

**State of Washington
Corrective Action Plan**

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2005*

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

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	01	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration (formerly Medical Assistance Administration), does not have procedures to identify treatments and services that may not be allowable for reimbursement under the State Medicaid Plan.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">\$47,970</td> </tr> </table> <p>Corrective action in progress.</p> <p>By policy, the Department intends to pay only for medically necessary services. The Department is not aware of any exception or specific unallowable claims for which corrective action is necessary. Research activities have begun (noted below) and upon receipt of medical documentation and/or detailed working papers from the auditor, the Department will investigate and initiate appropriate corrective action.</p> <ul style="list-style-type: none"> • The Health and Recovery Services Administration (HRSA) will research and verify the medical necessity of the clients who were identified as “exceptions” for having received breast reduction and breast enlargement surgery. Medical records are being requested and will be reviewed by July 2006. • Breast enlargement and reduction surgery is paid according to Expedited Prior Authorization criteria included on a claim. HRSA will hire a Registered Nurse to perform the responsibilities of managing our Expedited Prior Authorization program by May 31, 2006. • The Department implemented a new medical necessity Washington Administrative Code (WAC) 388-501-0165 in December 2005. All cases with a diagnosis of trans-sexualism will be reviewed according to the amended medical necessity WAC. The Department will continue to participate in Fair Hearings and submit decisions to the Board of Appeals as appropriate and necessary to sustain coverage decisions. 	<u>CFDA #</u>	<u>Amount</u>	93.778	\$47,970
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$47,970						

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Department of Social and Health Services (DSHS)

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05	01 (Cont'd)	Corrective Action	<ul style="list-style-type: none"> • HRSA will be adding trans-gender surgery as a non-covered service in our new Certificate of Coverage WAC by December 2006, because evidence-based criteria deems hormone therapy and psychotherapy as effective, lower risk and lower cost treatment for the condition of gender dysphoria. This project is designed to clarify which service categories are covered, covered with limitations and non-covered. • Clients may enter into Medicaid with chronic diseases and/or medical equipment (including penile implants) paid for by the client or another health plan. HRSA will authorize payment for devices or previous procedures that fail or require repair when medically necessary. HRSA will continue to review requests and authorize payment for those procedures that are considered medically necessary. • Because office visits are not prior authorized and not reviewed by diagnosis HRSA will continue to assume that office visits carrying the diagnosis of trans-sexual are medically necessary and backed up with documentation by the provider as required by law and regulation. • HRSA will continue to make decisions based on medical necessity and will pay for hormone replacement and psychotherapy as equally effective, less risky and less costly alternatives for both pre and post surgery candidates as determined appropriate. <p>Completion Date: Estimated, July 2006</p>

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05	02	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, does not have adequate controls to ensure that all alleged violations and complaints of abuse and neglect are investigated in accordance with federal law.</p> <table border="0" data-bbox="711 766 1015 829"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>No action taken.</p> <p>The Department disagrees with this finding. The Department requires facilities to follow the Code of Federal Regulations, 42 CFR 483 Subpart I in order to protect individuals from abuse, neglect, and mistreatment. Residential Care Services, a division in the Aging and Disability Services Administration, conducts complaint investigations according to procedures established in the federal State Operations Manual by the Centers for Medicare and Medicaid Services.</p> <p>All identified examples have been reviewed and were triaged and investigated according to the established procedures.</p> <p>N/A</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$0							

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05	03	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, does not perform certification surveys of Intermediate Care Facilities for the developmentally disabled according to federal law.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>As authorized by 42 USC § 1302, the Secretary of the Department of Health and Human Services (HHS) has adopted regulations consistent with the requirements of the Social Security Act. Under these rules: Providers of Intermediate Care Facilities for the Mentally Retarded must meet all of the certification requirements of 42 CFR 483 Subpart I; and state agencies must conduct certification surveys in accordance with 42 CFR 488.26(c), including subsection (5) (d), which states, “the state survey agency must use the survey methods, procedures and forms that are prescribed by CMS.”</p> <p>During an initial certification survey, the Department reviews all of the eight Medicaid conditions of participation, including the associated 489 standards. For a recertification survey, CMS has adopted specific procedures, which require state agencies to review four conditions of participation and the associated 57 standards. The procedures also give the Department the authority to expand the scope of the survey at any time, based upon survey findings or upon information from other sources.</p> <p>The Department follows the survey process identified in the CMS State Operations Manual, Appendix J. This is where the directions for survey of Intermediate Care Facilities for the Mentally Retarded are found.</p> <p>The Secretary will seek additional clarification from HHS as to whether the Office of Inspector General or CMS directives apply.</p> <p>March 2006</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

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05	04	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration does not have a process to impose sanctions, recover funds, schedule or hold hearings for Intermediate Care Facilities for the Developmentally Disabled that are not in substantial compliance with federal health and safety standards.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Department has been using the Code of Federal Regulations regarding scheduling and holding hearings.</p> <p>By June 2006, the Department will establish:</p> <ul style="list-style-type: none"> • Procedures to schedule and hold appeals hearings. • Process for instituting denial of payment sanctions. • Procedures to recoup funds paid to a facility in denial of payment status. <p>Estimated, June 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$0							

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Department of Health (DOH)

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05	05	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health is not conducting hospital surveys according to the frequency stipulated by state law and the Medicaid State Plan.</p> <table border="0" data-bbox="607 701 906 762"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>The scope of the current State Auditor’s Office audit covered the survey cycle for fiscal years 2004 and 2005. During this time, state law RCW 70.41 required DOH to conduct inspection surveys of all hospitals at least yearly. Furthermore, the law allowed for a hospital surveyed by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) within the previous 12 months to be exempt from annual state survey if the Department received the results of the JCAHO survey.</p> <p>At the time of the audit review, DOH acknowledged that it was not accomplishing the annual surveys due to lack of adequate staff and that a change to the law was being proposed to address this. The 2005 Legislature changed the law to require DOH to conduct inspection surveys of hospitals on average at least every 18 months. In addition, the Legislature modified the requirement for the JCAHO survey to allow those surveys to be deemed as meeting the 18-month survey requirement. These law changes became effective July 24, 2005 and as of December 31, 2005 all hospitals are now being surveyed according to the 18-month average.</p> <p>December 31, 2005</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

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Department of Health (DOH) & Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	06	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration (formerly Medical Assistance Administration), are not ensuring compliance with federal law regarding hospital surveys.</p> <p><u>Department of Health</u></p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td>\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>The Department of Health and the Department of Social and Health Services, have a signed agreement effective December 2, 2005 that complies with the Medicaid State Plan and Federal requirements.</p> <p>The agreement reflects those items that are required by the Centers for Medicare & Medicaid Services.</p> <p>In the absence of further guidance from the Centers for Medicare and Medicaid Services (CMS), the Department will maintain current procedures. The Department believes these procedures comply with the federal rules.</p> <p>The Department of Health (DOH) revised the method of recording deficient findings and the lack of deficient findings during Medicare surveys in December 2005. All reports now indicate that all Federal Medicare hospital certification regulations (Conditions of Participation) are reviewed for compliance during the on-site. All deficient findings are documented according to CMS Principles of Documentation. Such recording is acceptable to CMS.</p> <p>The Department's review of the information made available by DOH indicates that source documents and other information obtained during surveys is retained in accordance with federal requirements and the agreement between the Department and DOH was signed December 2, 2005.</p> <p>December 2, 2005</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

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Department of Health (DOH) & Department of Social and Health Services (DSHS)

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05	07	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health and the Department of Social and Health Services, Health and Recovery Services Administration, agreement covering hospitals' survey activities does not comply with federal requirements.</p> <p><u>Department of Health</u></p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td>\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>The Department of Social and Health Services and Department of Health (DOH) have a finalized and signed agreement dated December 2, 2005, that complies with the Medicaid State Plan and Federal requirements.</p> <p>The agreement reflects those items that are required by The Centers for Medicare & Medicaid Services. The information that is shared by DOH is compliant with those requirements.</p> <p>December 2, 2005</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

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05	08	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration (formerly Medical Assistance Administration), received federal Medicaid funds for unallowable services provided to undocumented aliens.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">\$41,599,967</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Department will wait for the finalization of the current Alien Emergency Medical (AEM) audit by the federal Office of Inspector General and make appropriate corrections so as to avoid any conflicts on the interpretation of the AEM policy. This is estimated to be completed by December 2006.</p> <p>As a result of the FY05 audit, the following corrective steps are currently in progress to improve internal controls of Social Security number (SSN) verification:</p> <ul style="list-style-type: none"> • A review of the automated SSN verification at the time of the Automated Client Eligibility system (ACES) entry was completed on February 4, 2005. In addition, the Department has enhanced procedures, including modification of the interface with the federal database to update nightly, with income and Medicare eligibility updated daily. • The most significant solution for ensuring correct social security numbers is the modification to the State On-line Query (SOLQ). This change was made in ACES April 16, 2006. The SOLQ user interface was modified to accommodate users' ability to multiple queries without exiting the system. With the upgrade staffs were trained to verify the SSN upfront to maximize efficiency and accuracy. • Staff is currently required to act on SSN discrepancy Alerts sent by the Social Security Administration. The Department will continue to provide instruction and written guidance to staff regarding the manner in which alerts are handled. 	<u>CFDA #</u>	<u>Amount</u>	93.778	\$41,599,967
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$41,599,967						

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05	08 (Cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none"> • The Department has initiated a cross-administration SSN Quality Improvement Workgroup and will continue to focus attention on increasing the accuracy of SSNs in ACES and the Medicaid Management Information System. <p>With regards to the auditor's recommendation of funding a state program that would pay for the additional care that the state wishes to provide, it is not within the Department's authority to create and fund a program using General Fund-State dollars.</p> <p>Completion Date: Estimated, December 2006</p>

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05	09	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Medical Assistance Administration, is not complying with federal requirements to defer Medicaid expenditures related to undocumented aliens.</p> <table border="0" data-bbox="711 766 1015 829"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The account coding has been established in Washington's Agency Financial Reporting System (AFRS), which allowed the alien emergency medical (AEM) reporting on the CMS64 effective quarter ending June 30, 2004.</p> <p>Effective October 1, 2004, the Department has not drawn federal matching funds for AEM expenditures, except for labor and delivery. The cost for labor and delivery was specifically exempted upon confirmation with the Centers for Medicare and Medicaid Services via an email dated November 17, 2005.</p> <p>The Department will wait for the finalization of the current Alien Emergency Medical (AEM) audit by the federal Office of Inspector General to draw from the Medicaid award. This is estimated to be complete by December 2006.</p> <p>Estimated, December 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$0
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	93.778	\$0							

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	10	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to support its decisions on eligibility of clients enrolled in Medicaid's Basic Health Plus Program.				
		Questioned Costs:	<table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">\$14,603,182</td> </tr> </table>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$14,603,182
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$14,603,182						
		Status:	Corrective action not applicable.				
		Corrective Action:	<p>The Department disagrees with this finding.</p> <p>The Department uses system interfaces to determine employment of all adults in the household using their Social Security Numbers (SSN). Because these are Basic Health (BH) Plus households and the adults are BH members, the Department receives all adult SSN, which are added to the Automated Client Eligibility System (ACES). Once in ACES the SSN is cross-matched with the interfaces. "Alerts" are generated if there are unreported earnings or income discrepancies for all adults (spouse included). These interfaces are considered independent sources. We do not accept client declaration of income as stated by the auditor. Staff follows established Department policies for corroborating client income as outlined in the EA-Z Manual. The Department follows the income methodology set forth in Washington Administrative Code, the EA-Z Manual, and federal regulations.</p> <p>The auditor has not shared with the Department the eligibility time frames they reviewed, or the methods it employed to calculate household income. It is our belief the income amounts asserted are incorrect and overstated. We conclude the auditor took an entire year or more information from the Employment Security Department, which overlapped claims paid, but we only look at prospective income at time of application or review.</p>				
		Completion Date:	N/A				

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05	11	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, does not have procedures to determine whether expenditures for anabolic steroids are allowable under the Medicaid program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">\$134,805</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Department has hard stops and clinical review of all Point-of-Sale (POS) expenditures for anabolic steroids. Procedures to assure that anabolic steroid expenditures are allowable have been in place and operating effectively since the products came on the market. When the Department receives the auditors' working papers, we will closely examine each claim number or other specific identifier to determine if we have a weakness in our system that needs to be corrected or if we have a provider that needs to be investigated.</p> <p>The Department has implemented its plan for managing the utilization of these medications and assuring that prescriptions written for medications classified as "anabolic steroids" are medically necessary through prior authorization. Procedures to direct all requests for these prescriptions to the Drug Utilization Review Team (DURT) for review and determination are implemented. Standards for required clinical information from the prescriber are in place, as well as criteria for making medical necessity determinations. In CY2005, DURT reviewed 171 requests of which 12 (7 percent) were denied for lack of medical necessity.</p> <p>The Department is assessing the strength and consistency of its edits and prior authorization program. A review of data from our contracted POS vendor was completed on May 10, 2006 to test the effectiveness of edits and to determine if any of these medications has "slipped" through without prior authorization. Some problems were found on pharmacy claims and changes to procedures will be made by June 1, 2006.</p> <p>The Department's automated POS pays consistently off an algorithm. The auditors' finding does not reflect the complexity of the pharmacy products and consequently we think the seeming variances in reimbursement are actually due to differing drug codes, product strengths, and forms. The Department will closely examine each claim and payment at issue.</p> <p>Estimated, June 2006</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$134,805
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$134,805						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	12	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services is not adequately reviewing pharmaceutical claims to identify patterns of fraud and abuse.</p> <table border="1" data-bbox="607 705 935 768"> <thead> <tr> <th>CFDA #</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>93.778</td> <td>\$1,258,343</td> </tr> </tbody> </table> <p>Corrective action in progress.</p> <p>The Pharmacy Point of Sale (POS) vendor has loaded Drug Enforcement Authority (DEA) numbers from the national DEA database and the Department has completed a change request to the MMIS system that will utilize this data to validate against the full DEA national database at the time of adjudication. This validation will eliminate the need to rely on a manual process for blocking invalid DEA numbers.</p> <p>New Health Insurance Portability and Accountability Act rules will require the use of a National Provider Identifier (NPI) for medical providers. Upon implementation, this number will be used to identify prescribing providers in the POS and the DEA number will be used solely for validation that a provider is registered to prescribe controlled substances.</p> <p>The Department is in the process of development and implementation of a new Medicaid Management Information System (MMIS) and Pharmacy POS. The new MMIS/POS, targeted for implementation in July 2007, is designed to support the NPI as described above.</p> <p>The Department has a rigorous and extensive Drug Use Review Program and is in full compliance with Sec. 456.709. No corrective action is necessary regarding this recommendation.</p> <p>Post payment review of invalid DEA numbers has been added to the regular Department Payment Review Program (PRP) algorithm process. The PRP ran an algorithm that uses the federal DEA database to identify invalid DEA numbers and issued overpayment notices totaling \$769,000 to 219 pharmacies statewide in January 2006.</p> <p>The Department will continue post-payment review of DEA numbers to identify inaccurate numbers and validate DEA numbers are used appropriately. This will continue until implementation of the MMIS change for validation of DEA at the time of adjudication.</p> <p>Estimated, July 2007</p>	CFDA #	Amount	93.778	\$1,258,343
CFDA #	Amount						
93.778	\$1,258,343						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	13	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, is not in compliance with the federal Medicaid requirements for reporting adult victims of residential abuse to the Medicaid Fraud Control Unit.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Division of Alcohol and Substance Abuse (DASA), Mental Health Division (MHD) Headquarters and Eastern and Western State Hospitals now include procedures and policies to report allegations of abuse and neglect to the Medicaid Fraud Control Unit (MFCU) in accordance with federal law. Mental Health's policy went into effect March 2005 and DASA's policy went into effect June 30, 2005.</p> <p>The MHD Compliance Officer currently reviews 100 percent of incident and daily reports submitted to the Division from the hospitals.</p> <p>The DASA Certification Supervisor currently reviews 100 percent of incident reports of fraud or abuse. The DASA Internal Auditor is monitoring and reviewing incident reports on a monthly basis and ensuring the Division is in compliance with all polices related to reporting requirements of Medicaid Fraud and Abuse of Medicaid Patients.</p> <p>The Department will examine the adequacy of policies and procedures related to follow up on contacts made to the Department by the Fraud Control Unit related to potential abuse by September 2006.</p> <p>Estimated, September 30, 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$0							

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	14	Finding:	The Department of Social and Health Services, Health and Recovery Services Administration, does not perform adequate reviews of providers of durable medical equipment to ensure the providers exist, are properly licensed and have submitted accurate information.				
		Questioned					
		Costs:	<table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">\$0</td> </tr> </table>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						
		Status:	Corrective action in progress.				
		Corrective Action:	<p>In February 2006, Provider Enrollment put new policies in place (the reverse directory) to verify a provider's address.</p> <p>Regarding licensure: The current policy regarding businesses with more than one license is: "When there is a business that has more than one business license (example; one state, one city, one county) the priority will be State, City, and then County. If one of the first two are obtained the others are not necessary." The current Medicaid Management Information System (MMIS) only allows a field for one license. Consequently both business and professional licenses cannot be stored. The new Provider One system will allow both.</p> <p>Provider Enrollment is reviewing all providers to assure requirements are met.</p> <p>In January 2006 Provider Enrollment sent out the "24 Month" letters asking providers who have not done any business with the Department for 24 months to respond by Feb 15, 2006, if they wanted to remain on the Department's active list. 820 were terminated as of Feb 18, 2006.</p> <p>The current MMIS system is being replaced with the new "ProviderOne" MMIS. The Administration is actively participating in design sessions for the new system. This includes requiring the system to identify expired business licenses. Implementation is targeted for June 2007.</p> <p>The Department has initiated a policy where the Provider Relations Field Unit and the audit office (OPRA) visit durable medical equipment (DME) providers ("drive-bys") to verify the address of the DME dealers in that area. This is currently being done and logged.</p>				

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	14 (Cont'd)	Corrective Action:	The Division of Fraud and Investigations' investigators also verify DME vendors when their investigators are in the field. As of March 9, 2006, 49 reviews have been conducted. This represents 18% of the total providers in the DME verification database.
		Completion Date:	Estimated, June 2007

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	15	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, has not established sufficient internal controls to prevent Medicaid payments for services provided after a client’s death or to prevent payments for services provided to individuals using the Social Security number of a deceased person.</p> <table border="0" data-bbox="607 831 935 890"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$1,873,192</td> </tr> </table> <p>Corrective action in progress.</p> <p>A review of the automated Social Security number (SSN) verification at the time of the Automated Client Eligibility System (ACES) entry was completed on February 4, 2005. In addition, the Department has enhanced procedures, including modification of the interface with the federal database to update nightly, with income and Medicare eligibility updated daily.</p> <p>The State Online Query (SOLQ) user interface was modified April 16, 2006, to accommodate user’s ability to do multiple queries without exiting the system. The Department will continue to provide instruction and written guidance to staff regarding the manner in which alerts are handled.</p> <p>The Department has initiated a cross-administration SSN Quality Improvement Workgroup and will continue to focus attention on increasing the accuracy of SSNs in ACES and the Medicaid Management Information System (MMIS).</p> <p>The Department is not aware of any known computer interface issues that require specific action at this time The Department will continue to assess, prioritize, and resolve interface issues as they are identified.</p> <p>The Design Phase of the new MMIS is underway and includes a complete assessment of the ACES/MMIS interface. Implementation of the new ProviderOne interface with ACES will be thoroughly tested prior to implementation to assure that data is being transferred accurately. This is targeted for June 2007.</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$1,873,192
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$1,873,192							

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	16	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, did not ensure that home health agencies providing services under the Medicaid program complied with federal surety bond requirements.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>No action taken.</p> <p>The Department recognizes the concerns of this finding. Because of that, the Department has asked for and received a memorandum from the Department's Assistant Attorney General (AAG) regarding the surety bond issue. The final conclusion of the AAG is: "CMS (the Centers for Medicare and Medicaid Services) suspended the surety bond requirement in July 1998 and has not reinstated this requirement; therefore, Home Health Agencies are not required to show compliance with the surety bond requirement at this time."</p> <p>The Secretary of DSHS will ask HHS to work with the OIG and CMS on this issue to provide clarification and direction to the state so both SAO and DSHS are clear about federal expectations/requirements.</p> <p>N/A</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	17	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, does not have adequate reviews of home health agencies to ensure providers are licensed, Medicare certified, and have signed a Core Provider Agreement as required by law.</p> <table border="0" data-bbox="711 800 1023 863"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$208,587</td> </tr> </table> <p>Corrective action complete.</p> <p>The Provider Enrollment Unit has updated the Provider Enrollment manual in July 2005 to reflect all the required documents.</p> <p>Provider Enrollment started a project in November 2005 to bring all Home Health providers up to date and have all the needed documents. The project was completed in April 2006.</p> <p>April 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$208,587
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$208,587							

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	18	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Health does not retain documentation that would provide evidence to ensure all home health agency providers performed criminal background checks and obtained disclosures on employees having unsupervised access to vulnerable adults, as the law requires.</p> <table border="0" data-bbox="607 835 906 898"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>No action taken.</p> <p>The Department does not concur with the finding and is in compliance with current state law. RCW 43.43.842 requires the Secretary of Health to adopt requirements for the licensure of home health agencies (HHAs) to include performance of criminal background checks on employees and others who have unsupervised access to vulnerable adults.</p> <p>This requirement is further developed in rule. WAC 246-335-045(2) (a) clearly states that DOH is responsible for determining <u>compliance</u> with the requirement for HHAs to perform criminal background checks. HHAs are to perform criminal background checks in accordance with WAC 246-335-030 (3), and WAC 246-335-065 (12).</p> <p>The goal of an HHA survey is to determine if the entity is in compliance with conditions of participation as set forth in 42 CFR Parts 482 and 484, and by inference all applicable state laws including the requirement that HHAs perform criminal back ground checks.</p> <p>If the Department’s surveyors determine that a subject HHA is in violation of the requirement to complete criminal background checks, it is noted as such on the final report: CMS form 2567. If violations involve specific employees, a confidential list is also included and maintained in the file until the issue is resolved.</p> <p>If no violations have been found by the surveyor, the report is signed, filed and retained by the Department of Health. The Department believes that this fulfills the intent of CFR 42 CFR 431.610(f) (3) <i>to retain all information and reports</i>, and is consistent with state law.</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$0							

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Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	18 (Cont'd)	Corrective Action: Completion Date:	In addition, the process and methodology for conduct of HHA surveys and reporting conforms to the Centers for Medicare and Medicaid Services (CMS) policies and procedures found in their State Operation Manual and Principles of Documentation Guide. The State Operation Manual and Principles of Documentation Guide is based on the requirements of 42 CFR 488, which is descriptive of the exception reporting process currently followed by DOH. N/A

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	19	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration, does not ensure providers of home health care services are Medicare-certified as required by the Medicaid State Plan.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td>\$5,724,800</td> </tr> </table> <p>Corrective action in progress.</p> <p>On March 27, 2006, the Aging and Disability Services Administration (ADSA) submitted recommended State Plan Amendment language to the Health and Recovery Services Administration to clarify Medicare certification is not required when home health agencies provide services that do not require licensed registered nurses or licensed professional nurses. The clarified language is as follows:</p> <p>“State plan skilled nursing services, other than Private Duty, require a home health agency to be Medicare-certified. All other, non-skilled services do not require Medicare certification.”</p> <p>This amended language will correct the identified issues related to non-nursing services as well as Private Duty Nursing services provided by home health agencies under the State Plan.</p> <p>In addition, on April 13, 2006, the Department submitted a Community Options Program Entry System (COPES) waiver amendment to the Centers for Medicare and Medicaid Services clarifying provider qualifications for skilled nursing services and home health aide services include a licensed home health agency and no certification is required.</p> <p>Estimated, September 2006</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$5,724,800
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$5,724,800						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	20	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, is not complying with federal regulations that require people receiving Medicaid benefits to have valid Social Security numbers.</p> <table border="0" data-bbox="711 800 1055 863"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$10,475,283</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Department’s current Washington Administrative Code (WAC) and procedures require that each client applying for Medicaid benefits furnish their Social Security number (SSN). However, the Department cannot delay or deny a client Medicaid benefits pending the issuance or verification of a SSN from the Social Security Administration.</p> <ul style="list-style-type: none"> • A review of the automated SSN verification at the time of Automated Client Eligibility System (ACES) entry was completed on February 4, 2005. In addition, the Department has enhanced procedures, including modification of the interface with the federal database to update nightly, with income and Medicare eligibility updated daily. • The State Online Query (SOLQ) user interface was modified to accommodate user’s ability to multiple queries without exiting the system on April 16, 2006. • The Department will continue to provide instruction and written guidance to staff regarding the manner in which “alerts” are handled. • The Department has initiated a cross-administration SSN Quality Improvement Workgroup and will continue to focus attention on increasing the accuracy of SSNs in ACES and the Medicaid Management Information System (MMIS). • The Health and Recovery Services Administration will run a monthly report of all clients who received two months of Medicaid benefits without furnishing a SSN beginning in June 2006. This will facilitate follow-up for clients who are approved for Medicaid while pending a SSN or verification of an SSN. 		<u>CFDA #</u>	<u>Amount</u>		93.778	\$10,475,283
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$10,475,283							

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05	20 (Cont'd)	Corrective Action:	Eligibility for the Take Charge Program clients (about 90,000 statewide) is not currently done is ACES but in a web-based program outside of ACES. The Take Charge program is schedule to be moved to the ACES main frame in January 2007.
		Completion Date:	Estimated, January 2007

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05	21	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, has not established internal controls sufficient to ensure payment rates to its Healthy Options managed care providers are based on accurate data.</p> <table border="0" data-bbox="711 800 1015 863"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>Although the Centers for Medicare and Medicaid Services (CMS) has not found fault with the rate-setting process, the State began in September 2005 to transfer the encounter data (now in Health Insurance Portability and Accountability Act like format) into the State decision support system. The transfer and loading of the encounter data is still working out system problems, which should be complete by August 2006.</p> <p>Central Office CMS has not interpreted the Balanced Budget Act (BBA) rules as saying that states must collect the cost reimbursement information. Region X, Central Office CMS, and the State have all participated in telephone conversations together discussing this issue. Currently it is a non-issue. If the requirements change, this would need to be addressed by the State.</p> <p>Estimated, August 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$0							

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05	22	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, made supplemental Medicaid payments to public hospital districts totaling \$41,154,000 without a federally approved payment methodology.</p> <table border="0" data-bbox="607 800 906 856"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Department has submitted a State Plan Amendment to the Centers for Medicare and Medicaid Services (CMS), the federal Medicaid funding authority, to clarify the methodology for nursing home supplemental payments known as "Proshare". The amendment was submitted to CMS for review on July 25, 2005. CMS has asked for information on the amendment; information has been provided as recently as January 31, 2006.</p> <p>Estimated, June 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$0							

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05	23	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, does not ensure that providers of motorized wheelchairs have the documentation required to substantiate claims for payment.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.778</td> <td style="text-align: right;">\$1,725,509</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Washington Administrative Code was updated on November 18, 2005, to ensure providers comply with documentation requirements for Medicare and Medicaid</p> <p>A Draft Standardized prescription and proof of medical necessity form is going through internal review and is expected to be implemented by providers by December 2006.</p> <p>The Department believes that prior authorizations for dual eligible clients would be an unnecessary burden on the Department, providers, and clients. This requirement would not be cost effective given the medical necessity requirements fall to Medicare and the State's return would only be a co-pay of a few dollars per claim. This potential savings does not offset the overhead costs necessary for a prior authorization activity. Medicare has improved their guidelines including a prior authorization process, which appears to be quite stringent.</p> <p>Estimated, December 2006</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$1,725,509
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$1,725,509						

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June 30, 2005*

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	24	<p>Finding: The Department of Social and Health Services, Office of Financial Recovery and Health and Recovery Services Administration, does not have adequate internal controls to ensure that final settlement amounts are refunded to the federal government, and in a timely manner.</p> <p>Questioned Costs:</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$479,126</td> </tr> </table> <p>Status: Corrective action in progress.</p> <p>Corrective Action: The Department's Division of Audit and Information Services (DAIS) will finalize new policies and procedures by June 30, 2006, that direct proper reporting of provider overpayments identified during audits conducted by the Office of Payment Review and Audit (OPRA). These policies prescribe guidance for determining the date of discovery for Hospital and Medical audits.</p> <p>The Office of Financial Recovery (OFR) is also establishing policy and procedures to ensure the Department refunds the federal share of overpayments within 60 days of the date of discovery (per DAIS policy) rather than within 60 days of being established as a receivable within the Collections and Accounts Receivable System.</p> <p>OFR and OPRA staff meet monthly to monitor the overpayment process for all overpayments submitted by OPRA to OFR.</p> <p>OFR and the Office of Accounting Services will review the specific accounts audited to determine how much federal portion has been refunded. Any un-refunded federal portion will be refunded by June 30, 2006.</p> <p>Completion Date: Estimated, June 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$479,126	
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$479,126							

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	25	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services' Office of Accounting Services does not have adequate internal controls to ensure the federal portion of uncased and cancelled warrants is refunded at the appropriate rate to the federal Medicaid Program.</p> <table border="0" data-bbox="711 800 1015 863"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Office of Accounting Services (OAS) has implemented a process that ensures the correct federal/state allocation for Medicaid warrants is utilized, thus ensuring the warrant is cancelled at the correct federal percentage. The implementation of the process occurred in February 2006.</p> <p>OAS will review the items identified by the auditor as exceptions and determine if correcting adjustments are required by August 31, 2006.</p> <p>Estimated, August 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$0							

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	26	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services' Office of Accounting Services does not have sufficient controls to ensure that the federal portion of uncashed warrants is refunded to the Medicaid Program in a timely manner.</p> <table border="0" data-bbox="607 800 906 856"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>The Office of Accounting Services (OAS) has appropriate staff to address the warrant cancellation and refunding function and has cross-trained a sufficient number of individuals to ensure adequate coverage for processing the Statute of Limitation (SOL) warrants by April 2005.</p> <p>The refunding process has been current for the last three quarters of Federal Fiscal Year 2005. Remaining current is a top priority for OAS management; this item is monitored closely.</p> <p>OAS's increased management oversight, since April 2005, ensures staff is processing the transactions in a timely and accurate manner. OAS will continue to develop effective monitoring procedures to identify and ensure SOL warrants are properly addressed so that refunds to federal programs will occur in a timely manner.</p> <p>The SOL warrants in question have been processed and the resultant Medicaid funds have been refunded to the federal government. This correction occurred on the Medicaid claim (CMS-64) for the quarter ending December 31, 2004 and quarter ending March 31, 2005.</p> <p>April 2005</p>		<u>CFDA #</u>	<u>Amount</u>		93.778	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.778	\$0							

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	27	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Disability Services Administration and Medical Assistance Administration, has not set up an effective system to ensure Medicaid payments are not being made to nursing homes that are not in compliance with federally mandated health and safety standards.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>The Department will continue to use existing mechanisms to ensure that information is accurate while pursuing alternatives.</p> <p>The Department has re-contacted the Centers for Medicare and Medicaid Services (CMS) regarding access to their Adaptive Spatial Peer-to-Peer Network (ASPEN) for view only security to be able to access information, a follow-up per our November 2005 request. CMS has provided additional names for contact but does not feel that access to this system is beneficial to the Department. CMS agrees with Claims Processing that in FY 2005 things improved significantly and that the majority of the time the Department receives appropriate notices in a timely manner. The Department has also eliminated confusion related to notices where action was taken prematurely (due to lack of understanding what the notices meant), which has helped with the overall improvement.</p> <p>The Department does not have the authority to control the accuracy or timeliness of letters sent by the federal government. The Department will continue to work with the regional CMS office to ensure that business processes are seamless and accurate information is shared in a timely manner.</p> <p>March 2005</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$0						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	28	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services paid providers with Medicaid funds through the Social Services Payment System for services to clients using Social Security numbers belonging to deceased persons.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td style="text-align: right;">\$2,232,301</td> </tr> </table> <p>Corrective action in progress.</p> <p>Washington Administrative Code (WAC) 388-476-0005 defines the Department’s current Social Security number (SSN) requirements for medical eligibility, and can be found in the Department’s A-Z Manual at http://www1.dshs.wa.gov/esa/EAZManual/Sections/SSN.htm. Section 3 states “Assistance will not be delayed, denied or terminated pending the issuance of an SSN by the Social Security Administration (SSA). However, a person who does not comply with these requirements is not eligible for assistance.”</p> <p>Verification procedures are described under the section titled “Clarifying Information.” SSN’s are automatically verified through a cross-match with the SSA Numident file, once the data is entered into the Automated Client Eligibility System (ACES).</p> <p>Section 3 under “Clarifying Information” states, “If a current and valid SSN is not available, the department is responsible to assist a client in making an application for an SSN.” SSN discrepancies in Numident generate “alerts” to the workers as described in the ACES User Manual at http://www1.dshs.wa.gov/esa/acesman/Sections/alerts/alert_188.htm. “Alert 253” describes alerts to workers when there is an SSN discrepancy in State Data Exchange (SDX), Beneficiary Data Exchange (BENDEX) or Numident.</p> <p>When the Home and Community Services Quality Assurance Unit reviews client files to confirm financial eligibility, they check to see that the SSN recorded in SSPS is the same as the SSN recorded in ACES. They report discrepancies, using ACES as the correct record of the SSN.</p> <p>The limitations with the SSPS system will be corrected in the new “Provider One” system, when all payments made in SSPS will become part of the new Medicaid Management Information System (MMIS).</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$2,232,301
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$2,232,301						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	28 (Cont'd)	Corrective Action:	<p>This is scheduled to occur in 2008. At that time, all medical and social services payments will be made from the same system, and will use the same ACES SSN verification processes described above.</p> <p>The Department will issue a Management Bulletin (MB) reminding staff of the importance of using the client's correct SSN from ACES, and instructions on how to obtain the ACES SSN by May 30, 2006. The MB will stress the importance of using the accurate SSN when the new MMIS (Provider One) is implemented because using an incorrect SSN in Provider One will cause payments to suspend implementation is not anticipated for several years. The Department of Health will remain dependent upon counties for receipt of death data, resulting in a lag in receipt of the information. Due to this lag, the Department of Social and Health Services will continue its successful post-pay review activities and the identification and recoupment of claims paid for deceased clients.</p> <p>Staff members were informed of Revised Code of Washington (RCW) 9.35.020, via management bulletin this past year, which defines first-degree identity theft as the use of false identification to obtain anything of value. It will be reiterated in the management bulletin referenced above.</p> <p>Changes to SSN's are recorded in the ACES "DEM 1" screen. The changed SSN, the financial worker's ID, and the date of the change are recorded in the "SSNA" screen, and are maintained as a record in ACES. Also included in the "SSNA" screen, is the effective date for financial payments associated with the revised SSN, and verification (V) and federal verification (FV) codes that show the current status of the SSN based on the verification processes described below.</p> <p>It is possible for the auditor to have assurance that ACES Social Security numbers were actually correct and supported the payments when made. We disagree with speculation that the Department attempts to alter audit findings by altering the data.</p> <p>Any instances of apparent identity theft will be referred appropriately. The Department's Payment Review Program re-runs algorithms quarterly and findings are referred to the Office of Financial Recovery or the Medicaid Fraud Control Unit for recovery. No instances of identity theft were found as a result of last year's audit.</p> <p>Completion Date: Estimated, June 2008</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	29	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services does not have adequate internal controls over the processing of expenditures through the Agency Financial Reporting System.</p> <table border="0" data-bbox="607 737 906 793"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">None</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Accounting Policy Management Board (APMB) has developed and adopted Policy 20.01 – The Agency Financial Reporting System (AFRS) Input Security Options. In addition, the AFRS/DRS Security Request form and instructions were updated to correspond with the policy.</p> <p>The policy allows for Department offices to select from two options that must be implemented to ensure there are adequate controls in place regarding AFRS Security. The policy became effective February 1, 2006.</p> <p>A Listserv message was sent out on January 30, 2006 notifying Department fiscal staff of the new policy, the need to adopt one of the two options and that AFRS security needed to be updated for all users.</p> <p>With the implementation of APMB Policy 20.01 and the requirement that offices must select one of the two options, there are controls in place to ensure the internal control over payments is adequate. Option 1 requires a separation of input and release capability. Option 2 requires that a single individual may input and release, but an independent individual receives and reviews all warrants and turnaround documents.</p> <p>In addition, the use of V0D1 (payments to vendors that do not require tax information to be obtained) is monitored closely. On a quarterly basis, the Office of Accounting Services (OAS) sends out a V0D1 report that lists all V0D1 payments made that quarter to each Fiscal Program Manager for review. The program is responsible to ensure the payments are accurate and for only prescribed V0D1 purposes.</p>		<u>CFDA #</u>	<u>Amount</u>		None	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	None	\$0							

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	29 (Cont'd)	Corrective Action:	<p>As stated above, the use of VOD1 is monitored closely and is used for payments that are not tax reportable such as client reimbursements, child support, protective payee, medical premium payments, retail purchases, or replaced warrants. Appropriate use of VOD1 reduces the agency AFRS costs.</p> <p>The Department does not have one-time payment codes although it is appropriate to use VOD1 for a one-time payment that is not tax reportable. OAS is working with the Office of Financial Management to improve VOD1 controls using exception reports.</p> <p>The Financial Services Administration/Information Technology Office (FSA/ITO) has obtained an electronic file of all AFRS User Ids as well as all mainframe (RACF) User Ids and matched the two files for comparison and research. These files were also matched against current employees in an effort to identify and resolve discrepancies. These actions helped to eliminate specific existing problems prior to moving forward with stronger controls and more agency-wide awareness of the process. This process will be performed semi-annually – April and October.</p> <p>FSA/ITO will consult with the Information Systems Services Division (ISSD) to better coordinate and streamline the process of notifications on requests for access, changes and deletions. Currently FSA/ITO coordinates the AFRS access while the ISSD coordinates the mainframe (RACF) access. AFRS access cannot be used without mainframe (RACF) access. The Department will also be searching for the most efficient and practical methods of responsibility relating to coordination of the RACF and AFRS access.</p> <p>Completion Date: Estimated, June 2006</p>

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Department of Social and Health Services

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
05	30	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Division of Child Care and Early Learning, does not have adequate internal controls over support for payments made to child care providers.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td>\$800,000</td> </tr> <tr> <td>93.596</td> <td></td> </tr> <tr> <td>93.558</td> <td></td> </tr> <tr> <td>93.667</td> <td></td> </tr> </table> <p>Corrective action in progress.</p> <p>The Division of Child Care and Early Learning (DCCEL) will mail the non-mandatory Department attendance keeping form to all licensed child care providers. A cover memo will remind providers that they can use this form or use a form of their own design as long as it contains the required elements.</p> <p>DCCEL will coordinate with the Quality Assurance Office in the Division of Management Resource and Services to conduct an audit of family child care homes. The audit will include a review of provider attendance records.</p> <p>DCCEL will review the detailed case review information from the State Auditors Office to:</p> <ul style="list-style-type: none"> • Ensure visits were documented correctly. • Follow-up with an onsite visit when necessary. • Follow up as needed to resolve issues. • Document outcomes in the case records. <p>Estimated, June 2006</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$800,000	93.596		93.558		93.667	
<u>CFDA #</u>	<u>Amount</u>												
93.575	\$800,000												
93.596													
93.558													
93.667													

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	31	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Division of Child Care and Early Learning and Children’s Administration did not perform adequate background checks.</p> <table border="0" data-bbox="711 737 1015 800"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Department does not concur with this finding. The Department trains licensors in all aspects of conducting and monitoring background checks, and cites providers and applicants when they are out of compliance. Agency regulatory actions include civil penalties, license suspension and license revocation.</p> <p>The Department conducts approximately 35,000 background checks for childcare and about 16,500 for foster care. Requiring licensors to perform a visual confirmation of the person and photo identification is not possible for such a large number of background checks.</p> <p>There is no requirement that the Department document Washington state residency, and there is no uniform widely accepted documentation for proving residency. Photo identification and residency documents can also be falsified.</p> <p>State law RCW 74.15.030(2)(b) does not allow for nationwide fingerprint-based background checks to be performed on persons who have lived in the state for more than three years and cannot verify their residency. Performing these checks would require a statutory change. The Joint Legislative Task Force on Background Checks intends to review the legislative, fiscal, stakeholder and information technology infrastructure changes needed to implement such fingerprint checks as a priority agenda item for next year.</p> <p>The most recent data available (March 6, 2006 Government Management, Accountability and Performance presentation) shows the Department is at 99 percent timeliness for monitor visits. The Department has a goal of 95 percent or greater, and has met that goal in each month since October 2005.</p>		<u>CFDA #</u>	<u>Amount</u>		N/A	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	N/A	\$0							

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	31 (Cont'd)	Corrective Action:	The Department will request the auditor's files and review them for accuracy. Staff will take the appropriate actions needed to address identified deficiencies by June 30, 2006.
		Completion Date:	Estimated, June 2006

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	32	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Economic Services Administration, reimbursed contractors for services that were not adequately supported.</p> <table border="0" data-bbox="711 772 1023 829"> <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;">10.561</td> <td style="text-align: right;">\$136,891</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Basic Food Education and Outreach Program will require that contractors input the date Basic Food Education and Outreach was delivered into the Online Reporting System. Payments to contractors will only be made for client intake and application assistance contacts and assistance that include the date of service or contact. The Basic Food Education and Outreach contracts will be amended to add this requirement in May 2006.</p> <p>Contractors will be required to maintain back up documentation of client intake and application assistance contacts and group presentations that contain at a minimum:</p> <ul style="list-style-type: none"> • Client name • Date of birth • Signature • Phone number or contact information • Date of service <p>For all application and intake contacts, prior to authorizing payment the Department will:</p> <ul style="list-style-type: none"> • Compare invoiced billing information to information in the online reporting system. No payment will be made for duplicated contacts and the contractor will be informed in writing. • Pull a monthly random sample (consisting of five percent of 100 intake clients and 25 application assistance clients), and make contact by phone to verify services were provided. • Authorize payment only for sampled claims when delivery of services is verified. If unable to verify services, request the contractor to provide documentation/verification, within 30 days, that services were indeed provided. 	<u>CFDA #</u>	<u>Amount</u>	10.561	\$136,891
<u>CFDA #</u>	<u>Amount</u>						
10.561	\$136,891						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	32 (Cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none"> • Require contractors to develop a Corrective Action Plan if contact discrepancies exceed 5% of verified contacts for any given billing period. <p>The Department will also conduct other monitoring practices, after payment has been authorized, to verify services were received as described in the monitoring plan.</p> <p>As of March 2006, the Department only pays for Basic Food Education and Outreach services on a reimbursement basis for services made available to potential food stamp recipients. Invoices are checked for duplicate names within the entire list of contractor and subcontractors to verify a contact is not seen by different subcontractors within the same month of service. No payment is made for duplicated contacts by the same subcontractor or primary contractor.</p> <p>Completion Date: Estimated, May 31, 2006</p>

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05	33	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services made unallowable duplicate payments through the Social Services Payment System.</p> <table border="1" data-bbox="711 709 1015 829"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.658</td> <td>\$6,480</td> </tr> <tr> <td>93.659</td> <td>\$3,000</td> </tr> <tr> <td>93.778</td> <td>\$35,398</td> </tr> </tbody> </table> <p>Corrective action complete.</p> <p>The Department will continue to work closely with the Payment Review Program to run algorithms to detect duplicate payments.</p> <p>In subsequent review, only one of the five clients identified for duplicate payments in the Children’s Administration was actually a duplicate payment. An overpayment for this exception was established in October 2004.</p> <p>The Aging and Disabilities Services Administration has established overpayments on the eight duplicate payments identified in the audit process in October 2005.</p> <p>Once overpayments are established, they are sent to the Office of Financial Recovery for collection. If fraud is not involved, funds are returned to the appropriate funding source within 60 days.</p> <p>October 2005</p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$6,480	93.659	\$3,000	93.778	\$35,398
<u>CFDA #</u>	<u>Amount</u>										
93.658	\$6,480										
93.659	\$3,000										
93.778	\$35,398										

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	34	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services does not ensure that all recovered overpayments are credited to the appropriate funding source.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="padding-right: 20px;"><u>Amount</u></td> </tr> <tr> <td>Not determined</td> <td>\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>The Department's Financial Services Administration developed a new Social Services Payment System (SSPS) account code history table that cross matches SSPS program codes (service, source, reason) to Agency Financial Reporting System account codes for the period of time in which they were used for warrant processing. This new process modified the Client Receivable System accounting module to distribute payment recoveries according to the distribution of the SSPS program code lines ensuring overpayments are credited to the appropriate funding sources.</p> <p>These changes were implemented on October 1, 2005.</p> <p>October 2005</p>	<u>CFDA #</u>	<u>Amount</u>	Not determined	\$0
<u>CFDA #</u>	<u>Amount</u>						
Not determined	\$0						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	35	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services does not have adequate internal controls over the Social Service Payment System.</p> <table border="0" data-bbox="711 703 1015 766"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">Not Specified</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>No software for the UNYSIS mainframe is currently available to resolve the defined issues. The Social Service Payment System Unit (SSPS) continues to make a concerted effort to locate appropriate UNISYS software. Current front-end systems utilize technology that fills the gap between what UNYSIS can do and what is needed.</p> <ul style="list-style-type: none"> • UNISYS does not allow for the tracking of transaction activities within the system. The new front end WebConnect re-write, rolled out in April 2006, allows for the tracking of transactions within the system. The program stores a string of data for each transaction that is linked to the user profile. • The Department has made a concerted effort to reduce the operator ID database and to keep it as complete and accurate as possible by reviewing the database on a monthly schedule, removing individuals and duplicates as soon as the need to do so becomes known, and adding only individuals that are appropriate. The Information System Services Division (ISSD) and SSPS staff members review the files and update them monthly. The Automated Client Eligibility System (ACES) changes and Department of Personnel updates are also used to keep the file accurate. Individuals not requiring access, because they have other front-end access, have their operator ID removed to prevent double access. All individuals noted by the State Auditor's Office (SAO) as needing removal or further identification have been removed or identified. • SSPS's new WebConnect replaced the current Com Object with a web service program. Neither requires operator IDs but associate the name and personal security permissions of each user who logs on. 		<u>CFDA #</u>	<u>Amount</u>		Not Specified	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	Not Specified	\$0							

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	35 (Cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none"> • The limitations of the current system did not allow operators to have the inquiry-only access necessary to do their work and avoid duplicate payment without the use of a generic operator ID. This allowed them to only see information within their area of work responsibility. WebConnect eliminates generic operator IDs. Workers access their own computer system and have specific assigned user profiles for SSPS that are based on their work needs. All operators in the system have a profile identification that is maintained in a single file by ISSD. • All individuals with more than one operator ID, were found in file searches or identified by the State Auditor’s Office, and removed in February 2006. Systematic checks for duplicates are performed routinely each month. • The current system was not protected with “hardened” passwords. Therefore, the new WebConnect utilizes the “hardened” password of each individual user upon entry to their individual computer systems at their local LAN. This not only makes use of the required “hardened” passwords, but it also requires the changing of passwords every 120 days or less, further increasing security. This became functional as part of the WebConnect and Fortress processes. • The Department has used a “lock-out” mechanism since the inception of SSPS. Through numerous updates and changes to SSPS, the “lock-out” mechanism became inactive. SSPS reinitiated a “lock-out” mechanism with the activation of WebConnect. It takes advantage of the “hardened” password and ‘lock-out” mechanisms of each user’s computer system local area LAN access already in place. • The Department has substantially reduced the number of individuals that have access to provider file input from 32 to 12. Of these, five are in the Office of Accounting Services (OAS) and use the provider file to establish or deactivate liens; two SSPS Program Managers establish direct deposit and/or stops; two program managers process information regarding payment adjustments; and three SSPS Program Managers modify rates and service codes for program payments. These activities require a high degree of knowledge related to program needs and activities.

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	35 (Cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none"> • WebConnect records a string of data relating directly to the user profile on the individuals system account when any change is made in the provider file. This allows for the tracking of changes made to the provider file and who made them. • The Department has successfully reduced the number of individuals with dual access to eight while maintaining system functions. These, individuals are all SSPS Program Managers and one SSPS Provider File Supervisor. To further reduce the risk, a Sequel program that compares providers and payments to state employee personnel data is run monthly with auditing and verification of correct payment processes being monitored from it. • While the WebConnect tracking function is not a total separation of duties, the Department believes that it enables the Department to successfully complete SSPS functions while reducing the risk rate to the lowest denominator possible. • WebConnect allows for a view-only or a view, add, or modify access to this screen controlled through the user profile. • SSPS and OAS have developed a secondary process to supplement the inadequacies of the legacy system that does not allow for reconciliation and complete payment information. Recorded transactions and information on payments that require manual intervention are stored and compiled in a Sequel database for processing with internal system information. In December 2005, SSPS negotiated with the SAO; this Sequel database fulfills the SSPS portion of this process. • The SSPS Chief understands, as project sponsor, that this database is being reconciled with OAS quarterly, and the information was used in the preparation of 2005 tax documents without issue. • SSPS continues to make a concerted effort to locate UNISYS software for the change control function. SSPS has not been aware of any affordable software for the UNISYS mainframe having the functionality to maintain a record of the changes made by staff. Software that may serve the function comes at a \$200,000 cost, far beyond the budget of a system slated for replacement in the near future. The possibility that a portion of Visual Studio Pro and Source Safe may be capable of recording who made the changes to

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
05	35 (Cont'd)	Corrective Action:	<p>programs and what changes they made and may also track multiple versions will be investigated. However, it can only record that someone has checked a program out, not prevent two people from checking it out. SSPS will investigate, test, and install Visual Studio Pro and Source Safe functions by July 2006.</p> <ul style="list-style-type: none"> • Until such time as software becomes available for UNISYS, SSPS will continue to use its current manual process for risk reduction. The current process requires a sign-on and sign-off identity specific to an individual user and creates an audit trail that is verifiable. Extra supervision is maintained over the safeguards to ensure proper usage of the system since automation is not available for the current system. Ongoing review of all sign-on and sign-off is being audited by the SSPS Operations Manager and IT Manager. To date, no problems with this security issue have been detected. • The practice of re-pointing Executive Control Language (ECL) does not allow unauthorized programs to run, because the ECL change is reported to a temporary authorized production environment controlled by ISSD. This controlled flexibility is necessary to ensure payment occurs timely if a problem occurs outside regular working hours. Only authorized on-call staff members have access rights. SSPS, ISSD, and the Division of Information Services assessed devising a program that electronically controls or locks the system without success. All parties have been unable to locate UNISYS or other software to perform this function. The Department's investigation of Visual Studio Pro and Source Safe may address this issue. The Department has just become aware of this program's properties and will study it to determine if it will fulfill this requirement. • Blocking payment to restricted providers removes the ability to pay for services due providers or their estates. Several of the divisional front-end systems to SSPS block field staff from opening or extending authorizations that attempt to pay providers that have a 1, 2 or 4 status codes in the SSPS Provider File. Within WebConnect, a pop-up warning has been added in the S03 screen (authorization screen) for providers that are status 1, 2, or 4 to prevent inappropriate new authorizations to these providers. This reduces many of the possible inappropriate uses of these providers and reduces overpayments.

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	35 (Cont'd)	<p>Corrective Action:</p> <ul style="list-style-type: none"> • In most instances, a status 4 coded file does not contain an address, thereby ensuring SSPS is contacted and an informed decision is made before any payment would be made. The Department continues to look for more secure processes that will allow payment yet not allow the possibility of errors. • SSPS is able to accept and make electronic payments for Health Insurance Portability and Accountability Act (HIPAA) purposes. However, no providers have chosen to use the system. It has been tested; but final information displays cannot be used until a provider submits an actual claim. <p>A new Medicaid Management Information System is in the procurement phase and will provide full HIPAA compliance in 2008 for the few services now paid through SSPS that come under HIPAA regulations.</p> <p>Completion Date: Estimated, July 2008</p>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	36	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Economic Services Administration, should improve compliance with eligibility requirements for the Temporary Assistance for Needy Families Program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.558</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>Comparing Social Security numbers (SSN) provided by applicants to those contained in records maintained by other state or federal agencies of the 68 cases, the Department found:</p> <ul style="list-style-type: none"> • 38 cases were closed cases, • 12 cases have been worked and require no further action, • 18 cases have been referred to the Community Service Offices for review and correction. <p>The Automated Client Eligibility System upgrade to the State On Line Query System (SOLQ) system was implemented on April 16, 2006. The upgrade helps ensure correct SSNs. Notification was sent to field staff on SOLQ changes.</p> <p>The Department will continue to:</p> <ul style="list-style-type: none"> • Monitor correction of records. • Verify SSNs by following state regulations. <p>April 16, 2006</p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$0						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	37	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Economic Services Administration, does not adequately monitor other state agencies to which it provides funds from the federal Temporary Assistance to Needy Families Program.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.558</td> <td>\$7,516,082</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Department partially concurs with the findings. The monitoring plan contained weaknesses that have been corrected and the following action steps have been taken:</p> <p><u>Employment Security Department (ESD):</u> The Department will amend the contract with language that clearly specifies quarterly reporting of:</p> <ul style="list-style-type: none"> a) Client names served by the partner agency; b) The size of the monitoring sample and the percentage of the sample that will require eligibility and service verification; c) Billing methodology; d) Verification that the methodology is being applied correctly. <p>The Department will select a random sample of clients subject to monitoring. In addition, the Department will become involved in ESD's internal monitoring process to ensure that eligibility, services and billing methodology are being accurately and consistently applied. This will be completed by June 2006.</p> <p><u>Community Trade and Economic Development:</u> The Department will amend the contract with language that clearly specifies quarterly reporting of:</p> <ul style="list-style-type: none"> a) Client names served by the partner agency; b) The size of the monitoring sample and the percentage of the sample that will require eligibility and cost verification. <p>The Department will select a random sample of clients subject to monitoring. This will be completed by June 2006.</p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$7,516,082
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$7,516,082						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan
05	37 (Cont'd)	<p>Corrective Action:</p> <p>State Board of Community and Technical Colleges (SBCTC): The Department will amend the contract with language that clearly specifies quarterly reporting of:</p> <ul style="list-style-type: none"> a) Client names served by the partner agency; b) The size of the monitoring sample and the percentage of the sample that will require eligibility and cost verification. <p>The Department will select a random sample of clients subject to monitoring.</p> <ul style="list-style-type: none"> • The Division of Employment and Assistance Programs (DEAP) requested and received verification from SBCTC of the screening process used to identify low income students that are eligible for Temporary Assistance to Needy Families Program (TANF) funded services. • DEAP will conduct monitoring visits to randomly selected colleges in conjunction with SBCTC. DEAP will ensure that the method used by the colleges to screen low income non-TANF recipients is accurate for TANF funded services. Three colleges will be selected for random sampling on a quarterly basis. Of that sample, 5% will require further eligibility and billing verification from SBCTC. The Department will conduct the first round of visits to Clark College, Renton Technical College and Spokane Valley Community College. These steps will be completed by June 2006. <p>Beginning in April 2006, DEAP will require that SBCTC provide a count of the numbers of students being served at every billing. The students will also need to be separated between the number of TANF recipients and Low Income recipients eligible for the TANF funded employment and training program.</p> <p>DEAP will also require the SBCTC to provide eligibility verification with billing information for 5% of the random sample of students each quarter beginning in April 2006. The amount billed from the 5% sample plus that of the remainder of the students should add to the total amount of the quarterly invoice.</p> <p>The Department disagrees with the State Auditor's Office on the questioned \$7,516,082 cost. DEAP has requested and received verification from the SBCTC on randomly selected colleges, who</p>

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05	37 (Cont'd)	Corrective Action:	provided proof of income and eligibility for the Low Income employment and training program in question. All clients meet the definition of low income and are eligible to be served by the colleges. Therefore the SBCTC is entitled to bill and receive payment for services rendered under the TANF contract.
		Completion Date:	Estimated, June 2006

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05	38	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Economic Services Administration, did not comply with state and federal regulations requiring a monthly inventory of electronic benefit transfer cards used by the Food Stamp Program.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>10.551</td> <td>\$0</td> </tr> <tr> <td>10.651</td> <td></td> </tr> </table> <p>Corrective action complete.</p> <ul style="list-style-type: none"> • All Community Service Offices (CSO's) are required to send an EBT card inventory reconciliation report each month to their Region office. Region office staffs are required to send a monthly report to Headquarters reporting all offices in the region have reconciled. • Headquarters monitors and follows up on any Region not reporting as required. • A review of the EBT card inventory reconciliation process is sent to the field to ensure all CSO's understood and follow the required process. (sent with Director's letter) • The new reporting requirements were reviewed with the Regional Administrators with a follow up expectations letter to the field from the Community Service Division Director. • These changes were implemented by April 1, 2006. <p>April 2006</p>	<u>CFDA #</u>	<u>Amount</u>	10.551	\$0	10.651	
<u>CFDA #</u>	<u>Amount</u>								
10.551	\$0								
10.651									

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	39	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Division of Disability Determination Services, did not comply with state and federal regulations when contracting for services paid with Social Security Disability Insurance Program funds.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">96.001</td> <td style="text-align: right;">\$7,740,327</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Division has consulted with the Office of Financial Management (OFM) regarding the proper classification for our consultative evaluation services. OFM determined that services provided to our claimants by physicians, psychologists and psychiatrists are in fact, personal services.</p> <p>The Division will develop and issue a personal service contract to any medical provider who agrees to see our claimants at our fee schedule. The Division will monitor the competitive procurement process for any decrease in the number of providers available to perform evaluations.</p> <p>Based on OFM's determination, the Division will competitively procure for consultative examination services. The Division will issue personal service contracts for any individual medical practitioner.</p> <p>Estimated, October 2007</p>	<u>CFDA #</u>	<u>Amount</u>	96.001	\$7,740,327
<u>CFDA #</u>	<u>Amount</u>						
96.001	\$7,740,327						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	40	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Division of Disability Determination Services, reported incorrect expenditures for the Social Security Disability Insurance Program on several reports, including the Schedule of Expenditures of Federal Awards.</p> <table border="0"> <tr> <td data-bbox="607 768 781 821"><u>CFDA #</u></td> <td data-bbox="786 768 959 821"><u>Amount</u></td> </tr> <tr> <td data-bbox="607 800 781 821">96.001</td> <td data-bbox="786 800 959 821">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Division of Disability Determination Services had a temporary breakdown of internal controls when two of four of the administrative accounting staff were out on maternity leave. Since then, the Division has reviewed internal controls to ensure that this type of error will not occur in the future.</p> <p>The Division reports disbursements from the state accounting system and reports obligations from an in-house legacy system. The Division is highly motivated to ensure that the amounts from both systems agree to our official report to the Federal grantor.</p> <p>The Division is in the process of implementing a reconciliation method and other procedures to ensure that the disbursement amounts reported on the 4513 report agree to the state accounting system. This reconciliation is expected to be completed by June 30, 2006.</p> <p>Estimated, June 2006</p>	<u>CFDA #</u>	<u>Amount</u>	96.001	\$0
<u>CFDA #</u>	<u>Amount</u>						
96.001	\$0						

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05	41	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Division of Disability Determination Services, received reimbursement for unallowable costs for the Social Security Disability Insurance Program.</p> <table border="0" data-bbox="711 735 1006 798"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">96.001</td> <td style="text-align: center;">\$76,021</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Memorandum of Understanding between the Washington State Patrol, Division of Disability Determination Services and Social Security Administration is valid until September 2006. The subsequent MOU will be revised to reflect allowable indirect costs that WSP can charge to SSA.</p> <p>The Division's administrative Fiscal Unit reviewed all WSP billings since inception of the program and determined that all costs were allowable (with the exception of indirect costs). However, the Division has asked the WSP to send payroll back-up documentation that matches their billings so that there is no confusion on what is being billed in the future.</p> <p>Estimated, October 2006</p>		<u>CFDA #</u>	<u>Amount</u>		96.001	\$76,021
	<u>CFDA #</u>	<u>Amount</u>							
	96.001	\$76,021							

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05	42	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Health and Recovery Services Administration, claimed costs for unallowable activities under the State Children’s Health Insurance Program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.767</td> <td style="text-align: right;">\$1,573,409</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Health and Recovery Services Administration does have policies and procedures in place to identify allowable costs for transfer from Medicaid to the State Children’s Health Program (SCHIP). Our current process involves a quarterly matching of Department of Health (DOH) live births to claims data for the period of one day prior to birth and back 270 days. From this data, inpatient hospital claims for labor & delivery, abortion, and sterilization are excluded.</p> <p>Additionally, the Administration has been advised by the Centers for Medicare and Medicaid Services (CMS) in an e-mail dated December 12, 2005 from Elizabeth Trias that they will “allow costs for such services as dental, vision care and physical therapy since Washington covers all services for women under the SCHIP unborn as they do under the pregnant women’s program.”</p> <p>The Administration received guidance from CMS on the allowability of costs, as noted above. As a result, the use of SCHIP funds for these costs is based on CMS guidance, and is allowable.</p> <p>The Administration will seek additional detail information of the questioned costs of \$1,573,409 in order to determine how these are related to labor & delivery, postpartum and family planning.</p> <p>Estimated, June 2006</p>	<u>CFDA #</u>	<u>Amount</u>	93.767	\$1,573,409
<u>CFDA #</u>	<u>Amount</u>						
93.767	\$1,573,409						

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05	43	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Mental Health Division, did not comply with state laws or the Department’s policies and procedures for recovering a Community Mental Health Services Block Grant overpayment reported in the previous audit.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.958</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Mental Health Division (MHD) will develop and/or modify necessary policies and procedures to define and prevent advance payments.</p> <p>The MHD will ask for a state Assistant Attorney General’s (AAG) opinion on whether it can legally recoup anything under the terms of the contract and circumstances with this particular Contractor. Upon receipt of the AAG opinion, the MHD will take the appropriate action.</p> <p>The MHD will coordinate with Office of Financial Recovery to develop necessary policies and procedures to identify and resolve questionable bills from, or payments to Contractors.</p> <p>These steps will be completed by May 31, 2006.</p> <p>Estimated, May 31, 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.958	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.958	\$0							

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Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	44	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Mental Health Division, did not comply with state and federal regulations when contracting for services paid with federal Community Mental Health Services Block Grant funds.</p> <table border="0" data-bbox="607 766 906 825"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.958</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Mental Health Division (MHD) currently is in the process of staffing a Contracts Unit that has been lacking for more than a year. This will ensure that there is proper tracking of start dates for Mental Health Block Grant funds in the future. Since February 2006, no federal block grant contracts or amendments have been executed with start dates prior to the signing date.</p> <p>Training will be given to all program managers on contract management by October 2006 and after-the-fact signing will be addressed.</p> <p>MHD is ensuring it is following its own Policy 6.03 that requires that block grant contracts not be approved after work has started.</p> <p>In addition, MHD will follow the new draft Administrative Policy 13.10 upon implementation, which directly addresses after-the-fact contracts for the Department.</p> <p>Estimated, October 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.958	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.958	\$0							

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

Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	45	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Mental Health Division, did not comply with federal requirements for an independent peer review of the Community Mental Health Services Block Grant.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.958</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Mental Health Division (MHD) is in the process of revising the Mental Health Block Grant (MHBG) Policy (6.03) to include the requirement and execution of Peer Reviews as per SAO finding related to Title V of the Public Health Service Act [42 U.S.C. 300x-1 et seq.] Section 1943 and will clearly define and address each of the following:</p> <p>a) The State will:</p> <p>(1) (A) for the fiscal year for which the grant involved is provided, provide for independent peer review to assess the quality, appropriateness, and efficacy of treatment services provided in the State to individuals under the program involved; and</p> <p style="padding-left: 40px;">(B) ensure that, in the conduct of such peer review, not fewer than 5 percent of the entities providing services in the State and are representative of the total population of such entities;</p> <p>(2) permit and cooperate with Federal investigations undertaken in accordance with section 1945 [Failure to Comply with Agreements]; and</p> <p>(3) provide to the Secretary of DSHS any data required pursuant to Section 505 and cooperate with others in the Department to develop uniform criteria for the collection of data pursuant to such section.</p> <p>MHBG State Planner will coordinate with Federal and other State Planners to develop a process by which this policy will be implemented by August 15, 2006.</p> <p>MHBG State Planner will ensure to the best of his/her ability that the Independent Peer Review is conducted by September 30, 2006.</p> <p>Estimated, September 2006</p>	<u>CFDA #</u>	<u>Amount</u>	93.958	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.958	\$0						

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	46	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Mental Health Division, is not complying with subrecipient monitoring requirements for the Community Mental Health Services Block Grant.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.958</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Mental Health Division (MHD) will complete its review of open issues identified through its various monitoring activities by May 2006 and take the appropriate action if needed. Efforts are currently underway to review the contract reimbursement methods and adequate support documentation required to process requests for payment with a completion date of October 2006.</p> <p>The MHD will modify current contract language with subrecipient (non-Tribal) requiring Contractors to formally report to the MHD who they subcontract with and for what amounts by October 2006. Additionally, the MHD will require through contract language that the Contractor and their subrecipients (non-Tribal) are required to submit copies of any A-133 audits (other than those done by the State Auditor's Office (SAO)) to the MHD within 30 days of the completed audit report.</p> <p>The MHD is currently exploring its legal authority to implement this with Tribal (sovereign) Nations.</p> <p>The MHD will review A-133 audits as submitted to the MHD for corrective action issue related to community mental health block grant funds and provide follow-up as needed to verify action steps have been implemented. This will be completed by October 2006.</p> <p>The MHD will also develop internal policies for addressing timely corrective action items related to non-SAO conducted A-133 audits by October 2006.</p> <p>Estimated, October 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.958	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.958	\$0							

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Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	47	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Community, Trade, and Economic Development did not comply with state and federal regulations when contracting for services paid with federal Low Income Home Energy Assistance Program funds.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.568</td> <td style="text-align: center;">\$60,000</td> </tr> </table> <p>Corrective action in progress.</p> <p>While the Department agrees that it does not comply with state laws and regulations related to personal services contracts, it does receive all the deliverables called for in the contract.</p> <p>Subsequently the Department hired a Contracts Specialist to develop contracting policies and procedures. The Department's draft policies and procedures require a review of requests to issue a contract. The review includes a determination of contract type and classification.</p> <p>Estimated, June 30, 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.568	\$60,000
	<u>CFDA #</u>	<u>Amount</u>							
	93.568	\$60,000							

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

Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	48	<p>Finding: The Department of Community, Trade, and Economic Development, Energy Assistance Section, is not complying with subrecipient monitoring requirements for the Low Income Home Energy Assistance Program.</p> <p>Questioned Costs:</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.568</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Status: Corrective action in progress.</p> <p>Corrective Action: The LIHEAP program has consolidated several policies, procedures and protocols into one comprehensive document. This will ensure better and more complete documentation of risk assessment and monitoring activities. Also, the risk assessment of all Community Action Agencies is being enhanced.</p> <p>Completion Date: Estimated, December 2006</p>		<u>CFDA #</u>	<u>Amount</u>		93.568	\$0	
	<u>CFDA #</u>	<u>Amount</u>							
	93.568	\$0							

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Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	49	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Community, Trade, and Economic Development did not comply with earmarking requirements for the Low Income Home Energy Assistance Program.</p> <table border="0" data-bbox="711 730 1023 798"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.568</td> <td style="text-align: center;">\$476,609</td> </tr> </table> <p>No action taken.</p> <p>CTED disagrees with the finding. The Department of Health and Human Services (HHS), by national formula, allocates LIHEAP funds to each state, which includes an allocation to the state and a tribal set-aside. For at least the past eighteen years, CTED has used the total amount allocated to all Washington recipients as the basis for computing the maximum amount to be spent on the Weatherization Program. The calculation has been a part of the Annual Plan submitted to and approved by HHS each year.</p> <p>No Indian tribe in the state provides Weatherization activities because the start-up costs are too expensive. Tribes use their allotment of LIHEAP funds solely for heating assistance. Tribal members receive Weatherization assistance from the funds distributed to CTED's subrecipients for that purpose.</p> <p>N/A</p>		<u>CFDA #</u>	<u>Amount</u>		93.568	\$476,609
	<u>CFDA #</u>	<u>Amount</u>							
	93.568	\$476,609							

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University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																			
05	50	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>Certain University departments' controls are not working effectively to ensure Time And Effort Certification forms are completed in a timely manner and to ensure monthly certification of salaries and wages paid for federal programs are completed as required.</p> <table border="0"> <thead> <tr> <th data-bbox="609 751 787 783"><u>CFDA #</u></th> <th data-bbox="787 751 909 783"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 783 787 814">93.389</td> <td data-bbox="787 783 909 814">\$0</td> </tr> <tr> <td data-bbox="609 814 787 846">93.866</td> <td></td> </tr> <tr> <td data-bbox="609 846 787 877">93.846</td> <td></td> </tr> <tr> <td data-bbox="609 877 787 909">93.837</td> <td></td> </tr> <tr> <td data-bbox="609 909 787 940">93.864</td> <td></td> </tr> <tr> <td data-bbox="609 940 787 972">93.866</td> <td></td> </tr> <tr> <td data-bbox="609 972 787 1003">93.856</td> <td></td> </tr> <tr> <td data-bbox="609 1003 787 1035">93.859</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress.</p> <p><u>Faculty Effort Certifications (FECs):</u> The University is engaged in a variety of projects that will improve the timeliness of faculty effort certification. Those projects include mandatory training of all faculty receiving effort reports (concluded November 30, 2005).</p> <p>In addition, the University is enhancing its follow-up process to ensure FECs are certified and submitted in a timely manner. Also, individual departments cited in this finding will strengthen their monitoring and follow-up processes.</p> <p>Finally, the University is beginning a process to replace the existing manual system with an electronic effort reporting and certification system. Later this spring, the University will begin an analysis that is expected to result in a decision to build or buy a new electronic effort reporting system. The new system will include enhanced tracking and follow-up capabilities.</p> <p><u>Grant and Contract Certification Reports (GCCR):</u> The University has worked with departments on a campus wide basis and specifically with those cited in this finding to strengthen controls that ensure GCCRs are signed in a timely manner.</p> <p>Non-system changes to be completed by June 30, 2006. System changes will extend over a 2-4 year period.</p>	<u>CFDA #</u>	<u>Amount</u>	93.389	\$0	93.866		93.846		93.837		93.864		93.866		93.856		93.859	
<u>CFDA #</u>	<u>Amount</u>																				
93.389	\$0																				
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University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	51	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The University did not submit financial status reports in a timely manner.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>Not Specified</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>Grant and Contract Accounting (GCA) experienced a 50% rate of turnover in the fiscal positions responsible for preparing FSRs in 2005. GCA is working aggressively to hire and train new staff so that FSRs can be submitted in a timely manner.</p> <p>GCA has been working diligently to staff vacant positions over the last several months. While it is hoped to have all relevant vacancies filled by December 31, 2006, training on preparation of Financial Status Reports will extend into 2007.</p> <p>Spring 2007</p>	<u>CFDA #</u>	<u>Amount</u>	Not Specified	\$0
<u>CFDA #</u>	<u>Amount</u>						
Not Specified	\$0						

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Department of Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	52	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Community, Trade and Economic Development did not comply with federal requirements for suspension and debarment for the Home Investment Partnership Program.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">14.239</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>The Housing Repairs and Rehabilitation program (HRRP) now has signed certifications from all contractors acknowledging the suspension and debarment requirements, including the lower tier notifications. The Tenant Based Rental Assistance (TBRA) program has included in all existing contracts the notification that subgrantees also have responsibilities regarding suspension and debarment when they make further awards or vendor payments.</p> <p>February 2006</p>		<u>CFDA #</u>	<u>Amount</u>		14.239	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	14.239	\$0							

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	53	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Employment Security has inadequate internal controls over payments to claimants for unemployment insurance benefits.</p> <table border="0" data-bbox="711 703 1015 766"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">17.225</td> <td style="text-align: center;">\$54,523</td> </tr> </table> <p>Corrective action complete.</p> <p>Employment Security has implemented the following corrective actions to address this finding:</p> <ul style="list-style-type: none"> • Performing a weekly cross match with the Department of Labor and Industries to identify and investigate claimants receiving unemployment insurance and industrial insurance benefits concurrently. • Reprogrammed the Department's benefit system to eliminate improper payment of claimant's waiting week. • Continuing to ensure that Department procedures are followed so that pension benefit reductions are accurately calculated and estimated pensions are properly monitored and resolved. • Establishing and actively collecting benefit overpayments identified as a result of this audit. <p>July 2005</p>		<u>CFDA #</u>	<u>Amount</u>		17.225	\$54,523
	<u>CFDA #</u>	<u>Amount</u>							
	17.225	\$54,523							

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
05	54	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Employment Security Department did not comply with federal requirements for suspension and debarment for the Workforce Investment Act and Unemployment Insurance programs.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">17.258 – 17.260</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">17.225</td> <td></td> </tr> </table> <p>Corrective action complete.</p> <p>The Employment Security Department has implemented the following corrective actions to address this finding:</p> <ul style="list-style-type: none"> • Revised the General Terms and Conditions used for each grant and contract to include the appropriate language on suspension and debarment. • Including a separate certification in each contract to be signed by each contractor that they are in compliance with suspension and debarment requirements. • Including the appropriate revised general terms and conditions in all new grants and contracts. <p>March 2006</p>		<u>CFDA #</u>	<u>Amount</u>		17.258 – 17.260	\$0		17.225	
	<u>CFDA #</u>	<u>Amount</u>										
	17.258 – 17.260	\$0										
	17.225											

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Military Department (MIL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	55	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department is not properly accounting for and safeguarding assets purchased by the National Guard Military Operations and Maintenance Projects Program.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">12.401</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action in progress.</p> <p>The 2005 inventory of fixed assets is now completed and documented. All future inventories will be completed in accordance with state requirements. An off year inventory is going to be completed for State Fiscal Year 2006.</p> <p>Ammunition will no longer be shipped directly to or stored at a vendor's location.</p> <p>The inventory will be counted by an individual with no direct responsibility for the assets subject to inventory.</p> <p>The Department's policy and procedures will be reviewed and updated as necessary to ensure they meet the minimum requirements in the State Administrative & Accounting Manual for asset tracking.</p> <p>The Department will return to using the Capital Asset Management System for tracking small and attractive items.</p> <p>August 31, 2006</p>		<u>CFDA #</u>	<u>Amount</u>		12.401	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	12.401	\$0							

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Military Department (MIL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan										
05	56	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department is not in compliance with subrecipient monitoring requirements for the State Domestic Preparedness Equipment Support Program.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">16.007</td> <td style="text-align: center;">\$1,486,473</td> </tr> <tr> <td></td> <td style="text-align: center;">97.004</td> <td></td> </tr> </table> <p>Corrective action in progress.</p> <p>Additional requirements will be added to the Department's policy and procedures. Program specific policy and procedures will be developed. Staff will be trained on procedures and a division-wide monitoring schedule will be established.</p> <p>Report to management about number of sub-recipient monitoring visits/contacts made to date on a quarterly basis, beginning September 30, 2006.</p> <p>By July 1 2006, incorporate additional language into existing contracts via amendments and into new contracts to clearly explain equipment management protocols.</p> <p>Through sub-recipient monitoring, incorporate equipment inventory tracking system reviews.</p> <p>The status of all CY 2004 A-133 single audits will be determined and documented by September 30, 2006. The status of all CY 2005 A-133 single audits will be determined and documented by June 30, 2007.</p> <p>The action items related to this audit finding will be reviewed and reported on as part of the Department's Government Management Accountability and Performance (GMAP) quarterly meetings.</p> <p>June 30, 2007</p>		<u>CFDA #</u>	<u>Amount</u>		16.007	\$1,486,473		97.004	
	<u>CFDA #</u>	<u>Amount</u>										
	16.007	\$1,486,473										
	97.004											

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Military Department (MIL)

Fiscal Year	Finding Number	Finding and Corrective Action Plan			
05	57	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Military Department was reimbursed for unallowable charges for the National Guard Military Operations and Maintenance Projects Program.</p> <table border="0"> <tr> <td data-bbox="711 709 885 766"><u>CFDA #</u> 12.401</td> <td data-bbox="885 709 1526 766"><u>Amount</u> \$24,939</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Department will not make another payment on an existing contract or execute another contract with a government entity for payment with CFDA 12.401 funding in the future that allows the ability to apply an indirect rate without first consulting with the National Guard Bureau (NGB).</p> <p>All missing receipts have been located. Refunds for excessive travel reimbursements have been received from employees, and returned to NGB. Mandatory travel training is currently being provided to all staff in the program area where the travel concerns originated. More diligence will be given to travel voucher review. The Department is phasing implementation of the Office of Financial Management (OFM) Travel Voucher System (TVS).</p> <p>June 30, 2006</p>	<u>CFDA #</u> 12.401	<u>Amount</u> \$24,939
<u>CFDA #</u> 12.401	<u>Amount</u> \$24,939				

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Department of Ecology (ECY)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	58	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Ecology is not complying with subrecipient monitoring requirements for the Clean Water State Revolving Loan Funds Program.</p> <table border="0" data-bbox="609 730 906 793"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">66.458</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>The Department of Ecology’s Deputy Director, Chief Financial Officer, Fiscal Manager and Senior Financial Advisor met with Water Quality (WQ) Program Management Team members on April 5, 2006, to discuss the audit finding, the corrective action plan, and to emphasize the need to implement improvements in the subrecipient monitoring process in the regional offices in addition to the headquarters office.</p> <p>The active workload spreadsheet used by staff in the WQ Program has been updated to handle dates and time frames for projects identified for increased oversight. (Completed April 14, 2006)</p> <p>WQ Program staff have developed new project tracking forms for progress reports and payment requests that will be kept in each project file. The Payment Request Tracking Form includes the reason/determination for increased oversight, effective dates, payment request processing dates, check boxes for meeting requirements, and the method in which the WQ Financial Manager verified costs. The Progress Report Tracking Form provides detail on progress reports received or not received and site visit dates and documentation. These forms will continue to be updated as needed. (Completed April 14, 2006)</p> <p>April 14, 2006</p>		<u>CFDA #</u>	<u>Amount</u>		66.458	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	66.458	\$0							

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Programs within the Departments of Social and Health Services (DSHS), Community, Trade and Economic Development (CTED), Military (MIL), Health (DOH), and Veterans' Affairs (DVA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	59	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The State of Washington is not complying with federal requirements for time and effort reporting for some of the programs it administers.</p> <p><u>Department of Social and Health Services</u></p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>16.523</td> <td>\$24,849</td> </tr> <tr> <td>84.126</td> <td>\$101,618</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Division of Vocational Rehabilitation (DVR) partially concurs with this finding.</p> <p>When DVR first received this finding for Fiscal Year 2003, a corrective action plan was immediately developed and implemented. In addition, the Department's Accounting Policy Management Board issued Fiscal Policy 50.01, Federal Compliance With Time Allocation/Certification, on July 1, 2004. Policy 50.01 states 'For P4s (positions) split between multiple programs, the program that owns the P4 shall complete the certification.'</p> <p>The ten positions charged to DVR during Fiscal Year 2005 were positions that did not belong to DVR. At the current time three of the ten individuals have left the agency, two are no longer charged to DVR, and the Office of Accounting Services (OAS) confirms that the required Semi-Annual Certifications are on file for the remaining five staff for the period April 2005-September 2005.</p> <p>DVR will establish additional steps to monitor positions partially coded to their program and OAS will work with the other administrations to raise awareness of the policy requirements for split-coded positions. In addition, OAS submitted Fiscal Policy 50.01 with the associated Semi-Annual Certification form to the federal Health and Human Services' Division of Cost Allocation as an amendment to the Department's cost allocation plan on May 5, 2006.</p> <p>May 5, 2006</p>	<u>CFDA #</u>	<u>Amount</u>	16.523	\$24,849	84.126	\$101,618
<u>CFDA #</u>	<u>Amount</u>								
16.523	\$24,849								
84.126	\$101,618								

**State of Washington
Corrective Action Plan**

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2005*

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

Programs within the Departments of Social and Health Services (DSHS), Community, Trade and Economic Development (CTED), Military (MIL), Health (DOH), and Veterans' Affairs (DVA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	59 (Cont'd)	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The State of Washington is not complying with federal requirements for time and effort reporting for some of the programs it administers.</p> <p><u>Department of Community, Trade and Economic Development</u></p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.568</td> <td>\$16,843</td> </tr> </table> <p>Corrective action complete.</p> <p>Immediately upon being notified of this issue, CTED:</p> <p>1) Re-focused resources to implement tighter controls over the review and approval of journal voucher entries, and</p> <p>2) identified procedures to ensure all corrections of salaries and benefits include the necessary corrections to employee timesheets.</p> <p>December 31, 2005</p>	<u>CFDA #</u>	<u>Amount</u>	93.568	\$16,843
<u>CFDA #</u>	<u>Amount</u>						
93.568	\$16,843						

**State of Washington
Corrective Action Plan**

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For the Fiscal Year Ended
June 30, 2005*

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Programs within the Departments of Social and Health Services (DSHS), Community, Trade and Economic Development (CTED), Military (MIL), Health (DOH), and Veterans' Affairs (DVA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
05	59 (Cont'd)	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The State of Washington is not complying with federal requirements for time and effort reporting for some of the programs it administers.</p> <p><u>Military Department</u></p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>12.401</td> <td>\$217,630</td> </tr> <tr> <td>16.007, 97.004</td> <td>\$353,000</td> </tr> </table> <p>Corrective action in progress.</p> <p>The Department's Time and Effort Policy and Procedures will be corrected and reissued by May 31, 2005.</p> <p>All employees who are incorrectly using certificates will be required to submit time sheets recording actual time starting April 1, 2006.</p> <p>Certificates for employees who are only charged to a single federal grant will be requested and completed in a timely manner.</p> <p>The action items related to this audit finding will be reviewed and reported on as a part of the Department's Government Management Accountability and Performance (GMAP) quarterly meetings.</p> <p>Estimated, July 31, 2006</p>	<u>CFDA #</u>	<u>Amount</u>	12.401	\$217,630	16.007, 97.004	\$353,000
<u>CFDA #</u>	<u>Amount</u>								
12.401	\$217,630								
16.007, 97.004	\$353,000								

**State of Washington
Corrective Action Plan**

*OMB Circular A-133 Audit
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Programs within the Departments of Social and Health Services (DSHS), Community, Trade and Economic Development (CTED), Military (MIL), Health (DOH), and Veterans' Affairs (DVA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
05	59 (Cont'd)	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The State of Washington is not complying with federal requirements for time and effort reporting for some of the programs it administers.</p> <p><u>Department of Health</u></p> <table border="0"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>10.557</td> <td>\$0</td> </tr> <tr> <td>93.268</td> <td></td> </tr> <tr> <td>93.283</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress.</p> <p>The Department has informed the relevant agency program managers of the necessity of completing quarterly certifications for those employees whose salary expenditures are charged against federal grants.</p> <p>The Department's internal auditor will follow up with a review of payroll files to ensure that these certifications are being completed.</p> <p>The Department will perform a review of the payroll files by June 30, 2006 and will advise program managers of the need for any necessary updating of certifications.</p> <p>Estimated, June 30, 2006</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0	93.268		93.283	
<u>CFDA #</u>	<u>Amount</u>										
10.557	\$0										
93.268											
93.283											

**State of Washington
Corrective Action Plan**

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For the Fiscal Year Ended
June 30, 2005*

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

Programs within the Departments of Social and Health Services (DSHS), Community, Trade and Economic Development (CTED), Military (MIL), Health (DOH), and Veterans' Affairs (DVA)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
05	59 (Cont'd)	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The State of Washington is not complying with federal requirements for time and effort reporting for some of the programs it administers.</p> <p><u>Department of Veterans' Affairs</u></p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>64.005</td> <td>\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>While personnel charges were included as administrative costs in the project budget approved by the grantor, they were not listed as specific line items with a schedule driven spending plan. It is also noted that total charges to the grant did not exceed the approved budget totals and are supported by calendar records.</p> <p>DVA implemented an agency administrative procedure to ensure documentation of time and effort charged to any future federal grants complies with the accounting requirements specified in OMB Circular A. 87, Attachment B 8. h. (5).</p> <p>April 24, 2006</p>	<u>CFDA #</u>	<u>Amount</u>	64.005	\$0
<u>CFDA #</u>	<u>Amount</u>						
64.005	\$0						

