding-right: 10px;"><u>Amount</u></td> </tr> <tr> <td>10.551 ARRA and non-ARRA</td> <td>\$0</td> </tr> <tr> <td>10.561 ARRA and non-ARRA</td> <td></td> </tr> <tr> <td>93.558</td> <td></td> </tr> <tr> <td>93.563 ARRA and non-ARRA</td> <td></td> </tr> <tr> <td>93.575</td> <td></td> </tr> <tr> <td>93.713 ARRA</td> <td></td> </tr> <tr> <td>93.714</td> <td></td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>The Department's Economic Services Administration (ESA) has taken action to correct the deficiencies identified in the audit. The following describes the actions:</p> <ul style="list-style-type: none"> <li>• In January 2011, ESA's Operation Support Division (OSD) updated their Business Center Process Manual that is used by Community Services Division (CSD) Business Center staff. The updates to the manual coincide with federal requirements and quarterly reviews are now a requirement. OSD Headquarters staff held a conference call with CSD Regional Business Managers to explain this process change.</li> <li>• In February 2011, ESA staff notified the Department's Office of Accounting Services Office (OAS) Chief that the Department's policy regarding time certifications was not in compliance with the federal requirements. The Department's policy on time certifications has been revised by OAS and referred to the Department's Accounting Policy Management Board where further revisions were made.</li> </ul> <p>Also, the Department's policy on time certifications has been revised. It was signed by the Chief Financial Officer in February 2012.</p> <p>Completion Date: February 2012</p>	<u>CFDA #</u>	<u>Amount</u>	10.551 ARRA and non-ARRA	\$0	10.561 ARRA and non-ARRA		93.558		93.563 ARRA and non-ARRA		93.575		93.713 ARRA		93.714		93.596	
<u>CFDA #</u>	<u>Amount</u>																			
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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>							
10	03	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:	<p>The Department of Social and Health Services did not issue retroactive food assistance payments in accordance with federal law.</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>10.551 ARRA and non-ARRA</td> <td>ARRA: \$15,000.00 (approx)</td> </tr> <tr> <td>10.561 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Refer to finding 11-02</p> <ul style="list-style-type: none"> <li>• The Department completed the Corrective Action Plan resulting from the audit finding. The Department refined the process to refer overpayments to the Office of Financial Recovery. This was completed in March 2011.</li> <li>• By April 2011, the Department took action on the exceptions identified during the audit. Where appropriate the department established overpayments for unallowable payments.</li> <li>• By May 2011, the Department retrained field staff on the proper calculation of retroactive payments.</li> </ul> <p><b>The conditions noted in this finding were previously reported in finding 08-01.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-02.</p>	<u>CFDA #</u>	<u>Amount</u>	10.551 ARRA and non-ARRA	ARRA: \$15,000.00 (approx)	10.561 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>								
10.551 ARRA and non-ARRA	ARRA: \$15,000.00 (approx)								
10.561 ARRA and non-ARRA									

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**Employment Security Department (ESD)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
10	08	<p>Finding: The Employment Security Department did not comply with U.S. Department of Labor requirements for determining the accuracy of benefit payments.</p> <p>Questioned Costs: <u>CFDA#</u> 17.225 ARRA and non-ARRA <u>Amount</u> \$0</p> <p>Status: Refer to finding 11-08</p> <p>Corrective Action: During the fiscal year 2010 audit period, staff in the unit were relatively new to their positions. In addition, the unit lacked a supervisor during much of the audit period.</p> <p>Over the last year, staff in the unit have gained additional experience and have received additional training to ensure completeness and accuracy of the Benefit Accuracy Measurement (BAM) audits they perform. Unit management also implemented weekly peer review sessions to enhance staff knowledge and communication.</p> <p>In addition to the increase in the level of staff experience, the unit also hired a new supervisor with extensive BAM experience to oversee the function and perform the necessary quality assurance reviews. These reviews have been implemented to ensure audits are compliant with U.S. Department of Labor (USDOL) requirements.</p> <p>The Department obtained clarification from USDOL that in-person employer contacts are not required.</p> <p>Audit results from fiscal year 2011 show significant progress has been made; however, additional improvements are still needed.</p> <p><b>The condition noted in this finding was previously reported in finding 09-05.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-08.</p>

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**Washington State Department of Transportation (WSDOT)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
10	13	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Transportation did not support over \$759,000 in payroll costs in accordance with federal regulations for the Formula Grants for Other Than Urbanized Areas.</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>20.509 ARRA and non-ARRA</td> <td>ARRA: \$759,869.57</td> </tr> </table> <p>Refer to finding 11-09</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>In response to the initial audit finding for fiscal year 2009, the Department’s Public Transportation Division developed and submitted a formalized direct payroll cost allocation plan to FTA (the Plan), known as a “substitute system,” to meet federal regulations (OMB Circular A-87, 2CFR 225). Upon receipt of the Plan, FTA requested that the Department continue to allocate payroll costs under the current method, until such time as the new plan could be reviewed and approved. WSDOT complied with this request because the current allocation method had been approved by the FTA’s Regional Office and to ensure continued federal grant funding.</p> <p>Since the Plan was not reviewed by FTA during fiscal year 2010, the auditor was compelled to repeat the audit finding for 2010. The Plan was reviewed by the FTA, via a consultant, in January 2011 and a report was issued in June 2011. In June 2011, in response to this report, the WSDOT Public Transportation Division implemented the FTA recommendation of tracking and allocating direct payroll charges based on actual time worked, for an extended analytical period (four months or longer if required by FTA). Also per the FTA recommendation, the tracked data will be analyzed to substantiate the previous year’s direct payroll allocations and be used as the bases for allocations moving forward through the 2011 – 2013 biennium.</p> <p><b>The conditions noted in this finding were previously reported in finding 09-09.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-09.</p>	<u>CFDA#</u>	<u>Amount</u>	20.509 ARRA and non-ARRA	ARRA: \$759,869.57
<u>CFDA#</u>	<u>Amount</u>						
20.509 ARRA and non-ARRA	ARRA: \$759,869.57						

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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>									
10	23	<p>Finding: The Department of Social and Health Services is not complying with federal requirements for suspension and debarment for the federal Vocational Rehabilitation Program.</p> <table border="0" data-bbox="444 709 1107 800"> <tr> <td data-bbox="444 709 570 737">Questioned</td> <td data-bbox="607 709 704 737"><u>CFDA #</u></td> <td data-bbox="1016 709 1107 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="444 737 509 764">Costs:</td> <td data-bbox="607 737 688 764">84.126</td> <td data-bbox="1016 737 1049 764">\$0</td> </tr> <tr> <td></td> <td data-bbox="607 764 769 791">84.390 ARRA</td> <td></td> </tr> </table> <p>Status: Refer to finding 11-13</p> <p>Corrective Action: The Department concurs with this finding. The Division of Vocational Rehabilitation (DVR) was the program within the Department that received the finding.</p> <p>By October 2011, DVR is anticipating that work with Central Contracts Services (the Department's contracts unit) and the Attorney General's Office to review terms and conditions will be completed. A recommendation will be made on suspension language that should be added to terms and conditions. Also, DVR will begin including a review of a contractor's suspension and debarment status as part of their monitoring of contractors.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-13.</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	84.126	\$0		84.390 ARRA	
Questioned	<u>CFDA #</u>	<u>Amount</u>									
Costs:	84.126	\$0									
	84.390 ARRA										

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
10	25	<p>Finding: The Department of Health does not monitor subrecipient expenditures of the National Bioterrorism Hospital Preparedness and Public Health Emergency Preparedness programs.</p> <p>Questioned Costs: <u>CFDA#</u>            93.069            93.889</p> <p><u>Amount</u>            \$0</p> <p>Status: Refer to finding 11-17</p> <p>Corrective Action: The Department is reevaluating its subrecipient monitoring procedures as well as the requirements currently in place on subgrants to provide documentation in support of invoiced charges on federal grant sources.</p> <p>One possible approach is to implement a Department-wide subrecipient monitoring policy that standardizes invoicing formats and specifies periodic desk reconciliations of revenues provided and expenditures charged by subgrants.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-17.</p>	

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
10	26	<p>Finding: The Department of Health did not support over \$448,000 in payroll costs in accordance with federal regulations for the National Bioterrorism Hospital Preparedness and Public Health Emergency Preparedness Programs.</p> <p>Questioned Costs: <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA#</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.069</td> <td style="text-align: center;">\$448,344.90</td> </tr> <tr> <td></td> <td style="text-align: center;">93.889</td> <td></td> </tr> </table></p> <p>Status: Refer to finding 11-19</p> <p>Corrective Action: All program managers involved with both the Public Health Emergency Preparedness or Hospital Preparedness grants are now maintaining detailed time sheets that are in compliance with OMB A-87 requirements.</p> <p>The Department is in communication with the Center for Disease Control (CDC) and Health and Human Services, Assistant Secretary for Preparedness and Response and have provided additional documentation in support of these costs. The Department is waiting for a final determination from both federal agencies.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-19.</p>		<u>CFDA#</u>	<u>Amount</u>		93.069	\$448,344.90		93.889	
	<u>CFDA#</u>	<u>Amount</u>									
	93.069	\$448,344.90									
	93.889										

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**Department of Commerce (COM)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
10	30	<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 the Community Services Block Grant program.</p> <table border="0"> <tr> <td data-bbox="609 709 698 739"><u>CFDA#</u></td> <td data-bbox="1015 709 1104 739"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 739 698 768">93.569</td> <td data-bbox="1015 739 1274 768">non-ARRA: \$55,593.11</td> </tr> <tr> <td data-bbox="609 768 698 798">93.710</td> <td data-bbox="1015 768 1274 798">ARRA</td> </tr> </table> <p>Refer to finding 11-22</p> <p>The Department concurs with the finding. The Department did not properly review costs transferred from one grant year to another grant year to ensure costs were within the proper period of availability. Fiscal staff did not clarify nor consult with program staff when program staff requested cost transfers between grant years. Fiscal staff reviewing the work of newly hired staff did not properly verify backup documentation for the transfer. As a result, \$55,593.11 transferred was not properly identified within the period of availability.</p> <p>In January 2011, fiscal and program staff reviewed and corrected the original \$55,593.11 costs transferred between grant years. Appropriate costs within the period of availability were identified and transferred.</p> <p>The Department concurs with the auditors' recommendation that fiscal staff consult with program staff when transferring costs between grant years. The Department has assessed its internal controls and implemented measures to ensure proper review of costs transfer through clearly defined expectations and responsibilities. Program and fiscal staff have updated the transfer / correction request form to include identification of specific items to transfer and provided training to fiscal and program staff. Fiscal has reiterated document review and approval expectations with supervisors and lead workers.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-22.</p>	<u>CFDA#</u>	<u>Amount</u>	93.569	non-ARRA: \$55,593.11	93.710	ARRA
<u>CFDA#</u>	<u>Amount</u>								
93.569	non-ARRA: \$55,593.11								
93.710	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>					
10	32	<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, Children's Administration, is not ensuring the eligibility of clients receiving adoption assistance payments.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>93.659 ARRA and non-ARRA</td> <td>\$61,918.00</td> </tr> </table> <p>Refer to finding 11-24</p> <p>The Department concurs with this finding. The Department believes control procedures are in place to avoid payments for adopted children over ages 18 and 21. The process works very well in most regions across the state.</p> <p>The Department has taken the following actions to address the deficiencies identified during the audit.</p> <ul style="list-style-type: none"> <li>• In January 2011, a memo was sent to staff that described the established procedures that are to be followed for monitoring case files and ensuring eligibility requirements are met.</li> <li>• In April 2011, all exceptions were processed. As part of the review process, the overpayments were processed automatically returning the federal share of the payment.</li> </ul> <p><b>The conditions noted in this finding were previously reported in finding 09-14.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-24.</p>	<u>CFDA #</u>	<u>Amount</u>	93.659 ARRA and non-ARRA	\$61,918.00
<u>CFDA #</u>	<u>Amount</u>						
93.659 ARRA and non-ARRA	\$61,918.00						

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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>					
10	35	<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 have adequate internal controls to accurately identify and claim all eligible Children’s Health Insurance Program expenditures.</p> <table border="0" data-bbox="609 709 1104 772"> <tr> <td data-bbox="609 709 706 772"><u>CFDA #</u></td> <td data-bbox="1015 709 1104 772"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 737 706 772">93.767</td> <td data-bbox="1015 737 1104 772">\$0</td> </tr> </table> <p>Refer to finding 11-37</p> <p>The Aging and Disability Services Administration (ADSA) and the Medicaid Purchasing Administrations (MPA) both concur with this finding. MPA and ADSA will work together to establish a workgroup to communicate the availability of Children’s Health Insurance Program (CHIP) funding, regulation changes, and develop a system to identify CHIP eligible costs.</p> <p>The specific actions ADSA and MPA have taken are:</p> <ul style="list-style-type: none"> <li>• In March 2011, a CHIP workgroup was established that is comprised of MPA, ADSA, and other Department staff as needed. The purpose of the group is to communicate availability of funding and regulation changes, and to establish a system to identify CHIP eligible costs.</li> <li>• In April 2011, the CHIP workgroup:             <ul style="list-style-type: none"> <li>○ Evaluated CHIP regulation revisions and their impact on the ability to claim CHIP funds.</li> <li>○ Developed a process/procedure for communicating the status of CHIP funding availability on a routine basis.</li> </ul> </li> <li>• In May 2011:             <ul style="list-style-type: none"> <li>○ The workgroup established a process for identifying CHIP clients and journal vouchering CHIP eligible expenditures when necessary.</li> <li>○ MPA established a routine process to identify all Medicaid eligible costs for CHIP reimbursement.</li> </ul> </li> </ul> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-37.</p>	<u>CFDA #</u>	<u>Amount</u>	93.767	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.767	\$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>															
10	36	<p><b>Finding:</b> The Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Based Services Division, does not have adequate controls to ensure Medicaid recipients have received the services for which Medicaid is billed.</p> <table border="0" data-bbox="443 737 1105 888"> <tr> <td data-bbox="443 737 570 768"><b>Questioned</b></td> <td data-bbox="605 737 703 768"><u>CFDA #</u></td> <td data-bbox="1016 737 1105 768"><u>Amount</u></td> </tr> <tr> <td data-bbox="443 768 570 800"><b>Costs:</b></td> <td data-bbox="605 768 683 800">93.775</td> <td data-bbox="1016 768 1045 800">\$0</td> </tr> <tr> <td></td> <td data-bbox="605 800 683 831">93.776</td> <td></td> </tr> <tr> <td></td> <td data-bbox="605 831 683 863">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="605 863 938 894">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p><b>Status:</b> Refer to finding 11-35</p> <p><b>Corrective Action:</b> The Department concurs with this finding. The Department has plans to implement the Provider Compensation System (PCS) by the end of 2012 which will allow for an automated review process. PCS will be a sub-system of ProviderOne and is designed to generate intermittent, random notices to clients informing them how many hours were paid to the provider on their behalf during the previous month. The clients will be instructed to notify the Department if they notice a discrepancy in the hours provided versus the hours billed.</p> <p>Until PCS is implemented, the Department will rely on the following controls that are currently in place:</p> <ul style="list-style-type: none"> <li>• Case managers complete an assessment that results in an authorization of hours that cannot be exceeded by a provider invoice.</li> <li>• Clients receive a copy of the service summary that tells them the number of hours of service they are eligible to receive. Clients are advised they can choose when those hours are provided and direct the individual provider when to provide them. Case Managers also advise clients to contact them if they are not receiving the hours (or care) for which they are eligible.</li> <li>• Clients are expected to keep copies of timesheets for their individual providers. Case managers periodically review these time sheets and verify with the client that authorized services have been provided. Case managers are instructed to document the review of time sheets and the discussion of service verification in a Service Episode Record.</li> </ul>	<b>Questioned</b>	<u>CFDA #</u>	<u>Amount</u>	<b>Costs:</b>	93.775	\$0		93.776			93.777			93.778 ARRA and non-ARRA	
<b>Questioned</b>	<u>CFDA #</u>	<u>Amount</u>															
<b>Costs:</b>	93.775	\$0															
	93.776																
	93.777																
	93.778 ARRA and non-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>
10	36 (Cont'd)	<ul style="list-style-type: none"> <li>• The Department, through its Payment Review Program, runs algorithms to detect possible fraudulent claims. Overpayments are initiated and referrals are made to the Medicaid Fraud Control Unit as indicated by findings.</li> <li>• The Social Service Payment System will not process payments in excess of hours authorized. A provider is therefore unable to claim and be reimbursed for hours that exceed those authorized by the case manager.</li> </ul> <p>In June 2011, the Department’s Aging and Disability Services Administration (ADSA) conducted a pilot review of randomly selected individual provider timesheets within the Division of Developmental Disabilities. This review will go ADSA wide within the next year. The review found most individual providers were compliant with time sheet requirements. For those that were not, action was taken ranging from issuing a warning to processing an overpayment to terminating the individual provider’s contract.</p> <p><b>The conditions noted in this finding were previously reported in finding 09-18.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-35.</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
10	37	<p>Finding: The Department of Social and Health Services does not have an adequate process to identify ineligible Medicaid expenditures for nonqualified aliens at the time of payment, resulting in \$187,557 in questionable costs.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">non-ARRA: \$149,965.40</td> </tr> <tr> <td style="text-align: right;">93.776</td> <td style="text-align: right;">ARRA: \$ 37,591.93</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td>ARRA and non-ARRA</td> </tr> </table></p> <p>Status: Complete for ADSA</p> <p>Corrective Action: This finding involved the Aging and Disability Services Administration (ADSA) and Medicaid Purchasing Administration (MPA). Both administrations concur with the finding.</p> <p>ADSA has taken the following actions to correct the deficiencies identified during the audit:</p> <ul style="list-style-type: none"> <li>• In August 2011, ADSA trained field staff on how to identify client citizenship and on assigning correct Social Service Payment System (SSPS) codes when authorizing services.</li> <li>• In May 2012:       <ul style="list-style-type: none"> <li>○ SSPS codes were established for state only clients and corrections were made to authorizations for existing clients.</li> <li>○ Because Medicaid funding is no longer allowable for emergency services for ADSA clients, expenditures were transferred to state only funding quarterly. The expenditures were moved to a state only SSPS code.</li> <li>○ Staff reviewed clients on the exception list identified during the audit to determine whether or not they are eligible for Medicaid. For those that were not eligible, costs were journal vouchered to state only funding and the correct SSPS code was applied for future authorizations.</li> </ul> </li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.775	non-ARRA: \$149,965.40	93.776	ARRA: \$ 37,591.93	93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>											
93.775	non-ARRA: \$149,965.40											
93.776	ARRA: \$ 37,591.93											
93.777												
93.778	ARRA and non-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>
10	37 (Cont'd)	<p>MPA has taken the following actions:</p> <ul style="list-style-type: none"> <li>• In January 2010, a procedure was developed and implemented where the client's eligibility is federally verified at the time of application. An interface with the Social Security Administration is used to confirm SSN and citizenship status.</li> <li>• In June 2011:             <ul style="list-style-type: none"> <li>○ A process was developed to move claims for Medicaid services provided to nonqualified aliens from Medicaid to state only. The process entails periodic identification of non-citizens with invalid Social Security Numbers. This list is then passed to financial staff, who identify the non-emergent Medicaid claims data from ProviderOne and perform an accounting adjustment to shift these dollars to state-only funds.</li> <li>○ MPA followed up on the questioned cost relating to managed care insurance premiums, dental services, and other services including physician visits, prescription drugs, family services and vision identified as being provided to nonqualifying aliens and coordinated with the Centers for Medicare and Medicaid Services (CMS) to determine if any related Medicaid funds must be returned.</li> </ul> </li> </ul> <p>Completion Date: May 2012</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
10	38	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Medicaid Purchasing Administration<sup>1</sup>, does not have adequate controls to ensure controlled substances prescribed for Medicaid clients are authorized and allowable.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>non-ARRA: \$119,829.99</td> </tr> <tr> <td>93.776</td> <td>ARRA: \$ 30,037.85</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Refer to finding 11-45</p> <p>The Department's Medicaid Purchasing Administration (MPA) does not concur with the finding. There are no federal or state statutes that require a payer (e.g. state) to validate the Drug Enforcement Administration (DEA) number of a prescriber. Therefore, the MPA disagrees that the lack of an edit that validates DEA for Schedule 2-5 drugs constitutes inadequate internal controls or that the lack of such validation renders the payment unallowable.</p> <p>The MPA believes that responsibility for compliance with controlled substance requirements lies with the prescribing provider and the dispensing pharmacies. The Controlled Substance Act (21 USC Sec. 821) and the State Uniform Controlled Substance Act (RCW 69.50) do not regulate payment for controlled substances and there are no provisions in either that could be interpreted as a requirement relating to payment of claims for controlled substances. Title 21 CFR Section 1306.04 clearly states that the prescribing practitioner is responsible for assuring that the prescription conforms in all essential respects to the law and regulation:</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	non-ARRA: \$119,829.99	93.776	ARRA: \$ 30,037.85	93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>												
93.775	non-ARRA: \$119,829.99												
93.776	ARRA: \$ 30,037.85												
93.777													
93.778	ARRA and non-ARRA												

<sup>1</sup> Formerly Health and Recovery Services Administration (HRSA)

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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>
10	38 (Cont'd)	<p>(a) A prescription for a controlled substance to be effective must be issued for a legitimate medical purpose by an individual practitioner acting in the usual course of his professional practice. <u>The responsibility for the proper prescribing and dispensing of controlled substances is upon the prescribing practitioner, but a corresponding responsibility rests with the pharmacist who fills the prescription.</u></p> <p>This finding indicates that since the previous 2009 finding, the MPA has developed procedures to verify DEA for Schedule 2 drugs. That statement is incorrect. The automated edit procedure has been in place since 2002 when the MPA implemented a pharmacy Point of Sale (POS) edit for the purpose of validating the DEA of the prescribing physician for Schedule II drugs. The MPA considered this to be an essential POS validation because Schedule II drugs are subject to the highest risk of abuse. The MPA considered it prudent to provide this additional validation to guard against the potential for fraud and abuse.</p> <p>The MPA implemented a new pharmacy Point of Sale (POS) in October 2008. The POS design allowed us to require and utilize the National Provider Identifier (NPI) as the prescriber identifier. The POS was designed to utilize a national file that associated the NPI to the DEA number, theoretically allowing a match of the NPI to DEA that enforces the Schedule II edit. However, at implementation it was discovered that the national file that associated NPI to DEA was not complete and did not meet the business needs of matching NPI to DEA. As a result, the Schedule II edit in POS is based on a work-around. The POS maintains a “prescriber network” of known NPI/DEA associations, and it is updated by state staff as new associations become known. The work-around includes manual updates to a “blocked prescriber list” that identifies prescriber DEAs prevented from prescribing Schedule II drugs.</p> <p>There continues to be no complete external source of data that provides the NPI to DEA crosswalk. As a result, the work-around within the POS does not provide any external data file that can be utilized for analysis or that allows us to query the data and match DEA with NPI.</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
10	38 (Cont'd)	<p>So while the POS automatically associates the NPI with DEA for adjudication, external review of the NPI/DEA associations requires manual lookup to document the association. The MPA performed the following detailed claims analysis and responded to SAO as follows:</p> <ul style="list-style-type: none"> <li>• Transactions with an invalid DEA number (4,071 records): The MPA reviewed the first 100 records in POS and found 100% were active in the POS prescriber file with valid DEA. The prescriber file does not currently include DEA end dates.</li> <li>• Transactions with an NPI number (9,946 records): A manual review of 50 records found 47 associations of NPI to valid DEA. In three instances, only the NPI was in the Prescriber Network file. These three claims paid because the NPI was not on the blocked Schedule II list.</li> <li>• SAO reviewers were provided with access to the POS as well as instruction on the screens showing how the NPI/DEA associations could be located.</li> </ul> <p>In addition to the POS edit that validates the DEA for Schedule II drugs, the MPA has a set of robust Program Integrity activities including pharmacy utilization review, pharmacy rules-based algorithms that identify improper payments, and data mining activities that identify patterns outside the norm. In the absence of any requirement to validate DEA for controlled substances, the MPA believes this set of Program Integrity activities provide adequate controls to ensure that controlled substances are authorized and allowable.</p> <p>The MPA continues to research the availability of a complete external file that accurately and completely associates NPI to DEA. Other states are faced with similar difficulties in utilizing the NPI for prescriber identifier.</p> <p>The MPA will work with the Department of Health and Human Services to determine if any questioned costs need to be reimbursed.</p> <p><b>The conditions noted in this finding were previously reported in finding 09-32. The auditors noted certain progress.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-45.</p>

**State of Washington  
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**OMB Circular A-133 Audit  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 2012.)

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
10	39	<p><b>Finding:</b> The Department of Health and Human Services, Aging and Disability Services Administration, did not ensure the level of in-home care services for some clients was evaluated at least annually.</p> <p><b>Questioned Costs:</b></p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount:</u></td> </tr> <tr> <td>93.775</td> <td>non-ARRA: \$36,372.24</td> </tr> <tr> <td>93.776</td> <td>ARRA: \$ 9,117.45</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p><b>Status:</b> Refer to finding 11-30</p> <p><b>Corrective Action:</b> The Department of Social and Health Services partially concurs with this finding. The Department reviewed the 10 exceptions identified by the auditors. The Department determined two of the 10 clients had annual assessments completed within the required time frames however, due to computer anomalies, they were coded as late. There was documentation in each client's Service Episode Record that documented the situation. The other eight clients remained eligible for services during the time their assessments were out of date. There are routine reasons an assessment may not be included within the required timeframe. Some examples are the client's inability to meet with the case manager, delays in locating a provider of personal care, and delays caused in obtaining specialized medical equipment or making environmental modifications. Also, a client may have been admitted to a nursing facility or hospital or had a break in service that nullified the annual assessment due date.</p> <p>During this audit cycle, the Department completed 59,570 assessments. If the 662 assessments identified by the auditors were actually late, this amounts to a compliance rate of 98.9% which is well within an acceptable threshold given the routine reasons why an assessment could be late. The Department has set a benchmark of 100% for compliance with assessment timeliness.</p>	<u>CFDA #</u>	<u>Amount:</u>	93.775	non-ARRA: \$36,372.24	93.776	ARRA: \$ 9,117.45	93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount:</u>											
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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>
10	39 (Cont'd)	<p>The Department has taken the following actions to address the recommendations of the auditors:</p> <ul style="list-style-type: none"> <li>• In February 2011, the Department reviewed the Quality Assurance Monitoring Tool used in the quality assurance cycle. The tool ensures the level of care assessment for clients receiving in-home care is performed at least once every twelve months.</li> <li>• In June 2011, the Department contacted the Department of Health and Human Services (HHS). The HHS analyst informed the Department questioned costs will be reviewed when the audit results are received through the federal clearinghouse.</li> </ul> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-30.</p>

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	40	<p>Finding: The Department of Social and Health Services, Medicaid Purchasing Administration<sup>2</sup>, does not comply with state law and the federal Deficit Reduction Act of 2005, thereby increasing the likelihood that the state is paying claims that should have been paid by liable third parties.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.776</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> <p>Status: Refer to finding 11-38</p> <p>Corrective Action: The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding. The MPA continues to believe that it is in compliance with the Deficit Reduction Act (DRA) of 2005. The MPA 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>In January 2011, MPA signed a contract with Health Management Systems to perform automated data matches of MPA enrollment data against health insurance carrier files. This is intended to enhance TPL information in ProviderOne, the Department's primary provider payment processing system.</p> <p>By January 2012, the MPA will implement in ProviderOne the data exchange format published by CMS in June 2010. This new format serves as a tool to enable all states and all payers to use and comply with the DRA data exchange requirements. The MPA is moving forward to incorporate this tool into ProviderOne to enhance cost avoidance and recovery activities.</p> <p><b>The conditions noted in this finding were previously reported in finding 09-19. The auditors noted certain progress.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-38.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$0											
93.776												
93.777												
93.778 ARRA and non-ARRA												

<sup>2</sup> Formerly Health and Recovery Services Administration (HRSA)

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan
10	41	<p>Finding: The Department of Social and Health Services did not ensure all Medicaid providers were eligible to participate in the program.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u>            93.775 non-ARRA: \$8,379.59            93.776 ARRA: \$2,100.52            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding. Medicaid dollars were used to reimburse an excluded party who happened to be a parent provider. The excluded party (parent provider) provided the client services as authorized, and was paid for those services. During the audit period, parent providers were exempt by rule (RCW 74.15.030 (3)) from background checks. This exemption will change in 2012, when all providers, including parent providers will be required to be fingerprinted as part of the background check process.</p> <p>The Department has taken the following actions in response to the audit finding:</p> <ul style="list-style-type: none"> <li>• In June 2011, the Department contacted the federal grantor. A journal voucher was processed that moved expenditures to state only. The funding should be returned on the third quarter 2011 CMS 64.</li> <li>• In April 2012, the Department began checking the report from the Office of Inspector General that lists excluded providers against the Department’s existing contractors. This is done on an ongoing basis. Also, the Department began checking new providers in the pre-contracting phase to ensure they are not on the federal exclusion list.</li> </ul> <p>Completion Date: April 2012</p>

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	42	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Based Services Division, does not have adequate internal controls to ensure Medicaid payments to in-home service providers are allowable and supported.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">non-ARRA: \$460,823.00</td> </tr> <tr> <td>93.776</td> <td style="text-align: right;">ARRA: \$115,515.00</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table></p> <p>Status: Refer to finding 11-29</p> <p>Corrective Action: The Department concurs that there are not adequate controls in place to ensure Medicaid payments to in-home service providers were allowable and supported. The Department is anticipating the Provider Compensation System (PCS) will be implemented by the end of 2012. PCS is a sub-system of ProviderOne that will generate intermittent notices to clients informing them of the number of hours providers were paid in the previous month. This will assist clients in determining if the hours an Individual Provider worked is the same as the hours they were paid.</p> <p>Until the PCS is implemented, the Department has the following controls in place:</p> <ul style="list-style-type: none"> <li>• As part of their client assessment, case managers authorize a certain amount of hours a provider can provide care. These hours cannot be exceeded by a provider invoice because the Social Service Payment System will not process payments in excess of the authorized hours.</li> <li>• Clients are informed they need to retain copies of their provider's timesheets. This will allow case managers to periodically review a sample of client's timesheets and verify services were provided.</li> <li>• During 2010, the Department:       <ul style="list-style-type: none"> <li>○ Reviewed with clients their responsibilities as the employer of their individual providers. This will continue with new clients.</li> <li>○ Sent individual providers a written notice of their obligation to keep a record of in-home services provided to Department clients.</li> <li>○ Began auditing randomly selected samples of individual providers' timesheets to determine that services billed are consistent with timesheet documentation submitted.</li> </ul> </li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.775	non-ARRA: \$460,823.00	93.776	ARRA: \$115,515.00	93.777		93.778	ARRA and non-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>
10	42 (Cont'd)	<p>The Department has taken the following corrective actions as a result of this finding:</p> <ul style="list-style-type: none"> <li>• In April 2011, the Department developed and provided a training module to the case management staff of the 13 Area Agencies on Aging. The training focused on the requirement that case managers review client's timesheets and verify authorized hours have been provided.</li> <li>• Also in April, the Department revised the Case Management Program Training curriculum to include an emphasis on review of timesheets.</li> <li>• In June 2011, the Department:             <ul style="list-style-type: none"> <li>○ Audited a random sample of individual providers' timesheets to determine if services billed are consistent with timesheet records.</li> <li>○ Contacted the Department of Health and Human Services (HHS) and was told by the HHS analyst that questioned costs would not be reviewed until the audit results were received through the clearinghouse.</li> </ul> </li> <li>• In August 2011, the Department sent written notification to individual providers regarding their obligation to keep a record of in-home services they provide to ADSA clients.</li> </ul> <p><b>The conditions noted in this finding were previously reported in finding 09-21. The auditors noted certain progress.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-29.</p>

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	43	Finding:  Questioned Costs:  Status:  Corrective Action:	<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"> <thead> <tr> <th data-bbox="609 680 706 709"><u>CFDA #</u></th> <th data-bbox="1015 680 1112 709"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 709 706 739">93.775</td> <td data-bbox="1015 709 1474 739">non-ARRA: \$143,270.78</td> </tr> <tr> <td data-bbox="609 739 706 768">93.776</td> <td data-bbox="1015 739 1474 768">ARRA: \$ 35,913.78</td> </tr> <tr> <td data-bbox="609 768 706 798">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 798 1474 827">93.778 ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</p> <p>This finding involved the Children’s, Economic Services, and Medicaid Purchasing Administrations. Each administration provided individual responses.</p> <p><u>Children’s Administration (CA)</u>            CA concurs with this finding. Only two of the exceptions identified during the audit were related to CA. In February 2011, CA initiated and completed the process to obtain the correct social security number for the two clients.</p> <p><u>Economic Services Administration (ESA)</u>            ESA concurs with this finding. ESA took actions to address the exceptions identified during the audit.</p> <p>Additionally, ESA, in conjunction with the Medicaid Purchasing Administration, requested enhancements to their automated systems. The enhancements were completed and implemented in January 2012. They included:</p> <ul style="list-style-type: none"> <li>• Automation of the State On-line Query (SOLQ) SSN verification process at the time of application.</li> <li>• System generated edits and assignments to ensure accurate processing and follow-up of cases with missing or invalid SSNs.</li> </ul> <p><u>Medicaid Purchasing Administration (MPA)</u>            MPA partially concurs with this finding. MPA is of the opinion that the audit sample of the total caseload of 1.1 million clients was not valid. This sample consisted only of cases that might be in error -- in effect, inflating the number of potential errors that might exist within the total Title XIX and Title XXI caseload. By comparing to the total 1.1 million cases, the audit team initially found 8,727 potential errors, a 7.9% potential error rate. But of that number of potential errors, the audit team found only 410 actual errors, or a 0.047% error rate. In addition, only 84 of the cited errors were under Medicaid’s control, resulting in a Medicaid error rate of only 0.009%.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	non-ARRA: \$143,270.78	93.776	ARRA: \$ 35,913.78	93.777		93.778 ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
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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>
10	43 (Cont'd)	<p>During July 2010, MPA took action on the 84 exceptions identified as belonging to MPA. The cases were either corrected or closed. Of the cases, 72 (86%) were Take Charge family-planning-only. In the past, these clients have received one medical ID card covering a 12-month certification period. Beginning in May 2010, however, the Medicaid payment system changed to ProviderOne. This system only shows one month of a client's eligibility, which enables the Department to close Take Charge certifications when needed. This new functionality in ProviderOne will eliminate the Take Charge problem since the Department regularly terminates these cases when eligibility ends, rather than waiting until the end of the certification period as before.</p> <p>During September 2010, MPA staff received training in the procedures for requiring and verifying SSNs. Also in September, MPA began auditing two percent of Take Charge cases and 10 percent of MEDS applications and reviews monthly. The training and auditing was completed by October 2011.</p> <p>MPA shares monthly reports on cases that lack SSNs or have invalid SSNs with the ESA allowing workers in either administration to correct them quickly. Staff has now been trained on the need for SSNs and how to verify them through the State On-Line Query. In addition, the Eligibility A-Z manual has been updated with the most current procedures. Training and reports were completed and developed by October 2011. Reports continue to be pulled and sent each month to ESA.</p> <p>Completion Date: January 2012</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
10	44	<p>Finding: The Department of Social and Health Services Medicaid Purchasing Administration's<sup>3</sup> internal controls are insufficient to ensure payment rates for its Healthy Options managed care program are based on accurate data.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.776</td> <td></td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>ARRA and non-ARRA</p> <p>Status: Refer to finding 11-40</p> <p>Corrective Action: The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding. MPA believes there are sufficient controls in place to assure managed care rates are set based on the verified managed care organizations' (MCO) actual costs of care.</p> <p>The controls MPA has in place are:</p> <ul style="list-style-type: none"> <li>• Actuarially certified, proprietary cost information is submitted directly to the MPA's actuary. The actuary verifies the information submitted by comparing it to audited financial statements submitted to the Office of the Insurance Commissioner, and encounter data submitted to the MPA.</li> <li>• The actuary also does analysis of prior years, compares MCOs to each other and resolves outliers that arise from its analyses with the MCOs.</li> </ul> <p>In addition, the MCOs each have compliant fraud and abuse controls to prevent provider fraud. These controls provide reasonable assurance that the data used in rate-setting is accurate and complete. This assertion is supported by the fact that the MPA has had no findings regarding rate setting in two Centers for Medicare and Medicaid Services (CMS) reviews and has had its rates consistently approved by CMS with their full understanding of the rate setting methodology.</p> <p><b>The conditions noted in this finding were previously reported in finding 09-22.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-40.</p> </p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>											
93.775	\$0											
93.776												
93.777												
93.778												

<sup>3</sup> Formerly Health and Recovery Services Administration (HRSA)

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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>															
10	45	<p data-bbox="440 590 1464 678">Finding: The Department of Social and Health Services, Aging and Disability Services Administration, does not have adequate controls in place to ensure all applicant-owned assets are counted when Medicaid eligibility is determined.</p> <table data-bbox="440 709 1104 861"> <tr> <td data-bbox="440 709 568 739">Questioned</td> <td data-bbox="609 709 706 739"><u>CFDA #</u></td> <td data-bbox="1015 709 1104 739"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 739 568 768">Costs:</td> <td data-bbox="609 739 706 768">93.775</td> <td data-bbox="1015 739 1104 768">\$0</td> </tr> <tr> <td></td> <td data-bbox="609 768 706 798">93.776</td> <td></td> </tr> <tr> <td></td> <td data-bbox="609 798 706 827">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="609 827 933 861">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p data-bbox="440 892 852 921">Status: Refer to finding 11-36</p> <p data-bbox="440 953 1437 1012">Corrective Action: The Department does not concur with this finding. The Department disagrees with the SAO for the following reasons:</p> <ul data-bbox="641 1043 1464 1596" style="list-style-type: none"> <li data-bbox="641 1043 1464 1318">• Most clients do not have proof of all financial activities that occurred during the last five years, which would be all of their financial statements from banks and other financial institutions. The process that the client or Department would have to go through to provide that much history would be lengthy and expensive, and would not meet the federal requirement in 42CFR 435.902 that an agency’s policies and procedures for determining eligibility must be conducted in a manner consistent with simplicity of administration and is in the best interests of applicants and recipients.</li> <li data-bbox="641 1350 1464 1596">• The Department would have to pay banks to provide archived statements that the clients no longer have per WAC 388-490-0005(7). The length of time it would take to request and then review a minimum of 60 bank statements, with the possibility of hundreds more if there are multiple accounts at different banks, would make it impossible to meet our standard of promptness for Medicaid applications with existing staff. Many additional FTEs would be required. Requiring all clients to provide 60 months of bank statements would not be cost-effective.</li> </ul>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.775	\$0		93.776			93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA #</u>	<u>Amount</u>															
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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>
10	45 (Cont'd)	<ul style="list-style-type: none"> <li>• Unless transfers were made with the intent of qualifying for long-term care benefits, the Department cannot impose a transfer penalty. RCW 74.08.080(2)(g) states that “the burden is on the department to prove by a preponderance of the evidence that the person knowingly and willingly assigned or transferred the resource at less than fair market value for the purpose of qualifying...for medical assistance.” Applicants who have or had enough resources to consider transferring assets are usually applying for public assistance for the first time. If transfers occurred between 2 – 5 years prior to applying, the Department finds that those persons were usually unaware of Medicaid policies at that time because they were in reasonably good health, were not contemplating future long-term care needs, and were simply helping family members. If they were transferring assets to qualify that long ago, it is often difficult to prove. Generally, specific planning for future Medicaid eligibility occurs within a few months of the application.</li> <li>• Requiring clients to provide five years of bank statements would only pertain to bank accounts that are declared. No system is in place to identify undeclared bank accounts and other types of undeclared transfers which is the primary reason for reliance on self-declaration.</li> <li>• The Department is committed to ensuring that Medicaid clients are financially eligible for the program benefits that they receive and will continue to pursue and verify any asset transfers that it becomes aware of through the written application, the subsequent interview, or other means. Applicants complete the DSHS Application for Benefits. This form specifically asks if the applicant or applicant’s spouse has sold, traded, given away, or transferred a resource in the last five years, and if so, what and when. The application states that the person signing it is declaring an understanding that they can be criminally prosecuted for making a false statement or failing to report something. The signature certifies and declares under penalty of perjury under the laws of the State of Washington that the information given is true and correct.</li> </ul>

**State of Washington  
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**OMB Circular A-133 Audit  
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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>
10	45 (Cont'd)	<p>In addition, the Department is taking the following actions:</p> <ul style="list-style-type: none"> <li>○ Staff routinely checks online county assessor systems to see if clients have transferred property within the county they reside in.</li> <li>○ If the bank statements from the last three or six months contain payments or credits that present red flags, staff looks as far into this as necessary to resolve the issue.</li> <li>○ If the client declares a transfer, staff requests and obtains verification and thoroughly evaluate that transfer to ensure that it is consistent with Medicaid rules.</li> <li>○ If the interview is inconsistent with the application, staff evaluates and probes inconsistencies as necessary.</li> <li>○ If staff learn of possible transfers through other means, they always follow-up and verify.</li> </ul> <p>The Department submitted policies and procedures to the Centers for Medicare and Medicaid Services (CMS) in June 2009 asking for an opinion as to whether or not federal guidelines were being met. CMS responded on December 22, 2009. CMS indicated that states have flexibility in implementing the 5 year look-back provision according to the “general rules of reason.”</p> <p>The Department believes the CMS response validates the position that asking for bank statements for the entire look-back period is not required. The Department believes the methods described above meet the “rules of reason” test referred to by CMS.</p> <p><b>The conditions noted in this finding were previously reported in finding 09-17.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-36.</p>

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
10	48	<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' internal controls are inadequate to ensure non-emergency medical transportation expenditures are allowable and adequately supported.</p> <table border="0"> <thead> <tr> <th data-bbox="609 709 706 739"><u>CFDA #</u></th> <th data-bbox="1015 709 1112 739"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 739 706 768">93.775</td> <td data-bbox="1015 739 1112 768">\$0</td> </tr> <tr> <td data-bbox="609 768 706 798">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 798 706 827">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 827 706 856">93.778</td> <td></td> </tr> </tbody> </table> <p>ARRA and non-ARRA</p> <p>Refer to finding 11-47</p> <p>The Department's Medicaid Purchasing Administration (MPA) concurs with this finding.</p> <p>MPA acknowledged that on-site monitoring of activities for the transportation brokers was not completed according to the monitoring plan for 2010. This was primarily due to budget restrictions. Also, the workload required for the re-procurement of non-emergency medical transportation (NEMT) contracts was considerable.</p> <p>To address this finding, MPA is reviewing broker subcontractors monitoring schedules, broker incident/accident reports, and broker invoice packets. MPA is also reviewing and resolving broker complaints.</p> <p>Additionally, MPA will take or took the following actions:</p> <ul style="list-style-type: none"> <li>• The broker's fleet inventory reports were reviewed in February 2011.</li> <li>• The Trips Database was developed and tested in March 2011. This database allows for improved monitoring capabilities. The database also allows MPA to match a client's trip to a covered medical service.</li> <li>• By December 2011, desk audits of all NEMT brokers will be completed, along with site visits of those brokers. Eastern Washington brokers site visits were completed in July 2011. Four of the six desk audits have been completed and the remaining two are scheduled.</li> </ul> <p><b>The conditions noted in this finding were previously reported in finding 09-31.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-47.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
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**Department of Social and Health Services (DSHS)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
10	49	<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 have adequate controls to ensure the federal share of overpayments made to Medicaid providers are refunded to the federal government in an accurate and timely manner.</p> <table border="0"> <thead> <tr> <th data-bbox="609 709 706 739"><u>CFDA #</u></th> <th data-bbox="1015 709 1112 739"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 739 706 768">93.775</td> <td data-bbox="1015 739 1112 768">\$0</td> </tr> <tr> <td data-bbox="609 768 706 798">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 798 706 827">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 827 706 856">93.778</td> <td></td> </tr> </tbody> </table> <p>ARRA and non-ARRA</p> <p>Refer to finding 11-27</p> <p>The Department concurs with this finding. While the Department's Office of Financial Recovery (OFR) has found that monthly reminders to Administrations have not been effective in ensuring timely overpayment referrals, OFR will comply with current policy while working to change the policy and implement effective refund practices. Policy revisions have been made and are under review. The Department anticipates the review will be completed by December 2011.</p> <p><b>The conditions noted in this finding were previously reported in finding 09-28.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-27.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
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93.776													
93.777													
93.778													

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
10	50	<p>Finding: The Department of Social and Health Services paid Medicaid providers for services that were not provided to Medicaid beneficiaries.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">non-ARRA: \$30,408.79</td> </tr> <tr> <td>93.776</td> <td style="text-align: right;">ARRA: \$ 7,622.59</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: This finding involved the Aging and Disability Services Administration and the Medicaid Purchasing Administration. Both administrations concur with the finding.</p> <p><u>Aging and Disability Services Administration (ADSA)</u></p> <p>ADSA will continue its work to strengthen processes that may provide a timelier and more consistent way to inform field staff about deceased clients. Currently, field staff receive this information from a variety of sources, including relatives, death notices in the papers, and ACES-Social Security Data Exchange matches. There is no departmental or legal requirement to notify field offices. The availability and consistency of this information will improve when phase two of Provider One is completed. At that time staff should have uniform access to the same data sources for information about client deaths.</p> <p>ADSA took the following action in April 2011:</p> <ul style="list-style-type: none"> <li>• Provided the Payment Review Program (PRP) the client list with dates of death (DOD). This assisted the PRP to determine if there are algorithm improvements that would assist in strengthening procedures for identifying deceased beneficiaries.</li> <li>• Established overpayments for those payments identified after the audit began.</li> </ul> <p>By the end of November 2011:</p> <ul style="list-style-type: none"> <li>• Federal share costs were reimbursed to the federal grantor.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.775	non-ARRA: \$30,408.79	93.776	ARRA: \$ 7,622.59	93.777		93.778	ARRA and non-ARRA
<u>CFDA #</u>	<u>Amount</u>											
93.775	non-ARRA: \$30,408.79											
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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>
10	50 (Cont'd)	<p><u>Medicaid Purchasing Administration (MPA)</u></p> <p>The audit identified transactions totaling \$3,266 in payments made through the Medicaid Management Information System (MMIS) that were paid after the date of death. In January 2011, the Date of Death was documented in the MMIS and the payments have been recouped.</p> <p>The audit recommended that MPA “continue to strengthen procedures for identifying deceased beneficiaries to prevent overpayments in the future.” MPA continues to be a stakeholder in a Department of Health (DOH) initiative that will provide on-line access to DOH death data. The initiative will provide death data in a timelier manner, but has yet to be implemented. DOH remains dependent upon counties for receipt of death data, resulting in a delay in receiving the information. Due to this delay, DSHS will continue its successful post-pay review activities by using the quarterly DOH death data file to identify and recoup claims paid for deceased clients.</p> <p>Completion Date: November 2011</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
10	51	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate procedures to ensure Medicaid is the payer of last resort for pharmacies.</p> <table border="0"> <thead> <tr> <th data-bbox="609 709 706 739"><u>CFDA #</u></th> <th data-bbox="1015 709 1112 739"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 739 706 768">93.775</td> <td data-bbox="1015 739 1112 768">\$0</td> </tr> <tr> <td data-bbox="609 768 706 798">93.776</td> <td></td> </tr> <tr> <td data-bbox="609 798 706 827">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 827 706 856">93.778</td> <td></td> </tr> </tbody> </table> <p>ARRA and non-ARRA</p> <p>Refer to finding 11-43</p> <p>The Department’s Medicaid Purchasing Administration (MPA) does not concur with this finding. However, MPA will take the following action to strengthen internal controls:</p> <p>MPA plans to enhance functionality related to third party payers in ProviderOne by December 2012 through implementation of a change request. Until then MPA will continue to allow providers to make eligibility checks with ProviderOne that include known third party payer information.</p> <p>In June 2010, CMS announced recommended transmission formats for sharing eligibility and benefit information. The formats are the Payer Initiated Eligibility/Benefit (PIE) Transaction and the Accredited Standards Committee (ASC). MPA will be pursuing implementation of these transactions.</p> <p>On an ongoing basis as resources are available, MPA will retrospectively examine pharmacy claims for the use of Third Party Liability override codes.</p> <p><b>The conditions noted in this finding were previously reported in finding 09-24.</b></p> <p>The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-43.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.776		93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>												
93.775	\$0												
93.776													
93.777													
93.778													

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan															
10	52	<p>Finding: The Department of Social and Health Services, Medicaid Purchasing Administration<sup>4</sup>, does not have adequate controls to ensure providers meet initial and ongoing eligibility requirements to participate in the Medicaid program.</p> <table border="0" data-bbox="441 737 1105 890"> <tr> <td style="padding-right: 10px;">Questioned</td> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>Costs:</td> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td></td> <td>93.776</td> <td></td> </tr> <tr> <td></td> <td>93.777</td> <td></td> </tr> <tr> <td></td> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Refer to finding 11-48</p> <p>Corrective Action: The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding. The MPA does ensure that all requirements for Durable Medical Equipment providers are met.</p> <p>Although MPA does not concur with this finding, the following actions will be taken to improve services.</p> <ul style="list-style-type: none"> <li>• MPA has a Change Request (CR) in process with the ProviderOne vendor, CNSI, which will allow a data exchange of professional and facility license information between MPA and the Department of Health. This will identify claims from expired professional and facility licenses so that they will not be paid. This change request is expected to be in effect by September 2011. Business licenses were not captured in the MMIS system (the system that preceded ProviderOne). The business license field is new to the ProviderOne system. It is a requirement for enrollment to document the business license dates. ProviderOne automatically sends the provider a letter 30 days prior to the expiration date of a business license. The provider is required to then send the Provider Enrollment Unit proof of an updated license. There is currently no edit in place to deny claims on business license end dates. This edit will be put into place by February 2012.</li> </ul>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.775	\$0		93.776			93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA #</u>	<u>Amount</u>															
Costs:	93.775	\$0															
	93.776																
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<sup>4</sup> Formerly Health and Recovery Services Administration

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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>
10	52 (Cont'd)	<ul style="list-style-type: none"> <li>• Beginning in April 2011, new federal regulations require the states to perform pre- and post-enrollment site visits of newly enrolling DME providers, and as current DME providers' enrollment is updated. Regulations allow that states may accept the results of Medicare's or another state Medicaid agency's screening results (i.e. if the provider is already a Medicare provider and Medicare has done the pre- and post-enrollment site visit). MPA is taking all steps necessary to comply with these new federal requirements.</li> </ul> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-48.</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
10	53	<p>Finding: The Department of Social and Health Services Medicaid Purchasing Administration<sup>5</sup> does not perform a retrospective drug use review of pharmaceutical claims data to identify patterns of fraud or abuse as required by federal law.</p> <p>Questioned Costs: <u>CFDA #</u>            93.775            93.776            93.777            93.778 ARRA and non-ARRA</p> <p><u>Amount</u>            \$0</p> <p>Status: Refer to finding 11-41</p> <p>Corrective Action: The Department's Medicaid Purchasing Administration (MPA) does not concur with this finding.</p> <p>MPA believes that it is in full compliance with the federal rules for retrospective drug utilization review. The Centers for Medicare and Medicaid Services (CMS) has provided previous validation that MPA's retrospective Drug Utilization Review (DUR) reports meet all federal requirements.</p> <p>MPA will submit its required annual Drug Utilization Review report to CMS for federal fiscal year 2010.</p> <p><b>The conditions noted in this finding were previously reported in finding 09-20.</b></p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-41.</p>	

<sup>5</sup> Formerly Health and Recovery Services Administration (HRSA)

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

Fiscal Year	Finding Number	Finding and Corrective Action Plan															
10	55	<p>Finding: The Department of Social and Health Services, Medicaid Purchasing Administration, did not ensure managed care premium payments were paid only for Medicaid eligible clients, resulting in the loss of approximately \$1 million of public funds.</p> <table border="0"> <tr> <td data-bbox="440 737 565 766">Questioned</td> <td data-bbox="607 737 699 766"><u>CFDA #</u></td> <td data-bbox="1016 737 1109 766"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 768 509 798">Costs:</td> <td data-bbox="607 768 683 798">93.775</td> <td data-bbox="1016 768 1292 798">non-ARRA: \$474,387.67</td> </tr> <tr> <td></td> <td data-bbox="607 800 683 829">93.776</td> <td data-bbox="1062 800 1292 829">ARRA: \$118,915.06</td> </tr> <tr> <td></td> <td data-bbox="607 831 683 861">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 863 935 892">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department's Medicaid Purchasing Administration (MPA) concurs with this finding.</p> <p>MPA conducted a thorough analysis of the data submitted by the auditors and concluded that the small group of cases cited was accurately described. The findings were a result of limitations within the legacy Medicaid Management Information System (MMIS).</p> <p>With the implementation of ProviderOne in May 2010, this limitation was resolved. Currently, MPA has established business rules that will disenroll ineligible clients when their eligibility changes between cutoff and premium payment.</p> <p>The MPA is working with the Centers for Medicare and Medicaid Services (CMS) to refund the federal dollars identified in the audit.</p> <p>Completion Date: September 2011</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.775	non-ARRA: \$474,387.67		93.776	ARRA: \$118,915.06		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA #</u>	<u>Amount</u>															
Costs:	93.775	non-ARRA: \$474,387.67															
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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
10	56	<p>Finding: The Department of Health charged federal grants for expenditures after the grant period had closed.</p> <p>Questioned Costs: <u>CFDA#</u> 93.889 <u>Amount</u> ARRA: \$154,991.62</p> <p>Status: Refer to finding 11-49</p> <p>Corrective Action: The Department has reviewed its process over expenditures for obligations incurred during the grant period and stressed the awareness of account coding for grants that have exceeded the 90 day period past closing.</p> <p>Accounting and Grants Management staff have clear instructions to close these account codes making them unavailable once they have exceeded their period of availability.</p> <p>In addition program managers have stressed the importance that the required financial reports are filed with the federal grantor by the due date.</p> <p>The Department is in communication with Health and Human Services, Assistant Secretary for Preparedness and Response; and has provided additional documentation that supports an extended deadline for a portion of these expenditures. In these discussions, the Department also stressed that all of these expenditures were otherwise allowable. The Department is awaiting the federal agency's final determination on the questioned costs.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2011 Washington Single Audit. Refer to finding 11-49.</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
10	57	<p>Finding: The Department of Social and Health Services, Aging and Disability Services Administration, Division of Behavioral Health and Recovery, did not comply with the federal requirement for independent peer reviews for the Substance Abuse Prevention and Treatment Block Grant.</p> <p>Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>In August 2011, the Department created the Behavioral Health Advisory Council (BHAC). The BHAC was developed jointly by the Mental Health Policy Council (MHPC) and the Chemical Dependency Citizen’s Advisory Council. The BHAC is responsible for facilitating and overseeing the peer review process. Eight chemical dependency professionals and eight treatment agencies volunteered to act as peer reviewers.</p> <p>The Department trained the peer reviewers in the peer review process. Peer reviews of treatment programs were held during July and August 2011. The BHAC submitted a report that discussed peer review findings to the Substance Abuse and Mental Health Services Administration in December 2011.</p> <p>Completion Date: December 2011</p>

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
09	27	<p>Finding: The Department of Social and Health Services did not ensure Medicaid services provided to undocumented aliens were allowable under its Alien Emergency Medical program.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u>            93.775 non-ARRA: \$181,841.59            93.776 ARRA: \$ 26,297.27            93.777            93.778 – ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department does not concur with this finding. The Aging and Disability Services Administration (ADSA) and the Health and Recovery Services Administration were both involved in this finding. Each administration offered a reason for not concurring. Also, each offered actions they will take improve the situation.</p> <p><b><u>Aging and Disability Services Administration</u></b></p> <p>Seventeen of the exceptions noted in the finding were for undocumented alien clients who received services from ADSA however they did not receive services under the Alien Emergency Medical (AEM) program. Fifteen of the clients received Personal Care Services, 14 of which were minors who received those services from the Division of Developmental Disabilities. The minors were eligible for services under the state funded Categorically Needy Scope of Care which is allowed by RCW 74.09.520, WAC 388-501-0060(5) (w) and WAC 388-505-0210.</p> <p>Three of the above were undocumented clients who received long term care services. The services were authorized through an exception to rule (ETR). State funded programs paid for the services these clients received.</p> <p>All 17 of the ADSA clients were eligible for services that were 100% state-funded. For this reason, the ARRA enhanced match identified by the auditor did not affect the total state dollars to be expended for the programs.</p> <p>Currently, tracking and maintaining cost adjustments to the federal share expenditures is a manual process requiring the use of spreadsheets to track the services received by individual clients. State dollars are journal vouchered back to the Medicaid programs after expenditures are identified. This process will become automated when the Provider One phase two project is implemented.</p>

**State of Washington  
 Summary Schedule of Prior Audit Findings  
 For Years Prior to Fiscal Year 2012**

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

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects corrective action status as of September 2012.)

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
09	27 (Cont'd)	<p>ADSA took the following actions as a result of this finding:</p> <ul style="list-style-type: none"> <li>• In June 2010 procedures were developed that ensure Medicaid funds for undocumented clients are used appropriately and properly reported on the CMS 64.</li> <li>• In January 2012 unallowable costs were reimbursed to the Department of Health and Human Services.</li> </ul> <p><b><u>Health and Recovery Services Administration</u></b></p> <p>In April 2012, the Department completed programming in ACES to assure Alien Emergency Medical eligibility is accurately reflected for this program and to support claims payment via ProviderOne, the Department's primary provider payment processing system. The Department continues to identify claims paid for undocumented aliens that are allowable for federal match and submits these costs for federal reimbursement. Payments for claims identified as not being consistent with program policy are recovered.</p> <p>Completion Date: April 2012</p>

**State of Washington  
Summary Schedule of Prior Audit Findings  
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**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2012**

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**University of Washington (UW)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan																								
05	50	<p>Finding: Certain University departments' controls are not working effectively to ensure Time And Effort Certification forms are completed in a timely manner and to ensure monthly certification of salaries and wages paid for federal programs are completed as required.</p> <table border="0"> <tr> <td data-bbox="440 737 565 764">Questioned</td> <td data-bbox="607 737 703 764"><u>CFDA #</u></td> <td data-bbox="1015 737 1105 764"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 768 509 795">Costs:</td> <td data-bbox="607 768 683 795">93.389</td> <td data-bbox="1015 768 1045 795">\$0</td> </tr> <tr> <td></td> <td data-bbox="607 800 683 827">93.837</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 831 683 858">93.846</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 863 683 890">93.856</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 894 683 921">93.859</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 926 683 953">93.864</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 957 683 984">93.866</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: <u>Faculty Effort Certifications (FECs):</u> The University has enhanced its follow-up process to ensure FECs are certified in a timely manner. A formal process with escalating communication as well as some modifications to the procedure was rolled out in an effort to ensure FECs are certified timely. Also, individual departments cited in this finding have strengthened their monitoring and follow-up processes. These actions have resulted in significant improvement in the timeliness in the certification of FEC reports.</p> <p>Finally, the University continues with the process to replace the existing manual system with an electronic effort reporting and certification system. The cost share module and Phase II have rolled out. Phase III will be pilot tested during October – December 2011 followed by Beta testing for the FEC cycle ending December 31, 2011. Phase III was implemented in the summer of 2012. The new system includes enhanced tracking and follow-up capabilities (Phase III).</p> <p><u>Grant and Contract Certification Reports (GCCR):</u> The University continues to work with departments on a campus-wide basis to strengthen controls that ensure GCCRs are reviewed and signed in a timely manner. This includes, but is not limited to, routine general emphasis on this requirement through meetings such as the monthly research administrators meeting as well as individual consultation.</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.389	\$0		93.837			93.846			93.856			93.859			93.864			93.866	
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**State of Washington  
 Summary Schedule of Prior Audit Findings  
 For Years Prior to Fiscal Year 2012**

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

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**University of Washington (UW)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
05	50 (Cont'd)	<p>Additionally, enhanced documentation has been completed for the University's website reinforcing the requirements and procedures for GCCRs and a more streamlined process has been implemented to provide efficiencies and better monitoring capabilities.</p> <p>Completion Date: Summer 2012</p>