

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

<b>Finding Number</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Page Number</b>	<b>Audit Status</b>
2015-001	State of Washington	N/A	H-10	Complete
2015-002	State of Washington	N/A	H-11	Repeat Finding 2016-006
2015-003	Department of Social and Health Services	10.551, 10.561, 93.558, 93.566, 96.001, 96.006	H-13	Repeat Finding 2016-002
2015-004	Superintendent of Public Instruction	10.558	H-14	Complete
2015-005	Department of Commerce	14.239	H-15	Complete
2015-006	Employment Security Department	17.225	H-17	Complete
2015-007	Employment Security Department	17.225	H-18	Complete
2015-008	Employment Security Department	17.225	H-19	Repeat Finding 2016-005
2015-009	Employment Security Department	17.245	H-20	Complete
2015-010	Employment Security Department	17.245	H-21	Complete
2015-011	Department of Health	66.468	H-22	Complete
2015-012	Superintendent of Public Instruction	84.369	H-23	Complete
2015-013	Superintendent of Public Instruction	84.369	H-24	Complete
2015-014	Department of Health	93.069, 93.889	H-25	Complete
2015-015	Department of Health	93.069, 93.889	H-26	Complete

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2015-016	Department of Social and Health Services	93.243, 93.959	H-27	Repeat Finding 2016-014
2015-017	Department of Social and Health Services	93.243, 93.959	H-28	Complete
2015-018	Department of Social and Health Services	93.558	H-29	Repeat Finding 2016-015
2015-019	Department of Social and Health Services	93.558	H-30	Complete
2015-020	Department of Social and Health Services	93.558	H-31	Repeat Finding 2016-017
2015-021	Department of Social and Health Services	93.558	H-32	Repeat Finding 2016-018
2015-022	Department of Social and Health Services	93.566	H-33	Complete
2015-023	Department of Early Learning	93.575, 93.596	H-35	Repeat Finding 2016-021
2015-024	Department of Early Learning	93.575, 93.596	H-38	Repeat Finding 2016-022
2015-025	Department of Early Learning	93.575, 93.596	H-39	Repeat Finding 2016-020
2015-026	Department of Social and Health Services	93.575, 93.596	H-40	Repeat Finding 2016-023
2015-027	Department of Early Learning / Department of Social and Health Services	93.575, 93.596	H-43	Complete
2015-028	Department of Social and Health Services	93.658	H-44	Repeat Finding 2016-024
2015-029	Department of Health	93.775, 93.777, 93.778, 93.778A	H-45	Complete
2015-030	State Health Care Authority	93.775, 93.777, 93.778, 93.778A	H-46	Repeat Finding 2016-028

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2015-031	State Health Care Authority	93.775, 93.777, 93.778, 93.778A	H-47	Unresolved, no finding issued
2015-032	State Health Care Authority	93.775, 93.777, 93.778, 93.778A	H-48	Repeat Finding 2016-029
2015-033	State Health Care Authority	93.775, 93.777, 93.778, 93.778A	H-49	Repeat Finding 2016-030
2015-034	State Health Care Authority	93.775, 93.777, 93.778, 93.778A	H-50	Repeat Finding 2016-032
2015-035	State Health Care Authority	93.775, 93.777, 93.778, 93.778A	H-51	Unresolved, no finding issued
2015-036	State Health Care Authority	93.775, 93.777, 93.778, 93.778A	H-52	Unresolved, no finding issued
2015-037	State Health Care Authority	93.775, 93.777, 93.778, 93.778A	H-53	Unresolved, no finding issued
2015-038	State Health Care Authority	93.775, 93.777, 93.778, 93.778A	H-54	Unresolved, no finding issued
2015-039	State Health Care Authority	93.775, 93.777, 93.778, 93.778A	H-55	Repeat Finding 2016-034
2015-040	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-56	Repeat Finding 2016-040
2015-041	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-58	Unresolved, no finding issued
2015-042	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-60	Unresolved, no finding issued
2015-043	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-61	Unresolved, no finding issued
2015-044	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-62	Repeat Finding 2016-036
2015-045	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-63	Repeat Finding 2016-037

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2015-046	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-64	Unresolved, no finding issued
2015-047	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-65	Repeat Finding 2016-039
2015-048	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-67	Unresolved, no finding issued
2015-049	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-68	Repeat Finding 2016-045
2015-050	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-70	Unresolved, no finding issued
2015-051	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-72	Repeat Finding 2016-044
2015-052	Department of Social and Health Services	93.775, 93.777, 93.778, 93.778A	H-74	Repeat Finding 2016-041
2015-053	Department of Social and Health Services	93.959	H-75	Repeat Finding 2016-050
2015-054	Department of Social and Health Services	93.959	H-76	Complete
2015-055	Department of Social and Health Services	96.001, 96.006	H-77	Complete
2015-056	Military Department	97.042	H-78	Complete
2014-005	Department of Commerce	14.239	Refer to finding 2015-005 at H-15	Repeat Finding 2015-005
2014-007	Department of Commerce	16.575	H-79	Complete
2014-008	Employment Security Department	17.245	Refer to finding 2015-010 at H-21	Repeat Finding 2015-010
2014-009	Employment Security Department	17.245	Refer to finding 2015-009 at H-20	Repeat Finding 2015-009

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2014-012	Workforce Training and Education Coordinating Board	84.048	H-80	Unresolved, no finding issued
2014-013	Workforce Training and Education Coordinating Board	84.048	H-81	Complete
2014-014	Department of Early Learning	84.412	H-82	Complete
2014-016	Department of Health	93.069, 93.889	Refer to finding 2015-015 at H-26	Repeat Finding 2015-015
2014-018	Department of Social and Health Services	93.243	H-83	Unresolved, no finding issued
2014-019	Department of Social and Health Services	93.243, 93.959	Refer to finding 2015-016 at H-27	Repeat Finding 2016-014, 2015-016
2014-020	Department of Social and Health Services	93.243, 93.959	Refer to finding 2015-017 at H-28	Repeat Finding 2015-017
2014-021	Department of Social and Health Services	93.566	Refer to finding 2015-022 at H-33	Repeat Finding 2015-022
2014-022	Department of Social and Health Services	93.566	Refer to finding 2015-003 at H-13	Repeat Finding 2016-002, 2015-003
2014-023	Department of Early Learning	93.575, 93.596	Refer to finding 2015-023 at H-35	Repeat Finding 2016-021, 2015-023
2014-026	Department of Social and Health Services	93.575, 93.596	Refer to finding 2015-026 at H-40	Repeat Finding 2016-023, 2015-026
2014-027	Department of Social and Health Services	93.658	Refer to finding 2015-028 at H-44	Repeat Finding 2016-024, 2015-028
2014-028	Department of Health	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-029 at H-45	Repeat Finding 2015-029
2014-029	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-036 at H-52	Repeat Finding 2015-036
2014-030	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-035 at H-51, 2015-036 at H-52	Repeat Finding 2015-035 Repeat Finding 2015-036

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2014-031	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-034 at H-50	Repeat Finding 2016-032, 2015-034
2014-032	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-038 at H-54	Repeat Finding 2015-038
2014-033	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-037 at H-53	Repeat Finding 2015-037
2014-034	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-030 at H-46	Repeat Finding 2016-028, 2015-030
2014-036	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-033 at H-49	Repeat Finding 2016-030, 2015-033
2014-037	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-039 at H-55	Repeat Finding 2016-034, 2015-039
2014-039	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-032 at H-48	Repeat Finding 2016-029, 2015-032
2014-040	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-84	Complete
2014-041	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-052 at H-74	Repeat Finding 2016-041, 2015-052
2014-042	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-049 at H-68	Repeat Finding 2016-045, 2015-049
2014-043	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-049 at H-68	Repeat Finding 2016-045, 2015-049
2014-044	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-050 at H-70	Repeat Finding 2015-050
2014-045	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-047 at H-65	Repeat Finding 2016-039, 2015-047
2014-046	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-044 at H-62, 2015-045 at H-63	Repeat Finding 2016-036, 2016-037, 2015-044, 2015-045
2014-048	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-051 at H-72	Repeat Finding 2016-044, 2015-051

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2014-049	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-040 at H-56	Repeat Finding 2016-040, 2015-040
2014-050	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	Refer to finding 2015-041 at H-64, 2015-048 at H-67	Repeat Finding 2015-041, 2015-048
2014-051	Department of Social and Health Services	93.959	Refer to finding 2015-053 at H-75	Repeat Finding 2016-050, 2015-053
2013-004	Department of Commerce	14.239	Refer to finding 2015-005 at H-15	Repeat Finding 2015-005, 2014-005
2013-012	Department of Health	93.069, 93.889	Refer to finding 2015-015 at H-26	Repeat Finding 2015-015, 2014-016
2013-016	Department of Early Learning	93.575, 93.596	Refer to finding 2015-023 at H-35	Repeat Finding 2016-021, 2015-023, 2014-023
2013-017	Department of Social and Health Services	93.575, 93.596	Refer to finding 2015-026 at H-40	Repeat Finding 2016-023, 2015-026, 2014-026
2013-019	Department of Health	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-029 at H-45	Repeat Finding 2015-029, 2014-028
2013-020	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-030 at H-46	Repeat Finding 2016-028, 2015-030, 2014-034
2013-023	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-038 at H-54	Repeat Finding 2015-038, 2014-032
2013-026	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-033 at H-49	Repeat Finding 2016-030, 2015-033, 2014-036
2013-027	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-037 at H-53	Repeat Finding 2015-037, 2014-033
2013-031	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-032 at H-48	Repeat Finding 2016-029, 2015-032, 2014-039
2013-033	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-047 at H-65	Repeat Finding 2016-039, 2015-047, 2014-045
2013-034	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-050 at H-70	Repeat Finding 2015-050, 2014-044

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<b>Finding Number</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Page Number</b>	<b>Audit Status</b>
2013-036	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-049 at H-68	Repeat Finding 2016-045, 2015-049, 2014-042, 2014-043
2013-037	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-051 at H-72	Repeat Finding 2016-044, 2015-051, 2014-048
2013-038	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-052 at H-74	Repeat Finding 2016-041, 2015-052, 2014-041
2013-039	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-040 at H-84	Repeat Finding 2014-040
2013-040	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-040 at H-56	Repeat Finding 2016-040, 2015-040, 2014-049
12-08	Department of Commerce	14.239	Refer to finding 2015-005 at H-15	Repeat Finding 2015-005, 2014-005, 2013-004
12-21	Department of Health	93.069, 93.889	Refer to finding 2015-015 at H-26	Repeat Finding 2015-015, 2014-016, 2013-012
12-28	Department of Early Learning	93.575, 93.596, 93.713A	Refer to finding 2015-023 at H-35	Repeat Finding 2016-021, 2015-023, 2014-023, 2013-016
12-30	Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2015-026 at H-40	Repeat Finding 2016-023, 2015-026, 2014-026, 2013-017
12-33	Department of Health	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-029 at H-45	Repeat Finding 2015-029, 2014-028, 2013-019
12-39	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-049 at H-68	Repeat Finding 2016-045, 2015-049, 2014-042, 2014-043, 2013-036
12-41	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-040 at H-56	Repeat Finding 2016-040, 2015-040, 2014-049, 2013-040
12-45	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-033 at H-49	Repeat Finding 2016-030, 2015-033, 2014-036, 2013-026
12-49	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-030 at H-46	Repeat Finding 2016-028, 2015-030, 2014-034, 2013-020
12-53	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-037 at H-53	Repeat Finding 2015-037, 2014-033, 2013-027

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12-54	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2015-032 at H-48	Repeat Finding 2016-029, 2015-032, 2014-039, 2013-031
11-20	Department of Health	93.069, 93.889	Refer to finding 2015-015 at H-26	Repeat Finding 2015-015, 2014-016, 2013-012, 12-21
11-23	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2015-023 at H-35	Repeat Finding 2016-021, 2015-023, 2014-023, 2013-016, 12-28
11-25	Department of Health	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2015-029 at H-45	Repeat Finding 2015-029, 2014-028, 2013-019, 12-33
11-34	Department of Social and Health Services	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2015-040 at H-56	Repeat Finding 2016-040, 2015-040, 2014-049, 2013-040, 12-41
11-38	State Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2015-030 at H-46	Repeat Finding 2016-028, 2015-030, 2014-034, 2013-020, 12-49
11-39	State Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2015-032 at H-48	Repeat Finding 2016-029, 2015-032, 2014-039, 2013-031, 12-54
10-31	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2015-023 at H-35	Repeat Finding 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23
10-40	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2015-030 at H-46	Repeat Finding 2016-028, 2015-030, 2014-034, 2013-020, 12-49, 11-38
09-12	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2015-023 at H-35	Repeat Finding 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31
09-19	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2015-030 at H-46	Repeat Finding 2016-028, 2015-030, 2014-034, 2013-020, 12-49, 11-38, 10-40
08-13	Department of Early Learning / Department of Social and Health Services	93.575, 93.596	Refer to finding 2015-023 at H-35	Repeat Finding 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31, 09-12
08-25	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2015-030 at H-46	Repeat Finding 2016-028, 2015-030, 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	001	<p><b>Finding:</b> The State’s internal controls over Medicaid payments processed by ProviderOne are inadequate to ensure those payments are properly processed and recorded.</p> <p><b>Questioned Costs:</b> None</p> <p><b>Status:</b> Corrective action complete</p> <p><b>Corrective Action:</b> The state recognizes the significance and priority of internal controls over recording and reporting financial transactions. Currently the ProviderOne vendor provides an independent service organization control audit every other year. The state is negotiating with the vendor to provide annual audit reports that cover an entire fiscal year, and has requested funding from the legislature to do so.</p> <p><b>Completion Date:</b> December 2016</p> <p><b>Agency Contact:</b> Kathy E. Smith Audit &amp; Accountability Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

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2015	002	<p><b>Finding:</b> The State should improve internal controls over the processing and recording of Unemployment Insurance premium payment and wage information to ensure accurate reporting.</p> <p><b>Questioned Costs:</b> None</p> <p><b>Status:</b> Refer to finding 2016-006</p> <p><b>Corrective Action:</b> As of June 2015, the state’s Department of Employment Security began a process to ensure the nightly file received from the bank is available in the Next Generation Tax System (NGTS) and the daily bank reconciliation is performed. The Department’s Tax Accounting Unit Manager reviews the reconciliation to ensure it is completed daily.</p> <p>In September 2015, as soon as the finding was received, the Department created a workgroup, including the Department’s Commissioner, to review the recommendations identified in the finding to ensure all recommendations are addressed timely. By April 2016, this workgroup will conduct a root cause analysis of all issues identified in the audit and determine the next steps to correct the issues.</p> <p>As of October 2015, to address the defects within NGTS, the Department implemented a temporary work around process that is being used to reconcile NGTS with the Agency Financial Reporting System (AFRS), the state’s general ledger accounting system. This new process will be used until the permanent fixes are implemented.</p> <p>As of December 2015, the Department implemented system enhancements within NGTS to ensure all new tax and wage report and payment exceptions identified are assigned to Department staff daily. Each unit manager is responsible for reviewing the exception queues daily to ensure exceptions are being processed timely.</p> <p>Also as of December 2015, the Department manually corrected all errors identified in the audit related to NGTS incorrectly assessing tax rates for employer experience ratings when a business is purchased by a successor owner. Additionally, the Department made changes within NGTS, including correcting the coding formula, which has decreased the number of errors significantly.</p> <p>The Department is continuing work to address the issues noted in this finding including:</p> <ul style="list-style-type: none"> <li>• Developing and implementing a new review and approval process for validating wage adjustment accuracy in the Department’s Tax Accounting unit.</li> <li>• Establishing and implementing a process to identify new successor employer accounts that are not applying the correct tax rate.</li> </ul>

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2015	002 (cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none"> <li>• Correcting the coding within NGTS to ensure that benefit charges are consistent with the benefit charge history.</li> <li>• Implementing a process to ensure employer payments and tax and wage information identified for manual reviews are processed timely.</li> <li>• Ensuring all old tax and wage report and payment exceptions are processed and corrected. Additionally, the Department plans to establish a process to ensure that documents are scanned into the appropriate document type so they can be processed timely.</li> <li>• Establishing and implementing a process to identify accounts that are incorrectly assessing the predecessor and successor rate to employer accounts.</li> <li>• Creating or revising NGTS reports to ensure they are complete and accurate.</li> <li>• Working with the programmers for NGTS to revise current accounting reports and identify new reports needed.</li> <li>• Prioritizing and correcting interfaces to ensure information transmitted is complete and accurate.</li> </ul> <p>Due to the significant number of issues requiring system changes, it is difficult to estimate a completion date but the Department has a goal of December 2016 to complete corrective action.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-006.</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:bhainline@esd.wa.gov">bhainline@esd.wa.gov</a></p>

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**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)														
2015	003	<p>Finding: The Department of Social and Health Services improperly charged \$5.6 million to multiple federal grants.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th><u>CFDA#</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>10.551</td> <td>\$5,610,700</td> </tr> <tr> <td>10.561</td> <td></td> </tr> <tr> <td>93.558</td> <td></td> </tr> <tr> <td>93.566</td> <td></td> </tr> <tr> <td>96.001</td> <td></td> </tr> <tr> <td>96.006</td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 2016-002</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>As an immediate fix to rectify the existing issue, including questioned costs, the Department’s Economic Services Administration (ESA) will utilize a manual journal voucher process to ensure expenditures charged to federal grants are obligated in the period of availability. To address the root cause of the issue, the Department plans to establish, sponsor and lead a cross-agency committee to review the processes involved and recommend implementation of changes to the existing Cost Allocation System methodology.</p> <p>The Department will also work with the appropriate federal agencies to discuss changing and/or updating the compliance supplement to better align with the state’s business practices for cash draws and reporting of the federal grants.</p> <p>The Department will continue discussions with its federal partners regarding what, if any, of the questioned costs should be repaid and acceptance of its prospective corrections.</p> <p>The conditions noted in this finding were previously reported in finding 2014-022.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-002.</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	10.551	\$5,610,700	10.561		93.558		93.566		96.001		96.006	
<u>CFDA#</u>	<u>Amount</u>															
10.551	\$5,610,700															
10.561																
93.558																
93.566																
96.001																
96.006																

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Superintendent of Public Instruction**

**Agency 350**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	004	<p>Finding: The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal reporting requirements for the Child and Adult Care Food Program.</p> <p>Questioned Costs: <u>CFDA#</u> 10.558      <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: During the implementation of the new application and claiming system, Washington Integrated Nutrition System (WINS), there were issues with the system data query developed for the Report of the Child and Adult Care Food Program (FNS-44). The Office worked closely with the WINS contracted developer to ensure the system data queries are now complete and accurate. The FNS-44 reports have been corrected and re-submitted to the U.S. Department of Agriculture. The Office’s financial analyst supervisor ensures that the reports and detailed backup documentation are reconciled and properly maintained.</p> <p>Completion Date: February 2016</p> <p>Agency Contact: Toni Bernethy Director of Audit Management PO Box 47200 Olympia, WA 98504-7200 (360) 725-6288 <a href="mailto:Toni.Bernethy@k12.wa.us">Toni.Bernethy@k12.wa.us</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Commerce**

**Agency 103**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)				
2015	005	<p>Finding: The Department of Commerce did not have adequate internal controls to ensure HOME Investment Partnerships Program income was used before requesting federal cash draws.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <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;">14.239</td> <td style="text-align: right;">\$0</td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding. The Department conducted a Lean process improvement event documenting the current process, including functions in both the accounting and program areas and created a new process to ensure available program income was used prior to requesting federal cash draws. The new process includes a number of improvements designed to increase efficiency and internal controls.</p> <p>The Department continues to:</p> <ul style="list-style-type: none"> <li>• Maintain a “check” register showing the deposits made to the HOME Program income account.</li> <li>• Identify the balance in the HOME Program income account at a minimum of twice a month.</li> <li>• Require the approval of the federal draw and the HOME Program income payment be completed by the supervisor that oversees banking authorizations.</li> <li>• Require the approval of the HOME Program income account bank reconciliation to be conducted by the Accounting Manager.</li> <li>• Identify, document, and communicate roles and responsibilities.</li> <li>• Provide training on policies and procedures both initially and ongoing.</li> </ul> <p>The new process is currently being tested and once testing is complete by October 2016, the Department will:</p> <ul style="list-style-type: none"> <li>• Implement additional process improvements as identified by the process improvement team.</li> <li>• Update the desk manual for HOME Program income and federal draws to include the process identified above.</li> <li>• Update policies and procedures and communicate to all necessary staff.</li> <li>• Consult with the federal grantor to determine if any interest earnings are owed to the federal government and respond accordingly.</li> </ul> <p>The conditions noted in this finding were previously reported in findings 2014-005, 2013-004, and 12-08.</p> <p>Completion Date: Estimated October 2016</p>	<u>CFDA#</u>	<u>Amount</u>	14.239	\$0
<u>CFDA#</u>	<u>Amount</u>					
14.239	\$0					

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**State of Washington**  
**Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended**  
**June 30, 2016**

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**Department of Commerce**

**Agency 103**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)	
2015	005 (cont'd)	Agency Contact:	Shanna-Mae Cullen-Oden Internal Audit & Risk Manager PO Box 42525 Olympia, WA 98504-2525 (360) 725-4030 <a href="mailto:Shanna-Mae.Cullen-Oden@commerce.wa.gov">Shanna-Mae.Cullen-Oden@commerce.wa.gov</a>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Employment Security Department**

**Agency 540**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	006	<p>Finding: The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible claimants of the Unemployment Insurance program received benefits.</p> <p>Questioned Costs: <u>CFDA#</u> 17.225      <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: As of February 2016, the Department has reviewed the work search verification and job search review processes to determine what new processes need to be implemented or changed to ensure that only eligible claimants receive benefits.</p> <p>By September 2016, the Department will develop new policies and procedures to improve work search verification and job search review and monitoring processes. These procedures will include: management oversight to ensure accuracy and completeness, a new monitoring system that ensure the weekly in-person reviews have been completed, documentation retention requirements, and the minimum number of required verifications.</p> <p>Completion Date: Estimated October 2016</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:bhainline@esd.wa.gov">bhainline@esd.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Employment Security Department**

**Agency 540**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)				
2015	007	<p>Finding: The Employment Security Department paid Trade Readjustment Allowance program benefits to participants who were not eligible to receive them.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <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;">17.225</td> <td style="text-align: right;">\$5,530</td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: As of March 2016, the Department has implemented the following controls to improve the program compliance and to ensure that only eligible participants receive services and benefits:</p> <ul style="list-style-type: none"> <li>• Developed new policies and procedures to improve application eligibility review process, established secondary review and oversight to reduce errors and increase program compliance and accuracy.</li> <li>• Set up new requirements for managerial oversight, conducting ongoing reviews, random testing and sampling.</li> <li>• Began quarterly trainings to increase staff’s knowledge on the Trade Readjustment Allowance program requirements.</li> </ul> <p>By August 2016, the Department will contact the federal awarding agency, U.S. Department of Labor, to determine what, if any, of the questioned costs should be repaid.</p> <p>Completion Date: Estimated August 2016</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:bhainline@esd.wa.gov">bhainline@esd.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	17.225	\$5,530
<u>CFDA#</u>	<u>Amount</u>					
17.225	\$5,530					

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Employment Security Department**

**Agency 540**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)				
2015	008	<p>Finding: The Employment Security Department made unsupported payments to Trade Readjustment Allowance program participants.</p> <p>Questioned Costs: <table style="display: inline-table; vertical-align: middle;"><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;">17.225</td><td style="text-align: right;">\$4,772</td></tr></table></p> <p>Status: Refer to finding 2016-005</p> <p>Corrective Action: As of February 2015, the Department began scanning and maintaining supporting payment documentation in accordance with federal and state record retention guidelines.</p> <p>By October 2016, the Department will:</p> <ul style="list-style-type: none"> <li>• Implement a new computer system that will increase the payment accuracy and documentation process.</li> <li>• Establish new procedures over the Trade Readjustment Allowance (TRA) program payment documentation and retention. TRA staff will submit a copy of the payment supporting documentation to the Finance Department for their records.</li> <li>• Establish ongoing managerial oversight and review to improve the program compliance over the payment documentation and retention.</li> <li>• Contact the federal awarding agency, U.S. Department of Labor, to determine what, if any, of the questioned costs should be repaid.</li> </ul> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-005.</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:bhainline@esd.wa.gov">bhainline@esd.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	17.225	\$4,772
<u>CFDA#</u>	<u>Amount</u>					
17.225	\$4,772					

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Employment Security Department**

**Agency 540**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)				
2015	009	<p>Finding: The Employment Security Department did not have adequate internal controls to ensure only eligible participants of the Trade Adjustment Assistance program received benefits.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <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;">17.245</td> <td style="text-align: right;">\$0</td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: As of February 2016, the Department:</p> <ul style="list-style-type: none"> <li>• Added additional staff to increase support and initiated separation of duties by assigning one individual to determine the eligibility for benefits using the General Unemployment Insurance Design Effort system and a second individual to enter information into the Case Management System.</li> <li>• Established a plan to increase accuracy and efficiency within the Trade Adjustment Assistance (TAA) program, which included the following activities: increased managerial oversight and review over the eligibility determination process, completing spot checks and conducting random testing.</li> <li>• Set up new guidelines to assist TAA program staff in determining eligibility and ensuring participants meet federal requirements before authorizing payment, and developed a checklist to ensure proper documentation is in place.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2014-009.</p> <p>Completion Date: February 2016</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:bhainline@esd.wa.gov">bhainline@esd.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	17.245	\$0
<u>CFDA#</u>	<u>Amount</u>					
17.245	\$0					

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Employment Security Department**

**Agency 540**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)				
2015	010	<p>Finding: The Employment Security Department did not have support for transportation reimbursement payments to Trade Adjustment Assistance program participants.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>17.245</td> <td>\$643</td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: As of May 2016, the Department:</p> <ul style="list-style-type: none"> <li>• Began scanning and maintaining transportation reimbursement payment supporting documentation in accordance with federal and state record retention guidelines.</li> <li>• Redesigned the claim forms requiring an additional review of the payment calculation for accuracy by field staff and a second review by central office staff.</li> <li>• Implemented segregation of duties within the payment process where one individual enters the payment information and another individual verifies the payment before delivering the payment batch to vendor payment unit.</li> <li>• Created new procedures that incorporated strong internal controls that are reviewed and monitored by management on an ongoing basis.</li> </ul> <p>By August 2016, the Department will contact the federal awarding agency, U.S. Department of Labor, to determine what, if any, of the questioned costs should be repaid.</p> <p>By December 2016, the Department will update and revise written policies and procedures to address the new payment process.</p> <p>The conditions noted in this finding were previously reported in finding 2014-008.</p> <p>Completion Date: Estimated December 2016</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:bhainline@esd.wa.gov">bhainline@esd.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	17.245	\$643
<u>CFDA#</u>	<u>Amount</u>					
17.245	\$643					

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Health**

**Agency 303**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)				
2015	011	<p>Finding: The Department of Health did not have adequate internal controls to ensure compliance with the earmarking requirements for the Drinking Water State Revolving Funds program.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <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;">66.468</td> <td style="text-align: right;">\$0</td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: In order to qualify additional requests for subsidy that in previous years were not captured, the Department added a third tier of application screening. This is done during the underwriting process by identifying those applicants who have a Debt Service Coverage Ratio less than 1.20:1. The applicants identified and placed on a list for consideration for subsidy dollars if they have not been utilized using the first two screening methodologies. The Department has begun the screening and drafted changes to its guidance manual to document this process. The Department expects to publish the guidance within the next couple of months.</p> <p>As of January 2016, the Department’s Loan and Grant Program Supervisor began tracking subsidies. The Department is also verifying and documenting subsidy dollars on an ongoing basis in the Drinking Water State Revolving Fund weekly team meetings to ensure accuracy of the dollars. The Department will notify the grantor prior to the year-end annual report if it is determined that the minimum requirement of 20 percent subsidy will not be met.</p> <p>Completion Date: January 2016</p> <p>Agency Contact: Lynda Karseboom Internal Auditor PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	66.468	\$0
<u>CFDA#</u>	<u>Amount</u>					
66.468	\$0					

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Superintendent of Public Instruction**

**Agency 350**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)				
2015	012	<p>Finding: The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal suspension and debarment requirements for the Grants for State Assessments and Related Activities program.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>84.369</td> <td>\$0</td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: As acknowledged by the auditors in their concluding remarks, the instance noted in this finding was isolated. The Office generally utilizes a standard contract template that includes suspension and debarment language. However in the instance noted in the finding, the Office, based on direction from the U.S. Department of Education, entered into a required contract with the University of California Los Angeles as part of the Smarter Balanced Assessment Consortium grant agreement. The required contract lacked suspension and debarment language.</p> <p>In response to this finding, in the future if there is a circumstance in which the Office does not use its standard contract template, the Director of Agency Financial Services will ensure that suspension and debarment language is included in the contract. If the required language is not included, evidence will be retained to confirm that the Office checked the System for Award Management to ensure vendors have not been suspended or debarred.</p> <p>Completion Date: February 2016</p> <p>Agency Contact: Toni Bernethy Director of Audit Management PO Box 47200 Olympia, WA 98504-7200 (360) 725-6288 <a href="mailto:Toni.Bernethy@k12.wa.us">Toni.Bernethy@k12.wa.us</a></p>	<u>CFDA#</u>	<u>Amount</u>	84.369	\$0
<u>CFDA#</u>	<u>Amount</u>					
84.369	\$0					

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Superintendent of Public Instruction**

**Agency 350**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)						
2015	013	<p>Finding: The Office of Superintendent of Public Instruction did not maintain required documentation for payroll costs charged to the Grants for State Assessments and Related Activities program.</p> <table border="0"> <tr> <td data-bbox="483 562 607 590">Questioned</td> <td data-bbox="667 562 753 590"><u>CFDA#</u></td> <td data-bbox="862 562 948 590"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 590 548 617">Costs:</td> <td data-bbox="667 590 743 617">84.369</td> <td data-bbox="862 590 964 617">\$196,904</td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: In accordance with the Uniform Grant Guidance (2 CFR 200.430), the Office will evaluate and implement other options for providing reasonable assurance that payroll charges to federal awards are accurate, allowable and properly allocated. Until any changes are made, the Office's Accounting Manager will ensure that semi-annual certifications are obtained in a timely manner.</p> <p>In June 2016, the Office submitted time and effort documentation to the U.S. Department of Education regarding resolution of questioned costs.</p> <p>Completion Date: September 2016</p> <p>Agency Contact: Toni Bernethy Director of Audit Management PO Box 47200 Olympia, WA 98504-7200 (360) 725-6288 <a href="mailto:Toni.Bernethy@k12.wa.us">Toni.Bernethy@k12.wa.us</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	84.369	\$196,904
Questioned	<u>CFDA#</u>	<u>Amount</u>						
Costs:	84.369	\$196,904						

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Health**

**Agency 303**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)									
2015	014	<p>Finding: The Department of Health did not follow established internal controls over and did not comply with Federal Financial Reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.</p> <table border="0"> <tr> <td data-bbox="483 590 607 617">Questioned</td> <td data-bbox="667 590 753 617"><u>CFDA#</u></td> <td data-bbox="862 590 948 617"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 621 548 648">Costs:</td> <td data-bbox="667 621 753 648">93.069</td> <td data-bbox="862 621 889 648">\$0</td> </tr> <tr> <td></td> <td data-bbox="667 653 740 680">93.889</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department has reviewed its written policies and procedures with all fiscal staff responsible for preparing, reviewing, approving and submitting Federal Financial Reports (FFR).</p> <p>Internal controls include separation of duties between fiscal staff who prepare the FFR, program staff who review and approve the draft FFR, and the Grants Manager or designee who reviews, approves and submits the FFR.</p> <p>The Department strives to accurately submit all Federal Financial Reports and will continue to do so in the future.</p> <p>Completion Date: February 2016</p> <p>Agency Contact: Lynda Karseboom Internal Auditor PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.069	\$0		93.889	
Questioned	<u>CFDA#</u>	<u>Amount</u>									
Costs:	93.069	\$0									
	93.889										

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Health**

**Agency 303**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)						
2015	015	<p>Finding: The Department of Health did not have adequate internal controls over federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs and did not comply with federal level of effort requirements for the National Bioterrorism Hospital Preparedness 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>93.069</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: The Department concurs with the finding. The Department established, and now follows, written policies and procedures for tracking, documenting, and requirements for reporting the level of effort.</p> <p>The Department communicated with its federal grantor to determine the best method for how and when to provide notification in the event that the required level of effort will not be met. The Department will be communicating with its federal partners on a quarterly basis.</p> <p>The conditions noted in this finding were previously reported in findings 2014-016, 2013-012, 12-21, and 11-20.</p> <p>Completion Date: February 2016</p> <p>Agency Contact: Lynda Karseboom Internal Auditor PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.069	\$0	93.889	
<u>CFDA#</u>	<u>Amount</u>							
93.069	\$0							
93.889								

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)									
2015	016	<p><b>Finding:</b> The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure subrecipients of the Substance Abuse and Mental Health Services Projects of Regional Significance and Block Grants for Prevention and Treatment of Substance Abuse programs received required audits.</p> <p><b>Questioned Costs:</b></p> <table border="0"> <tr> <td></td> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td></td> <td>93.243</td> <td>\$0</td> </tr> <tr> <td></td> <td>93.959</td> <td></td> </tr> </table> <p><b>Status:</b> Refer to finding 2016-014</p> <p><b>Corrective Action:</b> The Department originally dedicated one staff person to do this work, but due to downsizing and turn over, this position was eliminated. The Department is re-evaluating where this workload should be.</p> <p>As of December 2015, the Department conducted follow-up telephone interviews or on-site visits with subrecipient contractors as appropriate when findings were reported to ensure corrective action plans were followed. Follow-up is documented in the subrecipient tracking system.</p> <p>By August 2016, the Department will:</p> <ul style="list-style-type: none"> <li>• Establish policies and procedures to ensure all required audits occur. Changes in procedures will likely include revised contract language and a clearly defined process for following up on findings and ensuring federal funds are properly reported.</li> <li>• Ensure all completed subrecipient audits are also included in the subrecipient tracking system.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2014-019.</p> <p><b>Completion Date:</b> The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-014.</p> <p><b>Agency Contact:</b> Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>		<u>CFDA#</u>	<u>Amount</u>		93.243	\$0		93.959	
	<u>CFDA#</u>	<u>Amount</u>									
	93.243	\$0									
	93.959										

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)						
2015	017	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and was not compliant with its required collection of Data Universal Numbering System (DUNS) numbers from subrecipients under the Substance Abuse and Mental Health Services Projects of Regional Significance and Block Grants for Prevention and Treatment of Substance Abuse 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="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>93.243</td> <td>\$0</td> </tr> <tr> <td>93.959</td> <td></td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: In February 2015, the Department established policies, procedures and internal controls to obtain Data Universal Numbering System (DUNS) numbers from subrecipients prior to making subawards in accordance with 2 CFR, Appendix A to Part 25. DUNS numbers are now recorded in the special terms and conditions of all applicable contracts.</p> <p>The new procedures include a requirement for program staff to reject contract forms received from a subrecipient that do not include the subrecipient’s DUNS number. New procedures also include maintaining of a list of and annually reporting DUNS numbers for all subrecipients.</p> <p>The conditions noted in this finding were previously reported in finding 2014-020.</p> <p>Completion Date: February 2015</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.243	\$0	93.959	
<u>CFDA#</u>	<u>Amount</u>							
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93.959								

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**Department of Social and Health Services**

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)			
2015	018	<p data-bbox="483 443 1464 562">Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to sanction Temporary Assistance for Needy Families program participants who were not cooperative with the Department regarding child support issues.</p> <table data-bbox="483 590 954 653"> <tr> <td data-bbox="483 590 613 621">Questioned Costs:</td> <td data-bbox="667 590 760 621"><u>CFDA#</u> 93.558</td> <td data-bbox="862 590 954 621"><u>Amount</u> \$943</td> </tr> </table> <p data-bbox="483 684 954 716">Status: Refer to finding 2016-015</p> <p data-bbox="483 747 1464 1020">Corrective Action: All issues identified by the auditors were for clients served by both Division of Child Support (DCS) and the Community Services Division (CSD). The root cause of this issue was a miscommunication between the DCS and CSD systems. Once the issue was brought to the Department’s attention, DCS and CSD collaborated to identify and resolve the system issue. In addition to the immediate correction, CSD and DCS have worked together to proactively identify and resolve any further systems communication gaps relative to sanctioning a shared client in noncooperation status.</p> <p data-bbox="667 1052 1464 1146">In February 2016, CSD issued overpayments for the exceptions identified in the audit. All overpayments were referred to the Department’s Office of Financial Recovery (OFR) for processing.</p> <p data-bbox="667 1178 1464 1272">In March 2016, CSD leadership reminded staff to review each case record for non-cooperation notices prior to approving TANF payments. This communication was posted to the ESA SharePoint site.</p> <p data-bbox="667 1304 1464 1419">Also in March 2016, CSD commissioned a workgroup to develop and recommend an automated solution for updating and/or flagging closed cases in non-cooperation status to ensure these cases will be handled appropriately if the case is reopened.</p> <p data-bbox="667 1451 1464 1524">In June 2016, CSD reviewed and took appropriate actions on all cases with non-cooperation sanctions during the audit period.</p> <p data-bbox="667 1556 1464 1671">To further prevent another technical glitch, DCS made improvements to their release planning and implementation process in October 2015, including a quality assurance process which occurs prior to new release implementations.</p> <p data-bbox="483 1703 1409 1755">Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-015.</p> <p data-bbox="483 1787 1068 1965">Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	Questioned Costs:	<u>CFDA#</u> 93.558	<u>Amount</u> \$943
Questioned Costs:	<u>CFDA#</u> 93.558	<u>Amount</u> \$943			

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**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)				
2015	019	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements of its Temporary Assistance for Needy Families grant work verification plan.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>93.558</td> <td>\$0</td> </tr> </table></p> <p>Status: Corrective action complete</p> <p>Corrective Action: In March 2016, the Department’s Community Services Division (CSD) staff created electronic reminders to request monitoring reports and schedules, as appropriate, from partner agencies. CSD leadership provided training in April 2016, to ensure the tools and schedules were effectively implemented.</p> <p>In June 2016, CSD initiated a workgroup that developed effective monitoring tools and schedules to ensure the Department is following its federally approved work verification plan. The schedule includes retroactively monitoring and taking appropriate action on the partner contracts for the audit period. This workgroup also recommended additional staffing to remedy workload issues.</p> <p>CSD also created an internal quality assurance process to further ensure that staff continues to adequately monitor the contracts.</p> <p>The Department would like to note that contract monitoring is not the sole activity quantifying the accuracy of the data used in calculating the work participation rates. The Department performs the following control procedures in accordance with the Work Verification Plan:</p> <ul style="list-style-type: none"> <li>• An extensive Quality Assurance process that the Department annually conducts for each of the three contracted agencies.</li> <li>• A review and verification process that the Department conducts monthly related to the integrity and accuracy of the data provided for the work participation rates.</li> </ul> <p>Completion Date: June 2016</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.558	\$0
<u>CFDA#</u>	<u>Amount</u>					
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**State of Washington  
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**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)				
2015	020	<p>Finding: The Department of Social and Health Services did not have adequate internal controls in place to ensure compliance with the maintenance of effort requirements for the Temporary Assistance for Needy Families grant program.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>93.558</td> <td>\$0</td> </tr> </table></p> <p>Status: Refer to finding 2016-017</p> <p>Corrective Action: The Department concurs with the finding.  The Department will modify its internal controls, policies and procedures specific to monitoring expenditures throughout the year, at least quarterly, in order to ensure that the minimum maintenance of effort (MOE) requirements will be met. These policies and/or procedures will also identify the steps and processes for staff to ensure that the MOE expenditures are accurate, allowable and adequately supported. The Department will communicate the modified procedures to those individuals responsible for monitoring MOE to ensure compliance with federal requirements.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-017.</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.558	\$0
<u>CFDA#</u>	<u>Amount</u>					
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	021	<p>Finding: The Department of Social and Health Services did not have adequate internal controls in place for submitting quarterly and annual reports for the Temporary Assistance for Needy Families Grant.</p> <p>Questioned Costs: <u>CFDA#</u> 93.558      <u>Amount</u> \$0</p> <p>Status: Refer to finding 2016-018</p> <p>Corrective Action: The Department concurs with the overall findings of the auditors and appreciates the auditors' acknowledgement that they have verified the amounts reported by the Department were materially correct.</p> <p>The Department asserts that staff completing the reports reviewed documentation and analyzed costs to confirm that reported amounts met the federal maintenance of effort (MOE) requirements. This documentation, which includes a comprehensive matrix that identifies services and costs charged to the program, was reviewed by Department staff to ensure reported amounts were accurate, allowable and supported prior to the MOE being reported to the federal government.</p> <p>The Department agrees that documentation should be immediately available, well organized, and updated as appropriate. The Department will develop written procedures and policies requiring yearly certifications for the MOE report prior to submitting to the federal government. The policies and procedures will identify the steps and processes for staff to ensure that the MOE report is accurate, allowable and adequately supported. The Department will also develop and implement additional controls to ensure reporting requirements are met.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-018.</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

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**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	022	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure only eligible refugees of the Refugee and Entrant Assistance program received cash assistance.</p> <p>Questioned Costs: <u>CFDA#</u> 93.566      <u>Amount</u> \$23,213</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>The Department takes its responsibility to provide strong program oversight through appropriate internal controls seriously. The Department’s Office of Refugee and Immigrant Assistance (ORIA) implemented many action items aimed at resolving the finding. Unfortunately, the timing of the audit and subsequent findings allowed only three months for the corrective action plan to be fully effective. The majority of the clients identified as not referred to Work and Training (W&amp;T) in the current audit were enrolled prior to the full implementation of the prior audit corrective action plan items.</p> <p>From the fiscal year 2014 to the fiscal year 2015 audit, the Department’s accuracy rate increased and questioned costs decreased in both areas (eligibility and documentation). For this audit, the auditors determined that two applicants were improperly approved for Refugee Cash Assistance (RCA) benefits because they were eligible to receive Temporary Assistance for Needy Families funds, and 13 applicants lacked required documentation.</p> <p>As of January 2015, the Department’s Community Services Division (CSD) introduced a RCA referral tool in the electronic Jobs Automated System (eJAS) to refer and track RCA recipients. The tool requires CSD staff to complete an employability screening for eligible clients and to create a referral to an authorized employment provider. This tool has significantly increased appropriate referrals, and the Department will provide continued staff training and monitoring to ensure this new automated system is functioning and that all eligible refugees are referred to W&amp;T programs.</p> <p>By September 2016, CSD will ensure all Community Service Office staff receives annual training to facilitate accurate RCA eligibility determination and W&amp;T referrals. To complement the annual training, ORIA program managers will regularly visit local offices across the state to provide outreach and onsite technical assistance to ensure staff is appropriately trained and able to make accurate RCA eligibility determinations and W&amp;T referrals.</p>

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**Department of Social and Health Services**

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	022 (cont'd)	<p>ORIA will continue to review, track, and monitor RCA enrollments and employment referrals through a monthly report from the ESA Management Accountability and Performance Statistics unit. For those clients not referred to a W&amp;T program, ORIA will work with CSD Operations staff to correct errors in eligibility determination and employment referrals.</p> <p>By September 2016, ORIA will work with ESA’s Information Technology Solutions team to explore the feasibility of implementing a system edit, or “hard stop”, to prevent financial workers from inappropriately enrolling a minor into RCA (in the Automated Client Eligibility System).</p> <p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-021.</p> <p>Completion Date: Estimated September 2016</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
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**Department of Early Learning**

**Agency 357**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)									
2015	023	<p>Finding: The Department of Early Learning did not have adequate internal controls over and was not compliant with requirements to ensure payments to child care providers for the Child Care and Development Fund program were allowable.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="487 588 941 682"> <thead> <tr> <th></th> <th><u>CFDA#</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.575</td> <td></td> <td>\$64,802</td> </tr> <tr> <td>93.596</td> <td></td> <td></td> </tr> </tbody> </table> <p>Status: Refer to finding 2016-021</p> <p>Corrective Action: The Department of Early Learning (Department) and the Department of Social and Health Services (DSHS) continue to make consistent progress in actively auditing and recovering overpayments. The Department currently audits randomly selected attendance records within four months after the end of the payment month.</p> <p>In January 2012, the Working Connection Child Care (WCCC) subsidy audit team was created within the Department to meet federal internal control requirements of the WCCC subsidy program. The team started with four Quality Assurance (QA) specialists and one lead worker. In December 2013, the team hired three new QA specialists. From February 2014 through May 2014, the Department had two QA specialists dedicated to the Federal Improper Payment Audit.</p> <p>In 2012, the Washington State Legislature required the Department in coordination with DSHS to contract with an independent consultant to evaluate and recommend the optimum system for the eligibility determination process. The evaluation was required to include an analysis of Lean management processes that, if adopted, could improve the cost effectiveness and delivery of eligibility determination.</p> <p>The Department contracted with the Aclara Group to provide an evaluation of the Child Care Subsidy Programs (CCSP) and develop recommendations for business process improvements. Aclara’s final report was completed on October 31, 2012. The report identified 29 recommendations for improvement that span policy, business processes, and information technology supports. The Department is taking a structured project approach to address the report recommendations. The proposed project structure fosters a close partnership between the Department and DSHS to streamline and simplify CCSP policies and processes. The Department and DSHS formed 14 interagency workgroups to analyze these recommendations and implement those that would improve the program. This project was completed in July 2015.</p> <p>Starting in July 2014, the Department collaborated with DSHS on an interagency and interdivision Lean Six Sigma process improvement effort to address the high rate of overpayments the Department is currently experiencing. The effort includes mapping multiple related work processes to identify variables that may contribute to overpayments and identifying</p>		<u>CFDA#</u>	<u>Amount</u>	93.575		\$64,802	93.596		
	<u>CFDA#</u>	<u>Amount</u>									
93.575		\$64,802									
93.596											

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	023 (cont'd)	<p>improvements that can be made to these processes that could help lower the rate of overpayments. As of July 2015, the Department completed Lean process maps for all subsidy audit work processes and identifying areas for improvement. Work is ongoing in many areas to implement improvements.</p> <p>In November 2014, the Department and DSHS formed a WCCC reframe workgroup designed to address the recent reauthorization of the Child Care Development Fund grant.</p> <p>Part of the scope of this work is to conduct a comprehensive analysis of billing and other child care provider requirements that have the potential to cause confusion or otherwise increase the risk of improper billing. The workgroup continues to collaborate on this analysis on an ongoing basis. The Department will continue to audit records up to twelve months old in cases where providers back bill for a prior period. If the Department reviewed only very recent records as requested by the auditor, the population of records to review would be incomplete and providers could submit invoices for time periods that wouldn't be subject to audit, which would create a significant risk factor that could increase fraud. Also, the statute of limitations is three years for establishing an overpayment and the Department's reviews have historically been made within this timeframe.</p> <p>In February 2015, the Department and DSHS formed a Child Care Audit Committee designed to address internal and external audit issues, and improve internal controls over client eligibility and direct payments to child care providers. This group continues to meet and collaborate on process improvements.</p> <p>In the most recent required Child Care Development Fund Program State Improper Payment Report submitted in July 2014, the Department reported that, of 276 cases sampled, nine cases (3.3 percent of the total) had an improper payment error (overpayment or underpayment). The national improper payment error rate for this same period was 5.7 percent, so the Department is well below this national average. The federal government requires a corrective action plan for states exceeding 10 percent.</p> <p>In March 2016, the Department began clarifying subsidy program rules and policies, using provider feedback to improve training, developing record keeping templates, and communicating more frequently with DSHS.</p> <p>The Department will continue to request funding for an electronic time and attendance billing system, which will ensure attendance data for all providers are available and reconciled to billing before payment is made. Such a system would eliminate many forms of potential fraud and decrease the number of unintentional billing errors that cause high levels of improper payments.</p>

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)	
2015	023 (cont'd)	<p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department is exploring an interim IT solution that will allow the Department to receive electronic attendance records from all child care providers receiving subsidy payments. The Department has also initiated a project to implement a new case management system to improve provider monitoring, fraud detection and data reporting.</p> <p>The Department is committed to improving its audit approach to include changing how cases are assigned, increasing auditor training, and implementing risk-based auditing techniques. For example, the Department is considering expanding attendance record review in cases where the Department has information to suggest it is likely to uncover additional types of billing errors, return substantial sums to the grant, or assist with fraud investigations. The Department will also continue the recent change to audit providers based on month of payment rather than month of service in an effort to improve the timeliness of audit reviews.</p> <p>The conditions noted in this finding were previously reported in finding 2014-023, 2013-016, 12-28, 11-23, 10-31, 09-12, and 08-13.</p> <p>The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-021.</p> <p>Mike Steenhout Chief Financial Officer PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>

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**Department of Early Learning**

**Agency 357**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)						
2015	024	<p>Finding: The Department of Early Learning did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund 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="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td>\$0</td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table></p> <p>Status: Refer to finding 2016-022</p> <p>Corrective Action: The Department concurs with this finding. To address the weaknesses noted in the finding, the Department has taken or is taking the following steps:</p> <ul style="list-style-type: none"> <li>• Recently created a licensing background unit that will allow staff to better manage fingerprint requirements.</li> <li>• Immediately shifting licensing staff resources from regions where work is being completed timely to regions where staffs are behind, while an analysis of the number of staff needed is conducted to satisfy the licensor-to-childcare provider requirements of the Child Care and Development Block Grant (CCDBG) Act of 2014.</li> <li>• Undertaking emergency rulemaking and update policies to clarify that licensors do not need to inspect licensees that have become inactive.</li> <li>• Clarify policies and procedures and provide additional training to licensing staff on the revisions.</li> <li>• Continue to request funding from the legislature to develop an integrated licensing management system.</li> </ul> <p>The above steps will increase compliance with state rules and agency policies and procedures to ensure that childcare providers are meeting all applicable health and safety requirements.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-022.</p> <p>Agency Contact: Mike Steenhout Chief Financial Officer PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596	
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**Agency 357**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)							
2015	025	<p><b>Finding:</b> The Department of Early Learning did not have adequate internal controls over child care fraud detection and repayments.</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>93.575</td> <td>\$0</td> </tr> <tr> <td>93.596</td> <td></td> </tr> </tbody> </table> <p><b>Status:</b> Refer to finding 2016-020</p> <p><b>Corrective Action:</b> To address the finding, the Department is taking the following actions:</p> <ul style="list-style-type: none"> <li>• Developing written policies and procedures for staff to follow when potential fraud is suspected.</li> <li>• Providing training, in collaboration with the Department of Social and Health Services (DSHS) Office of Fraud and Accountability (OFA), on the elements of fraud to Department audit and licensing staff responsible for making decisions to refer cases to Subsidy Policy and Audit Manager, who makes the final decision to refer to OFA for action.</li> <li>• In cases of suspected fraud, expanding review of provider attendance records where necessary to support fraud investigation.</li> <li>• Continuing to request funding for an electronic time and attendance billing system whereby attendance data for all providers is available and reconciled to billings before payment is made. Such a system would eliminate many forms of potential fraud and decrease the number of unintentional errors that cause high levels of improper payments.</li> <li>• Exploring an interim IT solution that will allow the Department to receive electronic attendance records from all child care providers receiving subsidy payments.</li> </ul> <p><b>Completion Date:</b> The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-020.</p> <p><b>Agency Contact:</b> Mike Steenhout Chief Financial Officer PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596		
<u>CFDA#</u>	<u>Amount</u>								
93.575	\$0								
93.596									

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)									
2015	026	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with client eligibility requirements for the Child Care Development Fund.</p> <table border="0" data-bbox="483 562 954 651"> <tr> <td data-bbox="483 562 613 592">Questioned</td> <td data-bbox="669 562 760 592"><u>CFDA#</u></td> <td data-bbox="863 562 954 592"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 592 613 621">Costs:</td> <td data-bbox="669 592 760 621">93.575</td> <td data-bbox="863 592 954 621">\$12,967</td> </tr> <tr> <td></td> <td data-bbox="669 621 760 651">93.596</td> <td></td> </tr> </table> <p>Status: Refer to finding 2016-023</p> <p>Corrective Action: The Department does not concur with this finding. The Department thoroughly reviewed each of the 34 cases in question, and maintains Department staff correctly determined eligibility in every single case.</p> <p>The Department must make “point in time” eligibility determinations based on the information available at the time of application. Per Washington Administrative Code, if a consumer does not provide all of the verification information requested, the Department is required to determine eligibility based on the information already available to the Department.</p> <p>While the Department made accurate initial eligibility determinations in 100 percent of the 399 cases reviewed by the auditors, the Department concurs that it is likely that in six cases improper payments were made to childcare providers, not 34 as identified in the finding. In five of the six cases in question, the clients failed to accurately report information in the initial application or failed to report changes in their circumstances as required by rule. The Department became aware of this information after making the initial, accurate eligibility determinations. In the sixth case, the Department had appropriately terminated the client’s eligibility, however, a minor procedural error allowed child care to briefly continue.</p> <p>In all six cases, the Department was already aware of and actively addressing the client’s change in circumstances prior to the auditor’s review of the cases and associated payments. It is important to note that changes in a client’s circumstances do not necessarily result in changes to a client’s eligibility status. Minor changes may result in a slight fluctuation of co-payment or hours of care approved.</p> <p>The Department’s calculation of total questioned costs is \$2,919, not \$12,967 as proposed by the auditor. The Department has reviewed the cases in question, and is pursuing overpayments as appropriate.</p> <p>The Department implemented monitoring protocols to establish appropriate separation of duties between staff who determine eligibility and staff who authorize payments. Specifically:</p> <ul style="list-style-type: none"> <li>• The Department’s “universal caseload model” utilizes analytics to prioritize and randomly assign work activities to staff. This provides a process where case actions, such as eligibility determination and authorization for care, are highly likely to be</li> </ul>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.575	\$12,967		93.596	
Questioned	<u>CFDA#</u>	<u>Amount</u>									
Costs:	93.575	\$12,967									
	93.596										

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	026 (cont'd)	<p>completed by different workers. The assigned worker will review the case (a secondary review) each time they receive an assignment. This allows the worker to familiarize themselves with the case and confirm eligibility and payment information prior to completing the required case action. The worker will correct any errors they find prior to completing the assignment. Approximately 140 staff process child care cases and the probability of the same case being assigned to the same worker for two case actions in a row is less than one percent.</p> <ul style="list-style-type: none"> <li>• The Department modified the system so a staff member who activates a license-exempt provider cannot make any payment authorizations for that provider. This electronic process reduces the potential for fraudulent payment authorizations.</li> <li>• Quarterly, regional staffs review an integrity report which identifies cases where the same staff member has authorized four or more payments in a 15 month period without authorization activity from other staff. To date, the report has not identified any cases resulting in a finding of improper authorization activities.</li> </ul> <p>The Department also continues to perform the following child care authorization audits:</p> <ul style="list-style-type: none"> <li>• At least one percent of child care caseload monthly.</li> <li>• Exceptional payment authorizations are reviewed and approved by a supervisor before payment can be made. An example of an exceptional payment is when a child requires and is eligible for care six days per week due to parent work activity.</li> <li>• 100 percent pre/post authorization audits for all new childcare workers.</li> <li>• Review data provided by the Health Care Authority (HCA) and audit additional childcare payments identified as potentially error prone. HCA has developed and runs algorithms which identify billing anomalies. Providers who over-bill or are paid an incorrect rate are identified and overpayments are established. All paid authorizations are reviewed on a scheduled basis or where immediate, ad-hoc policy clarification, training or systems support may increase accuracy.</li> <li>• Review cases identified by eligibility workers where it appears likely that an improper payment may have occurred and verification is requested. Specialized eligibility staff reviews the case specifics and verification documentation. Attendance records are requested to determine the amount of the improper payment.</li> </ul> <p>In March 2016, the Department updated the Working Connections Automated Program (WCAP) screens so the eligibility determination function and the benefit calculation function displayed on separate screens, therefore, requiring staff to process each function separately.</p> <p>By September 2016, Community Services Division staff will write overpayments as appropriate.</p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	026 (cont'd)	<p>If the Department of Health and Human Services (DHHS) contacts the Department regarding questionable costs that should be repaid, the Department will confirm these costs with DHHS and will take appropriate action in the form of payment.</p> <p>The conditions noted in this finding were previously reported in finding 2014-026, 2013-017, and 12-30.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-023.</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Early Learning  
Department of Social and Health Services**

**Agency 357  
300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)						
2015	027	<p><b>Finding:</b> The Departments of Early Learning and Social and Health Services did not establish adequate internal controls over and did not comply with period of availability requirements for the Child Care and Development Fund program.</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>93.575</td> <td>\$21,320,595</td> </tr> <tr> <td>93.596</td> <td></td> </tr> </tbody> </table> <p><b>Status:</b> Corrective action in progress</p> <p><b>Corrective Action:</b> The Department of Social and Health Services (DSHS) Economic Services Administration (ESA) has a process in place for monitoring period of availability compliance and processing journal vouchers to ensure compliance with the period of availability in regards to the federal grant. The amount in question of \$21,320,595 was reversed in Fiscal Year 2015.</p> <p>The Departments will also work with the appropriate federal agency to discuss changing and/or updating the Federal OMB compliance supplement to better align with the state's business practices for cash draws and reporting of the federal grants. The Departments will continue discussions with their federal partner regarding the amount, if any, of the questioned costs that should be repaid and acceptance of prospective corrections.</p> <p>The Division of Finance and Financial Recovery (DFFR) is currently working with the DSHS Office of Accounting Services to establish written policies and procedures to ensure compliance with grant requirements and determination of what is needed to change the Department's Cost Allocation System. DFFR has coordinated with DEL to develop and implement manual processes that are currently in place. This will be communicated with DEL by August 2016.</p> <p>The Department plans to establish, sponsor and lead a cross-agency committee to review the processes involved and potentially recommend implementation of changes to the existing Cost Allocation System methodology.</p> <p><b>Completion Date:</b> Estimated September 2016</p> <p><b>Agency Contact:</b> Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$21,320,595	93.596	
<u>CFDA#</u>	<u>Amount</u>							
93.575	\$21,320,595							
93.596								

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)						
2015	028	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with foster care payment rate setting and application requirements for the Foster Care program.</p> <table border="0"> <tr> <td data-bbox="483 562 607 590">Questioned</td> <td data-bbox="667 562 753 590"><u>CFDA#</u></td> <td data-bbox="857 562 951 590"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 590 548 617">Costs:</td> <td data-bbox="667 590 743 617">93.658</td> <td data-bbox="857 590 889 617">\$0</td> </tr> </table> <p>Status: Refer to finding 2016-024</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>The settlement of the Foster Parents Association of Washington State lawsuit and subsequent funding by the legislature beginning state fiscal year 2016 increased the basic maintenance rate paid to licensed foster care homes on July 1, 2015. The rate is based on an economic analysis of the cost of raising a child.</p> <p>The Department will review the maintenance payment rate again in 2019, based upon an economic analysis, to determine if the rate needs to be adjusted. If an increase is needed, the Department will submit a decision package for additional funding. Reviews after 2019 will occur periodically per federal regulation.</p> <p>The Department added the periodic review of the maintenance payments to the Title IV-E State Plan in February 2016.</p> <p>The conditions noted in this finding were previously reported in finding 2014-027.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-024.</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.658	\$0
Questioned	<u>CFDA#</u>	<u>Amount</u>						
Costs:	93.658	\$0						

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Health**

**Agency 303**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	029	<p>Finding: The Department of Health did not ensure Medicaid hospital and home health agency surveys were performed with the frequency required by federal regulations and state law.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>            93.775 \$0            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding. In an effort to meet state licensing requirements, the Department went through a hospital survey Lean process to help improve administrative processing and develop surveyor worksheets designed to create a more focused survey approach and concentrate on infection control, quality assurance, performance improvement, and care continuity (transitions in care).</p> <p>Both the hospital and home health agency (HHA) programs implemented improved scheduling practices that assured each facility type adhered to the respective survey timelines. Based on the data generated from this report, the previous average between Hospital surveys was 24.2 months. This average is now 18.2 months. Similar improvements were achieved in HHAs where the average for exceptions has been reduced to 37.8 months.</p> <p>The Department hired a manager to work specifically with the HHA surveyors to maintain current progress and push toward 100 percent compliance. Both the hospital and HHA survey managers will work with the accrediting organization to ensure continued coordination and ensure surveys are completed within prescribed timelines.</p> <p>The survey frequency requirements of 18 months for hospitals and 36.9 months for HHAs, means improvement are measured and recognized over a period of years. Lean activities, increased staffing, and enhanced management oversight have all contributed to improvements which the Department expects to be duplicated in the coming years. Based on the above, the Department estimates completion by December 2017.</p> <p>The conditions noted in this finding were previously reported in findings 2014-028, 2013-019, 12-33, and 11-25.</p> <p>Completion Date: Estimated December 2017</p> <p>Agency Contact: Lynda Karseboom            Internal Auditor            PO Box 47890            Olympia, WA 98504-7890            (360) 236-4536  <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**State Health Care Authority**

**Agency 107**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)								
2015	030	<p>Finding: The Health Care Authority did not perform semi-annual data sharing with health insurers as required by state law.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table></p> <p>Status: Refer to finding 2016-028</p> <p>Corrective Action: RCW 74.09A.020 requires the Authority to provide routine and periodic computerized information to health insurers regarding client eligibility and coverage information, and requires health insurers to use this information to identify joint beneficiaries. The Authority does not have legal authority to compel insurers to comply with this law.</p> <p>The Authority meets the intent of the law by performing data matching with insurance carriers in the State of Washington on a regular basis, and by contracting with a vendor to supplement the Authority’s data matching capabilities.</p> <p>The Authority will implement changes to ProviderOne to enhance the accuracy and efficiency of the Payer Initiated Eligibility transaction, which will allow the Authority to pursue additional automated data matches with carriers. The Authority will continue to encourage health insurers to develop systems capable of participating in a data exchange.</p> <p>The Authority met with the Office of Financial Management in June 2016 to consider options for working with the Legislature to align state law to the current practice.</p> <p>The conditions noted in this finding were previously reported in finding 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19, and 08-25.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-028.</p> <p>Agency Contact: Kathy E. Smith Audit &amp; Accountability Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	ARRA and non-ARRA
<u>CFDA#</u>	<u>Amount</u>									
93.775	\$0									
93.777										
93.778	ARRA and non-ARRA									

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**State Health Care Authority**

**Agency 107**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)												
2015	031	<p>Finding: The Health Care Authority did not collect application fees from prospective or re-enrolling Medicaid providers, resulting in non-compliance with Affordable Care Act provisions.</p> <table border="0"> <tr> <td data-bbox="483 562 607 590">Questioned</td> <td data-bbox="667 562 753 590"><u>CFDA#</u></td> <td data-bbox="1024 562 1117 590"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 590 553 617">Costs:</td> <td data-bbox="667 590 743 617">93.775</td> <td data-bbox="1024 590 1057 617">\$0</td> </tr> <tr> <td></td> <td data-bbox="667 617 743 644">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="667 644 997 672">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Authority implemented a process for collecting provider application fees for institutional providers that are newly enrolled or re-enrolling Medicaid providers.</p> <p>Completion Date: June 2016</p> <p>Agency Contact: Kathy E. Smith Audit &amp; Accountability Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$0		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
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**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**State Health Care Authority**

**Agency 107**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	032	<p>Finding: The Health Care Authority did not have adequate controls over its Medicaid service verification process.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>            93.775 \$0            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2016-029</p> <p>Corrective Action: The Authority has resumed sending verifications to clients whose written language is other than English, and now uses professional translation services to follow up on negative survey responses.</p> <p>The conditions noted in this finding were previously reported in finding 2014-039, 2013-031, 12-54, and 11-39.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-029.</p> <p>Agency Contact: Kathy E. Smith            Audit &amp; Accountability Manager            PO Box 45502            Olympia, WA 98504-5502            (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**State Health Care Authority**

**Agency 107**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	033	<p>Finding: The Health Care Authority made improper Medicaid payments to Federally Qualified Health Centers and Rural Health Clinics.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>            93.775 \$197,774            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2016-030</p> <p>Corrective Action: As noted by the auditors, in response to prior audit findings, the Authority has implemented new system edits, which will eliminate duplicate payments, and will identify improper billings. However, these edits were not fully implemented during this audit period.</p> <p>The Authority has recouped the unallowable Federally Qualified Health Center and Rural Health Clinic payments identified by the auditor.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-036 and 2013-026. This issue was also previously reported in finding 12-45 which the auditors determined to be resolved.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-030.</p> <p>Agency Contact: Kathy E. Smith            Audit &amp; Accountability Manager            PO Box 45502            Olympia, WA 98504-5502            (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**State Health Care Authority**

**Agency 107**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)								
2015	034	<p>Finding: The Health Care Authority did not have adequate internal controls to ensure it sought reimbursement for all eligible Medicaid outpatient drug rebate claims.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$97,425</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table></p> <p>Status: Refer to finding 2016-032</p> <p>Corrective Action: The following corrective action plan addresses the three control deficiencies identified in the finding.</p> <p>To address the crossover claim oversight, staff has identified the codes that should have been included and are investigating the best method for resubmitting the missed fiscal year 2015 claims. Target date for completing the resubmission is July 2016.</p> <p>The Authority developed and implemented a system reconfiguration that reversed the Family Planning provider claims exclusion identified in the previous and current audits. The plan was not fully implemented prior to the start of the current audit period, resulting in the questioned costs identified in this finding. This reconfiguration has since been completed, effective December 2015.</p> <p>The eight pharmacy claims described above were identified during routine monitoring, and were corrected. The auditor reported this error because the identification and correction occurred after June 30. No additional corrective action is necessary.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-031.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-032.</p> <p>Agency Contact: Kathy E. Smith Audit &amp; Accountability Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$97,425	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 the Fiscal Year Ended  
June 30, 2016**

**State Health Care Authority**

**Agency 107**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)												
2015	035	<p data-bbox="483 436 1466 499"><b>Finding:</b> The Health Care Authority improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients.</p> <table data-bbox="483 527 1127 646"> <tr> <td data-bbox="483 527 607 554"><b>Questioned Costs:</b></td> <td data-bbox="667 527 753 554"><u>CFDA#</u></td> <td data-bbox="1024 527 1117 554"><u>Amount</u></td> </tr> <tr> <td></td> <td data-bbox="667 558 743 585">93.775</td> <td data-bbox="1024 558 1127 585">\$310,091</td> </tr> <tr> <td></td> <td data-bbox="667 590 743 617">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="667 621 997 648">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p data-bbox="483 680 956 707"><b>Status:</b> Corrective action complete</p> <p data-bbox="483 741 1455 861"><b>Corrective Action:</b> The majority of the questioned costs identified by the auditors are routine monthly premiums paid in advance to the managed care organizations the clients were enrolled in. Once a client’s death is verified, the Authority recoups the premiums through the normal recoupment process.</p> <p data-bbox="667 894 1459 1104">The auditors conducted this test by comparing June 30, 2015 client data to October 2015 Social Security Administration Death Master File. The result of the timing difference is that the list of exceptions includes clients who died before June 30, but whose death was not recorded in the Social Security Administration Death Master File until after June 30. The auditors cannot determine which of the 835 client deaths were recorded before June 30, and which ones were recorded after June 30.</p> <p data-bbox="667 1138 1435 1226">The auditors are holding the Authority responsible for identifying and collecting, before June 30, all payments made on behalf of these clients, including those whose death was recorded after June 30.</p> <p data-bbox="667 1260 1438 1379">When provided the list of 835 clients, the Authority could quickly demonstrate that costs had already been recouped totaling \$259,865 for 549 clients. Recoupment was through the normal process. The auditors acknowledge this in the finding, but continue to question the costs.</p> <p data-bbox="667 1413 1446 1533">The Authority concurs costs had not yet been recouped for the remaining 286 clients at the time of the audit. Those costs have now been recouped. The Authority will discuss repayment of these costs with the U.S. Department of Health and Human Services.</p> <p data-bbox="667 1566 1432 1623">The conditions noted in this finding were previously reported in finding 2014-030.</p> <p data-bbox="483 1656 826 1713"><b>Completion Date:</b> February 2016</p> <p data-bbox="483 1747 1023 1927"><b>Agency Contact:</b> Kathy E. Smith Audit &amp; Accountability Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<b>Questioned Costs:</b>	<u>CFDA#</u>	<u>Amount</u>		93.775	\$310,091		93.777			93.778 ARRA and non-ARRA	
<b>Questioned Costs:</b>	<u>CFDA#</u>	<u>Amount</u>												
	93.775	\$310,091												
	93.777													
	93.778 ARRA and non-ARRA													

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**State Health Care Authority**

**Agency 107**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	036	<p>Finding: The Health Care Authority made improper Medicaid payments for clients whose Social Security numbers and citizenship status were not verified and for unallowable non-emergency services.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$155,033  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: As the auditor noted, the Authority continuously made improvements in its training and monitoring and maintains adequate Social Security number and citizenship verification procedures. However, it is not possible to prevent or detect all unallowable payments.</p> <p>The Authority has terminated eligibility for the identified clients whose citizenship or Social Security numbers could not be verified.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-029 and 2014-030.</p> <p>Completion Date: February 2016</p> <p>Agency Contact: Kathy E. Smith  Audit &amp; Accountability Manager  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**State Health Care Authority**

**Agency 107**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)												
2015	037	<p>Finding: The Health Care Authority overpaid Medicaid providers for dental services.</p> <table border="0"> <tr> <td>Questioned Costs:</td> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td></td> <td>93.775</td> <td>\$25,945</td> </tr> <tr> <td></td> <td>93.777</td> <td></td> </tr> <tr> <td></td> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Authority has recouped the unallowable claims paid to dental providers.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-033 and 2013-027. This issue was also previously reported in finding 12-53 which the auditors determined to be resolved.</p> <p>Completion Date: June 2016</p> <p>Agency Contact: Kathy E. Smith Audit &amp; Accountability Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	Questioned Costs:	<u>CFDA#</u>	<u>Amount</u>		93.775	\$25,945		93.777			93.778	ARRA and non-ARRA
Questioned Costs:	<u>CFDA#</u>	<u>Amount</u>												
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	93.778	ARRA and non-ARRA												

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**State Health Care Authority**

**Agency 107**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	038	<p>Finding: The Health Care Authority made improper Medicaid inpatient high outlier payments to hospitals.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$33,205  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: As acknowledged by the auditors, the Authority corrected both WAC 182-550-3700 and the ProviderOne system in July 2014. The auditors tested claims with admission dates after July 1, 2014, and confirmed that those claims were paid correctly. The claims in question have admission dates prior to July 1, 2014; WAC and ProviderOne system changes cannot apply retroactively.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services to discuss repayment of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-032 and 2013-023.</p> <p>Completion Date: July 2014</p> <p>Agency Contact: Kathy E. Smith  Audit &amp; Accountability Manager  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**State Health Care Authority**

**Agency 107**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)								
2015	039	<p>Finding: The Health Care Authority did not have adequate internal controls to ensure Children’s Health Insurance Program federal funds were properly claimed as eligible Medicaid expenditures.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$76</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table></p> <p>Status: Refer to finding 2016-034</p> <p>Corrective Action: The work performed by the auditors highlights a process issue that caused eligibility determination errors to occur during the conversion to the Affordable Care Act. The Authority will review and amend the eligibility determination process to prevent those errors from recurring, and will ensure that prior errors are corrected.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-037.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-034.</p> <p>Agency Contact: Kathy E. Smith Audit &amp; Accountability Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$76	93.777		93.778	ARRA and non-ARRA
<u>CFDA#</u>	<u>Amount</u>									
93.775	\$76									
93.777										
93.778	ARRA and non-ARRA									

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)												
2015	040	<p data-bbox="483 436 1466 558">Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure in-home care providers paid by Medicaid had proper background checks.</p> <table data-bbox="483 590 1177 709"> <tr> <td data-bbox="483 590 609 617">Questioned Costs:</td> <td data-bbox="667 590 755 617"><u>CFDA#</u></td> <td data-bbox="1084 590 1177 617"><u>Amount</u></td> </tr> <tr> <td></td> <td data-bbox="667 621 743 648">93.775</td> <td data-bbox="1084 621 1177 648">\$26,138</td> </tr> <tr> <td></td> <td data-bbox="667 653 743 680">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="667 684 995 711">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p data-bbox="483 743 946 770">Status: Refer to finding 2016-040</p> <p data-bbox="483 802 1446 1045">Corrective Action: The Department reviewed the six providers identified by the auditors to verify that the providers had no disqualifying crimes at any point in their employment. The providers were subjected to an initial Character, Competence and Suitability (CCS) review during the contracting process. There is no RCW or WAC that states that an individual provider becomes unqualified if a new CCS review is not completed at each bi-annual background check when there are no new crimes and they care for the same client, which is the case for these six providers.</p> <p data-bbox="667 1077 1409 1228">The Department will continue to strengthen processes to ensure CCS reviews are completed and adequately documented in accordance with Department policy. Clarification was provided to field offices via management bulletin on March 30, 2015, providing clear direction on required forms and frequency of completion for CCS reviews.</p> <p data-bbox="667 1260 1466 1562">Annually, the Assisted Long-Term Services Administration’s Quality Assurance (QA) unit selects a sample of individual provider files for monitoring at each field office and reviews the files for background checks. In 2015, a total of 386 files were reviewed by the QA unit. In addition to these reviews, field office supervisors are required to complete quality assurance reviews on individual provider files. In 2015, a total of 1,293 files were reviewed by supervisors. Overall, internal quality assurance reviews showed 97 percent proficiency. This process will continue and will assist in evaluating compliance with the Department’s policies and processes to identify potential changes.</p> <p data-bbox="667 1602 1425 1692">The Department will convene a workgroup of subject matter experts to discuss feasibility of a data feed to ProviderOne interface that would automatically stop payments to providers during periods of ineligibility.</p> <p data-bbox="667 1724 1398 1782">The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p data-bbox="667 1814 1425 1873">The conditions noted in this finding were previously reported in finding 2014-049, 2013-040, 12-41, and 11-34.</p> <p data-bbox="483 1904 1401 1963">Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-040.</p>	Questioned Costs:	<u>CFDA#</u>	<u>Amount</u>		93.775	\$26,138		93.777			93.778 ARRA and non-ARRA	
Questioned Costs:	<u>CFDA#</u>	<u>Amount</u>												
	93.775	\$26,138												
	93.777													
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**State of Washington**  
**Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended**  
**June 30, 2016**

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**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)	
2015	040 (cont'd)	Agency Contact:	Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	041	<p>Finding: The Department of Social and Health Services improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>  Costs: 93.775 \$22,584  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: This finding involved three administrations within the Department: the Aging and Long Term Support Administration (AL TSA), the Developmental Disabilities Administration (DDA) and the Behavioral Health Administration (BHA). Each administration has taken or will take corrective action.</p> <p>The audit identified 97 instances of payments made through the Social Service Payment System and ProviderOne for services provided after the client’s date of death (AL TSA: 81; DDA: 8; BHA: 8). AL TSA has determined 20 of the 81 payments were for allowable services prior to the client’s death. The Department has sent overpayment notices to the providers who received the 77 payments. The questioned costs will be returned to Centers for Medicare &amp; Medicaid Services (CMS) and reported on the September 2016 CMS-64.</p> <p>The Department’s goal for payment of services provided after the date of death is zero, and it seeks to reach that mark.</p> <p>Current practice includes ensuring staff follow policies and procedures to ensure the authorization of services is closed by the effective date of death.</p> <p>The Department continues to strengthen processes including utilizing a revised Long Term Care Client Payments After Death Report that identifies clients who have authorizations that were paid after their date of death. This report is analyzed monthly and post payment review will also occur to ensure that any authorizations or payments not prevented are identified and recovered. Where necessary, overpayments will be processed timely and federal funds returned to the U.S. Department of Health and Human Services.</p> <p>The Department will continue its partnership with the Health Care Authority to identify payments after the date of death.</p> <p>The conditions noted in this finding were previously reported in finding 2014-050.</p> <p>Completion Date: Estimated October 2016</p>

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**Summary Schedule of Prior Audit Findings**

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**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)	
2015	041 (cont'd)	Agency Contact:	Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)								
2015	042	<p>Finding: The Department of Social and Health Services paid Medicaid benefits for clients who did not have 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>93.775</td> <td style="text-align: right;">\$55,719</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 Department’s Children’s Administration (CA) will strengthen the process by reviewing Social Security numbers quarterly to further minimize the allocation of expenditures to Medicaid funding in error. CA will review the three clients identified in the finding and switch them to the correct non-US citizen service pay code within the Department’s payment system as appropriate.</p> <p>The Department will work with the Health Care Authority, the state’s lead Medicaid agency, to consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>Completion Date: Estimated August 2016</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$55,719	93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>									
93.775	\$55,719									
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**State of Washington  
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June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)								
2015	043	<p>Finding: The Department of Social and Health Services did not accurately claim the federal share of Medicaid payments for Presumptive Supplemental Security Income 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>93.775</td> <td style="text-align: right;">\$130,234</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: All questioned costs were returned to the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services 30 days after the audit period.</p> <p>To correctly account for Presumptive Supplemental Security Income (PSSI), the Department developed new functional Recipient Aide Categories (RACs) within the ProviderOne payment system. The new functional RACs are now paired with one specific financial RAC separating out this group of clients, which allows the PSSI expenditures to be directly coded to the appropriate match rate. The new RACs were implemented when ProviderOne went live during January 2015, for 1099 reportable services. The 1099 reportable services were transitioned from the Social Service Payment System (SSPS) at that time.</p> <p>In addition, since SSPS only had one year remaining to pay W2 services, changes were not made in SSPS for these services. Instead reports were developed to identify PSSI expenditures and were corrected via journal voucher until the Individual Provider One (IPOne) system went live March 2016. The new functional RACs were paired with the one financial RAC to directly code W2 expenditures correctly. The Department will work with the Health Care Authority through November 2016, to obtain reports to determine if any additional costs need to be moved.</p> <p>Completion Date: Estimated November 2016</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$130,234	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**

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**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)												
2015	044	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have internal controls in place to ensure follow up on nursing home survey deficiencies were conducted in a timely manner.</p> <table border="0"> <tr> <td data-bbox="483 594 605 621">Questioned</td> <td data-bbox="667 594 753 621"><u>CFDA#</u></td> <td data-bbox="1037 594 1127 621"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 625 548 653">Costs:</td> <td data-bbox="667 625 743 653">93.775</td> <td data-bbox="1037 625 1068 653">\$0</td> </tr> <tr> <td></td> <td data-bbox="667 657 743 684">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="667 688 992 716">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Refer to finding 2016-036</p> <p>Corrective Action: As of December 2015, the Department developed standard operating procedures (SOP) over the statement of deficiency and corrective action plan process.</p> <p>As of January 2016, to ensure statements of deficiency and correction plans are submitted timely, the Department implemented a statewide statement of deficiency and plan of correction tracking system.</p> <p>The Department will continue to enhance its formal tracking of statement of deficiency mailings and receipt of correction plans.</p> <p>By July 2016, the Department will revise the SOP to include field protocol for contacting providers when the correction plan is not returned within 10 working days of receipt of the statement of deficiency.</p> <p>The conditions noted in this finding were previously reported in finding 2014-046.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-036.</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$0		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
Costs:	93.775	\$0												
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June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)												
2015	045	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure surveys for Medicaid nursing home and intermediate care facilities were completed in a timely manner.</p> <table border="0"> <tr> <td data-bbox="483 594 605 621">Questioned</td> <td data-bbox="667 594 753 621"><u>CFDA#</u></td> <td data-bbox="1036 594 1127 621"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 625 548 653">Costs:</td> <td data-bbox="667 625 743 653">93.775</td> <td data-bbox="1036 625 1068 653">\$0</td> </tr> <tr> <td></td> <td data-bbox="667 657 743 684">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="667 688 992 716">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Refer to finding 2016-037</p> <p>Corrective Action: The Department will schedule and monitor surveys in accordance with the frequency and interval required by federal and state laws.</p> <p>As of January 2016, the Department filled two additional surveyor positions to conduct recertification surveys and complaint investigations. The Department has requested additional basic surveyor training classes be made available from the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) to enable new hires to function independently to conduct surveys and investigations. The Department expects training to be completed by June 2016.</p> <p>As of May 2015, the Department implemented a statement of deficiency (SOD) and plan of correction (POC) electronic tracking system. The Department staff use this system to monitor SOD mailings and POC receipts. Administrative support staff enter the dates of the SOD mailings and the POC receipts into the tracking system. Field managers are responsible for documenting their quarterly monitoring of the tracking system.</p> <p>By July 2016, the Department will develop standard operating procedures for the electronic system that will also address surveys.</p> <p>The conditions noted in this finding were previously reported in finding 2014-046.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-037.</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$0		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
Costs:	93.775	\$0												
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June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)												
2015	046	<p>Finding: The Department of Social and Health Services made improper payments for unallowable services provided to newly eligible Medicaid clients under the Affordable Care Act.</p> <table border="0"> <tr> <td data-bbox="483 562 607 590">Questioned</td> <td data-bbox="667 562 753 590"><u>CFDA#</u></td> <td data-bbox="1036 562 1127 590"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 590 548 617">Costs:</td> <td data-bbox="667 590 740 617">93.775</td> <td data-bbox="1036 590 1127 617">\$58,572</td> </tr> <tr> <td></td> <td data-bbox="667 617 740 644">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="667 644 992 672">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: To correctly account for the Alternative Benefits Plan (ABP), the Department developed new functional Receipt Aid Categories (RACs) within the ProviderOne payment system. The new functional RACs are now paired with one specific financial RAC separating out this group of clients, which allows the ABP expenditures to be directly coded to the appropriate match rate. The new RACs were implemented when ProviderOne went live during January 2015, for 1099 reportable services. The 1099 reportable services were transitioned from the Social Service Payment System (SSPS) at that time.</p> <p>In addition, since SSPS only had one year remaining to pay W2 services, changes were not made in SSPS for these services. Instead reports were developed to identify ABP expenditures and are corrected via journal voucher until Individual Provider One (IPOne) system goes live March 2016. After IPOne implementation, the new functional RACs will be paired with the one financial RAC to directly code W2 expenditures correctly.</p> <p>The Department will return all questioned costs to the U.S. Department of Health and Human Services.</p> <p>Completion Date: March 2016</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$58,572		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
Costs:	93.775	\$58,572												
	93.777													
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**Department of Social and Health Services**

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)												
2015	047	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure complaints of abuse and neglect of clients at Medicaid residential facilities were responded to properly.</p> <table border="0"> <tr> <td data-bbox="483 594 605 621">Questioned</td> <td data-bbox="667 594 753 621"><u>CFDA#</u></td> <td data-bbox="1037 594 1127 621"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 625 548 653">Costs:</td> <td data-bbox="667 625 740 653">93.775</td> <td data-bbox="1037 625 1065 653">\$0</td> </tr> <tr> <td></td> <td data-bbox="667 657 740 684">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="667 688 992 716">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Refer to finding 2016-039</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>The Department has implemented plans to strengthen internal controls and ensure complaints are responded to and investigated timely, as required by federal regulation and state law.</p> <p>In January 2015, the Complaint Resolution Unit (CRU) implemented procedures requiring Nurse Consultants to review complaints prior to assignment for Nursing Home and Intermediate Care Facilities/ Individuals with Intellectual Disabilities (ICF/ IID).</p> <p>During November 2015, to ensure investigations begin within two working days of receipt, the CRU implemented the online reporting system for providers. This reporting option assists the Department to meet required timelines and streamline the complaint processing by reducing manual transcription time. Impacts on workflow and timeliness are ongoing.</p> <p>Monthly reports and quality assurance reviews are in process and are ongoing. A lead position is being piloted with the primary duties of monitoring workflow, process and progress.</p> <p>In January 2016, the Department hired additional field investigators to improve the timeliness of investigations of non-immediate jeopardy Nursing Home and ICF/IID complaints.</p> <p>The Tracking Incidents of Vulnerable Adults (TIVA) database was redesigned to add information fields to improve the existing complaint process. These information fields were added to TIVA in April 2016, and have expedited priority assignments by clearly identifying dates of knowledge and dates to initiate a response.</p> <p>In May 2016, the Department authorized overtime, as an interim solution, to ensure that complaints are responded to within 24 hours of knowledge. The Department is also in the process of hiring two staff to help with responding to complaints/reports generated over weekends and holidays.</p> <p>The conditions noted in this finding were previously reported in finding 2014-045 and 2013-033.</p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$0		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
Costs:	93.775	\$0												
	93.777													
	93.778 ARRA and non-ARRA													

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)	
2015	047 (cont'd)	Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-039.
		Agency Contact:	Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a>

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)												
2015	048	<p>Finding: The Department of Social and Health Services improperly claimed federal Medicaid reimbursement for non-emergency services provided to nonqualified aliens.</p> <table border="0"> <tr> <td data-bbox="483 562 613 590">Questioned</td> <td data-bbox="667 562 760 590"><u>CFDA#</u></td> <td data-bbox="1062 562 1154 590"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 590 553 617">Costs:</td> <td data-bbox="667 590 760 617">93.775</td> <td data-bbox="1062 590 1154 617">\$37,426</td> </tr> <tr> <td></td> <td data-bbox="667 617 760 644">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="667 644 997 672">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>This finding involved three administrations within the Department: the Aging and Long Term Support Administration, the Children’s Administration, and the Developmental Disabilities Administration.</p> <p>The Children’s Administration will work to strengthen the review of these cases to help minimize the possibility of funds being allocated to Medicaid in error.</p> <p>The Aging and Long Term Support and the Developmental Disabilities Administrations agree some clients were assigned the wrong Medicaid Recipient Aid Category (RAC) within ProviderOne, but the services were provided correctly.</p> <p>ProviderOne was implemented on January 1, 2015, and all case managers were provided training prior to this date. In the winter of 2015, the Department provided additional training to some staff on how to select the correct RAC for these clients.</p> <p>Since the services were provided appropriately under the state only program, but the Medicaid RAC was assigned in error, the Department will not be recovering the questioned costs from the clients. The questioned costs are being corrected through ProviderOne and will be reported on the September 2016 CMS-64.</p> <p>The conditions noted in this finding were previously reported in finding 2014-050.</p> <p>Completion Date: Estimated October 2016</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$37,426		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)												
2015	049	<p data-bbox="483 443 1466 531">Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate controls to ensure Medicaid payments to supported living service providers were allowable.</p> <table data-bbox="483 562 1153 682"> <tr> <td data-bbox="483 562 609 590">Questioned</td> <td data-bbox="667 562 755 590"><u>CFDA#</u></td> <td data-bbox="1062 562 1153 590"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 590 552 617">Costs:</td> <td data-bbox="667 590 743 617">93.775</td> <td data-bbox="1062 590 1153 617">\$43,697</td> </tr> <tr> <td></td> <td data-bbox="667 617 743 644">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="667 644 995 672">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p data-bbox="483 716 946 743">Status: Refer to finding 2016-045</p> <p data-bbox="483 774 1203 802">Corrective Action: The Department does not concur with this finding.</p> <p data-bbox="667 833 1458 1136">Using the annual cost report process (Developmental Disabilities Administration (DDA) Policy 6.04), the Department verifies the Instruction and Support Services (ISS) hours provided are equal to or exceed the total hours of service the Department has authorized. Through this verification system, if the actual ISS hours reported in the annual cost report are less than the total authorized hours for all clients served by the Supported Living (SL) provider or are not supported by documentation that shows that the reported hours were actually worked, the Department seeks recovery of any overpayment through the cost report settlement process (DDA Policy 6.04 (III)).</p> <p data-bbox="667 1167 1466 1413">The system is designed to allow for resource flexibility by the SL provider throughout the year to enable the provider to meet the changing needs of the individual client. The Department requires, over a year’s time, that clients within the agency receive all authorized ISS hours. Providers are given the calendar year to maintain the flexibility needed to address client instruction and support needs. Any audit finding that considers a limited time frame does not accurately capture the entire delivery of service, or any corresponding annual underpayment or overpayment.</p> <p data-bbox="667 1444 1466 1690">SL providers are required to complete an annual cost report, but policy allows providers to settle their cost reports over a two-year period. The cost report reconciles hours and ISS dollars authorized to hours and ISS dollars provided. The SL provider attests to the accuracy of the cost report. A settlement is issued to any SL provider who fails to meet either standard (delivery of hours or expenditure of dollars). The Department will propose eliminating the two-year period policy during the next contract negotiations. These negotiations will not begin until July 2017.</p> <p data-bbox="667 1722 1466 1927">The Department believes the audit has erred in treating cost settlements in the same way as overpayments. Overpayments are the result of human or systemic errors or omissions in specific instances whereas cost settlements are based on reimbursement methodologies defined in policy, rule and contract. Cost settlements are typically done in the aggregate on an annual basis and not on a client by client or case by case basis. See 42 CFR, Section 413 –Principles of Reasonable Cost Reimbursement.</p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$43,697		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	049 (cont'd)	<p>The Department has additional measures in place to further review or audit the provider cost reporting:</p> <ul style="list-style-type: none"> <li>• The Department’s Enterprise Risk Management Office (ERMO) periodically audit selected providers.</li> <li>• The Department’s Aging and Long-Term Support Administration, Residential Care Services (RCS) performs a cursory review of hours provided as part of the certification evaluation process.</li> <li>• If concerns are identified in the RCS certification evaluation, the Department will conduct an additional review of the SL provider.</li> </ul> <p>The audit recommends the Department continues to improve internal controls to ensure SL providers maintain adequate documentation to support payments claimed against payroll records. Current Department policy requires additional schedules to report ISS hours in a format reconcilable to payroll records.</p> <p>Currently, reviews are being conducted on roughly 20 percent of residential provider’s ISS hours. The scope of this compliance review includes reconciliation of hours in the contract by households compared to employee payroll records delivered within the household. Consultation and training to service providers related to the tracking and documentation of ISS hours is provided at the time of the review.</p> <p>Through policy revision, the Department has clarified the expectations that the service provider’s payroll system must adequately document ISS hours delivered. Additionally, Department policy outlines acceptable margins of flexibility of ISS hours delivered. Training on these new policies occurred over the summer and fall of 2015.</p> <p>The recovery of funds has been processed through the ProviderOne system and will be returned to the U.S. Department of Health and Human Services through the normal settlement process on the CMS-64 report.</p> <p>By July 2016, the Department will share its rate setting methodology and cost report and settlement process with the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) and seek clarification regarding this finding.</p> <p>The conditions noted in this finding were previously reported in finding 2014-042, 2014-043, 2013-036, and 12-39.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-045.</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

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2015	050	<p data-bbox="483 443 1468 562">Finding: The Department of Social and Health Services, Developmental Disabilities Administration, made overpayments to Medicaid supported living providers who did not ensure staff, with access to developmentally disabled clients, received a proper background check.</p> <table data-bbox="483 590 1154 709"> <tr> <td data-bbox="483 590 607 621">Questioned</td> <td data-bbox="667 590 753 621"><u>CFDA#</u></td> <td data-bbox="1062 590 1154 621"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 621 548 653">Costs:</td> <td data-bbox="667 621 743 653">93.775</td> <td data-bbox="1062 621 1154 653">\$52,592</td> </tr> <tr> <td></td> <td data-bbox="667 653 743 684">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="667 684 997 716">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p data-bbox="483 743 976 774">Status: Corrective action in progress</p> <p data-bbox="667 806 1214 837">The Department partially concurs with this finding.</p> <p data-bbox="667 869 1468 1110">The one staff with a disqualifying result worked for two supported living agencies. During a renewal background check, one of the two agencies received a disqualifying result. That agency terminated the employee appropriately. As the employee did not self-report, the second agency was not aware the employee had a new disqualifying crime. The employee resigned prior to the required renewal background check. Both agencies were in compliance with the law, rules, policies, and contractual requirements.</p> <p data-bbox="667 1142 1419 1236">In regards to the other three employees identified in the finding, the Department has demonstrated substantial improvement in background check compliance. This has been achieved through:</p> <ul data-bbox="716 1241 1468 1482" style="list-style-type: none"> <li>• Updating the Background Authorization policy and providing training to supported living providers and Department employees on the policy change.</li> <li>• Training for providers occurs regularly within each region.</li> <li>• Continual monthly reviews conducted by the Department’s Enterprise Risk Management Office (ERMO) to ensure providers are in compliance with background check laws, rules, and policies.</li> </ul> <p data-bbox="667 1514 1386 1608">The Department will take the following actions to ensure ineligible individuals do not have access to vulnerable Medicaid clients and background checks are renewed timely:</p> <ul data-bbox="716 1612 1468 1950" style="list-style-type: none"> <li>• Continue its efforts to inform, educate, and train providers on background check policy and Washington Administrative Code.</li> <li>• Dedicate a Department headquarters position to provide direct support and consultation to providers on interpretation of background check results letters.</li> <li>• Monitor for background check compliance through reviews conducted by ERMO and Residential Care Services certification reviews.</li> <li>• Continue to partner with the Background Check Central Unit on developing processes for background check renewals and disqualifying results.</li> </ul>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$52,592		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
Costs:	93.775	\$52,592												
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2015	050 (cont'd)	Corrective Action:	<p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-044. This issue was also previously reported in finding 2013-034 which the auditors determined to be resolved.</p> <p>Completion Date: Estimated December 2016</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

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2015	051	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Adult Family Home providers to ensure Medicaid providers and their employees had proper background checks.</p> <table border="0"> <tr> <td data-bbox="483 594 605 621">Questioned</td> <td data-bbox="667 594 753 621"><u>CFDA#</u></td> <td data-bbox="1062 594 1154 621"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 625 548 653">Costs:</td> <td data-bbox="667 625 743 653">93.775</td> <td data-bbox="1062 625 1166 653">\$153,536</td> </tr> <tr> <td></td> <td data-bbox="667 657 743 684">93.777</td> <td></td> </tr> <tr> <td></td> <td colspan="2" data-bbox="667 688 997 716">93.778 ARRA and non-ARRA</td> </tr> </table> <p>Status: Refer to finding 2016-044</p> <p>Corrective Action: In response to the fiscal year 2014 audit, the Department implemented several processes that continued through the fiscal year 2015 and remain ongoing.</p> <p>It is the Adult Family Home (AFH) provider’s responsibility to ensure background checks are being submitted timely. In addition, AFH home licensing regulations only require the provider to keep the background check for two years after the date an employee either quits or is terminated which further complicates the Department’s ability to verify if the background checks are valid.</p> <p>Due to the Department’s allotted resources and lack of access to employment and payroll records of AFH staff, the Department believes its current Management Bulletin #R14-009 from April 2014, which requires licensors to examine all employee background checks while conducting their on-site visits, is meeting its regulatory obligation.</p> <p>Since November 2015, the Department has required licensors conducting their on-site visits to check the background checks of anyone who worked in the AFH home since the previous inspection, even if they no longer work in the home. The Department believes this further strengthens the monitoring of AFH providers and staff.</p> <p>As of June 2016, the Department has:</p> <ul style="list-style-type: none"> <li>• Updated standard operating procedures to require licensors to review the last two background checks if an issue is identified with an AFH employee.</li> <li>• Developed a standard operating procedure addressing Character, Competence, and Suitability (CCS) reviews, including processing a CCS at the time of application.</li> <li>• Provided an educational slide show to AFH industry on requirements around background checks and CCS reviews. This included developing a training resource to post on a public website.</li> </ul>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$153,536		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
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2015	051 (cont'd)	<p>By October 2016:</p> <ul style="list-style-type: none"> <li>• The Quality Assurance Unit within the Aging and Long Term Services Administration will conduct annual reviews to identify if licensors are following the standard operating procedures for background checks.</li> <li>• Department staff will provide training to the field staff and providers on the updated standard operating procedures.</li> </ul> <p>By December 2016, the Department will create a workgroup to research the steps and resources needed to utilize a report to identify AFH providers that do not have a valid background check or will have a background check expire within a determined time frame.</p> <p>Not all corrective actions from the 2014 audit were completed before the auditor's sample was pulled for the current audit. Therefore, the Department believes the results from this audit period may not reflect the effectiveness of all actions from the previous corrective action plan.</p> <p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-048 and 2013-37.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-044.</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

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2015	052	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls to ensure Medicaid payments to supported living service providers for cost of care adjustments were allowable.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>            93.775 \$20,629            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2016-041</p> <p>Corrective Action: The Department partially concurs with this finding.</p> <p>As of February 2015, the Department modified the cost of care adjustment form and related policy. The Department provided in-depth training for both staff and providers after policy and the required forms were updated.</p> <p>Most of the sampled forms for Cost of Care Adjustments (COCA) contained justification per Department policy requirements. The Resource Managers who reviewed the services made recommendations and the Resource Administrators, who approved the services, based their decisions on the justifications that were provided on the forms.</p> <p>The Department will continue to monitor COCA for accuracy and compliance with the requirements. The Department will also continue to offer trainings at the regularly scheduled Regional Provider and Resource Managers meetings.</p> <p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-041 and 2013-038.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-041.</p> <p>Agency Contact: Rick Meyer            External Audit Compliance Manager            PO Box 45804            Olympia, WA 98504-5804            (360) 664-6027  <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

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**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2015	053	<p>Finding: The Department of Social and Health Services did not have adequate internal controls in place and did not comply with the level of effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <p>Questioned Costs: <u>CFDA#</u> 93.959 <u>Amount</u> \$0</p> <p>Status: Refer to finding 2016-050</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>In April 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Started developing policies and procedures that incorporate internal controls to ensure monitoring and documentation of level of effort requirements are performed.</li> <li>• Began active monitoring of the state-funded spending. Specifically, the Department’s accounting section started producing monthly reports showing the status of the state-funded spending. The Department’s budget section is reviewing the monthly reports in order to monitor the capability of meeting the minimum required amount each year.</li> </ul> <p>By August 2016, the Department will:</p> <ul style="list-style-type: none"> <li>• Formalize procedures to monitor and document level of effort for pregnant women, women with dependent children and tuberculosis services.</li> <li>• Ensure procedures include the frequency for monitoring expenditure levels appropriate to meet level of effort requirements. This will include collaboration with state partners, determining what documentation is necessary, and what actions will be implemented if level of effort is below the required levels.</li> <li>• Develop procedures to track compliance with level of effort on a quarterly basis, or more often if the level of spending seems low.</li> <li>• Communicate to the Department of Health and Human Services Substance Abuse Mental Health Services Administration (SAMHSA) if the appropriated level of funding is insufficient to meet the level of effort requirements or if the state spending levels are trending low. Communication with SAMHSA will be documented.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2014-051.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2016 Washington Single Audit. Refer to finding 2016-050.</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)						
2015	054	<p>Finding: The Department of Social and Health Services did not have adequate internal controls in place and did not comply with requirements to ensure treatment service providers spending Block Grants for Prevention and Treatment of Substance Abuse funds were peer reviewed.</p> <table border="0"> <tr> <td data-bbox="483 594 605 621">Questioned</td> <td data-bbox="667 594 753 621"><u>CFDA#</u></td> <td data-bbox="1062 594 1148 621"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 625 548 653">Costs:</td> <td data-bbox="667 625 743 653">93.959</td> <td data-bbox="1062 625 1089 653">\$0</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding.</p> <p>In January 2016, the Department established an internal policy over the peer review process. This policy includes requirements to ensure all disclaimer forms are filled out completely before they are submitted from each peer reviewer and that at least 5 percent of treatment providers receive a peer review annually. The new policy was provided to each peer reviewer during the peer reviewer recruitment phase which began February 2016. The disclaimer forms will be reviewed by staff for completeness and to certify the peer reviewer's independence.</p> <p>Completion Date: February 2016</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.959	\$0
Questioned	<u>CFDA#</u>	<u>Amount</u>						
Costs:	93.959	\$0						

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)									
2015	055	<p>Finding: The Department of Social and Health Services made improper payments to providers for medical evidence records.</p> <table border="0"> <tr> <td data-bbox="483 531 605 558">Questioned</td> <td data-bbox="667 531 753 558"><u>CFDA#</u></td> <td data-bbox="1062 531 1148 558"><u>Amount</u></td> </tr> <tr> <td data-bbox="483 562 548 590">Costs:</td> <td data-bbox="667 562 740 590">96.001</td> <td data-bbox="1062 562 1105 590">\$29</td> </tr> <tr> <td></td> <td data-bbox="667 594 740 621">96.006</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: Medical evidence record payments are reimbursed in accordance with an established fee schedule based on the number of medical record pages. Medical Claims Unit (MCU) staff manually count each page to determine the amount of the reimbursement. The issues identified in the finding were due to staff incorrectly counting the number of medical record pages.</p> <p>In November 2015, the Department’s Division of Disability Determination Services (DDDS) leadership:</p> <ul style="list-style-type: none"> <li>• Met with DDDS MCU staff and communicated the appropriate business process for medical evidence record payments. The meeting also covered the use of the Department’s DDDS fee schedule.</li> <li>• Emailed all MCU staff reiterating the appropriate business processes and associated expectations.</li> </ul> <p>The Social Security Administration is developing a new Disability Case Processing System (DCPS), which the Department believes will offer increased capacity for accurately counting the number of pages contained in the medical evidence records. The Department plans to implement the new DCPS system as soon as it is available, which will likely be in December 2016.</p> <p>The Department will consult with the Social Security Administration regarding the resolution of questioned costs.</p> <p>Completion Date: Estimated December 2016</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	96.001	\$29		96.006	
Questioned	<u>CFDA#</u>	<u>Amount</u>									
Costs:	96.001	\$29									
	96.006										

**State of Washington**  
**Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended**  
**June 30, 2016**

**Military Department**

**Agency 245**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)			
2015	056	<p>Finding: The Military Department improperly charged grant expenditures after the end of the Emergency Management Performance Grants period of availability.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Questioned Costs:</td> <td style="width: 40%;"><u>CFDA#</u> 97.042</td> <td style="width: 30%; text-align: right;"><u>Amount</u> \$12,592</td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department will be more diligent when reviewing payments to ensure expenditures do not occur outside the performance period. The questioned costs have been transferred to the fiscal year 2014 grant and the federal government has been reimbursed for the questioned costs for the fiscal year 2013 grant.</p> <p>Completion Date: March 2016</p> <p>Agency Contact: Rick Woodruff  Contracts and Internal Control Officer  Building #1: Headquarters  Mailstop: TA-20  Tacoma, WA 98430-5032  (253) 512-8068  <a href="mailto:rick.woodruff@mil.wa.gov">rick.woodruff@mil.wa.gov</a></p>	Questioned Costs:	<u>CFDA#</u> 97.042	<u>Amount</u> \$12,592
Questioned Costs:	<u>CFDA#</u> 97.042	<u>Amount</u> \$12,592			

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Commerce**

**Agency 103**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2014	007	<p>Finding: The Department of Commerce does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Crime Victim Assistance Program are filed accurately.</p> <p>Questioned Costs: <u>CFDA#</u> 16.575 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding. The Department has streamlined the process and created a procedure to ensure all Federal Funding Accountability and Transparency Act (FFATA) reports are submitted properly and timely. In addition, FFATA training will be available to Department staff in August 2015.</p> <p>The program established a new process to include a secondary review. This new process is documented in our new FFATA Agency Guideline. Staff enters the information into the FFATA Subaward Reporting System and the program manager reviews and submits the report. In addition, the ability to enter the information in a timely manner is dependent on the grant being entered into the system by the federal grantor. When the program is unable to enter the information before the deadline, the program documents the inability to enter it with screen shots of the system and email correspondence with the federal program manager. Commerce employees performing FFATA functions attended in-house training and FFATA guidelines and training resources are now available on our Intranet site for new employees.</p> <p>The Department has also ensured that subawards made by other Washington state agencies are reported.</p> <p>Completion Date: May 2015</p> <p>Agency Contact: Shanna-Mae Cullen-Oden Internal Audit &amp; Risk Manager PO Box 42525 Olympia, WA 98504-2525 (360) 725-4030 <a href="mailto:Shanna-Mae.Cullen-Oden@commerce.wa.gov">Shanna-Mae.Cullen-Oden@commerce.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Workforce Training and Education Coordinating Board**

**Agency 354**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2014	012	<p>Finding: The Workforce Training and Education Coordinating Board (Workforce Board) did not have adequate internal controls to ensure it meets federal level of effort requirements for the Career and Technical Education Grant.</p> <p>Questioned Costs: <u>CFDA#</u> 84.048 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: In July 2016, the Board in coordination with the State Board for Community and Technical Colleges (SBCTC) and the Office of the Superintendent for Public Instruction (OSPI), will establish an attainable administrative level of effort review period that will leave ample time for corrective action if needed. The expected review will be no less than twice a year. Written policies and procedures documenting this process have been developed in consultation with SBCTC and OSPI.</p> <p>Completion Date: Estimated July 2016</p> <p>Agency Contact: Glena Red Elk Chief Financial Officer PO Box 43105 Olympia, WA 98504-3105 (360) 709-4620 <a href="mailto:glena.redelk@wtb.wa.gov">glena.redelk@wtb.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Workforce Training and Education Coordinating Board**

**Agency 354**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2014	013	<p>Finding: The Workforce Training and Education Coordinating Board does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u> Costs: 84.048 \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Board will collect reportable data of Federal Funding Accountability and Transparency Act (FFATA) from its secondary award recipient, the Office of the Superintendent of Public Instruction (OSPI). OSPI will report all awards passed through to non-state agency sub-recipients. The Board staff will enter data for each of the sub-recipient awards that are greater than or equal to \$25,000 into the FFATA Sub-award Reporting System (FSRS) as required under the terms and conditions of federal grants. Each grant and contract received by the Board will be reviewed by the Chief Financial Officer and the assigned Program Manager. Written policies and procedures to ensure compliance with FFATA reportable data are in place.</p> <p>Completion Date: Estimated July 2016</p> <p>Agency Contact: Glena Red Elk Chief Financial Officer PO Box 43105 Olympia, WA 98504-3105 (360) 709-4620 <a href="mailto:glena.redelk@wtb.wa.gov">glena.redelk@wtb.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Early Learning**

**Agency 357**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2014	014	<p>Finding: The Department of Early Learning did not have adequate internal controls to ensure subrecipients that spend \$500,000 or more in federal dollars obtain required audits.</p> <p>Questioned Costs: <u>CFDA#</u> 84.412      <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department continues to strengthen the subrecipient monitoring policies and procedures for identifying grantees who may meet the threshold for federal audit requirements.</p> <p>To address the finding the Department is working on adding additional functionality in the Integrated Contract Information System (ICIS) to assist in tracking subrecipients of federal funds who require a federal audit. The Department has added an Exhibit for Federal Compliance for all agency contracts with subrecipient status. This exhibit includes all of the notification requirements of CFR 200.331 and includes a federal funds pre-award risk assessment and audit requirements. Agency contract staff has given training to program staff on audit requirements and new federal exhibit requirements. The Department will establish a process for communicating audit report due dates to subrecipients. All communications will be tracked by program staff and the Federal Grants Manager in the finance division.</p> <p>The Department is currently working on policies and procedures for audit compliance and creating training classes for contracts staff. Upon completion, the Department will provide training to all program and finance staff on the policies and procedures. Any new requirements will be properly communicated with applicable agency staff. The Federal Grants Manager is responsible for the federal audit compliance and will provide quarterly reports to the Internal Control Officer updating the status of audit compliance and tracking, staff training, and any policy and procedure changes. The Federal Grants Manager will review the federal audit clearing house to ensure that subrecipients are uploading their audit reports per federal guidance.</p> <p>Completion Date: Estimated August 2016</p> <p>Agency Contact: Mike Steenhout Chief Financial Officer PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>



**State of Washington  
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended  
June 30, 2016**

**Department of Social and Health Services**

**Agency 300**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b> (Reflects agency corrective action status as of June 30, 2016)
2014	040	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not pay Medicaid supported living providers at authorized daily rates.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$147  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 action or put processes in place to ensure supported living providers are paid at authorized rates.</p> <p>In July 2014, the Department strengthened its reconciliation process by adding more frequent reviews of provider payments by rate analysts.</p> <p>In January 2015, the Department converted to the ProviderOne payment system from the Social Service Payment System for processing payments to providers. This new process and payment system does not allow payment of two authorizations for the same client/provider location combination. The payment error that was made and discovered during this audit will not be possible with the new payment system.</p> <p>Overpayments were established for incorrect rate payments that were identified in this audit and were referred to the Office of Financial Recovery. Should the Department of Health and Human Services contact the Department about the overpayment in this audit, the Department will take the action requested.</p> <p>The condition noted in this finding was previously reported in finding 2013-039.</p> <p>Completion Date: January 2015</p> <p>Agency Contact: Rick Meyer  External Audit Compliance Manager  PO Box 45804  Olympia, WA 98504-5804  (360) 664-6027  <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>