

**State of Washington  
 Summary Schedule of Prior Audit Findings  
 For Years Prior to Fiscal Year 2013**

***OMB Circular A-133 Audit  
 For the Fiscal Year Ended  
 June 30, 2013***

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of September 30, 2013.)

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<b>Finding Number</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Page Number</b>	<b>Audit Status</b>
12-01	Office of Financial Management	None	H-10	Repeat finding 2013-001
12-02	Department of Health	10.557	H-11	Complete
12-03	Department of Health	10.557	H-12	Complete
12-04	Department of Health	10.557	H-13	Complete
12-05	Department of Health	10.557, 93.069, 93.889, 93.917	H-14	Complete
12-06	Recreation and Conservation Funding Board	11.438	H-15	Pending
12-07	Department of Commerce	14.239	H-16	Complete
12-08	Department of Commerce	14.239	H-18	Repeat Finding 2013-004
12-09	Department of Commerce	14.239, 66.468, 66.468A, 81.042, 93.568, 93.569	H-19	Repeat Finding 2013-003
12-10	Employment Security Department	17.225, 17.225A	H-20	Repeat Finding 2013-005
12-11	Employment Security Department	17.225, 17.225A	H-21	Complete
12-12	Department of Transportation	20.500, 20.507, 20.509, 20.509A	H-22	Complete
12-13	Department of Health	66.468, 66.468A	H-23	Complete
12-14	Department of Services for the Blind	84.126	H-24	Complete
12-15	Department of Services for the Blind	84.126	H-25	Complete

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12-16	Department of Services for the Blind	84.126	H-26	Complete
12-17	Department of Services for the Blind	84.126	H-27	Repeat finding 2013-011
12-18	Office of Superintendent of Public Instruction	84.377, 84.388A	H-28	Complete
12-19	Department of Health	93.069	H-29	Complete
12-20	Department of Health	93.069, 93.889	H-30	Complete
12-21	Department of Health	93.069, 93.889	H-31	Repeat finding 2013-012
12-22	University of Washington	93.145, 93.600	H-32	Repeat finding 2013-014
12-23	Department of Social and Health Services	93.563	H-33	Complete
12-24	Department of Social and Health Services	93.563	H-34	Complete
12-25	Department of Commerce	93.568	H-35	Complete
12-26	Department of Commerce	93.568	H-36	Complete
12-27	Department of Commerce	93.568	H-37	Complete
12-28	Department of Early Learning	93.575, 93.596, 93.713A	H-38	Repeat finding 2013-016
12-29	Department of Early Learning	93.575, 93.596, 93.713A	H-39	Complete
12-30	Department of Social and Health Services	93.575, 93.596, 93.713A	H-40	Repeat finding 2013-017
12-31	Edmonds Community College	93.600	H-42	Complete

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12-32	Department of Social and Health Services	93.659	H-43	Repeat finding 2013-018
12-33	Department of Health	93.720A, 93.775, 93.777, 93.778, 93.778A	H-44	Repeat finding 2013-019
12-34	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-45	Complete
12-35	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-46	Complete
12-36	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-48	Complete
12-37	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-49	Complete
12-38	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-50	Complete
12-39	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-51	Repeat finding 2013-036
12-40	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-52	Complete
12-41	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	H-54	Repeat finding 2013-040
12-42	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-55	Complete
12-43	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-56	Complete
12-44	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-57	Repeat finding 2013-030
12-45	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-59	Repeat finding 2013-026
12-46	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-60	Complete
12-47	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-61	Repeat finding 2013-024

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12-48	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-62	Repeat finding 2013-028
12-49	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-64	Repeat finding 2013-020
12-50	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-65	Complete
12-51	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-66	Complete
12-52	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-68	Complete
12-53	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-69	Repeat finding 2013-027
12-54	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-70	Repeat finding 2013-031
12-55	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-72	Complete
12-56	Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	H-73	Complete
12-57	Department of Health	93.889	H-74	Complete
12-58	Department of Health	93.917	H-75	Complete
12-59	Military Department	97.036	H-76	Complete
12-60	Military Department	97.036	H-77	Complete
12-61	Military Department	97.067	H-78	Complete
12-62	Military Department	97.067	H-79	Repeat finding 2013-043

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12-63	Military Department	97.067	H-80	Repeat finding 2013-045
11-01	Department of Social Health Services	10.551, 10.561, 93.558, 93.714A, 93.716A, 93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	H-81	Complete
11-02	Department of Social and Health Services	10.551, 10.561	H-82	Complete
11-08	Employment Security Department	17.225, 17.225A	Refer to finding 12-11 at H-21	Repeat finding 12-11
11-10	Department of Commerce	66.468, 66.468A, 81.042, 81.042A, 93.659, 93.710A	Refer to finding 12-09 at H-19	Repeat finding 2013-003, 12-09
11-12	University of Washington	84.063, 84.063A, 84.268, 93.658, 93.658A	H-84	Complete
11-14	Department of Services for the Blind	84.126, 84.390A	Refer to finding 12-15 at H-25	Repeat finding 12-15
11-15	Department of Services for the Blind	84.126, 84.390A	H-86	Complete
11-17	Department of Health	93.069, 93.889	Refer to finding 12-20 at H-30	Repeat finding 12-20
11-19	Department of Health	93.069, 93.889	Refer to finding 12-57 at H-74	Repeat finding 12-57
11-20	Department of Health	93.069, 93.889	Refer to finding 12-21 at H-31	Repeat finding 2013-012, 12-21
11-22	Department of Commerce	93.569, 93.710A	H-87	Complete
11-23	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 12-28 at H-38	Repeat finding 2013-016, 12-28
11-24	Department of Social and Health Services	93.659, 93.659A	Refer to finding 12-32 at H-43	Repeat finding 2013-018, 12-32
11-25	Department of Health	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-33 at H-44	Repeat finding 2013-019, 12-33

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11-26	Department of Social and Health Services	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	H-89	Complete
11-27	Department of Social and Health Services	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-56 at H-73	Repeat finding 12-56
11-29	Department of Social and Health Services	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	H-90	Complete
11-33	Department of Social and Health Services	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-35 at H-46	Repeat finding 12-35
11-34	Department of Social and Health Services	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-41 at H-54	Repeat finding 2013-040, 12-41
11-35	Department of Social and Health Services	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-34 at H-45	Repeat finding 12-34
11-37	Health Care Authority / Department of Social and Health Services	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-52 at H-68	Repeat finding 12-52
11-38	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-49 at H-64	Repeat finding 2013-020, 12-49
11-39	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-54 at H-70	Repeat finding 2013-031, 12-54
11-40	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-47 at H-61	Repeat finding 2013-024, 12-47
11-41	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-51 at H-66	Repeat finding 12-51
11-42	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-50 at H-65	Repeat finding 12-50
11-43	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-42 at H-55	Repeat finding 12-42
11-45	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	H-92	Complete
11-46	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-44 at H-57	Repeat finding 2013-030, 12-44

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11-48	Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-43 at H-56	Repeat Finding 12-43
11-49	Department of Health	98.889	H-94	Pending
11-50	Office of Financial Management	94.006, 94.006A	H-95	Complete
11-51	Employment Security Department	94.006, 94.006A	H-96	Complete
10-03	Department of Social and Health Services	10.551, 10.551A, 10.561, 10.561A	Refer to finding 11-02 at H-82	Repeat finding 11-02
10-08	Employment Security Department	17.225, 17.225A	Refer to finding 12-11 at H-21	Repeat finding 12-11, 11-08
10-25	Department of Health	93.069, 93.889	Refer to finding 12-20 at H-30	Repeat finding 12-20, 11-17
10-26	Department of Health	93.069, 93.889	Refer to finding 12-57 at H-74	Repeat finding 12-57, 11-19
10-30	Department of Commerce	93.569, 93.710A	Refer to finding 11-22 at H-87	Repeat finding 11-22
10-31	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 12-28 at H-38	Repeat finding 2013-016, 12-28, 11-23
10-32	Department of Social and Health Services	93.659, 93.659A	Refer to finding 12-32 at H-43	Repeat finding 2013-018, 12-32, 11-24
10-35	Department of Social and Health Services	93.767	Refer to finding 12-52 at H-68	Repeat finding 12-52, 11-37
10-36	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-34 at H-45	Repeat finding 12-34, 11-35
10-38	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 11-45 at H-92	Repeat finding 11-45
10-40	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-49 at H-64	Repeat finding 2013-020, 12-49, 11-38

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10-42	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 11-29 at H-90	Repeat finding 11-29
10-44	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-47 at H-61	Repeat finding 2013-024, 12-47, 11-40
10-49	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-56 at H-73	Repeat finding 12-56, 11-27
10-51	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-42 at H-55	Repeat finding 12-42, 11-43
10-52	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-43 at H-56	Repeat finding 12-43, 11-48
10-53	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-51 at H-66	Repeat finding 12-51, 11-41
10-56	Department of Health	93.889	Refer to finding 11-49 at H-94	Repeat finding 11-49
09-12	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 12-28 at H-38	Repeat finding 2013-016, 12-28, 11-23, 10-31
09-14	Department of Social and Health Services	93.659, 93.659A	Refer to finding 12-32 at H-43	Repeat finding 2013-018, 12-32, 11-24, 10-32
09-18	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-34 at H-45	Repeat finding 12-34, 11-35, 10-36
09-19	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-49 at H-64	Repeat finding 2013-020, 12-49, 11-38, 10-40
09-20	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-51 at H-66	Repeat finding 12-51, 11-41, 10-53
09-21	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 11-29 at H-90	Repeat finding 11-29, 10-42

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09-22	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-47 at H-61	Repeat finding 2013-024, 12-47, 11-40, 10-44
09-24	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-42 at H-55	Repeat finding 12-42, 11-43, 10-51
09-28	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 12-56 at H-73	Repeat finding 12-56, 11-27, 10-49
08-13	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713	Refer to finding 12-28 at H-38	Repeat finding 2013-016, 12-28, 11-23, 10-31, 09-12
08-17	Department of Social and Health Services	93.659	Refer to finding 12-32 at H-43	Repeat finding 2013-018, 12-32, 11-24, 10-32, 09-14
05-50	University of Washington	93.389, 93.866, 93.846, 93.837, 93.864, 93.856, 93.859	H-97	Complete

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**Office of Financial Management**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
12	01	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The State's internal controls over Medicaid payments processed by ProviderOne are inadequate to ensure those payments are properly processed and recorded.</p> <p>None</p> <p>Refer to finding 2013-001</p> <p>While the State does not fully agree with the finding, it recognizes the significance and the priority of internal controls and takes them very seriously.</p> <p>Upon notification by the auditor that one step in the process to validate that the daily interface from ProviderOne to the state's accounting system was lacking, the Health Care Authority immediately instituted the validation step. The validation was performed for the entire period it was missing and the results of that validation indicated that all ProviderOne transactions were properly accounted for in the state's accounting system.</p> <p>The Authority relied on the certification process conducted by the federal Centers for Medicare and Medicaid Services (CMS) to document the sufficiency of ProviderOne internal controls. The CMS certification process was very comprehensive in nature and resulted in the state's ProviderOne being the first in the country to achieve federal certification without a single finding. The state recognizes the value of and has added a requirement to the ProviderOne contract for an independent audit of the system of internal controls at the vendor location. The first report is expected in the spring of 2014.</p> <p>The condition noted in this finding was repeated in Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-001.</p>

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	02	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not obtain sub-award information or file reports required by the Federal Funding Accountability and Transparency Act for the Special Supplemental Nutrition Program for Women, Infants, and Children.</p> <table border="0"> <tr> <td data-bbox="607 709 704 739"><u>CFDA #</u></td> <td data-bbox="1013 709 1110 739"><u>Amount</u></td> </tr> <tr> <td data-bbox="607 739 704 768">10.557</td> <td data-bbox="1013 739 1110 768">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>Effective October 1, 2012, the Department requires all sub-grantees to complete a Federal Funding Accountability and Transparency Act (FFATA) data collection form at the time of award which includes the required sub-award information. In addition, the FFATA Sub-award Reporting System (FSRS) is reviewed monthly for current and new grant awards available to report on for the Department. Available and reportable sub-award information is entered monthly by grants staff into the FSRS. The grants supervisor reviews and submits the reports monthly to FSRS and retains a system print out for audit verification.</p> <p>October 2012</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	03	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:	The Department of Health does not adequately monitor subrecipients of the Special Supplemental Nutrition Program for Women, Infants, and Children.  <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>10.557</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action in progress  The Department will conduct an internal review of its subrecipient monitoring processes to determine an appropriate level of activity to address the risks and ensure federal requirements are met. This may include development of a risk model to help inform the type and frequency of monitoring for each subrecipient. The Department will develop agency-level policies and training addressing subrecipient monitoring.  Estimated March 2014	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>						
12	04	<p>Finding: The Department of Health did not obtain a Data Universal Numbering System (DUNS) number from subrecipients prior to awarding federal dollars under the Special Supplemental Nutrition Program for Women, Infants, and Children.</p> <table border="0"> <tr> <td data-bbox="440 709 565 739">Questioned</td> <td data-bbox="607 709 699 739"><u>CFDA #</u></td> <td data-bbox="1013 709 1105 739"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 739 509 768">Costs:</td> <td data-bbox="607 739 683 768">10.557</td> <td data-bbox="1013 739 1045 768">\$0</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: Prior to awarding federal dollars, the Department now requires all sub-grantees to complete a Federal Funding Accountability and Transparency Act data collection form which includes the required sub-award information, including the Data Universal Numbering System number.</p> <p>Completion Date: October 2012</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	10.557	\$0
Questioned	<u>CFDA #</u>	<u>Amount</u>						
Costs:	10.557	\$0						

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	05	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:	The Department of Health does not have sufficient internal controls to ensure all of its subrecipients receive audits when required.  <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>10.557</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.069</td> <td></td> </tr> <tr> <td>93.889</td> <td></td> </tr> <tr> <td>93.917</td> <td></td> </tr> </table> Corrective action complete  Beginning in December 2012, the Department initiated additional telephone contacts with sub-grantees who did not provide a response to the original post card inquiry and/or who did not provide a copy of their single audit to the Department and/or the federal Single Audit Clearinghouse. These sub-grantees are called (sometimes weekly) until a response is received. As of September 2013, the Department has achieved 100 percent audit determination compliance.  June 2013	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0	93.069		93.889		93.917	
<u>CFDA #</u>	<u>Amount</u>												
10.557	\$0												
93.069													
93.889													
93.917													

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**Recreation Conservation Funding Board**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	06	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:	The Recreation and Conservation Office did not file reports required by the Federal Funding Accountability and Transparency Act for the Pacific Coast Salmon Recovery Program.  <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;">\$0</td> </tr> </table> Corrective action complete pending audit follow-up  Since March 2013 the Recreation and Conservation Office (Office) completes the Accountability Act reports on a monthly basis. These reports encompass all applicable federal programs. The lead financial analyst takes the lead on reporting the awards each month. If technical difficulties in reporting the costs should arise, Office staff document the questions, communications and resolution of the issues. The Chief Financial Officer reviews the results of the reporting monthly to confirm the reports are complete and accurate.  March 2013	<u>CFDA #</u>	<u>Amount</u>	11.438	\$0
<u>CFDA #</u>	<u>Amount</u>						
11.438	\$0						

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	07	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Commerce does not adequately monitor sub-recipients of the HOME Investment Partnership Program to ensure sub-recipients use federal grant money for authorized purposes and in compliance with laws, regulations, and grant and contract provisions.</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>14.239</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>In December 2012, the Department judgmentally selected client files from each of the HOME Tenant Based Rental Assistance (TBRA) subrecipients for monitoring review. As of this date, the Department completed 11 of the subrecipient monitoring reviews; two others are in progress. To conduct the monitoring reviews, the Department requests the following documentation from subrecipients:</p> <ul style="list-style-type: none"> <li>• Tenant’s signed lease including lease addendum</li> <li>• Initial Housing Quality Standards (HQS) inspection report</li> <li>• Annual re-inspection report</li> <li>• Initial documentation of household income</li> <li>• Annual recertification of household income</li> <li>• Initial documentation of tenant rent calculation</li> <li>• Annual re-calculation of tenant rent</li> <li>• If applicable, documentation showing the tenant is eligible for tenant selection preference(s)</li> <li>• Rental Assistance Contract between the agency and the landlord</li> <li>• If the tenant has terminated, the termination documentation</li> </ul> <p>For the 11 completed monitoring reviews, the Department found all households were eligible for the program.</p> <p>The Department scheduled the remaining five HOME TBRA subrecipients monitoring reviews through the end of December 2013. The Department will report on the two in-progress as well as the five scheduled reviews by the end of April 2014.</p>	<u>CFDA #</u>	<u>Amount</u>	14.239	\$0
<u>CFDA #</u>	<u>Amount</u>						
14.239	\$0						

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	07 (Cont'd)	<p>HOME TBRA is developing a written monitoring plan. The plan is scheduled to be completed by the end of December 2013.</p> <p>With respect to unit inspections, the Department reviewed a total of 39 Housing Quality Standards (HQS) inspection reports. All the units reviewed received initial and, where appropriate, annual inspections. One unit did not provide evidence of the state-required carbon monoxide (CO) alarms in the initial review, but has since provided that documentation. Two were not using the HQS inspection form, but were using a modified version. The Department instructed the subrecipients to use the HQS inspection form. The subrecipients provided written confirmation that they understood and agreed to use the HQS inspection form.</p> <p>To accomplish future annual monitoring of HQS inspection reports, the Department instructed subrecipients to certify the completion of annual inspections and the annual pass/fail for each tenant. Each subrecipient completes and signs a form that includes tenant names and dates of inspections, or indicates the tenant terminated services before the annual inspection due date. Certifications are due to the Department by September 30, 2013. The Department will request copies of approximately 20 percent of HQS inspections performed. The Department spoke with a U.S. Department of Housing and Urban Development (HUD) representative who agreed comparison of inspection reports to the certifications provides additional assurance of compliance with regulations. The Department will provide HUD with the results of this comparison.</p> <p>Completion Date: Estimated April 2014</p>

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**Department of Commerce**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
12	08	<p>Finding: The Department of Commerce does not have internal controls to ensure the Department pays out HOME Investment Partnership program income before requesting federal cash draws and interest earned on federal cash advances is returned to the federal government.</p> <p>Questioned Costs: <u>CFDA #</u> 14.239 <u>Amount</u> \$0</p> <p>Status: Refer to finding 2013-004</p> <p>Corrective Action: The Department established procedures and internal controls to ensure program income is used before grant funds. The Accounting Manager established regularly scheduled draws to occur on or around the 10<sup>th</sup> and 25<sup>th</sup> of each month, regardless of the dollar amount.</p> <p>The Fiscal Analyst in Accounting who manages the US Bank HOME Program Income account provides the HOME General Purpose Manager, the HOME Tenant Based Rental Assistance (TBRA) Manager, and the Community Services and Housing Division Financial Operations Manager with a monthly account statement. The HOME General Purpose Manager reviews the monthly account statement and receipts the program income (PI) balance amount into Integrated Disbursement Information System (IDIS). The manager enters the date of the account statement into the comments field on the Add Receipt page in IDIS. The manager prints a screenshot of the page, attaches it to the PI account statement, and files the documents.</p> <p>As HOME vouchers are received for General Purpose and TBRA, managers review the PI balance in IDIS and use those funds prior to grant funds. The account is brought as close to zero as possible before the federal cash draw is requested.</p> <p>An accounting supervisor reconciles the checking account monthly, and the Accounting Manager approves the reconciliation.</p> <p>Related to the \$214 interest earned in the US Bank account, the U.S. Department of Housing and Urban Development (HUD) wrote in an August 26, 2013 letter, “Any interest earned on program income in the state’s local HOME account pending its use is program income...The state is not required to remit that interest to HUD.”</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-004</p>

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**Department of Commerce**

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
12	09	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce does not have sufficient internal controls to ensure all of its subrecipients receive audits as required.</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">14.239</td> <td data-bbox="1015 709 1112 739">\$0</td> </tr> <tr> <td data-bbox="609 739 966 768">66.468 – ARRA and non-ARRA</td> <td></td> </tr> <tr> <td data-bbox="609 768 706 798">81.042</td> <td></td> </tr> <tr> <td data-bbox="609 798 706 827">93.568</td> <td></td> </tr> <tr> <td data-bbox="609 827 706 856">93.569</td> <td></td> </tr> </tbody> </table> <p>Refer to finding 2013-003</p> <p>In response to a similar audit finding in the State of Washington Single Audit (SWSA) report issued in March 2012, the Department enhanced its Contract Management System (CMS) with an audit tracking module. Functionality includes the ability to store audit reports from the State Auditor’s Office (SAO), Certified Public Accounting (CPA) firms, and Federal sources; search by contract or vendor number for audit reports; record audit receipt dates; and track requests for management decision letters.</p> <p>Additionally, staff can generate CMS reports to identify contractors with federal expenditures of \$500,000 or greater to help identify subrecipients requiring audits. Other reports provide lists of audit due dates and lists of audit findings: Office of Management and Budget (OMB) Circular A-133 Audit Tracking Extract report lists all contractors requiring an OMB Circular A-133 audit by contractor fiscal year; Audit Required Extract lists contractors who have not submitted by their due date. The Department implemented the enhancements in October 2012. Quarterly, the Internal Auditor runs reports and follows through with program staff to help ensure OMB Circular A-133 audits are received timely.</p> <p>The Department provided training on the use of the audit function in CMS. Additionally, the CMS Help Desk created a video, ‘Audit Information in CMS’ that is accessible to staff at any time.</p> <p>The conditions noted in this finding were previously reported in finding 11-10.</p> <p>The condition noted in this finding was repeated in Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-003</p>	<u>CFDA #</u>	<u>Amount</u>	14.239	\$0	66.468 – ARRA and non-ARRA		81.042		93.568		93.569	
<u>CFDA #</u>	<u>Amount</u>														
14.239	\$0														
66.468 – ARRA and non-ARRA															
81.042															
93.568															
93.569															

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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	10	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Employment Security Department did not attempt to collect \$440,925 overpaid to claimants for Federal Additional Compensation Unemployment Insurance.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>17.225 - ARRA and non-ARRA</td> <td>\$440,925 ARRA</td> </tr> </table> <p>Refer to finding 2013-005</p> <p>On September 7, 2012, the Department completed the necessary computer programming to bill, collect, and account for Federal Additional Compensation (FAC) overpayments. Billing statements were subsequently mailed to claimants who had outstanding FAC overpayment balances. As of November 13, 2012, the Department successfully collected \$1,978,762 in FAC overpayments. Department efforts will continue as permitted by state and federal law to collect outstanding FAC overpayment balances.</p> <p>The U.S. Department of Labor has evaluated the finding and the department's corrective actions and issued their Final Determination dated August 20, 2013 that questioned costs identified in this finding were not subject to repayment.</p> <p>The condition noted in this finding was repeated in Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-005</p>	<u>CFDA #</u>	<u>Amount</u>	17.225 - ARRA and non-ARRA	\$440,925 ARRA
<u>CFDA #</u>	<u>Amount</u>						
17.225 - ARRA and non-ARRA	\$440,925 ARRA						

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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	11	<p>Finding: The Employment Security Department does not have controls to ensure compliance with U.S. Department of Labor requirements for determining the accuracy of Unemployment Insurance benefit payments.</p> <p>Questioned Costs: <u>CFDA #</u> 17.225 - ARRA and non-ARRA      <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department has continued to work on improving Benefits Accuracy Measurement (BAM) program processes to ensure complete, accurate and timely investigations are conducted. The Department has completed the following actions:</p> <ul style="list-style-type: none"> <li>• Updated the BAM procedures manual as of July 2012. Continue to revise the manual as needed to remain compliant with U.S Department of Labor (USDOL) requirements.</li> <li>• Standardized the number of contact attempts required for compliant BAM claim investigations.</li> <li>• Provided additional investigative and adjudicative training to staff.</li> <li>• Increased communication among staff, other department units and with USDOL to improve quality and consistency of case investigations.</li> <li>• Created standardized forms for use in improving accuracy and quality of investigations.</li> <li>• Implemented a toll-free phone number to increase claimant and employer response rates.</li> <li>• Increased number of contact attempts to verify work search.</li> </ul> <p>The Department will continue to make improvements in BAM investigative processes during the next audit period including increasing the number of files reviewed by supervisory staff.</p> <p>The conditions noted in this finding were previously reported in finding 11-08 and 10-08.</p> <p>Completion Date: September 2012</p>

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**Department of Transportation**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	12	<p>Finding: The Department of Transportation did not have sufficient internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u>  20.500 \$0  20.507  20.509 - ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department appreciates the State Auditor’s work regarding the Statewide Single Audit. As originally reported, the “technical difficulties” encountered in filing the required Federal Funding Accountability and Transparency Act (FFATA) reports resulted when the Department made its initial attempts to file the FFATA reports in fiscal year 2012 and discovered that the grantor, the Federal Transit Administration (FTA), had not yet entered the award information in its computer system to allow the Department to enter sub-award data and file the reports. In early 2013, the FTA input grant award information into the computer system; however, initially it did not appear that all award information was input.</p> <p>As of April 2013, it appears that the information required had been input; however, it has not yet been determined when sub-award data must be input and for what FFATA reporting periods. The Department is seeking clarification with the FTA on system availability to determine what award data must be input, and which reporting periods must be filed.</p> <p>The Department continues to strengthen internal controls and will continue to work with the FTA until the required FFATA sub-award data can be input and the reports can be filed.</p> <p>Additionally, in response to the auditor’s recommendations:</p> <ol style="list-style-type: none"> <li>1. The Public Transportation Division continues to implement new procedures to ensure FFATA reporting is filed timely.</li> <li>2. Procedures for FFATA reporting are under the final stages of development and will include appropriate training for employees.</li> <li>3. FFATA reporting has been assigned to one individual, with review and monitoring by another staff member and management.</li> </ol> <p>Completion Date: December 2013</p>

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**Department of Health**

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

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**Department of Services for the Blind**

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

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**Department of Services for the Blind**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	15	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Services for the Blind did not have adequate internal controls to ensure compliance with federal suspension and debarment requirements for its federal Vocational Rehabilitation program.</p> <table border="0" data-bbox="609 709 1104 772"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>84.126</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department agrees with the audit finding and recommendation. As a corrective action, the Department revised its contract general terms and conditions document in April 2012. This attachment now includes appropriate certification language for contractor signatures and is a part of all contracts let by the Department. Additionally, the Department initiated a monthly process effective August 2012 to review expenditures and identify any vendor that has been paid in excess of \$25,000 over the prior 12 months. This information is provided to and reviewed by the Executive Team. These vendors are checked against the federal System for Award Management to verify that the vendors have not been suspended or debarred. Vendors found to be out of compliance would be immediately prohibited from providing goods and/or services to the Department.</p> <p>When the Department learned of the finding, immediate action was taken to train principle contract developers with the need to include suspension and debarment language. The Department now includes business staff in training functions sponsored by Technical Assistance &amp; Continuing Education Northwest and sent four staff to the U.S. Department of Education – Rehabilitation Services Administration National Fiscal Conference in August 2013. The national conference had numerous breakout sessions and open discussion forums that provided cross-training for staff on a variety of fiscal topics.</p> <p>The conditions noted in this finding were previously reported in finding 11-14.</p> <p>August 2012</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$0						

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**Department of Services for the Blind**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	16	<p>Finding: The Department of Services for the Blind did not comply with federal requirements for reporting Vocational Rehabilitation program expenditures.</p> <p>Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department agrees with the audit finding and recommendation. The Department is now current on Vocational Rehabilitation federal cost reports.</p> <p>The Department contacted the Department of Education – Rehabilitation Services Administration (RSA) staff to correct prior semi-annual cost reports by grant award (SF-425 reports). The corrections included separation of indirect costs from direct allocated expenditures and correctly reflected the federal portion of the indirect costs. The rates used for indirect costs are addressed by the Department in the response to finding 12-17 regarding questioned indirect costs.</p> <p>The Department developed an internal checklist for preparing and reviewing of the federal cost reports. The checklist requires interaction from three separate staff members to ensure proper reviews prior to submission of the reports.</p> <p>The Department will take advantage of any training opportunities made available through RSA and the U.S. Department of Education’s Region 10 Technical Assistance &amp; Continuing Education (TACE) center. TACE now includes fiscal staff in their quarterly meetings.</p> <p>The Department contacted RSA for potential actions in response to the audit findings for reporting anomalies on the fiscal year 2011 combined annual vocational rehabilitation cost report (RSA-2). The fiscal year 2011 RSA-2 had already been published and was not reopened for adjustment. The fiscal year 2012 cost report included the identified segregation of costs between reporting elements.</p> <p>Completion Date: December 2012</p>

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**Department of Services for the Blind**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	17	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Services for the Blind charged indirect costs related to the Vocational Rehabilitation program to its federal grant without an approved indirect cost rate.</p> <table border="0"> <tr> <td data-bbox="609 709 706 739"><u>CFDA #</u></td> <td data-bbox="1015 709 1112 739"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 739 706 768">84.126</td> <td data-bbox="1015 739 1177 768">\$1,259,024.49</td> </tr> </table> <p>Refer to finding 2013-011</p> <p>The Department agrees with the audit finding and recommendation.</p> <p>Department staff did not fully understand the indirect cost recovery rules for the Department of Education. The Department submitted an indirect cost rate proposal to the Department of Education on February 26, 2013 and requested a negotiated settlement for questioned costs. The Department has added the annual proposal process to the agency calendar.</p> <p>The Department of Education – Rehabilitation Services Administration has been notified about this finding. The Department is in communication with the Department of Education and is awaiting approval of the proposed indirect cost recovery rate.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-011.</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$1,259,024.49
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$1,259,024.49						

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**Office of Superintendent of Public Instruction**

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

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	19	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:	The Department of Health paid unreasonable indirect cost rates to a subrecipient of the Public Health Emergency Preparedness grant.  <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;">\$9,156.27</td> </tr> </table> Corrective action complete  The subrecipient in question did not have an indirect rate but rather a cost allocation plan. The Department reviewed the cost allocation plan and worked with the subrecipient to make some adjustments. In addition, as of June of 2013, the amount paid for indirect costs to this subrecipient is capped at the lower of 1) actual costs or 2) an effective rate of 40% of direct expenditures. It was the auditor's opinion that the effective rate for the months tested was unreasonable, however the charges themselves were not unallowable. The Department will work with grantors to determine what, if any, costs are to be repaid.  July 2013	<u>CFDA #</u>	<u>Amount</u>	93.069	\$9,156.27
<u>CFDA #</u>	<u>Amount</u>						
93.069	\$9,156.27						

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>						
12	20	<p>Finding: The Department of Health does not adequately monitor subrecipients of the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.</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>93.069</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.889</td> <td></td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: Effective July 1, 2013, the Department requires all contractors to submit backup documentation for all invoices. The programs review the invoices and backup documentation for allowability, reasonableness of cost and fulfillment of contract deliverables. If questions come up regarding the invoices or backup documentation, the programs follow up with the contractor and/or consult with the Department's internal auditor or other staff as necessary.</p> <p>The Department had a contractor resume subrecipient fiscal monitoring effective September 2012. A Department employee works with programs to track and resolve fiscal monitoring issues that may arise. The program consults with the contractor to resolve issues and develop corrective action plans.</p> <p>The Department has followed up on the contractors with questioned costs and has received pay back from those contractors on the unallowable costs identified. The Department tracks issues identified in fiscal monitoring reports and follows up with contractors to resolve those issues, establish corrective action plans and collect unallowable costs if necessary.</p> <p>As of October 2012 the Department requires all grant information, including CFDA number, CFDA title, federal grant award number, federal grant award name and federal agency name, be included in all subrecipient contracts. This information is included in the Statement of Work templates which are used for all subrecipient contracts.</p> <p>The conditions noted in this finding were previously reported in finding 11-17 and 10-25.</p> <p>Completion Date: July 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.069	\$0	93.889	
<u>CFDA #</u>	<u>Amount</u>							
93.069	\$0							
93.889								

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
12	21	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:	The Department of Health does not have sufficient internal controls to ensure it meets federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.  <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.069</td> <td>\$0</td> </tr> <tr> <td>93.889</td> <td></td> </tr> </table> Refer to finding 2013-012  The Department conferred with the federal grantors on this matter and obtained a clear understanding of how level of effort should be determined. Neither the Department nor the auditors had a correct interpretation. Once the Department fully understood the requirements, it put systems in place to monitor level of effort.  The conditions noted in this finding were previously reported in finding 11-20.  The condition noted in this finding was repeated in the Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-012.	<u>CFDA #</u>	<u>Amount</u>	93.069	\$0	93.889	
<u>CFDA #</u>	<u>Amount</u>								
93.069	\$0								
93.889									

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**University of Washington**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
12	22	Finding:	<p>The University of Washington does not have monitoring controls to ensure subrecipients receiving less than \$500,000 from the University obtain audits when required to.</p> <table border="0" data-bbox="428 709 1474 800"> <tr> <td data-bbox="428 709 607 737">Questioned</td> <td data-bbox="607 709 1003 737"><u>CFDA #</u></td> <td data-bbox="1003 709 1474 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="428 737 607 764">Costs:</td> <td data-bbox="607 737 1003 764">93.145</td> <td data-bbox="1003 737 1474 764">\$0</td> </tr> <tr> <td></td> <td data-bbox="607 764 1003 791">93.600</td> <td></td> </tr> </table> <p>Status: Refer to finding 2013-014</p> <p>Corrective Action: The University's Office of Sponsored Programs has been enhancing its existing controls to ensure all subrecipients receive audits when required by reviewing all subrecipient entities with current activity to determine that audit or financial information has been provided and reviewed. This includes all entities regardless of the amount of federal expenditures and type of entity. The University has enhanced its process for reviewing these entities by adding a Subrecipient Certification Form to collect audit and financial information prior to subcontract issuance as well as a detailed financial questionnaire for those entities not subject to A-133. The University expects to have this review complete and processes in place by February 2014.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-014.</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.145	\$0		93.600	
Questioned	<u>CFDA #</u>	<u>Amount</u>										
Costs:	93.145	\$0										
	93.600											

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	23	<p>Finding: The Department of Social and Health Services does not have internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Child Support Enforcement grant is filed.</p> <p>Questioned <u>CFDA #</u> <u>Amount</u>            Costs: 93.563 \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding.            In December 2012 the Department took the following actions:</p> <ul style="list-style-type: none"> <li>• Updated the desk manual used by fiscal staff to track federal grant reporting requirements to include Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.</li> <li>• Trained the fiscal staff responsible for grant reporting via FFATA webinars about reporting requirements.</li> <li>• Completed the reporting requirements for grants issued in fiscal year 2012 and fiscal year 2013.</li> </ul> <p>Completion Date: December 2012</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	24	Finding:  Questioned Costs:  Status:  Corrective Action:   Completion Date:	The Department of Social and Health Services did not obtain a Data Universal Numbering System (DUNS) number from subrecipients prior to awarding federal dollars under Child Support Enforcement grant.  <table border="0" data-bbox="604 709 1107 772"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.563</td> <td>\$0</td> </tr> </table> Corrective action complete  The Department concurs with this finding.  In December 2012 the Department took the following actions: <ul style="list-style-type: none"> <li>• Obtained Data Universal Numbering System (DUNS) numbers from all subrecipients. The DUNS numbers will be included in annual federal reports that require them.</li> <li>• Trained Department fiscal staff responsible for Federal Funding Accountability and Transparency Act reporting via webinars to learn more about reporting requirements.</li> </ul> On an ongoing basis, fiscal staff will collect DUNS numbers for subrecipients and maintain them in an electronic file.  December 2012	<u>CFDA #</u>	<u>Amount</u>	93.563	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.563	\$0						

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	25	<p>Finding: The Department of Commerce does not have adequate controls to ensure it draws Low Income Home Energy Assistance Program federal funds in accordance with the Cash Management Improvement Act Agreement.</p> <p>Questioned Costs: <u>CFDA #</u> 93.568 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department reviewed its procedures and corrected the timing of the Low Income Home Energy Assistance Program federal draws to coincide with Cash Management Improvement Act (CMIA) Agreement.</p> <p>The Department established procedures and internal controls to ensure program income is used before grant funds. The Accounting Manager established regularly scheduled draws to occur on or around the 10<sup>th</sup> and 25<sup>th</sup> of each month, regardless of the dollar amount.</p> <p>Accounting created a report to record items not in compliance with the CMIA agreement. The Department tracks the time period from a requested draw to the time the monies are received. When an 'overdraw' situation is created by an adjustment or a draw, the Department tracks the time period from the creation of the 'overdraw' to the point when monies can be refunded or expenditures are incurred that cover the overdraw. Training is ongoing.</p> <p>Completion Date: November 2012</p>

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	26	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce does not have internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed for the Low-Income Home Energy Assistance Program.</p> <table border="0"> <tr> <td data-bbox="609 709 706 739"><u>CFDA #</u></td> <td data-bbox="1015 709 1112 739"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 739 706 768">93.568</td> <td data-bbox="1015 739 1112 768">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this audit finding. The Department operated with the understanding that Health and Human Services (HHS) did not require Low Income Home Energy Assistance Program (LIHEAP) to report under Federal Funding Accountability and Transparency Act (FFATA). When the FFATA reporting requirements were first introduced in 2010, the Department performed a thorough review of all federally funded programs and identified the programs affected by the new requirements. At that time, the Department contacted HHS who provided written assurance that LIHEAP was not required to report under FFATA. On January 31, 2013, the Department received clarification from HHS that 2012 awards were included in this requirement.</p> <p>The Department trained the appropriate LIHEAP staff on the FFATA requirements and the use of the Federal Funding Accountability and Transparency Sub-award Reporting System (FSRS) database to submit LIHEAP data. The Department finalized procedures to ensure FFATA data is entered into the FSRS database, and that LIHEAP complies with reporting requirements. The FFATA reporting is now current.</p> <p>March 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.568	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.568	\$0						

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	27	<p>Finding: The Department of Commerce, Community Services and Housing Division, did not comply with period of availability requirements for its Low Income Home Energy Assistance program.</p> <p>Questioned Costs: <u>CFDA #</u> 93.568 <u>Questioned Costs</u> \$29,944.23</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department reviewed the federal criteria regarding period of availability with fiscal staff. The focus of this review and training was to ensure staff understood to match the period of service to the award's period of availability when expenditures are made or are moved from one fiscal year to another. The error occurred when adjusting entries were made at year-end. Supervisors review the work of staff, and management approves when adjustments are made.</p> <p>The Contracts Management System was enhanced to provide pop-up warning messages regarding dates as follows:</p> <ul style="list-style-type: none"> <li>• When funding a contract if the coding element in the accounting system has a closing date that is older than the present date.</li> <li>• When the service dates for an invoice are outside the contract dates.</li> <li>• When the service end date for an invoice correction or recovery is greater than the coding element end date.</li> <li>• When the document date on a journal voucher is greater than the coding element end date.</li> </ul> <p>Questioned costs were corrected in the accounting system and returned to the granting agency.</p> <p>Completion Date: March 2013</p>

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**Department of Early Learning**

Fiscal Year	Finding Number	Finding and Corrective Action Plan								
12	28	<p>Finding: The Department of Early Learning does not have adequate internal controls over direct payments to child care providers.</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>93.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.713 - ARRA</td> <td></td> </tr> </table></p> <p>Status: Refer to finding 2013-016</p> <p>Corrective Action: The Department contracted with an independent consultant to review the eligibility system and make recommendations for improvement. The Department and the Department of Social and Health Services (DSHS) developed an action plan to implement the recommendations. As of September 2013 the following actions have been taken:</p> <ul style="list-style-type: none"> <li>• Improved eligibility worker training to better understand the Department’s mission.</li> <li>• Simplified policies that would benefit families and DSHS staff.</li> </ul> <p>The Department continues to coordinate with DSHS to make system improvements so that eligibility workers are able to accurately determine eligibility. System improvements include recommended policy changes to allow more flexibility in verifications, improved case management, updated procedure manuals, and more clarity in rules.</p> <p>The Department has also hired five more auditors (in addition to the five hired in January 2012) to specifically audit child care subsidy payments by comparing subsidy child care provider billings with attendance records. Around 500 cases are audited per month. For state fiscal year 2012, over \$8 million dollars of payments have been audited so far, and \$786,000 of overpayments identified. A desk manual for the audit team has been developed. The Department’s audit team works with DSHS auditors, DSHS Office of Fraud and Accountability (OFA), and Health Care Authority (HCA) to ensure that any audit activities being performed by each are non-duplicative or disruptive to the other agencies’ work. All potential fraud activities are referred by the Department to the Office of Fraud and Accountability in DSHS.</p> <p>The conditions noted in this finding were previously reported in finding 11-23, 10-31, 09-12, and 08-13.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-016.</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$0	93.596		93.713 - ARRA	
<u>CFDA #</u>	<u>Amount</u>									
93.575	\$0									
93.596										
93.713 - ARRA										

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>												
12	29	<p>Finding: The Department of Early Learning did not maintain federally required documentation for \$21,328.61 in payroll costs charged to the Child Care Development Fund.</p> <table border="0" data-bbox="441 709 1136 829"> <tr> <td data-bbox="441 709 568 739">Questioned</td> <td data-bbox="609 709 706 739"><u>CFDA #</u></td> <td data-bbox="1015 709 1112 739"><u>Amount</u></td> </tr> <tr> <td data-bbox="441 739 568 768">Costs:</td> <td data-bbox="609 739 706 768">93.575</td> <td data-bbox="1015 739 1136 768">\$21,328.61</td> </tr> <tr> <td></td> <td data-bbox="609 768 706 798">93.596</td> <td></td> </tr> <tr> <td></td> <td data-bbox="609 798 779 829">93.713 - ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: A previous audit performed in February 2012 had already identified an issue with the recording of payroll certifications to support grant costs. In this specific instance, the payroll costs charged to the Child Care Development Fund (CCDF) were valid, as the employee was working half time on CCDF-related activities during this time period. However, the certifications were not completed accurately. The Department instituted a written policy and process in December 2012 which requires a closer review and more detailed reconciliation for time worked on federal grants, and for collecting payroll certifications.</p> <p>The Department has notified the appropriate federal regional staff, and is waiting for their response to this finding.</p> <p>Completion Date: December 2012</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.575	\$21,328.61		93.596			93.713 - ARRA	
Questioned	<u>CFDA #</u>	<u>Amount</u>												
Costs:	93.575	\$21,328.61												
	93.596													
	93.713 - ARRA													

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>								
12	30	<p>Finding: The Department of Social and Health Services does not have adequate internal controls over client eligibility for the Child Care Development Fund, resulting in the payment of child care services for ineligible clients.</p> <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>93.575</td> <td style="text-align: right;">\$3,590</td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.713 - ARRA</td> <td></td> </tr> </table></p> <p>Status: Refer to finding 2013-017</p> <p>Corrective Action: The Department partially concurs with this finding. The Department has taken or will take a variety of corrective actions through the course of the year to correct the deficiencies identified during the audit.</p> <p>In February 2013 the Department:</p> <ul style="list-style-type: none"> <li>• Began formal auditing of 1.6% of all case actions, 100% of all new employee case actions and 100% of all instances where a single staff person has authorized multiple payments in the Social Service Payment System (SSPS) in a month.</li> <li>• Began utilizing “Find It/Fix It” procedures based on Department policy, which require all staff to fix errors as they are discovered. This policy incorporates a reporting mechanism to identify trends and error prone processes.</li> <li>• Ensured the Department’s Child Care Subsidy Program Handbook is up-to-date and accurately reflects changes in policy, guidance and procedures.</li> </ul> <p>By March 2013 the Department’s policy staff reviewed exceptions identified in the audit. Overpayments were written for inappropriate payments.</p> <p>By April 2013, the Department hired an additional 50 child care staff. Community Services Division (CSD) continues to recruit and hire new staff, and has worked closely with the Department’s Human Resource Division (HRD) to resolve recruitment issues that had (at one time) delayed hiring. The current staffing level marks a return to the normal, ongoing, and expected attrition rate.</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$3,590	93.596		93.713 - ARRA	
<u>CFDA #</u>	<u>Amount</u>									
93.575	\$3,590									
93.596										
93.713 - ARRA										

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	30 (Cont'd)	<p>In July 2013, the Department transferred responsibility for Temporary Assistance for Needy Families (TANF) childcare eligibility determinations to WorkFirst Program Specialists. This will eliminate hand off work between Working Connections Child Care staff and Work First staff which will help eliminate delays in approving services.</p> <p>In July 2013, the Department in conjunction with the Department of Early Learning (DEL) reviewed program policy. The agencies are co-sponsoring the Child Care Subsidy Policy Eligibility Reform Project. The project is meant to streamline how services are delivered.</p> <p>By March 2014 the Department will:</p> <ul style="list-style-type: none"> <li>• Work with DEL to review the Washington Childcare Program (WCAP) to identify technology solutions that enhance accuracy of payments and eligibility determinations.</li> <li>• Fully implement episodic auditing (auditing a single action, not the entire case) which allows auditors to focus their review on one portion of the eligibility process at a time. This change in audit approach (from full case to episodic) will allow the Department to focus on error prone cases, while increasing the total percentage of cases audited.</li> </ul> <p>By August 2014, the Department will fully utilize BarCode AuditPlus to track, trend and analyze audits to identify and improve error-prone elements including pre-authorization requirements for error-prone cases.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-017.</p>

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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of September 30, 2013.)

**Edmonds Community College**

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
12	31	<p>Finding: Edmonds Community College did not comply with time and effort requirements for its Head Start Program.</p> <p>Questioned Costs: <u>CFDA #</u> 93.600</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The College requires hourly employees to complete timesheets and classified employees to enter time in a tracking system. However, the College does not believe exempt employees working 100% on the Head Start Program are required to certify time worked. That said payroll detail was extracted to create a certification form for fiscal year 2011/2012, which included a statement verifying that the dollar figures reported were an accurate and appropriate representation of the exempt employees' Head Start effort. The certification was then signed by the employees, supervisors and the Head Start Executive Director. The same procedure was followed for fiscal year 2012/2013 Head Start is in the process of contracting with the vendor VeriTime, for a web-based Time &amp; Accountability System, which will allow for all employees (both classified &amp; exempt) to verify their time/effort in one system.</p> <p>The College contacted the U.S. Department of Health and Human Services (HHS), Region X and been advised of the official audit finding/repayment procedure. The finding was reported to HHS (the granting agency). Region X personnel will be notified when a determination is made and if any repayment is required. Region X will then communicate directly with the College.</p> <p>Completion Date: March 2013</p>	<p><u>Amount</u> \$596,035.20</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	32	<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 <u>Amount</u> \$79,590</p> <p>Status: Refer to finding 2013-018</p> <p>Corrective Action: The Department concurs with this finding. By December 2012 the Department took the following action to correct the issues identified in the audit:</p> <ul style="list-style-type: none"> <li>• Implemented an automated process within FamLink, the Department's child welfare and payment system, to suspend all adoption assistance payments when the child reaches 18 years of age. For payments to continue the social worker is required to have proper documentation.</li> <li>• Fiduciary staff reviews documented proof that payment beyond age 18 is appropriate. This process serves as a secondary review prior to the manual approval of payment.</li> </ul> <p>By March 2013, the Department reviewed all 29 exceptions identified during the audit. An overpayment was processed for all exceptions identified as inappropriate payments.</p> <p>The conditions noted in this finding were previously reported in finding 11-24, 10-32, 09-14 and 08-17.</p> <p>Completion Date: The condition noted in this finding was repeated in the Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-018.</p>

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	33	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not survey all hospitals and ambulatory surgical centers in accordance with the frequency stipulated by state and federal laws, which could increase the risk of Medicaid clients receiving substandard care.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Refer to finding 2013-019</p> <p>In June 2013, the Department hired a new hospital surveyor to help “right size” survey staff. In July, the Department appointed a survey team manager who is now responsible for scheduling and managing performance of the hospital survey staff. The successful candidate was a current team member so the Department is now recruiting to replace the vacancy caused by the promotion. The Department expects to have that vacancy filled by November 1, 2013.</p> <p>As of July 1, 2013, the survey team had completed 99% of Ambulatory Surgical Centers surveys required in this federal fiscal year. The Department plans to have a 100% compliance rate by the end of the September 2013.</p> <p>The Department is now using the new survey processes and early results are very encouraging. The Department was able to accomplish five surveys in the month of August which has never been done before. The Department is on track to eliminate, or significantly reduce, the backlog of hospital surveys that are overdue by June 2014. The Department is also waiting for the new statement of work from the Centers for Medicare and Medicaid Services which may have an impact on the survey schedules. The Department has already received notice of two validation surveys that will need to be completed in October 2013. This will reduce the number of state surveys the Department will be able to accomplish that month.</p> <p>The conditions noted in this finding were previously reported in finding 11-25.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-019.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$0												
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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
12	34	<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:</p> <table border="0"> <thead> <tr> <th data-bbox="607 716 699 741"><u>CFDA #</u></th> <th data-bbox="1013 716 1105 741"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="607 741 781 766">93.720 - ARRA</td> <td data-bbox="1013 741 1040 766">\$0</td> </tr> <tr> <td data-bbox="607 766 683 791">93.775</td> <td></td> </tr> <tr> <td data-bbox="607 791 683 816">93.777</td> <td></td> </tr> <tr> <td data-bbox="607 816 954 842">93.778 - ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: In November 2012, the Department implemented a client services verification survey. The survey was incorporated into the Department's annual Quality Assurance monitoring cycle. The survey allows the Department to verify directly with clients that they have received the services for which Medicaid is billed. The verification survey is a supplement to provider timesheet audits which are a part of the Quality Assurance monitoring cycle.</p> <p>The conditions noted in this finding were previously reported in finding 11-35, 10-36, and 09-18.</p> <p>Completion Date: November 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.720 - ARRA	\$0											
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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	35	<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 clients receiving home and community based services.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u>            93.720 - ARRA \$0            93.775            93.777            93.778 - ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding.            The Department implemented a corrective action plan when this condition was first noted in the previous audit; however, the corrective action plan was not fully implemented by the time the current fiscal year began. The corrective action plan for this current finding essentially concludes the plan that was initiated in the prior year.            In August 2012, the Department required all regions to comply with the auditing policy outlined in Management H12-054-Financial Services Quality Assurance Policies and Procedures. Compliance is measured by Home and Community Services Headquarters staff through reports generated from the Audit 99 system.            The specific review actions are:           <ul style="list-style-type: none"> <li>• For all staff new to long-term care eligibility, after an initial mentoring period during which staff are assisted with case actions as they occur, 25% - 100% of all case actions will be audited based on the learning level of the staff until they become proficient.</li> <li>• Each region must maintain an average of two audits per month, per worker. These can include full-case audits and focused audits.</li> </ul> </p>

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**Department of Social and Health Services**

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

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
12	36	<p>Finding: The Department of Social and Health Services does not have an adequate process to identify ineligible Medicaid expenditures for nonqualified aliens, resulting in \$77,352.13 in questioned costs.</p> <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>93.720 - ARRA</td> <td>\$77,352.13</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: This finding involved two administrations within the Department, Aging and Disability Services Administration and the Children’s Administration. Both administrations concurred with the finding.</p> <p><u>Aging and Disability Services Administration (ADSA)</u>          ADSA previously developed procedures and new Social Service Payment Codes to ensure billing was done correctly. Due to the timing of when the codes were implemented some payments were made when they should not have been.</p> <p>In January 2013, the Department reimbursed the federal portion of the questioned costs that were identified.</p> <p>In February 2013, the Department confirmed all codes were properly implemented and exceptions identified during the audit were corrected.</p> <p><u>Children’s Administration (CA)</u>          Only three of the 29 exceptions identified in the audit were the responsibility of the CA. A new code has been established in FamLink and SSPS to pay State Only funds for Non United States Citizen children in CA’s care that are receiving Behavioral Rehabilitative Services and are not Medicaid eligible.</p> <p>The Department reimbursed the federal portion of the questioned costs that were identified.</p> <p>Completion Date: May 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$77,352.13	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.720 - ARRA	\$77,352.13											
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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	37	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services does not have adequate internal controls to ensure daily rates paid to supported living providers for Medicaid clients are accurate and properly authorized.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$10,624</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>In September 2013, the Department implemented an electronic rate approval process. The process includes several steps that require each individual involved in the rate review to document their review in the electronic system. The review is passed on to subsequent reviewers only when this is done.</p> <p>By December 2013, the Department will identify overpayments from rate adjustments and repay them to the federal government.</p> <p>Estimated December 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$10,624	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$10,624												
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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
12	38	<p><b>Finding:</b> The Department of Social and Health Services, Economic Services Administration, does not have adequate controls in place to ensure all individuals who receive Medicaid benefits are financially eligible.</p> <p><b>Questioned Costs:</b></p> <table border="0"> <thead> <tr> <th data-bbox="607 716 699 741"><u>CFDA #</u></th> <th data-bbox="1013 716 1105 741"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="607 743 781 768">93.720 - ARRA</td> <td data-bbox="1013 743 1040 768">\$0</td> </tr> <tr> <td data-bbox="607 770 683 795">93.775</td> <td></td> </tr> <tr> <td data-bbox="607 798 683 823">93.777</td> <td></td> </tr> <tr> <td data-bbox="607 825 954 850">93.778 - ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p><b>Status:</b> Corrective action complete</p> <p><b>Corrective Action:</b> The Department developed and enhanced current desk aids and materials to assist eligibility workers to correctly verify and calculate income when determining eligibility for the Children’s Medical program. These were distributed for use by staff in April 2013.</p> <p>Additionally, the Department conducts the following audits/reviews to monitor eligibility determination:</p> <ul style="list-style-type: none"> <li>• Adult and family medical assistance reviews</li> <li>• Community service division medical assistance reviews</li> <li>• Basic food pre-authorization reviews</li> <li>• Quality assurance focused accuracy reviews</li> <li>• Quality assurance management evaluations</li> </ul> <p>Effective October 2013 applications and renewals for pregnant women, children, and families will be processed through the Health Benefits Exchange web portal. Eligibility will be determined through an automated data-match process.</p> <p><b>Completion Date:</b> April 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.720 - ARRA	\$0											
93.775												
93.777												
93.778 - ARRA and non-ARRA												

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	39	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services does not have adequate internal controls to ensure Medicaid payments to supported living providers are allowable and supported.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$20,376</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Refer to finding 2013-036</p> <p>The Department concurs with this finding.</p> <p>The corrective actions below were developed to improve the Department's internal controls over Medicaid payments.</p> <p>In September 2013, the Department started a project to perform payment audits that will verify if services have been provided. This project is currently slated for two years. During this period, two audits a month will be completed.</p> <p>By October 31, 2013, the Department will complete annual reviews of cost reports meant to identify provider overpayments. Any identified overpayments will be referred to the Office of Financial Recovery.</p> <p>By December 31, 2013, changes will be made to Developmental Disabilities Administration Policies (6.02 and 6.04) that will include new cost report schedules. These will add greater transparency and accountability to the cost report process by requiring additional detailed information about direct and indirect staffing costs and hours, administrative salaries, rental costs, agency square footage, and travel mileage on the behalf of clients.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-036.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$20,376	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	40	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td style="text-align: right;">\$9,926.70</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>This finding was against two administrations within the Department of Social and Health Services, the Aging and Disability Services Administration (ADSA) and the Economic Services Administration (ESA). Both administrations concur with the finding. Each administration developed an individual corrective action plan.</p> <p><u>Aging and Disability Services Administration</u>          ADSA believes the internal controls in place are sufficient to prevent clients without valid Social Security numbers (SSN) from receiving Medicaid funded services. New Social Service Payment Systems codes have been developed to ensure Medicaid funds are not used for clients with invalid SSNs.</p> <p>In January 2013, ADSA reimbursed the federal grantor for the questioned costs identified in the audit that related to ADSA clients.</p> <p>ADSA would like to state that this finding is specific to 12 cases out of 60,000 and equal to \$20,000 out of a the Long Term Care annual budget of \$1.7 billion dollars. While this finding represents 0.02% of the cases and 0.001% of the funding, the Department remains committed to pursuing the goal of matching 100% of the clients and SSNs.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$9,926.70	93.775		93.777		93.778 - ARRA and non ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$9,926.70												
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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	40 (Cont'd)	<p><u>Economic Services Administration.</u>            In February 2013, ESA reviewed the list of exceptions identified in the audit. ESA acknowledged the payments were made in error and is prepared to reimburse the grantor the questioned costs. After the federal grantor reviews the finding, ESA will take the action requested by the grantor.</p> <p>Barcode (one of ESA's primary systems used to process work) has the ability to generate a message to advise staff of a missing or invalid SSN in the Automated Client Eligibility System (ACES), the Department's case management system. Barcode functionality has been implemented to generate tickets advising workload prioritization staff of an invalid and/or insufficient SSN entry. Tickets are worked within an average of 12 business days.</p> <p>By July 2014 ESA is anticipating that ACES 3G will be fully implemented. ACES 3G is an updated version of ACES and includes functions that streamline the client interview process allowing for a real-time cross match of SSNs with the Social Security Administration's database. If the SSN passes, ACES 3G auto-populates the SSN as federally verified. If the SSN does not pass, the invalid SSN is immediately flagged and the worker is prompted to take action to get a valid SSN. Less than 10% of staff currently have access to ACES 3G.</p> <p>Completion Date: Estimated July 2014</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
12	41	<p><b>Finding:</b> 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> <p><b>Questioned Costs:</b></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 - ARRA</td> <td data-bbox="1015 739 1112 768">\$91,001</td> </tr> <tr> <td data-bbox="609 768 706 798">93.775</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><b>Status:</b> Refer to finding 2013-040</p> <p><b>Corrective Action:</b> The Department concurs with this finding.</p> <p>The Department took the following actions to ensure that each Area Agency on Aging developed an effective tracking system to ensure that all individual providers (IP) for Medicaid clients have current background checks:</p> <ul style="list-style-type: none"> <li>• Developed and completed corrective action plans with three local offices where the most significant deficiencies were noted.</li> <li>• Terminated payments to providers that did not have current background checks.</li> <li>• Terminated contracts of providers that failed to comply with requests to obtain a current background check.</li> <li>• Issued a Management Bulletin (H13-052) on August 13, 2013 reminding staff of policies related to rechecking of background checks.</li> </ul> <p>Additionally ongoing monitoring and review is included in the Quality Assurance (QA) review of a statistically valid sample of IP files during each annual QA review cycle. When the activity moves to ProviderOne and the Provider Compensation Sub-System, the system will not issue payment without a valid, unexpired background check.</p> <p>The Department has contacted the Centers for Medicare and Medicaid Services to address overpayments identified in the audit.</p> <p>The conditions noted in this finding were previously reported in finding 11-34.</p> <p><b>Completion Date:</b> The condition noted in this finding was repeated in the Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-040.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$91,001	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.720 - ARRA	\$91,001											
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**State of Washington  
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**OMB Circular A-133 Audit  
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**Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
12	42	<p>Finding: The Health Care Authority does not have adequate controls to ensure Medicaid is the payer of last resort.</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>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority disagrees with this finding and maintains that adequate controls are in place to assure that Medicaid is the payer of last resort. The following items demonstrate the priority of the work and items that the Authority has put in place to strengthen third-party liability controls.</p> <ul style="list-style-type: none"> <li>• The Office of Program Integrity (OPI) has dedicated 1.8 full-time auditors to reviewing pharmacy third-party liability claims for inappropriate use of override codes. The data retrieval has been improved with a better data query (SQL), which has reduced the audit time required. In addition, OPI has implemented audits that identify aberrant patterns and requests providers to perform a self- audit of their claims.</li> <li>• The Authority has also strengthened Coordination of Benefits controls by contracting with Health Management Systems (HMS) to provide supplemental third-party liability recoveries for the Health Care Authority. The Authority is in month 26 of the HMS contract; \$9,128,573.02 in supplemental recoveries has been posted.</li> <li>• OPI has analyzed other potential changes to the system, including an edit that would require a valid date in the OTHER PAYER DATE field if an override code is present on the claim. However, since these fields are contained in different segments of the claim transaction, they are not easily configurable, and this system edit is not considered cost effective at this time. However, OPI will continue to look for ways to enhance third-party liability controls.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 11-43, 10-51, and 09-24.</p> <p>Completion Date: Estimated October 2014</p>	<u>CFDA #</u>	<u>Amount</u>	93.720	\$0	93.775		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.720	\$0											
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**Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
12	43	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority does not have adequate controls to ensure providers meet initial and ongoing eligibility requirements to participate in the Medicaid program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority is now in compliance with this finding. Regarding licensing, the Provider Enrollment Unit ensures providers have appropriate licenses when first determining eligibility, as well as throughout their enrollment with the Medicaid program. A direct link with the Department of Health (DOH) has been established to automatically update licensing information, which ensures the Provider Enrollment Unit has each provider's most current license information. If a DOH license has expired, ProviderOne ends the taxonomy associated with the provider's file, preventing any further payment to the provider.</p> <p>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 (DME) providers as moderate to high-risk business partners who require unscheduled, unannounced site visits. The Authority has finalized written policies and procedures to comply with the Act. Site visits are now being conducted and new staff has been approved to carry forward this assignment and increased duties in the future.</p> <p>The Authority ensures newly enrolled DME providers have a physical location as a prerequisite of enrollment with the Authority.</p> <p>The condition noted in this finding was previously reported in finding 11-48 and 10-52.</p> <p>March 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
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 For the Fiscal Year Ended  
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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	44	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority did not have adequate controls to ensure violations of Medicaid laws and regulations by providers are identified and referred to the Medicaid Fraud Control Unit (MFCU), risking the loss of public resources.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Refer to finding 2013-030</p> <p>The Authority does not concur with this finding. The Authority maintains that adequate controls are in place to ensure that violations of Medicaid laws and regulations are identified and referred to the Medicaid Fraud Control Unit (MFCU) in a timely manner. The analysis completed by State Auditor's Office (SAO) focused on "cases" that are entered and tracked through the Authority's Case Tracking System and assigned to Surveillance and Utilization Review (SUR) staff.</p> <ul style="list-style-type: none"> <li>• The entry of cases into the Case Tracking System should not be considered, by itself, to be a suspicion of fraud or abuse because all complaints are entered. Rather, the system is used to track a variety of cases with appropriate timeframes for follow-up for each type of case. Cases that have sufficient evidence to justify an allegation of fraud require the entry of additional information to indicate that the case has been referred to the MFCU. Cases are tracked until resolved.</li> <li>• Some cases are entered in the case tracking system as placeholders and reminders for staff to follow up with additional review. In addition, there has historically been no consistent criterion for utilization of the Drop Down Labeling in the system so the categories may not be consistent.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	44 (Cont'd)	<p>The Authority complies with the provisions of 42 CFR 455.14 regarding preliminary investigations and 42 CFR 455.15 regarding full investigations. The Authority complies with all federal reporting requirements related to numbers of investigations and detailed processes for conducting each type. A Case Tracking Report can be generated upon request that will show the preliminary and full investigations.</p> <p>In short, this finding identifies inconsistencies in the Authority's use of its Case Tracking System rather than any actual deficiency in identification of fraud or referral to MFCU. SAO's scrutiny assisted the Authority in identifying the need for more consistency in the use of the Case Tracking System. However, it is wrong to conclude that the Authority does not have control of its caseload and does not refer all appropriate cases to MFCU based upon the length of time a case has been open in the Case Tracking System. Processes are in place to prioritize the work of SUR investigators, ensuring that the Authority is addressing those cases with the highest potential for fraud, waste and abuse and properly utilizing resources to focus on cases that yield the highest return on investment. In September 2013, the Office of Program Integrity hired a Payment Review Program manager who will help streamline processes and provide consistency in how the cases are tracked in the Case Tracking System.</p> <p>The condition noted in this finding was previously reported in finding 11-46.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-030.</p>

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
12	45	<p><b>Finding:</b> The Health Care Authority’s inadequate internal controls over claims from Federally Qualified Health Centers led to payments of more than \$1.4 million for charges improperly calculated and claimed.</p> <p><b>Questioned Costs:</b></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 - ARRA</td> <td data-bbox="1015 739 1112 768">\$727,690</td> </tr> <tr> <td data-bbox="609 768 706 798">93.775</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><b>Status:</b> Refer to finding 2013-026</p> <p><b>Corrective Action:</b> The Authority agrees with this finding.</p> <p>Currently, the internal controls for Federal Qualified Health Centers (FQHC) overpayments and improper billings rely more heavily on post-pay claims review and recoupment rather than denial at the point of claim submission.</p> <p>The Authority will make the appropriate updates to the system and billing guides for FQHCs so that the system edits will prevent overpayments and improper billings at the point of claim submission. This will include denial of claims without a qualifying encounter service being billed for the same client on the same day, as well as multiple billings for one client for the same day that should be included in one encounter billing.</p> <p>The Authority will work with its internal audit staff to recoup the improperly paid claims and will work with the U.S. Department of Health and Human Services to determine treatment of questioned costs.</p> <p>As of October 2013, system modifications have been identified, but need to be tested and then moved into production. The Washington Administrative Code and Medicaid Provider Guide (MPG – formerly known as the Billing Instructions) changes have been requested.</p> <p><b>Completion Date:</b> The condition noted in this finding was repeated in Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-026.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$727,690	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
12	46	<p>Finding: The Health Care Authority improperly claimed \$48,365.31 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 – ARRA</td> <td style="text-align: right;">\$48,365.31</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 – ARRA and non-ARRA</td> <td></td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority agrees with this finding and concurs that 162 claims were erroneously paid after the client’s date of death.</p> <ul style="list-style-type: none"> <li>• The Authority has reviewed and recouped all the payments identified by the State Auditor’s Office as paid to deceased persons.</li> <li>• The Authority continues to strengthen procedures to improve the immediate documentation of a client’s death. For managed care and fee-for-service payments, ProviderOne does capture and recoup paid claims when notified of a date of death through the Automated Client Eligibility System (ACES), the eligibility source system. In addition, the Authority will continue to receive death data from the Department of Health to assist with the proper identification of client death information. The Authority will continue to refine post payment processes to capture this information for timely recoveries.</li> <li>• The Authority has reviewed all payments cited by the State Auditor’s Office to ineligible people and concurs with the auditor’s findings. The Authority will arrange repayment of any federal funds received in error by January 2014.</li> <li>• The Authority will strengthen training processes already in place by sending a social security number (SSN) verification reminder memo to Community Services Division staff. The Authority will continue to pursue enhancements to verification procedures that promote SSN accuracy. The Authority anticipates SSN accuracy will improve under health care reform because clients will input their own SSNs and will get instant feedback if an input error was made.</li> </ul> <p>Completion Date: Estimated September 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 – ARRA	\$48,365.31	93.775		93.777		93.778 – ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.720 – ARRA	\$48,365.31											
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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	47	<p><b>Finding:</b> The Health Care Authority’s internal controls are insufficient to ensure payment rates for its Healthy Options managed care program are accurate.</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 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p><b>Status:</b> Refer to finding 2013-024</p> <p><b>Corrective Action:</b> The Authority continues to disagree with this finding but will take the following actions in an effort to resolve the repeat findings on this issue:</p> <ul style="list-style-type: none"> <li>• The Authority will use encounter data submitted from the Managed Care Organizations (MCOs) for the next rate-setting activities. The MCOs will no longer submit encounter data directly to the Authority’s actuary.</li> <li>• With the implementation of a new Medicaid payment system and a new Fraud and Abuse Detection System, Washington Medicaid has launched a Managed Care Program Integrity Initiative. The purpose of the initiative is to assess the quality and completeness of encounter data provided by MCOs and to conduct analyses that identify potential fraud, waste and abuse. If encounter data problems are identified, the Authority will prepare a report with actionable information for the plans. Subsequent encounter data validation runs will determine progress by the MCOs in remediating the identified issues.</li> <li>• The Authority is also participating with the State Auditor’s Office in the performance audit of the MCOs.</li> </ul> <p>The condition noted in this finding was previously reported in finding 11-40, 10-44 and 09-22.</p> <p><b>Completion Date:</b> The condition noted in this finding was repeated in Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-024.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA		
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**Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
12	48	<p><b>Finding:</b> The Health Care Authority did not complete the required automatic data processing (ADP) risk analysis and system security reviews of ProviderOne, the new Medicaid Management Information System, risking the loss of Medicaid program assets and jeopardizing Medicaid program integrity.</p> <p><b>Questioned Costs:</b></p> <table border="0"> <thead> <tr> <th data-bbox="609 741 706 768"><u>CFDA #</u></th> <th data-bbox="1015 741 1112 768"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 768 706 798">93.720 - ARRA</td> <td data-bbox="1015 768 1112 798">\$0</td> </tr> <tr> <td data-bbox="609 798 706 827">93.775</td> <td></td> </tr> <tr> <td data-bbox="609 827 706 856">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 856 706 886">93.778 - ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p><b>Status:</b> Refer to finding 2013-028</p> <p><b>Corrective Action:</b> The Authority partially agrees with this finding. The Authority considers the safeguarding of personally identifiable and protected health information a top priority and has required controls in place. However, the Authority agrees that additional independent review will strengthen Authority's ability to ensure that the ProviderOne vendor has effective controls in place.</p> <p>For automatic data processing assets under its direct control, the Authority has implemented security controls consistent with the Washington State Office of the Chief Information Officer (OCIO) Security Standard 141.10, OMB Circular A-133, the HIPAA Security Rule, and other guiding and regulatory documents. Examples of controls include but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• Utilization of services provided by Consolidated Technology Services to secure the network perimeter;</li> <li>• Implementation of user device endpoint protection to guard against malware and other threats;</li> <li>• Encryption of confidential data where appropriate;</li> <li>• Development of applications which protect against common exploits;</li> <li>• Active management of user access controls;</li> <li>• Implementation of password standards consistent with OCIO requirements;</li> <li>• Appropriate response to security incidents.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	48 (Cont'd)	<p>As of September 2013, the ProviderOne vendor provided the Authority with Service Organization Control (SOC) examination reports for its subcontractors.</p> <p>The ProviderOne vendor will complete documentation for SOC controls by December 31, 2013.</p> <p>The ProviderOne vendor will undergo a SOC examination the first quarter of 2014 and every two years thereafter.</p> <p>Completion Date: This condition noted in this finding was repeated in Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-028.</p>

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
12	49	<p><b>Finding:</b> The Health Care Authority does not comply with the data-sharing requirements of State law and the federal Deficit Reduction Act of 2005, thereby increasing the likelihood that the state is paying claims that should have been paid by liable third parties.</p> <p><b>Questioned Costs:</b></p> <table border="0"> <thead> <tr> <th data-bbox="607 737 699 764"><u>CFDA #</u></th> <th data-bbox="1013 737 1105 764"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="607 768 781 795">93.720 - ARRA</td> <td data-bbox="1013 768 1045 795">\$0</td> </tr> <tr> <td data-bbox="607 800 683 827">93.775</td> <td></td> </tr> <tr> <td data-bbox="607 831 683 858">93.777</td> <td></td> </tr> <tr> <td data-bbox="607 863 954 890">93.778 - ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p><b>Status:</b> Refer to finding 2013-020</p> <p><b>Corrective Action:</b> 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 and applicable state law. The Authority meets this standard by making data available to all insurers to use for Third Party Liability (TPL) reporting and by matching data directly with those insurers most likely to provide third party coverage to Medicaid recipients.</p> <p>The Authority's position on compliance was further corroborated by an independent review conducted by Health Management Systems (HMS) in March 2010. That review stated, "HMS's review of the DSHS confirms a strong Medicaid TPL program..." This report also noted areas of industry best practices that the Authority could explore to enhance its cost avoidance and recovery. As a result of this review, the Authority entered into a contract with HMS to strengthen and improve its efforts in the area of TPL recoveries as HMS provides for enhanced data-matching to better identify a client's medical insurance coverage. The contracted activities include: conducting electronic data exchanges with health insurers, and verifying and updating the insurance eligibility of Medicaid recipients for billing liable third parties on behalf of the Authority.</p> <p>Additionally, in 2013 the Authority implemented the Payer Initiated Eligibility/Benefit (PIE) Transaction tool developed by the Centers for Medicare &amp; Medicaid Services. PIE was developed as the national standard for payers to share information with Medicaid agencies.</p> <p>The condition noted in this finding was previously reported in finding 11-38, 10-40, and 09-19.</p> <p><b>Completion Date:</b> This condition noted in this finding was repeated in Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-020.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
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**OMB Circular A-133 Audit  
 For the Fiscal Year Ended  
 June 30, 2013**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of September 30, 2013.)

**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>															
12	50	<p data-bbox="440 590 1438 678">Finding: The Health Care Authority did not adequately monitor subrecipients to ensure Medicaid Administrative Match expenditures are allowable and subrecipients obtained federal compliance audits.</p> <table data-bbox="440 709 1104 861"> <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 1104 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 741 509 768">Costs:</td> <td data-bbox="607 741 781 768">93.720 - ARRA</td> <td data-bbox="1013 741 1045 768">\$0</td> </tr> <tr> <td></td> <td data-bbox="607 772 683 800">93.775</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 804 683 831">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 835 951 863">93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p data-bbox="440 894 898 921">Status: Corrective action complete</p> <p data-bbox="440 953 1395 1010">Corrective Action: The Authority agrees with the finding and has implemented the following corrective actions:</p> <p data-bbox="607 1045 1466 1287">To improve oversight, the Medicaid Administrative Match program added a fiscal component to its monitoring of school districts and local health jurisdictions. Beginning June 1, 2012 the fiscal monitoring for the timeframe monitored, the Authority uses a random sampling process to select time study participants. The Authority compares the actual salaries and benefits of those selected through this process to salaries and benefits claimed for those participants. The Authority also reviews direct and indirect claimed costs for the same period monitored.</p> <p data-bbox="607 1318 1461 1470">Additionally, effective November 2012, all contract monitoring tools have been updated to include verification of compliance with subrecipient audit requirements as part of the Authority's onsite/desk monitoring process. One staff member has been assigned the task of tracking receipt of needed audits from subrecipients, reviewing them and ensuring audit findings are addressed.</p> <p data-bbox="607 1501 1450 1528">The conditions noted in this finding were previously reported in finding 11-42.</p> <p data-bbox="440 1562 719 1619">Completion Date: June 2012</p>	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.720 - ARRA	\$0		93.775			93.777			93.778 - ARRA and non-ARRA	
Questioned	<u>CFDA #</u>	<u>Amount</u>															
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**Health Care Authority**

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

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	51 (Cont'd)	<p>In addition to the work of OPI, the agency's Quality Management Team performed 175 claim analyses of individual prescribers in federal fiscal year 2012, and the Patient Review and Coordination program performed 4,249 individual client claim analyses.</p> <p>The Authority is very interested in working with the SAO to provide additional information or clarification so as to eliminate this repeat audit finding in the future.</p> <p>The condition noted in this finding was previously reported in finding 11-41, 10-53 and 09-20.</p> <p>Completion Date: N/A</p>

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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>																
12	52	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:	<p>The Health Care Authority cannot be sure it is properly claiming Children's Health Insurance Program (CHIP) funds.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.775</td> <td></td> <td></td> </tr> <tr> <td>93.777</td> <td></td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Health Care Authority agrees with the finding and has taken corrective action.</p> <p>The Authority developed a report using data from the Medicaid Management Information System to identify claims by Recipient Aid Category and Federal Poverty Level based on net income. The report was implemented for state fiscal year 2013 beginning with the quarterly transfer for July-September 2012, which was processed in January 2013.</p> <p>The condition noted in this finding was previously reported in finding 11-37 and 10-35.</p> <p>January 2013</p>		<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA		\$0	93.775			93.777			93.778 - ARRA and non-ARRA		
	<u>CFDA #</u>	<u>Amount</u>																
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**Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
12	53	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority's inadequate internal controls over claims for dental services led to more than \$648,000 in overpayments to providers.</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 - ARRA</td> <td data-bbox="1015 709 1112 739">\$324,237</td> </tr> <tr> <td data-bbox="609 739 706 768">93.775</td> <td></td> </tr> <tr> <td data-bbox="609 768 706 798">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 798 706 827">93.778 - ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Refer to finding 2013-027</p> <p>The Authority has or will take the following corrective action:</p> <ul style="list-style-type: none"> <li>• Fluoride treatment for children. The Authority agrees that the Medicaid billing guide, Washington Administrative Code (WAC) and the ProviderOne system are not aligned. It is the Authority's intent to allow fluoride with applicable age/annual limits, per client, per provider consistent with the Medicaid provider guide. A Code Revision has been filed to update the WAC. No recovery is necessary.</li> <li>• Dental Cleanings. The Authority found system issues that have been corrected, and the Authority's Division of Program and Payment Integrity is in the process of recouping overpayments.</li> <li>• Dental X-rays. The Authority agrees that the billing guide and WAC are not aligned with the ProviderOne payment system. It is the Authority's intent to pay for necessary diagnostic X-rays per client, per provider. The Authority is in the process of updating the WAC and billing guides, and any payments made outside of these limitations will be identified and recouped by the Authority.</li> <li>• Oral Evaluation Services. The Authority agrees that there were system issues for most of the overpayments. The Authority is in the process of updating the WAC and billing guide to allow for additional evaluations for clients managed by the Department of Social and Health Services' Aging and Disability Services Administration.</li> <li>• Limited Visual Evaluations and Family Oral Health Education. The Authority paid both services with a miscellaneous code, and was unable to set up automated system limitations. However, the Authority now has new codes with edits for the Limited Visual Evaluation as of January 1, 2013, and has set up system limits for both services. The Authority has submitted requests to the Office of Payment Integrity to identify overpayments and recoup funds.</li> </ul> <p>This condition noted in this finding was repeated in Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-027.</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$324,237	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
93.720 - ARRA	\$324,237												
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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
12	54	<p><b>Finding:</b> The Health Care Authority does not have adequate controls in place to verify services billed by providers with Medicaid beneficiaries in accordance with federal laws, risking the loss of Medicaid resources.</p> <p><b>Questioned Costs:</b></p> <table border="0"> <thead> <tr> <th data-bbox="607 709 699 737"><u>CFDA #</u></th> <th data-bbox="1013 709 1105 737"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="607 737 781 764">93.720 - ARRA</td> <td data-bbox="1013 737 1040 764">\$0</td> </tr> <tr> <td data-bbox="607 764 683 791">93.775</td> <td></td> </tr> <tr> <td data-bbox="607 791 683 819">93.777</td> <td></td> </tr> <tr> <td data-bbox="607 819 954 846">93.778 - ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p><b>Status:</b> Refer to finding 2013-031</p> <p><b>Corrective Action:</b> The Authority does not agree with the finding and disagrees that the Medical Service Verification (MSV) process lacks adequate controls.</p> <p>Historically, the MSV process has proven to have no value in detecting fraud. The Authority prioritizes its program integrity and surveillance and utilization review resources in areas that have been proven to yield a higher return on investment. For example, the toll free hot line, hot tips and statistical studies have the potential to develop into a significant case and yield higher returns than MSVs. Therefore, the Authority maintains a position that spending resources on MSV processing actually reduces its ability to focus on program integrity activities that increase controls.</p> <p>Of the 30 MSVs noted in the audit as “lacking follow-up,” the Authority maintains that resources dedicated to these MSVs were appropriate given the process and the dollar values at stake:</p> <ul style="list-style-type: none"> <li>• Thirteen (13) (including three that were paid at zero and a fourth with 39 cents at risk) were not followed up because the amounts paid did not warrant the purchase of translation services (average of \$68 per MSV).</li> <li>• Another six (with an average of less than \$12 per MSV) were not followed-up because the clients could not be located.</li> <li>• Of the 11 remaining, 10 MSVs (with an average paid amount of \$28) received no follow-up when, for instance, clients checked every box, checked no boxes, or completed the form when the service in question was provided to another member of the household.</li> </ul>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.720 - ARRA	\$0											
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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	54 (Cont'd)	<p>The audit also identified 20 surveys sent to clients that should have been excluded. The Authority notes that the Centers for Medicare and Medicaid Services (CMS) Manual suggests that states review “a sample of at least 400 recipients each month.” In 2012, the Authority reviewed an average of more than 700 MSVs per month—75% more than suggested. In terms of fraud detection, the Authority believes this exceptional number of MSV reviews more than compensates for the 20 MSV cases that should have been excluded.</p> <p>The Authority will continue to refine its selection process for MSV reviews and will continue to meet federal MSV requirements. A system Change Request is in process for refining the universe of claims included so that only categories that meet federal MSV requirements are selected.</p> <p>The conditions noted in this finding were previously reported in finding 11-39.</p> <p>Completion Date: This condition noted in this finding was repeated in Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-031.</p>

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**Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
12	55	<p>Finding: The Health Care Authority did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.</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 - ARRA</td> <td style="text-align: right;">\$61,267.23</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority concurs with this finding. The Authority will continue to send monthly "NO SSN" reports to Community Services Division for correction. Many of the 206 clients with no Social Security number (SSN) identified in the audit have had their Medicaid terminated or they received Medicaid for services for which a SSN is not required, such as labor and delivery or alien emergency medical services.</p> <p>The Authority's foster care medical team has changed processes to add the SSN for children in adoption support. Of the 14,000 children in adoption support, approximately 90% now have a SSN listed in the Automated Client Eligibility System (ACES). Before this change, the SSN had been verified but it was not input in ACES.</p> <p>The Authority has sent a memo outlining procedures for verifying SSNs in order to ensure that staff involved in the verification process are following the correct SSN verification procedures.</p> <p>The Authority will continue to pursue enhancements to verification procedures that promote SSN accuracy. The Authority anticipates SSN accuracy will improve under Health Care Reform due to the client inputting their own SSN and getting instant feedback if an input error was made.</p> <p>The Authority will pay back the federal share for any payments made on ineligible persons by January 2014.</p> <p>Completion Date: Estimated January 2014</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$61,267.23	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>											
93.720 - ARRA	\$61,267.23											
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**Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>											
12	56	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority did not have adequate controls to ensure the federal share of overpayments to Medicaid providers is refunded to the federal government in a timely manner.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.720 - ARRA</td> <td>\$0</td> </tr> <tr> <td>93.775</td> <td></td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 - ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>As part of the Authority’s process for auditing providers to identify overpayments, draft audit reports are issued as a preliminary step. The draft reports are subject to modification based upon provider responses. Accordingly, the Authority did not consider preliminary recovery amounts identified in draft audit reports to be “discovery,” and was not sending draft audit reports to Office of Financial Recovery (OFR).</p> <p>The Office of Program Integrity contacted OFR to let them know the Authority would be adding the date of the draft letter to the account allocation code sheet, effective January 16, 2013. This met with OFR’s approval and this action has been completed.</p> <p>The conditions noted in this finding were previously reported in finding 11-27, 10-49, and 09-28.</p> <p>January 2013</p>	<u>CFDA #</u>	<u>Amount</u>	93.720 - ARRA	\$0	93.775		93.777		93.778 - ARRA and non-ARRA	
<u>CFDA #</u>	<u>Amount</u>												
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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	57	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not maintain federally required documentation for \$140,468 in payroll costs charged to the National Bioterrorism Hospital Preparedness Program.</p> <table border="0"> <tr> <td data-bbox="602 709 706 766"><u>CFDA #</u></td> <td data-bbox="1015 709 1104 766"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 737 706 766">93.889</td> <td data-bbox="1015 737 1149 766">\$140,468.09</td> </tr> </table> <p>Corrective action complete</p> <p>Since July 2012, the employees have been using positive time and attendance record keeping which reflects actual time worked in accordance with federal requirements.</p> <p>The Department will address the issue of the questioned costs with its federal grantor.</p> <p>The conditions noted in this finding were previously reported in finding 11-19 and 10-26.</p> <p>July 2012</p>	<u>CFDA #</u>	<u>Amount</u>	93.889	\$140,468.09
<u>CFDA #</u>	<u>Amount</u>						
93.889	\$140,468.09						

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**Department of Health**

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

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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	59	<p>Finding: The Military Department does not have sufficient internal controls to ensure all of its subrecipients receive audits for the Disaster Grants–Public Assistance program when required.</p> <p>Questioned Costs: <u>CFDA #</u> 97.036 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding and implemented corrective action through a new policy which was adopted effective July 1, 2013.</p> <p>The policy requires the Department to have a well-executed sub-award agreement. A new sub-award agreement template has been finalized and is being used for all new awards. Additionally, the policy requires that each unit with responsibility for pass-through funding create appropriate procedures that reflect the requirements of their programs.</p> <p>The policy also requires the finance unit to work with Emergency Management Division to ensure sub-grantees who meet the threshold stated in Office of Management and Budget (OMB) Circular A-133 receive audits. The Department developed a new Sub-Grantee Audit Certification Form 1009-13 on which sub-grantees certify whether they are required to have an audit and that they have had an audit if required. The form is being added to the 2014 boilerplate language for all sub-grantee awards. The Department’s Contracts office will be tracking receipt of the form and that audits are filed. Funding source program managers will be tracking corrective actions and providing information to the Contracts office. The staff from affected units within the Department met to finalize the subrecipient audit review process, including roles and expectations of each work unit.</p> <p>Completion Date: September 2013</p>

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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
12	60	<p>Finding: The Military Department did not file reports required by the Federal Funding Accountability and Transparency Act for the Disaster Grants-Public Assistance program.</p> <p>Questioned Costs: <u>CFDA #</u> 97.036 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department's contracts office attempted to comply with the new Federal Funding Accountability and Transparency Act (FFATA) reporting requirement upon notification of the new reporting requirement in October 2010. The Department assigned a staff member to learn and maintain the new federal reporting system in September 2010. From the very start of the process, the Department encountered problems that prevented data entry in the federal reporting system. The Department was in communications with federal systems administration since the reporting requirement started in October 2010.</p> <p>The system problem has been corrected. The FFATA reports are being maintained on a monthly basis. A policy and procedure have been developed to ensure that management is monitoring the FFATA reporting process and addressing any problems that may arise.</p> <p>Completion Date: June 2013</p>

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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	61	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department did not comply with the Federal Funding Accountability and Transparency Act reporting requirements for the Homeland Security Grant Program.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>97.067</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department's contracts office attempted to comply with the new Federal Funding Accountability and Transparency Act (FFATA) reporting requirement upon notification of the new reporting requirement in October 2010. The Department assigned a staff member to learn and maintain the new federal reporting system in September 2010. From the very start of the process, the Department encountered problems that prevented data entry in the federal reporting system. The Department was in communications with federal systems administration since the reporting requirement started in October 2010.</p> <p>The system problem has been corrected. The FFATA reports are being maintained on a monthly basis. A policy and procedure have been developed to ensure that management is monitoring the FFATA reporting process and addressing any problems that may arise.</p> <p>June 2013</p>	<u>CFDA #</u>	<u>Amount</u>	97.067	\$0
<u>CFDA #</u>	<u>Amount</u>						
97.067	\$0						

**State of Washington  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of September 30, 2013.)

**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	62	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department does not have sufficient internal controls to ensure all of its subrecipients receive audits when required and that all subrecipients take timely and appropriate corrective actions for audit findings issued for the Homeland Security Grant Program.</p> <table border="0"> <tr> <td data-bbox="602 737 704 764"><u>CFDA #</u></td> <td data-bbox="1013 737 1105 764"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 764 704 791">97.067</td> <td data-bbox="1013 764 1105 791">\$0</td> </tr> </table> <p>Refer to finding 2013-043</p> <p>The Department concurs with this finding and implemented corrective action through a new policy which was adopted effective July 1, 2013.</p> <p>The policy requires the Department to have a well-executed sub-award agreement. A new sub-award agreement template has been finalized and is being used for all new awards. Additionally, the policy requires each unit with responsibility for pass-through funding creates appropriate procedures that reflect the requirements of their programs.</p> <p>The policy also requires the finance unit to work with Emergency Management Division to ensure sub-grantees who meet the threshold stated in Office of Management and Budget (OMB) Circular A-133 receive audits. The Department developed a new Sub-Grantee Audit Certification Form 1009-13 on which sub-grantees certify whether they are required to have an audit and that they have had an audit if required. The form is being added to the 2014 boilerplate language for all sub-grantee awards. The Department's Contracts office will be tracking receipt of the form and that audits are filed. Funding source program managers will be tracking corrective actions and providing information to the Contracts office. The staff from affected units within the Department met to finalize the subrecipient audit review process, including roles and expectations of each work unit.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-043.</p>	<u>CFDA #</u>	<u>Amount</u>	97.067	\$0
<u>CFDA #</u>	<u>Amount</u>						
97.067	\$0						

**State of Washington  
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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
12	63	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department’s internal controls over subrecipient monitoring are not working as designed and the Department does not adequately monitor subrecipients of the Homeland Security Grant Program.</p> <table border="0" data-bbox="609 709 1104 772"> <tr> <td data-bbox="609 709 706 741"><u>CFDA #</u></td> <td data-bbox="1015 709 1104 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 706 772">97.067</td> <td data-bbox="1015 741 1104 772">\$0</td> </tr> </table> <p>Refer to finding 2013-045</p> <p>The Department concurs with the findings in this audit. The Homeland Security Section has resumed monitoring. An increased focus has been placed on the requirements for subrecipient monitoring, and the Department is leveraging its resources by monitoring all open grant agreement contracts during a single monitoring visit when practicable.</p> <p>In addition, a new policy was adopted effective July 1, 2013. The new policy requires the Department to have a well-executed sub-award agreement. This has been finalized and is being used for all new awards. Additionally, each section with responsibility for pass-through funding is in the process of creating appropriate procedures that reflect the requirements of their programs.</p> <p>The new policy also establishes the Program Manager Workgroup for the purpose of creating department-wide processes and efficiencies. The Workgroup is finalizing a charter and will be meeting monthly to address these issues. The Program Managers have responsibility for addressing process improvement and procedural documents for their respective work units.</p> <p>Grant Managers continue to utilize the SharePoint monitoring tool for documenting desk reviews and on-site visits. Monitoring reports are uploaded and shared department-wide. Desk reviews and on-site monitoring is typically conducted by a minimum of two staff ensuring cross-training and consistent monitoring methods.</p> <p>The condition noted in this finding was repeated in the Fiscal Year 2013 Washington Single Audit. Refer to finding 2013-045.</p>	<u>CFDA #</u>	<u>Amount</u>	97.067	\$0
<u>CFDA #</u>	<u>Amount</u>						
97.067	\$0						

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
11	01	<p>Finding: 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> <p>Questioned Costs: <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</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding.            The Department has taken and will continue to address the deficiencies identified in the audit.            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>Completion Date: April 2012</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
11	02	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Economic Services Administration did not issue retroactive food assistance payments in accordance with federal law.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">10.551</td> <td style="text-align: center;">\$11,300.00 (approx.)</td> </tr> <tr> <td></td> <td style="text-align: center;">10.561</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>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>Retroactive benefit functionality will not be available until January 2014 (at the soonest). The Department continues to develop the requirements to allow the Automated Client Eligibility System (ACES) functionality to prevent retroactive payments beyond the allowable 12-month period. However, system changes needed to implement Health Care Reform will significantly limit available ACES programming hours in 2013.</p>		<u>CFDA #</u>	<u>Amount</u>		10.551	\$11,300.00 (approx.)		10.561	
	<u>CFDA #</u>	<u>Amount</u>										
	10.551	\$11,300.00 (approx.)										
	10.561											

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
11	02 (Cont'd)	<p>In the meantime, the Department has established other internal controls to ensure accurate processing of retroactive benefits until we are able to implement the new ACES functionality. Economic Services Administration Management Accountability and Performance Statistics generates a quarterly retroactive benefit report, which Community Service Division staff work to determine the correct supplement amount for which the client was eligible. For cases where unallowable payments were made, the Department establishes appropriate overpayments.</p> <p>The Department will address the issue of the questioned costs with the U.S. Department of Agriculture.</p> <p>The condition noted in this finding was previously reported in finding 10-03.</p> <p>Completion Date: November 2012</p>

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**University of Washington**

Fiscal Year	Finding Number	Finding and Corrective Action Plan												
11	12	<p>Finding: The University of Washington did not comply with the eligibility requirements of federal student financial aid programs.</p> <p>Questioned</p> <table border="0"> <thead> <tr> <th data-bbox="440 680 565 709"></th> <th data-bbox="607 680 699 709"><u>CFDA #</u></th> <th data-bbox="1013 680 1105 709"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="440 709 565 739">Costs:</td> <td data-bbox="607 709 959 739">84.063 – ARRA and non-ARRA</td> <td data-bbox="1013 709 1149 739">\$ 10,645.00</td> </tr> <tr> <td></td> <td data-bbox="607 739 683 768">84.268</td> <td data-bbox="1013 739 1149 768">\$102,418.00</td> </tr> <tr> <td></td> <td data-bbox="607 768 959 798">93.658 – ARRA and non-ARRA</td> <td data-bbox="1013 768 1149 798">\$ 13,562.00</td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: 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>	Costs:	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>												
Costs:	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**

<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: October 2012</p>

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**Department of Services for the Blind**

<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="440 709 565 737">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">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 1136 791">\$ 36.00</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department acknowledges the finding. The Department provided training to vocational rehabilitation counselors on the importance of meeting individual plans for employment (IPE) timelines while acknowledging that, in providing individualized services, circumstances may arise that don't allow timelines to be adhered to. In those cases, documentation needs to describe the justification for delay to signing a plan. Training was provided at the April 25 and October 10, 2012, counselor meetings. As well, IPE timelines for each caseload are reviewed monthly with counselors. This is to ensure that timelines are met or justification for delay is documented. Training was also provided encouraging the best practice of service item description within the plan, with best estimated costs listed.</p> <p>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 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>RSA replied in a letter received by the Department on October 1, 2012, that the Department met necessary requirements and the finding is considered closed. The letter states that as procedural training to staff was implemented, all client services provided were allowable under the grant; and all consumers listed in the audit were eligible for services; they consider the finding closed. No recovery of funds is sought by RSA.</p> <p>Completion Date: October 2012</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 Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>										
11	22	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>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="602 709 1153 800"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td>93.569</td> <td>\$147,422.00</td> </tr> <tr> <td></td> <td>93.710 - ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>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>		<u>CFDA #</u>	<u>Amount</u>		93.569	\$147,422.00		93.710 - ARRA	
	<u>CFDA #</u>	<u>Amount</u>										
	93.569	\$147,422.00										
	93.710 - ARRA											

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**Department of Commerce**

<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. In March 2013, CMS was enhanced to provide pop-up warning messages when:</p> <ul style="list-style-type: none"> <li>• Funding a contract a warning if the Master Index has a closing date that is older than the present date.</li> <li>• The service dates for an invoice are outside the contract dates.</li> <li>• The service end date for an invoice correction or recovery is greater than the MI end date.</li> <li>• The document date on a Journal voucher is greater than the MI end date.</li> </ul> <p>The condition noted in this finding was previously reported in finding 10-30.</p> <p>Completion Date: March 2013</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>												
11	26	<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:</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 1274 739">non-ARRA: \$45,624.90</td> </tr> <tr> <td data-bbox="609 739 706 768">93.775</td> <td data-bbox="1015 739 1274 768">ARRA: \$ 9,899.69</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="609 827 966 856">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: 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 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>• In November 2012, the Overpayment Policy was finalized and implemented.</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>Completion Date: 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>													
93.720	non-ARRA: \$45,624.90													
93.775	ARRA: \$ 9,899.69													
93.776														
93.777														
93.778 – ARRA and non-ARRA														

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**Department of Social and Health Services**

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 1474 768">non-ARRA: \$9,664.64</td> </tr> <tr> <td data-bbox="609 768 706 798">93.775</td> <td data-bbox="1015 768 1474 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 1474 886">93.778 – ARRA and non-ARRA</td> <td></td> </tr> </tbody> </table> <p>Corrective action complete</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>														
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**State of Washington  
 Summary Schedule of Prior Audit Findings  
 For Years Prior to Fiscal Year 2013**

**OMB Circular A-133 Audit  
 For the Fiscal Year Ended  
 June 30, 2013**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of September 30, 2013.)

**Department of Social and Health Services**

<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 took the following actions to ensure Medicaid payments to in-home service providers are allowable and supported:</p> <ul style="list-style-type: none"> <li>• In October 2012, the Department monitored a randomly selected, statistically valid sample of in-home providers. This was done by means of a telephone verification survey.</li> <li>• In December 2012, the Department audited 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>The condition noted in this finding was previously reported in finding 10-42 and 09-21.</p> <p>Completion Date: December 2012</p>

**State of Washington  
 Summary Schedule of Prior Audit Findings  
 For Years Prior to Fiscal Year 2013**

**OMB Circular A-133 Audit  
 For the Fiscal Year Ended  
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**Health Care Authority**

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="602 680 704 709"><u>CFDA #</u></th> <th data-bbox="1013 680 1105 709"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="602 709 704 739">93.720</td> <td data-bbox="1013 709 1105 739">\$26,051.78</td> </tr> <tr> <td data-bbox="602 739 704 768">93.775</td> <td></td> </tr> <tr> <td data-bbox="602 768 704 798">93.776</td> <td></td> </tr> <tr> <td data-bbox="602 798 704 827">93.777</td> <td></td> </tr> <tr> <td data-bbox="602 827 704 856">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	
<u>CFDA #</u>	<u>Amount</u>														
93.720	\$26,051.78														
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**State of Washington  
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For the Fiscal Year Ended  
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**Health Care Authority**

<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>The condition noted in this finding was previously reported in finding 10-38.</p> <p>Completion Date: N/A</p>

**State of Washington  
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 For the Fiscal Year Ended  
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**Department of Health**

<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 pending audit follow-up</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 fieldwork 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>The condition noted in this finding was previously reported in finding 10-56.</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						

**State of Washington  
 Summary Schedule of Prior Audit Findings  
 For Years Prior to Fiscal Year 2013**

**OMB Circular A-133 Audit  
 For the Fiscal Year Ended  
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**Office of Financial Management**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
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 complete</p> <p>Corrective Action: Based on areas identified for improvement, the Washington Commission for National and Community Service carried 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 were monitored within three months after their contract has started.</li> <li>• By January 31, 2013, all AmeriCorps subgrantees 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>Completion Date: January 2013</p>

**State of Washington  
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**OMB Circular A-133 Audit  
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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
11	51	<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 ensure all background checks were performed for AmeriCorps members as required by federal regulations.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>94.006 – ARRA and non-ARRA</td> <td>non-ARRA: \$85,554.24 ARRA: \$ 6,014.15</td> </tr> </table> <p>Corrective action complete</p> <p>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 sub-recipient 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>June 2012</p>	<u>CFDA #</u>	<u>Amount</u>	94.006 – ARRA and non-ARRA	non-ARRA: \$85,554.24 ARRA: \$ 6,014.15
<u>CFDA #</u>	<u>Amount</u>						
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**State of Washington  
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**University of Washington**

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="1016 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="1016 768 1045 795">\$0</td> </tr> <tr> <td></td> <td data-bbox="607 800 683 827">93.866</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">93.837</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 894 683 921">93.864</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 926 683 953">93.856</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 957 683 984">93.859</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 of 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		93.866			93.846			93.837			93.864			93.856			93.859	
Questioned	<u>CFDA #</u>	<u>Amount</u>																								
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**State of Washington  
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**University of Washington**

<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>