

State of Washington
Single Audit Report
For Fiscal Year Ended
June 30, 2020

Auditee's Section
Summary Schedule of Prior Audit Findings

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STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

May 19, 2021

Washington State Auditor's Office
ATTN: Jim Brownell, Audit Manager
3200 Sunset Way S.E.
Olympia, WA 98504-0031

To the Washington State Auditor's Office:

Enclosed with this letter is the state of Washington's Summary Schedule of Prior Audit Findings for the following audit findings in the fiscal year 2020 Single Audit report.

Finding Number	State Agency	Corrective Action Status	Page Number
2019-001	State of Washington	In progress	H - 15
2019-002	Department of Social and Health Services	Complete	H - 17
2019-003	The Office of Superintendent of Public Instruction	Complete	H - 18
2019-004	The Office of Superintendent of Public Instruction	In progress	H - 19
2019-005	The Office of Superintendent of Public Instruction	In progress	H - 20
2019-006	Department of Health	In progress	H - 21
2019-007	Department of Health	Complete	H - 22
2019-008	Department of Social and Health Services	In progress	H - 23
2019-009	Department of Social and Health Services	In progress	H - 24
2019-010	Department of Commerce	In progress	H - 25

Finding Number	State Agency	Corrective Action Status	Page Number
2019-011	Department of Commerce	In progress	H - 26
2019-012	Employment Security Department	Corrective action not taken	H - 28
2019-013	Employment Security Department	Complete	H - 30
2019-014	Department of Transportation	Complete	H - 31
2019-015	Department of Transportation	In progress	H - 32
2019-016	Department of Transportation	In progress	H - 33
2019-017	Department of Transportation	In progress	H - 34
2019-018	Department of Transportation	In progress	H - 35
2019-019	Department of Transportation	In progress	H - 37
2019-020	Department of Transportation	Complete	H - 38
2019-021	Department of Transportation	Complete	H - 39
2019-022	Department of Transportation	Complete	H - 40
2019-023	Department of Social and Health Services	In progress	H - 41
2019-024	Department of Social and Health Services	Complete	H - 42
2019-025	Department of Social and Health Services	Complete	H - 43
2019-026	Department of Services for the Blind	Complete	H - 44
2019-027	Department of Services for the Blind	In progress	H - 45
2019-028	State Health Care Authority	In progress	H - 46
2019-029	Department of Social and Health Services	Complete	H - 47
2019-030	Department of Social and Health Services	In progress	H - 49
2019-031	Department of Social and Health Services	Complete	H - 51

Finding Number	State Agency	Corrective Action Status	Page Number
2019-032	Department of Social and Health Services	In progress	H - 53
2019-033	Department of Commerce	Complete	H - 55
2019-034	Department of Commerce	Complete	H - 56
2019-035	Department of Children, Youth, and Families	In progress	H - 58
2019-036	Department of Children, Youth, and Families	In progress	H - 60
2019-037	Department of Children, Youth, and Families	Corrective action not taken	H - 61
2019-038	Department of Children, Youth, and Families	In progress	H - 62
2019-039	Department of Children, Youth, and Families	In progress	H - 63
2019-040	Department of Children, Youth, and Families	Complete	H - 65
2019-041	Department of Children, Youth, and Families	Complete	H - 66
2019-042	Department of Children, Youth, and Families	Complete	H - 67
2019-043	Department of Children, Youth, and Families	Complete	H - 68
2019-044	Department of Children, Youth, and Families	In progress	H - 69
2019-045	Department of Children, Youth, and Families	In progress	H - 70
2019-046	Department of Health	In progress	H - 71
2019-047	State Health Care Authority	In progress	H - 72
2019-048	State Health Care Authority	In progress	H - 73
2019-049	State Health Care Authority	Corrective action not taken	H - 74
2019-050	State Health Care Authority	Complete	H - 75
2019-051	State Health Care Authority	In progress	H - 76
2019-052	State Health Care Authority	In progress	H - 77

Finding Number	State Agency	Corrective Action Status	Page Number
2019-053	State Health Care Authority	In progress	H - 78
2019-054	Department of Social and Health Services	Corrective action not taken	H - 79
2019-055	Department of Social and Health Services	In progress	H - 82
2019-056	Department of Social and Health Services	Complete	H - 84
2019-057	Department of Social and Health Services	In progress	H - 86
2019-058	Department of Social and Health Services	In progress	H - 89
2019-059	Department of Social and Health Services	Complete	H - 91
2019-060	Department of Social and Health Services	Corrective action not taken	H - 93
2019-061	Department of Social and Health Services	Corrective action not taken	H - 94
2019-062	Department of Social and Health Services	In progress	H - 95
2019-063	Department of Social and Health Services	Complete	H - 97
2019-064	State Health Care Authority	Complete	H - 98
2019-065	State Health Care Authority	In progress	H - 99
2019-066	State Health Care Authority	In progress	H - 100
2019-067	Department of Children, Youth, and Families	Complete	H - 101
2019-068	State Health Care Authority	Complete	H - 102
2019-069	State Health Care Authority	In progress	H - 103
2019-070	State Health Care Authority	In progress	H - 104
2018-001	State of Washington	Repeat finding	Refer to finding 2019-001 at H - 15
2018-002	Department of Social and Health Services	Repeat finding	Refer to finding 2019-002 at H - 17
2018-003	Department of Health	Complete	H - 105

Finding Number	State Agency	Corrective Action Status	Page Number
2018-004	Department of Health	Complete	H - 106
2018-005	Department of Health	Complete	H - 107
2018-006	Department of Health	Repeat Finding	Refer to finding 2019-006 at H - 21
2018-008	Military Department	Complete	H - 108
2018-011	Department of Transportation	Repeat Finding	Refer to finding 2019-014 at H - 31
2018-012	Department of Transportation	Repeat Finding	Refer to finding 2019-016 at H - 33
2018-013	Department of Transportation	Repeat Finding	Refer to finding 2019-018 at H - 35
2018-014	Department of Transportation	Complete	H - 109
2018-015	Department of Transportation	Complete	H - 111
2018-016	Department of Ecology	Complete	H - 113
2018-017	Department of Ecology	Complete	H - 114
2018-019	Department of Services for the Blind	Repeat Finding	Refer to finding 2019-027 at H - 45
2018-020	Department of Services for the Blind	Repeat Finding	Refer to finding 2019-026 at H - 44
2018-021	Department of Social and Health Services	Complete	H - 115
2018-022	Department of Social and Health Services	Complete	H - 117
2018-023	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-023 at H - 41
2018-024	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-025 at H - 43
2018-025	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-028 at H - 46
2018-026	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-029 at H - 47
2018-027	Department of Social and Health Services	Complete	H - 118
2018-028	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-030 at H - 49

Finding Number	State Agency	Corrective Action Status	Page Number
2018-029	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-031 at H - 51
2018-030	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-032 at H - 53
2018-032	Department of Commerce	Repeat Finding	Refer to finding 2019-034 at H - 56
2018-033	Department of Children, Youth, and Families	Repeat Finding	Refer to finding 2019-036 at H - 60
2018-034	Department of Children, Youth, and Families	Repeat Finding	Refer to finding 2019-035 at H - 58
2018-035	Department of Children, Youth, and Families	Repeat Finding	Refer to finding 2019-039 at H - 63
2018-037	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-043 at H - 68
2018-038	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-040 at H - 65
2018-039	Department of Social and Health Services	Complete	H - 120
2018-041	State Health Care Authority	Repeat Finding	Refer to finding 2019-047 at H - 72
2018-042	State Health Care Authority	Repeat Finding	Refer to finding 2019-048 at H - 73
2018-045	State Health Care Authority	Complete	H - 121
2018-046	State Health Care Authority	Repeat Finding	Refer to finding 2019-051 at H - 76
2018-047	State Health Care Authority	Repeat Finding	Refer to finding 2019-053 at H - 78
2018-048	State Health Care Authority	Repeat Finding	Refer to finding 2019-049 at H - 74
2018-049	State Health Care Authority	Complete	H - 122
2018-050	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-055 at H - 82
2018-051	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-056 at H - 84
2018-052	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-061 at H - 94
2018-053	Department of Social and Health Services	Complete	H - 123
2018-054	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-060 at H - 93

Finding Number	State Agency	Corrective Action Status	Page Number
2018-055	Department of Social and Health Services	Complete	H - 125
2018-056	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-059 at H - 91
2018-057	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-062 at H - 95
2018-058	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-054 at H - 79
2018-059	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-057 at H - 86
2018-060	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-058 at H - 89
2018-061	Military Department	Complete	H - 126
2017-001	State of Washington	Repeat Finding	Refer to finding 2019-001 at H - 15
2017-002	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-002 at H - 17
2017-008	Department of Services for the Blind	Repeat Finding	Refer to finding 2019-026 at H - 44
2017-010	Department of Services for the Blind	Repeat Finding	Refer to finding 2019-027 at H - 45
2017-012	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-022 at H - 117
2017-013	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-021 at H - 115
2017-014	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-023 at H - 41
2017-016	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-028 at H - 46
2017-017	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-029 at H - 47
2017-019	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-027 at H - 118
2017-020	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-030 at H - 49
2017-021	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-031 at H - 51
2017-022	Department of Social and Health Services	Complete	H - 127
2017-024	Department of Early Learning	Repeat Finding	Refer to finding 2019-035 at H - 58

Finding Number	State Agency	Corrective Action Status	Page Number
2017-025	Department of Early Learning	Repeat Finding	Refer to finding 2019-039 at H - 63
2017-026	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-032 at H - 53
2017-028	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-040 at H - 65
2017-030	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-039 at H - 120
2017-031	State Health Care Authority	Repeat Finding	Refer to finding 2019-047 at H - 72
2017-032	State Health Care Authority	Complete	H - 128
2017-033	State Health Care Authority	Repeat Finding	Refer to finding 2019-048 at H - 73
2017-035	State Health Care Authority	Complete	H - 130
2017-036	State Health Care Authority	Complete	H - 132
2017-037	State Health Care Authority	Repeat Finding	Refer to finding 2019-051 at H - 76
2017-038	State Health Care Authority	Repeat Finding	Refer to finding 2019-049 at H - 74
2017-039	State Health Care Authority	Complete	H - 133
2017-040	State Health Care Authority	Corrective Action Not Taken	H - 134
2017-041	State Health Care Authority	Complete	H - 135
2017-043	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-053 at H - 123
2017-044	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-054 at H - 79
2017-045	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-057 at H - 86
2017-046	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-058 at H - 89
2017-047	Department of Social and Health Services	Complete	H - 136
2017-048	Department of Social and Health Services	In progress	H - 138
2017-049	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-059 at H - 91

Finding Number	State Agency	Corrective Action Status	Page Number
2017-050	Department of Social and Health Services	In progress	H - 140
2017-052	Military Department	Repeat Finding	Refer to finding 2018-061 at H - 126
2016-001	State of Washington	Repeat Finding	Refer to finding 2019-001 at H - 15
2016-002	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-002 at H - 17
2016-011	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-022 at H - 117
2016-012	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-021 at H - 115
2016-013	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-023 at H - 41
2016-014	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-028 at H - 46
2016-016	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-030 at H - 49
2016-017	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-027 at H - 118
2016-018	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-031 at H - 51
2016-019	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-029 at H - 47
2016-021	Department of Early Learning	Repeat Finding	Refer to finding 2019-035 at H - 58
2016-022	Department of Early Learning	Repeat finding	Refer to finding 2019-039 at H - 63
2016-023	Department of Social and Health Services	Repeat finding	Refer to finding 2019-032 at H - 53
2016-026	Department of Social and Health Services	Repeat finding	Refer to finding 2018-039 at H - 120
2016-028	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
2016-032	State Health Care Authority	Repeat Finding	Refer to finding 2017-035 at H - 130
2016-033	State Health Care Authority	Complete	H - 142
2016-034	State Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 74
2016-036	Department of Social and Health Services	Repeat finding	Refer to finding 2018-053 at H - 123

Finding Number	State Agency	Corrective Action Status	Page Number
2016-043	Department of Social and Health Services	Repeat finding	Refer to finding 2019-058 at H - 89
2016-044	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 138
2016-045	Department of Social and Health Services	Repeat finding	Refer to finding 2019-054 at H - 79
2016-047	Department of Social and Health Services	Complete	H - 143
2016-048	Department of Social and Health Services	Complete	H -144
2015-002	State of Washington	Repeat finding	Refer to finding 2019-001 at H - 15
2015-003	Department of Social and Health Services	Repeat finding	Refer to finding 2019-002 at H - 17
2015-016	Department of Social and Health Services	Repeat finding	Refer to finding 2019-028 at H - 46
2015-020	Department of Social and Health Services	Repeat finding	Refer to finding 2018-027 at H - 118
2015-021	Department of Social and Health Services	Repeat finding	Refer to finding 2019-031 at H - 51
2015-023	Department of Early Learning	Repeat finding	Refer to finding 2019-035 at H - 58
2015-024	Department of Early Learning	Repeat finding	Refer to finding 2019-039 at H - 63
2015-026	Department of Social and Health Services	Repeat finding	Refer to finding 2019-032 at H - 53
2015-030	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
2015-037	State Health Care Authority	Complete	H - 145
2015-039	State Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 74
2015-040	Department of Social and Health Services	Repeat finding	Refer to finding 2019-059 at H - 91
2015-041	Department of Social and Health Services	Complete	H - 146
2015-044	Department of Social and Health Services	Repeat finding	Refer to finding 2018-053 at H - 123
2015-049	Department of Social and Health Services	Repeat finding	Refer to finding 2019-054 at H - 79
2015-051	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 138

Finding Number	State Agency	Corrective Action Status	Page Number
2014-019	Department of Social and Health Services	Repeat finding	Refer to finding 2019-028 at H - 46
2014-022	Department of Social and Health Services	Repeat finding	Refer to finding 2019-002 at H - 17
2014-023	Department of Early Learning	Repeat finding	Refer to finding 2019-035 at H - 58
2014-026	Department of Social and Health Services	Repeat finding	Refer to finding 2019-032 at H - 53
2014-034	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
2014-042	Department of Social and Health Services	Repeat finding	Refer to finding 2019-054 at H - 79
2014-046	Department of Social and Health Services	Repeat finding	Refer to finding 2019-061 at H - 94
2014-048	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 138
2013-016	Department of Early Learning	Repeat finding	Refer to finding 2019-035 at H - 58
2013-017	Department of Social and Health Services	Repeat finding	Refer to finding 2019-032 at H - 53
2013-020	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
2013-036	Department of Social and Health Services	Repeat finding	Refer to finding 2019-054 at H - 79
12-28	Department of Early Learning	Repeat finding	Refer to finding 2019-035 at H - 58
12-30	Department of Social and Health Services	Repeat finding	Refer to finding 2019-032 at H - 53
12-39	Department of Social and Health Services	Repeat finding	Refer to finding 2019-054 at H - 79
12-49	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
11-23	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2019-035 at H - 58
11-38	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
10-31	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2019-035 at H - 58
10-40	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 72
09-12	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2019-035 at H - 58

Finding Number	State Agency	Corrective Action Status	Page Number
09-19	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 72
08-13	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2019-035 at H - 58
08-25	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 72

The state's Summary Schedule of Prior Audit Findings is a compilation of the corrective action information provided to us by the applicable state agencies. The Summary Schedule of Prior Audit Findings document is prepared in conjunction with the 2020 Single Audit.

We appreciate the efforts of the Washington State Auditor's Office in completing the Single Audit for the state for fiscal year 2020. If you have any questions regarding the Summary Schedule of Prior Audit Findings, please do not hesitate to contact our office.

Sincerely,

Brian Tinney
Assistant Director, Accounting

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	001	<p>Finding: The State’s internal controls over financial reporting were insufficient to ensure accurate recording and monitoring of financial activity in its financial statements.</p> <p>Questioned Costs: <u>CFDA #</u> N/A <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Office of Financial Management (OFM), with the collaboration of state agencies, strives for the highest standards in the preparation of the state’s financial statements. OFM has discussed the issues with the agencies included in this finding and provided assistance in developing their respective corrective action plans. Responses from each agency are listed below:</p> <p><i>State Board for Community and Technical Colleges</i></p> <p>Since July 2017, the State Board for Community and Technical Colleges (State Board) has been working on developing and implementing an automated process to accurately and completely upload ctcLink financial transactions into the state’s accounting system, Agency Financial Reporting System (AFRS).</p> <p>As of April 2019, the State Board implemented an automated AFRS customized upload process after a yearlong design and testing effort. This upload process provided the State Board the ability to extract college data, process errors, and report data through June 2019 to the Office of Financial Management.</p> <p>On July 1, 2019, a newly re-designed global chart of accounts was implemented, which has significantly improved the college system’s ability to consistently track and report revenues and expenses. However, this implementation affected the AFRS upload process; requiring the customization to be re-configured to work with the new chart of accounts.</p> <p>As of October 2019, the re-configured customization was completed, tested, and successfully deployed. In April 2020, it was discovered that an update to the global chart of accounts affected the customized programming that uploads data into AFRS. The issues have since been identified and addressed, and the State Board is currently reviewing and uploading corrected data for November 2019 through May 2020.</p> <p>The State Board has been working on fine-tuning the automated upload process and providing training to college clients on the newly implemented process.</p> <p>As of February 2020, the State Board hired a System ctcLink Account Coordinator, a new position dedicated to coordinate, review, and support</p>

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	001 (cont'd)	<p>the AFRS upload process. In June 2020, an additional accounting staff member was assigned to support the year-end upload process.</p> <p>As of June 2020, State Board leadership, finance staff, and programmers meet weekly to monitor progress, identify needed resources and make critical decisions. This process has led to steady progress, resulting in improved functionalities being deployed in July and August 2020.</p> <p>The State Board will continue to:</p> <ul style="list-style-type: none"> • Improve and add functionalities to the customized automated upload process. • Provide technical assistance to all colleges in their efforts to reconcile accounting records with the state accounting system. <p><i>Healthcare Authority</i></p> <p>The Authority recognizes the significance and priority of internal controls over recording and reporting financial transactions.</p> <p>The Authority disagrees that annual assurances over ProviderOne controls are necessary or that the Authority did not address monitoring in its ProviderOne contract language. Currently, the vendor provides an independent service organization control (SOC) audit every other year. The estimated additional cost to purchase an annual SOC audit report is \$470,000 each biennium.</p> <p>In both 2019 and 2020, the Authority requested funding from the Legislature to contract for the additional SOC audit report. This request was not funded.</p> <p>The Authority will continue to request funds to obtain this report in order to resolve the audit finding.</p> <p>Completion Date: Estimated November 2020</p> <p>Contact: Brian Tinney Statewide Accounting Assistant Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 brian.tinney@ofm.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	002	<p>Finding: The Department of Social and Health Services improperly charged \$717,011 to the SNAP Cluster.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 10.551 \$717,011 10.561</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>While the Department concurs \$717,011 in expenditures were initially charged to the SNAP-Ed grant before the start of the performance period, the Department does not concur it was out of compliance with grant regulations. The Department corrected the charges during August 2019, which is within the grant’s two-year federal period of performance cycle.</p> <p>As of February 2020, the Department implemented the following:</p> <ul style="list-style-type: none"> • Monthly reviews to identify and correct expenditures that are out of compliance with period of performance requirements. • A final end-of-the-year review to ensure all expenditures charged outside the period of performance are corrected before the state accounting records close. <p>During February 2020, the Department requested an additional full-time accounting position to assume the responsibility for monitoring compliance with period of performance requirements. As of May 2020, the Department added a full time accounting position to assume the responsibility for monitoring compliance with period of performance requirements.</p> <p>If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with the Department of Health and Human Services and will take appropriate action.</p> <p>The conditions noted in this finding were previously reported in findings 2018-002, 2017-002, 2016-002, 2015-003 and 2014-022.</p> <p>Completion Date: May 2020</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

The Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2019	003	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of the Superintendent of Public Instruction did not ensure Child Nutrition Cluster program reimbursements were made only to entities operating under a written agreement with the Office.</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;">10.553</td> <td style="text-align: right;">\$33,923</td> </tr> <tr> <td style="text-align: right;">10.555</td> <td></td> </tr> <tr> <td style="text-align: right;">10.556</td> <td></td> </tr> <tr> <td style="text-align: right;">10.559</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Office concurs with this finding.</p> <p>The Office renews all program agreements annually in addition to processing new sponsor agreements. The Office maintains adequate internal controls to ensure program reimbursements are made only to entities operating under a written agreement with the Office. This finding resulted from an isolated incident where the sponsor switched between programs during the initial application process. As a result, a permanent agreement for the program was not collected from the sponsor.</p> <p>In response to the audit finding, the Office:</p> <ul style="list-style-type: none"> • Developed a new Child Nutrition Programs agreement to minimize confusion over the appropriate type of program agreement to be used. • Updated internal processes for review and approval of sponsor program applications. <p>As of December 2019, the contract department approved the updated agreement template and started working on implementation of the new process.</p> <p>As of February 2020, the Department:</p> <ul style="list-style-type: none"> • Started the new process with the updated Child Nutrition Programs agreement. • Consulted with the federal grantor and was informed that the known questioned costs identified by the audit are not required to be repaid. <p>February 2020</p> <p>Leanne Eko Director, Child Nutrition Services PO Box 47200 Olympia, WA 98504 (360) 725-0410 Leanne.eko@k12.wa.us</p>	<u>CFDA #</u>	<u>Amount</u>	10.553	\$33,923	10.555		10.556		10.559	
<u>CFDA #</u>	<u>Amount</u>												
10.553	\$33,923												
10.555													
10.556													
10.559													

The Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2019	004	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with suspension and debarment requirements for Child Nutrition Cluster program subrecipients.</p> <table border="0"> <thead> <tr> <th data-bbox="670 548 764 575"><u>CFDA #</u></th> <th data-bbox="1003 548 1094 575"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="670 579 748 606">10.553</td> <td data-bbox="1003 579 1032 606">\$0</td> </tr> <tr> <td data-bbox="670 611 748 638">10.555</td> <td></td> </tr> <tr> <td data-bbox="670 642 748 669">10.556</td> <td></td> </tr> <tr> <td data-bbox="670 674 748 701">10.559</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Office concurs with this finding.</p> <p>To improve internal controls over federal suspension and debarment requirements, the Office:</p> <ul style="list-style-type: none"> • Developed a new Child Nutrition Programs agreement template to include information and attestation to suspension and debarment requirements. • Updated internal processes for review and approval of program applications. <p>As of December 2019, the contract department approved the updated agreement template. The Office is currently working on the implementation of the new process.</p> <p>As of February 2020, the Department started the new process with the updated Child Nutrition Programs agreement.</p> <p>In progress</p> <p>Leanne Eko Director, Child Nutrition Services PO Box 47200 Olympia, WA 98504 (360) 725-0410 Leanne.eko@k12.wa.us</p>	<u>CFDA #</u>	<u>Amount</u>	10.553	\$0	10.555		10.556		10.559	
<u>CFDA #</u>	<u>Amount</u>												
10.553	\$0												
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10.556													
10.559													

The Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2019	005	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with requirements to properly account for USDA donated foods.</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>10.553</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>10.555</td> <td></td> </tr> <tr> <td>10.556</td> <td></td> </tr> <tr> <td>10.559</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Office concurs with the finding.</p> <p>The Office has taken corrective actions to strengthen internal controls over accounting for USDA donated foods. As of August 2020, the Office drafted and implemented internal policies and procedures regarding the reconciliation process for donated foods and ensuring physical inventories are reconciled with inventory records.</p> <p>By August 2021, the Office will pursue a new/updated electronic food distribution system that includes tracking and reporting capabilities to assist with the reconciliation process. The Office is currently undertaking current system review and documenting needs of the new system.</p> <p>Estimated August 2021</p> <p>Leanne Eko Director, Child Nutrition Services PO Box 47200 Olympia, WA 98504 (360) 725-0410 Leanne.eko@k12.wa.us</p>	<u>CFDA #</u>	<u>Amount</u>	10.553	\$0	10.555		10.556		10.559	
<u>CFDA #</u>	<u>Amount</u>												
10.553	\$0												
10.555													
10.556													
10.559													

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	006	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with cash management requirements for the Special Supplemental Nutrition Program for Women, Infants, and Children grant.</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;">10.557</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>As of July 2019, the Department updated the Cash Management Improvement Act (CMIA) agreement to accurately reflect planned cash draw actions for fiscal year 2020.</p> <p>To strengthen internal controls over program cash management, the Department:</p> <ul style="list-style-type: none"> • Reviewed and updated agency procedures to ensure cash draws are performed in accordance with the current CMIA agreement. • Provided training to ensure staff understand the federal requirements related to cash management. • Began cross training on the cash draw process to ensure draws are performed timely and in compliance with federal regulations. <p>The conditions noted in this finding were previously reported in finding 2018-006.</p> <p>In progress</p> <p>Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 kristina.white@doh.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	007	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with requirements for procurements of goods and services funded by the Special Supplemental Nutrition Program for Women, Infants, and Children program.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>10.557</td> <td>\$0</td> </tr> </table> <p>Corrective action complete.</p> <p>This finding resulted from a misunderstanding about an entity thought to be a quasi-governmental entity, which led to the procurement using an intergovernmental agreement instead of a competitive contracting process.</p> <p>As of December 2019, the Department:</p> <ul style="list-style-type: none"> • Terminated the contract with the entity that listed itself as a quasi-governmental entity. • Processed a replacement contract with the entity for grant program services using established contract procedures and the appropriate non-interagency contract terms. • Executed contracts for other grant programs with the entity that met sole source criteria following procedures stipulated in the Department of Enterprises Services procurement policies. • Communicated to contract staff that they must confirm the legal status of all entities. <p>Additionally, the Department will:</p> <ul style="list-style-type: none"> • Send periodic reminders to staff regarding the legal status of entities. • Confirm and document the quasi-governmental status of all new entities in the procurement files. <p>January 2020</p> <p>Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 Kristina.White@doh.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2019	008	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Department of Social and Health Services did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements. <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;">10.561</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.558</td> <td></td> </tr> <tr> <td style="text-align: right;">93.566</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> Corrective action in progress The Department concurs with the finding. As of May 2020, the Department: <ul style="list-style-type: none"> • Updated the Public Assistance Cost Allocation (CAS) Plan to reflect current practice of allowing Random Moment Time Sample (RMTS) coordinators to complete samples on behalf of the workers. • Submitted the updated CAS Plan to the federal grantor for approval. By December 2020, the Department will: <ul style="list-style-type: none"> • Develop and implement a process to ensure the monthly RMTS staff reconciliations are performed when key personnel are out of the office. • Work with region staff to develop and implement standard guidelines and procedures for updating the eligible staff list in the Barcode system. • Conduct a monthly review on a subset of the staff listed on the reconciliation report to ensure the RMTS coordinators are properly updating the eligible staff list in the Barcode system. Estimated December 2020 Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov	<u>CFDA #</u>	<u>Amount</u>	10.561	\$0	93.558		93.566		93.778	
<u>CFDA #</u>	<u>Amount</u>												
10.561	\$0												
93.558													
93.566													
93.778													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	009	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>16.575</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>The Department maintains and regularly updates the general terms and conditions of federal contracts which address the broad federal rules that apply to all federal sub-awards.</p> <p>As of December 2019, the Department implemented a secondary review process to ensure federal requirements are met before issuing sub-awards.</p> <p>As of January 2020, the Department modified the funding application form requiring contractors to indicate whether they have ever negotiated a federally-negotiated indirect rate with the federal government.</p> <p>By September 2020, the Department will:</p> <ul style="list-style-type: none"> • Modify the federal contract templates for the Crime Victims Assistance program to include the indirect cost rate. The template update request will be submitted to the contract unit for implementation. • Work with the Department of Commerce to ensure a coordinated and unified approach for expanding the fiscal monitoring of subrecipients to include reimbursement requests for all activities, and not just those for goods and services. <p>These process changes and additional requirements for subrecipients will be effective for contracts awarded beginning in state fiscal year 2021.</p> <p>Estimated September 2020</p> <p>Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	16.575	\$0
<u>CFDA #</u>	<u>Amount</u>						
16.575	\$0						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	010	<p>Finding: The Department of Commerce did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.</p> <p>Questioned Costs: <u>CFDA #</u> 16.575 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>The Department’s Crime Victims Assistance (CVA) program established procedures to expand fiscal monitoring over all reimbursements by requiring back up documentation for salaries and benefits, and subcontracted services. The documentation needs to:</p> <ul style="list-style-type: none"> • Clearly document exact costs, calculations, percentage charged to the grant, and allocation method for costs allocated across multiple fund sources. • Link actual expenditures to the amounts requested for the reimbursement. <p>In addition, CVA established procedures for documenting monitoring activities that are conducted during onsite visits, which include:</p> <ul style="list-style-type: none"> • Review of a sample of timesheets to verify and confirm salaries and benefits charged on previously submitted invoices are appropriately supported. • Review of subrecipient’s fiscal policies and procedures. • Documenting any other fiscal monitoring activities on the site visit report. <p>As of February 2020, CVA updated the subaward certification form to include whether the subrecipient has a federally negotiated indirect rate. This will ensure the subaward clearly identifies the indirect cost rate.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Shanna-Mae Cullen-Oden Internal Audit Manager PO BOX 42525 Olympia, WA 98504 (360) 725-4030 Shanna-mae.cullen-oden@commerce.wa.gov</p>

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status						
2019	011	<p>Finding: The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Crime Victim Assistance program or the Low-Income Home Energy Assistance program received required audits and findings were followed up on timely.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>16.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.568</td> <td></td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>As described in the finding, the Department has written policies and procedures for subrecipient monitoring including:</p> <ul style="list-style-type: none"> • Verifying whether the subrecipient requires a single audit. • Reviewing audit reports. • Following-up on subrecipient audit findings. • Ensuring management decisions are issued timely when required. <p>The Department’s Contract Management System (CMS) contains a field to indicate if a single audit is required for a subrecipient at the time a contract is entered into the system. Staff generate quarterly reports from CMS to identify subrecipients that:</p> <ul style="list-style-type: none"> • Have audit requirements to help ensure audit reports are submitted, and any audit findings are identified and captured in the system. • Do not have audit requirements have submitted verification forms. <p>Due to the timing of the report reviews, information is not always collected timely to enable follow-up with subrecipients within the required time frame.</p> <p>To improve internal controls, the Department will:</p> <ul style="list-style-type: none"> • Update procedures to run the CMS report prior to the end of the nine month required time frame so reminders can be sent to subrecipients. • Work with staff responsible for entering audits into CMS to ensure audit requirements are correctly indicated. • Ensure audit reports are properly reviewed and identify findings that require appropriate follow-up actions in accordance with federal regulations. • Improve communication to staff to ensure work processes follow established policies related to subrecipient audit monitoring. <p>The Department will follow up on the subrecipient audit finding identified during the audit and issue a management decision as required by federal regulation.</p>	<u>CFDA #</u>	<u>Amount</u>	16.575	\$0	93.568	
<u>CFDA #</u>	<u>Amount</u>							
16.575	\$0							
93.568								

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	011 (cont'd)	Completion Date: Estimated August 2020 Agency Contact: Jean Denslow Managing Director, Accounting Services PO Box 42525 Olympia, WA 98504 (360) 725-2739 jean.denslow@commerce.wa.gov

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	012	<p>Finding: The Employment Security Department did not have adequate internal controls over fiscal monitoring requirements to ensure Workforce Innovation and Opportunity Act program funds were being used for allowable purposes.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 703"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>17.258</td> <td>\$0</td> </tr> <tr> <td>17.259</td> <td></td> </tr> <tr> <td>17.278</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>The Department maintains that current subrecipient monitoring process and procedures are adequate to meet all federal requirements and to ensure funds expended are on allowable services for eligible participants.</p> <p>Federal regulations require grantees to perform subrecipient monitoring on an annual basis to ensure proper internal controls exist across pass-through entities, subrecipients and contractors expending federal funds. In accordance with this requirement, the Department established a mandatory annual onsite monitoring process for the Workforce Development Councils (WDCs). A risk-based assessment process is also in place to support the onsite reviews and continues throughout the monitoring process.</p> <p>The Department has the following established procedures in monitoring WDCs, which involve staff from multiple units:</p> <ul style="list-style-type: none"> • Funds management staff and fiscal staff conduct on-going review of supporting documentation for funding requests from WDC. These reviews form part of the initial risk assessment prior to the onsite reviews. • Subrecipient monitoring staff performs analysis of each WDC's spending documentation to assess its capacity to handle funds and deliver services. This analysis often helps to shape the scope of each review. • During onsite reviews, subrecipient monitoring staff: <ul style="list-style-type: none"> ○ Review recent draw requests by WDCs and all supporting documentation for allowability, allocability and reasonableness. ○ Review internal control policies, processes and procedures. If control weaknesses are identified, WDCs are required to develop corrective action plans to address identified deficiencies. ○ Review supportive services provided to participants by WDCs or their subrecipient/service providers. ○ Review participant files to ensure that individuals receiving services are eligible and were reported correctly to the federal grantor. 	<u>CFDA #</u>	<u>Amount</u>	17.258	\$0	17.259		17.278	
<u>CFDA #</u>	<u>Amount</u>									
17.258	\$0									
17.259										
17.278										

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	012 (cont'd)	<ul style="list-style-type: none"> ○ Follow up on audit issues identified by independent annual audit of each WDC, which in most cases will include audit of the Workforce Innovation and Opportunity Act programs. ○ Review WDCs monitoring procedures of their subrecipients, including tools, working papers and documentation, to ensure adequate monitoring for the proper use and expenditures of grant funds. ● If internal control deficiencies or questioned costs are identified during onsite reviews, monitoring staff will expand the scope of work, which may include reviewing: <ul style="list-style-type: none"> ○ Additional expenditures ○ Prior periods ○ Closed contracts ● Subrecipient monitoring staff will provide continuous oversight and work with WDCs to ensure corrective action plans are fully implemented. <p>The Department will work with the federal grantor through the normal audit resolution process to determine if the finding was substantiated.</p> <p>Completion Date: Not applicable</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 bhainline@esd.wa.gov</p>

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	013	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Department did not have adequate internal controls to ensure management decisions related to Workforce Innovation and Opportunity Act findings were issued in a timely manner. <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;">17.258</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">17.259</td> <td></td> </tr> <tr> <td style="text-align: right;">17.278</td> <td></td> </tr> </table> Corrective action complete The Department concurs with the finding. As of January 2020, the Department: <ul style="list-style-type: none"> • Updated and implemented the <i>Workforce Innovation and Opportunity Act Audit Requirement, Reports and Resolution</i> policy to align with federal requirements. • Updated the internal process of documenting and communicating management decisions to subrecipients. January 2020 Ben Hainline Director of Internal Audit PO Box 9046 (360) 902-9276 BHainline@ESD.WA.Gov	<u>CFDA #</u>	<u>Amount</u>	17.258	\$0	17.259		17.278	
<u>CFDA #</u>	<u>Amount</u>										
17.258	\$0										
17.259											
17.278											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	014	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Washington State Department of Transportation did not have adequate internal controls over and did not comply with suspension and debarment 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>20.205</td> <td>\$0</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.224</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department is committed to ensuring grant programs comply with federal regulations. The Department’s program staff performed a review of the subrecipients and confirmed that none of the local agencies that received payments were suspended or debarred.</p> <p>In response to prior year’s audit finding, the Department:</p> <ul style="list-style-type: none"> • Updated the Local Agency Guidelines (LAG) Manual to require explicit language regarding suspension and debarment be included in subrecipient contracts. • Updated the contract template to include a suspension and debarment clause for subrecipients to certify. <p>Since the prior year’s audit finding was issued late in the fiscal year 2019 audit cycle, the Department was not able to fully implement corrective actions during the 2019 audit period.</p> <p>The Department anticipates full compliance with the suspension and debarment requirement by fiscal year 2020.</p> <p>The conditions noted in this finding were previously reported in finding 2018-011.</p> <p>June 2019</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>										
20.205	\$0										
20.219											
20.224											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	015	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation did not have adequate internal controls over and did not comply with federal requirements to conduct program and fiscal monitoring of subrecipients for the Highway Planning and Construction cluster.</p> <table border="0"> <thead> <tr> <th data-bbox="673 583 764 611"><u>CFDA #</u></th> <th data-bbox="1003 583 1094 611"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 615 748 642">20.205</td> <td data-bbox="1003 615 1029 642">\$0</td> </tr> <tr> <td data-bbox="673 646 748 674">20.219</td> <td></td> </tr> <tr> <td data-bbox="673 678 748 705">20.224</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department is committed to ensuring that our grant programs comply with federal regulations related to subrecipient monitoring.</p> <p>To address the audit recommendations, the Department’s Local Programs Division will examine current policies and procedures/practices related to the audit issues.</p> <p>In addition, the Department will:</p> <ul style="list-style-type: none"> • Update the Local Agency Guidelines (LAG) Manual to reflect the scheduling of a Project Management Review (PMR) once the project is substantially complete or complete. • Work with the Federal Highway Administration (FHWA) to approve updates to the LAG Manual, recognizing the modification to the scheduling of PMRs. • Attempt to complete PMRs in the required 3-year timeframe until the agreement and LAG Manual updates are completed. • Communicate changes to policies and procedures, the LAG Manual, and the agreement to Local Program staff and stakeholders. <p>Estimated October 2020</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>										
20.205	\$0										
20.219											
20.224											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	016	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Highway Planning and Construction Cluster.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>20.205</td> <td>\$0</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.224</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department is committed to ensuring grant programs comply with federal regulations regarding required risk assessments.</p> <p>In response to prior year’s audit finding, the Department took corrective actions to address the audit recommendations, as follows:</p> <ul style="list-style-type: none"> • As of June 2019, established a risk assessment program to inform required monitoring activities. • Developed a risk assessment form to document assessments performed. • Communicated information on the risk assessment program to appropriate headquarters and regional staff. • Reviewed initial risk assessment forms completed by regional staff to ensure they were proper. <p>Since the prior year’s audit finding was issued late in the fiscal year 2019 audit cycle, the Department was not able to fully implement corrective actions during the 2019 audit period.</p> <p>The Department anticipates full compliance with the risk assessment requirement by fiscal year 2020.</p> <p>The conditions noted in this finding were previously reported in findings 2018-012.</p> <p>In progress</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>										
20.205	\$0										
20.219											
20.224											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	017	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation did not have adequate internal controls over and did not comply with requirements to ensure subrecipients received required single audits, findings related to federal program awards were followed up on, and management decisions were issued.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>20.205</td> <td>\$0</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.224</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department is committed to ensuring that grant programs comply with federal regulations related to subrecipient monitoring.</p> <p>The Department received an informal audit recommendation in a prior audit regarding monitoring all subrecipients' single audit status. The Department subsequently consulted with the Federal Highway Administration's (FHWA) Washington Division Office to determine the extent of the responsibilities of state agencies. FHWA agreed that the Department's guidance in the Local Agency Guidelines Manual appeared to meet the intent of the requirements in 2 CFR 200.331 and 2 CFR 200.501 with respect to subrecipient audit requirements. FHWA further stated that obtaining written verification from each subrecipient below the audit threshold is not the only means to achieve compliance.</p> <p>To resolve the issues in this finding, the Department will :</p> <ul style="list-style-type: none"> • Continue to work with FHWA, the Office of the State Auditor, and other stakeholders to take any required actions to remain compliant with all federal requirements, and communicate those actions to appropriate staff and stakeholders. • Issue management decisions for subrecipient audit findings when required. • Implement an electronic method to communicate with subrecipients regarding whether a single audit is required. This plan has been delayed to August 2020 due to the pandemic. <p>Estimated September 2020</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>										
20.205	\$0										
20.219											
20.224											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	018	<p>Finding: The Washington State Department of Transportation did not have adequate internal controls over and did not comply with requirements to collect certified payrolls from contractors on projects funded by the Highway Planning and Construction Cluster.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="673 583 771 615"><u>CFDA #</u></th> <th data-bbox="1003 583 1101 615"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="673 615 771 646">20.205</td> <td data-bbox="1003 615 1101 646">\$0</td> </tr> <tr> <td data-bbox="673 646 771 678">20.219</td> <td></td> </tr> <tr> <td data-bbox="673 678 771 709">20.224</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>After consulting with the Federal Highway Administration (FHWA) and conducting additional research, the Department maintains that the current process complies with the Davis-Bacon Act and federal regulations for contractor payment of prevailing wages.</p> <p>In April 2019, the Department received a management decision letter from FHWA for the fiscal year 2018 finding, in which it stated:</p> <ul style="list-style-type: none"> • FHWA approved the Department's Construction Manual and Standard Specifications and confirmed that documented procedures contain the necessary controls to ensure reasonable compliance with 29 CFR 5.5 and the Davis-Bacon and Related Acts. • FHWA agreed that current processes in place are reasonable and satisfy the intent of the Department of Labor's certified payroll requirements. <p>In July 2020, the Department received a management decision letter from FHWA for the fiscal year 2019 finding, in which it stated:</p> <ul style="list-style-type: none"> • In response to these findings and similar findings in the previous year, WSDOT released a construction bulletin and revised their Construction Manual and Specification with more stringent controls to facilitate reasonable compliance. FHWA has approved WSDOT's Construction Manual and Standard Specifications. • FHWA believes that WSDOT's procedures contain the necessary controls to ensure reasonable compliance with 29 CFR 5.5 and FHWA Davis-Bacon and Related Acts Questions and Answers (https://www.fhwa.dot.gov/construction/contracts/dbra_qa.pdf). • FHWA considers this finding to be resolved. <p>In an effort to continue to improve, the Department took the following actions to collect certified payrolls timely:</p> <ul style="list-style-type: none"> • Highlighted the requirements for collecting certified payrolls at statewide construction meetings. 	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>									
20.205	\$0									
20.219										
20.224										

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	018 (cont'd)	<ul style="list-style-type: none"> • Released an agency-wide Construction Bulletin regarding the monitoring and timely collection of certified payrolls. • Worked with the Department of Labor and Industries (L&I) to utilize their Prevailing Wage Intent & Affidavit (PWIA) system to electronically collect and store certified payrolls. The PWIA system went live on January 1, 2020, and is expected to obtain federal system certification by the end of 2020. <p>Since the prior year’s audit finding was issued late in the fiscal year 2019 audit cycle, the Department was not able to fully implement these improvements during the current audit period, The full effectiveness of these changes cannot be determined until the fiscal year 2020 audit cycle.</p> <p>The Department continues to strive for improvements in this area. To further address the audit recommendations, the Department:</p> <ul style="list-style-type: none"> • Updated the Prime Contractor’s Performance Report Manual to include certified payrolls submission. • Updated training on the requirements to collect certified payrolls. • Updated the Construction Manual to include language for certified payroll collection requirements under the new L&I PWIA System. • Continued to work with FHWA for any further actions needed to resolve this finding. <p>The conditions noted in this finding were previously reported in finding 2018-013.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	019	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation did not have adequate internal controls over and did not comply with quality assurance program requirements to ensure materials conform to approved plans and specifications for projects funded by the Highway Planning and Construction Cluster.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>20.205</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>20.224</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department is committed to ensuring that grant programs comply with federal regulations related to quality assurance requirements, safeguarding that materials and workmanship conform to approved plans and specifications through testing, inspections, or certifications.</p> <p>To address the audit recommendations, the Department’s Construction Division examined current processes, policies, and procedures related to the audit issues.</p> <p>The Department:</p> <ul style="list-style-type: none"> • Updated policies and procedures, including the Department’s Construction (M46-01) and Standard Specifications (M41-10) Manuals, as needed to ensure compliance with federal requirements including emergency contracts and facilities contracts (Section 9-1.2C). • Clarified processes and procedures as needed for adequately documenting materials testing, inspections, certification, and acceptance. • Obtained approval of updates to the Construction Manual from the Federal Highway Administration. • Communicated changes in policies and procedures to division staff and stakeholders. <p>In progress</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
<u>CFDA #</u>	<u>Amount</u>										
20.205	\$0										
20.219											
20.224											

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	020	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation made unsupported payments to subrecipients of the Federal Transit Cluster 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;">20.526</td> <td style="text-align: right;">\$1,093,061</td> </tr> </table> <p>Corrective action complete</p> <p>The Department is committed to ensuring that grant programs comply with federal regulations related to allowable costs.</p> <p>To address the audit recommendations, the Department established a work group within the Public Transportation Division (Division) to examine federal regulations, grantee guidance documents, and existing Division internal policies and procedures related to the audit issues.</p> <p>The Department:</p> <ul style="list-style-type: none"> • Updated policies and procedures as needed to ensure capital project reimbursements have complete supporting documents from grantees prior to making payment. • Obtained management approval and communicated changes in policies and procedures to Division staff and stakeholders. • Consulted with the grantor and determined that the questioned costs do not need to be repaid. All supporting documentation has been obtained and is available to the grantor upon request. <p>June 2020</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	20.526	\$1,093,061
<u>CFDA #</u>	<u>Amount</u>						
20.526	\$1,093,061						

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	021	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation did not have adequate internal controls over and did not comply with federal requirements to monitor the activities of subrecipients with subawards funded by the Federal Transit Cluster.</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;">20.526</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department is committed to ensuring that grant programs comply with federal regulations related to subrecipient monitoring.</p> <p>To address the audit recommendations, the Department established a work group within the Public Transportation Division (Division) to examine federal regulations, grantee guidance documents, and existing Division internal policies and procedures related to the audit issues.</p> <p>The Department:</p> <ul style="list-style-type: none"> • Updated the Consolidated Grant Guidebook to change the site visit monitoring requirement from every two years to every biennium. • Updated policies and procedures to ensure Division staff: <ul style="list-style-type: none"> ○ Perform grantee monitoring as required in the Consolidated Grant Guidebook. ○ Properly document monitoring efforts. ○ Monitor receipt of required progress reports from grantees. • Obtained management approval and communicated changes in policies and procedures to Division staff and stakeholders. <p>June 2020</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	20.526	\$0
<u>CFDA #</u>	<u>Amount</u>						
20.526	\$0						

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	022	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation did not have adequate internal controls to ensure subrecipients received single audits required by federal rule, findings related to federal program awards were followed up on and management decisions were issued.</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;">20.526</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department is committed to ensuring that grant programs comply with federal regulations related to subrecipient monitoring.</p> <p>To address the audit recommendations, the Department established a work group within the Public Transportation Division (Division) to examine federal regulations, grantee guidance documents, and existing Division internal policies and procedures related to the audit issues.</p> <p>The Department:</p> <ul style="list-style-type: none"> • Updated policies and procedures for Division staff performing grantee monitoring activities to ensure: <ul style="list-style-type: none"> ○ Subrecipients receive single audits as required by federal rules. As of February 2020, subrecipients submitted their responses to letters sent for the 2018 audit cycle. Letters for the 2019 audit cycle will be sent to subrecipients by September 2020. ○ Staff follow up on findings and issue management decisions when required. The Department has already issued three management letters for the 2018 audits received. • Obtained management approval and communicated changes in policies and procedures to Division staff and stakeholders. <p>June 2020</p> <p>Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	20.526	\$0
<u>CFDA #</u>	<u>Amount</u>						
20.526	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	023	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and was not compliant with federal requirements to ensure payments paid on behalf of clients for Vocational Rehabilitation were allowable.</p> <table border="0" data-bbox="667 577 1096 640"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>84.126</td> <td>\$19,898</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>As of May 2020, the Department issued communication to the field staff to clarify and reinforce the requirements for:</p> <ul style="list-style-type: none"> • Proper authorization and payment for client services. • Obtaining both client signature and date on the service plan. • Maintaining all necessary documents in case records. <p>As of June 2020, the Department reviewed the current contract language, policy and payment process related to the age requirements for pre-employment transition services. Contract language will be updated as appropriate as contracts come due for renewal.</p> <p>By December 2020, the Department will:</p> <ul style="list-style-type: none"> • Review current policies and the case management system related to service plan changes and implement recommendations if needed. These could include: <ul style="list-style-type: none"> ○ Conditions for amendments and edits to the service plan. ○ Case management system changes. • Review procedures regarding authorization and payment timelines and implement recommendations if needed. <p>The Department will contact the federal grantor to determine if questioned costs are to be reimbursed.</p> <p>The conditions noted in this finding were previously reported in findings 2018-023, 2017-014, and 2016-013.</p> <p>Estimated December 2020</p> <p>Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$19,898
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$19,898						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	024	<p>Finding: The Department of Social and Health Services improperly charged \$279,844 to the Vocational Rehabilitation grant.</p> <p>Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$279,844</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>As of May 2020, the Department:</p> <ul style="list-style-type: none"> • Moved the expenditures to the proper grant year to ensure funds were correctly charged to the grant. • Developed process and procedures to ensure federal grant expenditures are obligated during the period of performance. <p>The Department contacted the federal grantor to determine if questioned costs identified in the audit should be repaid, and is awaiting a response.</p> <p>Completion Date: May 2020</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	025	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Department of Social and Health Services did not have adequate internal controls to ensure its federal program cost report for the Vocational Rehabilitation grant was accurately prepared. <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.126</td> <td style="text-align: right;">\$0</td> </tr> </table> Corrective action complete The Department concurs with the finding. As of December 2019, the Department established written procedures to re-implement secondary reviews for the program cost reports (RSA-2). A secondary review was completed for the most recent RSA-2 report that was submitted in December 2019. The conditions noted in this finding were previously reported in findings 2018-024. December 2019 Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$0						

Department of Services for the Blind

Agency 315

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	026	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p>	<p>The Department of Services for the Blind did not have adequate internal controls over and was not compliant with requirements to ensure cash draws were accurate and made timely for the Vocational Rehabilitation program.</p> <table border="0"> <tr> <td data-bbox="665 583 764 611"><u>CFDA #</u></td> <td data-bbox="1003 583 1094 611"><u>Amount</u></td> </tr> <tr> <td data-bbox="665 615 748 642">84.126</td> <td data-bbox="1003 615 1029 642">\$0</td> </tr> </table> <p>Corrective action complete</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$0						
		<p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department continued to experience staff turnover in the fiscal unit that affected the level of oversight over the federal draw process. In response to prior audit findings, the Department implemented corrective actions to address the audit recommendations and to strengthen internal controls over cash management.</p> <p>As of December 2018, the Department hired consultants to:</p> <ul style="list-style-type: none"> • Recommend an organizational structure for the fiscal unit. • Assist with drafting agency policies and procedures related to cash management. <p>As of February 2020, the Department:</p> <ul style="list-style-type: none"> • Recruited a Senior Financial Officer with an understanding of grant requirements. Working in tandem with the Deputy Financial Officer, a secondary review process is in place. • Completed the draft policies and procedures for cash management and submitted them for review. <p>As of June 2020, the Department:</p> <ul style="list-style-type: none"> • Adopted the new cash management policies and procedures. • Implemented separation of duties within the fiscal unit when drawing federal funds. • Provided training to staff on the new processes. <p>The conditions noted in this finding were previously reported in findings 2018-020 and 2017-008.</p> <p>June 2020</p> <p>Lorie Christoferson Deputy Financial Officer PO Box 40933 Olympia, WA 98504-0933 (360) 725-3840 Lorie.christoferson@dsb.wa.gov</p>				

Department of Services for the Blind

Agency 315

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	027	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Services for the Blind did not have adequate internal controls over reporting requirements for the Vocational Rehabilitation 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>84.126</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department continued to experience staff turnover in the fiscal unit that affected the level of oversight over the federal reporting process. In response to prior audit findings, the Department implemented corrective actions to address the audit recommendations and to strengthen internal controls over creating and reviewing program cost reports.</p> <p>As of December 2018, the Department hired consultants to:</p> <ul style="list-style-type: none"> • Recommend an organizational plan for the fiscal unit. • Assist with evaluating current processes and controls relating to federal reporting. <p>As of February 2020, the Department:</p> <ul style="list-style-type: none"> • Recruited a Senior Financial Officer with an understanding of grant reporting requirements. Working in tandem with the Deputy Financial Officer, a secondary review process is in place. • Completed the draft policies and procedures for federal grant reporting and submitted them for review. <p>As of June 2020, the Department:</p> <ul style="list-style-type: none"> • Adopted the new policies and procedures for federal grant reporting. • Formalized a review process to ensure program cost reports are prepared accurately and adequately supported. • Provided training to staff on the new processes. <p>The conditions noted in this finding were previously reported in finding 2018-019 and 2017-010.</p> <p>In progress</p> <p>Lorie Christoferson Deputy Financial Officer PO Box 40933 Olympia, WA 98504-0933 (360) 725-3840 Lorie.christoferson@dsb.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status						
2019	028	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Substance Abuse and Mental Health Services Projects of Regional and National Significance and Block Grants for Prevention and Treatment of Substance Abuse programs received required audits.</p> <p>Questioned Costs: <table border="0" style="display: inline-table; vertical-align: top;"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.243</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.959</td> <td></td> </tr> </table></p> <p>Status: Corrective action in progress</p> <p>Corrective Action: In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Health Care Authority (Authority). The Authority assumed the responsibilities over the Substance Abuse and Mental Health Services Projects of Regional and National Significance and Block Grants for Prevention and Treatment of Substance Abuse programs.</p> <p>The Authority has already taken steps to address the audit recommendations including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for:</p> <ul style="list-style-type: none"> • Assessing and updating policies and procedures related to subrecipient monitoring. • Strengthening internal controls to ensure: <ul style="list-style-type: none"> ○ Subrecipients submit required audits. ○ Subrecipients take timely actions on all deficiencies identified from audits or onsite reviews. ○ All audit findings and correction action plans are tracked and management decisions are issued promptly. <p>Due to the Authority’s COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed.</p> <p>The conditions noted in this finding were previously reported in findings 2018-025, 2017-016, 2016-014, 2015-016, and 2014-019.</p> <p>Completion Date: Estimated March 2021</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.243	\$0	93.959	
<u>CFDA #</u>	<u>Amount</u>							
93.243	\$0							
93.959								

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	029	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate internal controls to ensure payments to child care providers paid with Temporary Assistance for Needy Families funds were allowable.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.558</td> <td style="text-align: right;">\$4,382</td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the finding.</p> <p>The Department collaborated with the Department of Children, Youth, and Families (DCYF) to procure an electronic attendance record system. The system enables accurate and real-time recording of child care attendance, tracks daily attendance, and captures data on child care usage. As of December 2018, licensed providers who accept subsidies are required to use DCYF’s electronic attendance record system or an approved third party system to track attendance. As of November 2019, Family, Friends, & Neighbors (FFN) providers were added to this requirement.</p> <p>Of the nine exceptions reported, the Department concurs that six of the payments were partially or fully unallowable. By September 2020, the Department will work with DCYF to establish overpayments where appropriate and refer these overpayments to the Office of Financial Recovery for collection.</p> <p>The Department does not concur that three of these payments were unallowable. The auditor found these payments to be unallowable because the providers submitted records for the correct month, but not for the child sampled. However, the Department was not given the opportunity to follow up with the providers to obtain the appropriate attendance records. The Department and DCYF have already reached out to the providers and will continue to follow up on the missing attendance records and determine the appropriate next steps.</p> <p>If the Department of Health and Human Services (HHS) contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with HHS and will take appropriate action.</p> <p>The conditions noted in this finding were previously reported in findings 2018-026, 2017-017, and 2016-019.</p> <p>September 2020</p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$4,382
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$4,382						

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	029 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	030	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls in place to ensure it submitted accurate quarterly reports for the Temporary Assistance for Needy Families grant.</p> <table border="0" data-bbox="665 546 1096 619"> <tr> <td data-bbox="665 546 771 577"><u>CFDA #</u></td> <td data-bbox="998 546 1096 577"><u>Amount</u></td> </tr> <tr> <td data-bbox="665 577 771 609">93.558</td> <td data-bbox="998 577 1096 609">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>In response to prior years' audit finding for the Temporary Assistance for Needy Families (TANF) grant, the Department established written code change policies and procedures and developed a process to track code changes.</p> <p>As of September 2019, the Department implemented:</p> <ul style="list-style-type: none"> • IT industry standard formal change control procedures and change control logs. The change control procedures include written descriptions of the roles and responsibilities of staff who make coding changes and management who review the changes. • Microsoft Team Foundation Server for source code control, testing, and quality assurance activities. • The requirement of completing a technical assessment form when changes are requested for the TANF federal reporting process. Technical assessment forms are subject to independent review and approval by the TANF Reporting Manager before code changes are executed. <p>Due to the timing of implementation, these process changes and the resulting improvement in internal controls will not be reflected until the fiscal year 2020 audit cycle.</p> <p>The Department continues to:</p> <ul style="list-style-type: none"> • Conduct a review of each quarterly report to identify potential fatal and warning edits. • Conduct a quarterly quality assurance process by randomly selecting a sample of the reported cases to verify against source data system records for accuracy. The department manager reviews a summary of the results and assigns cases for correction as needed. <p>As of June 2020, the Department filled a position for performing and documenting independent reviews and testing of code changes prior to deployment to the production environment.</p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.558	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	030 (cont'd)	<p>The conditions noted in this finding were previously reported in findings 2018-028, 2017-020, and 2016-016.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	031	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and was not compliant with requirements to ensure quarterly and annual reports for the Temporary Assistance for Needy Families grant were submitted accurately.</p> <p>Questioned Costs: <u>CFDA #</u> 93.558 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department concurs that one of the four quarterly reports tested did not have supporting accounting records, and that a data entry error of \$1 million was found on one other quarterly report. The Department corrected the error in a subsequent quarterly report prior to the audit. Following the discovery of this error, the Department implemented a secondary review process to prevent data entry errors.</p> <p>The Department does not concur with the auditors' statement that the Department did not maintain adequate documentation to support the \$480 million expenditures of other state agencies reported as part of the maintenance of effort (MOE) requirement.</p> <p>In response to the prior two years' audit findings, the Department:</p> <ul style="list-style-type: none"> • Added an additional control by updating the attestations at the beginning of each year to include written declarations for all participants to state that the previous year's sources are viable for the current fiscal year. • Implemented a quarterly monitoring/reporting schedule for all MOE sources to ensure timely confirmation that reported expenditures are allowable and accurate. <p>By using the attestations, quarterly monitoring/reporting and data exchanges, the Department reviews the expenditures of each partnering agency to ensure they are accurate, verifiable, not used for any other federal matching purpose, and are adequately supported.</p> <p>The Department maintains that these compensating controls meet federal regulations requiring expenditures to be "verifiable."</p> <p>As of June 2020, the Department hired an additional full time accounting position that will be responsible for managing the Temporary Assistance for Needy Families grant to include preparation and submission of quarterly reports. In addition, this position will be responsible for creating a sustainable emergency backup plan to ensure coverage during absences, as well as strengthening and enhancing internal controls.</p> <p>The conditions noted in this finding were previously reported in findings 2018-029, 2017-021, 2016-018, and 2015-021.</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	031 (cont'd)	Completion Date: June 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2019	032	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with client eligibility requirements for the Working Connections Child Care program.</p> <table border="0" data-bbox="665 546 1096 672"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.558</td> <td></td> <td style="text-align: right;">\$66,555</td> </tr> <tr> <td>93.575</td> <td></td> <td></td> </tr> <tr> <td>93.596</td> <td></td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the audit finding.</p> <p>Effective July 1, 2019, the Department transferred responsibility for administering all aspects of client (consumer) eligibility determination and child care provider payment under the Child Care Development Fund (CCDF) to the Department of Children, Youth, and Families (DCYF). Further changes and enhancements to this program are within the purview of DCYF.</p> <p>The Department concurs that eligibility was not properly determined before services were authorized in the 14 cases identified by the auditors. The Department will work with DCYF to establish overpayments where appropriate and refer to the Office of Financial Recovery for collection.</p> <p>Since July 2019, DCYF has been working on strengthening internal controls over consumer eligibility determination for the Working Connections Child Care (WCCC) program. As of November 2019, DCYF:</p> <ul style="list-style-type: none"> • Implemented consumer program violation rules and processes. • Provided training to employees on policy and procedural changes for verifying household composition. • Developed desk aids and letter templates for employee use when requesting information from families. <p>To address consumer child care fraud, DCYF submitted legislation which resulted in a new state law that disqualifies consumers for five years when found guilty of obtaining child care benefits fraudulently. DCYF also:</p> <ul style="list-style-type: none"> • Developed policies and procedures to support the new state law. • Developed and provided new training to help employees better utilize available systems to detect fraud. <p>Currently, DCYF is conducting post-eligibility review audits for data input accuracy.</p> <p>By September 2020, DCYF will:</p> <ul style="list-style-type: none"> • Communicate processes for determining approved activity hours for WorkFirst participants. 		<u>CFDA #</u>	<u>Amount</u>	93.558		\$66,555	93.575			93.596		
	<u>CFDA #</u>	<u>Amount</u>													
93.558		\$66,555													
93.575															
93.596															

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	032 (cont'd)	<ul style="list-style-type: none"> • Develop and deliver employee training on using available data systems, specifically those from the Department’s Division of Child Support and Division of Employment Security. • Improve the process for timely closure of consumer cases on the 60th day for cases approved under presumptive eligibility with new employment, but for which the consumer subsequently failed to provide employment verification. • Improve automated notification to eligibility staff for families that have a recent investigation completed by the Office of Fraud and Accountability. • Develop verification procedures when families report changes. • Add language to the application form addressing household composition verification and fraud penalty notice. • Improve automated notifications to assist eligibility staff in tracking and verifying residence of the non-custodial parent. • Assign internal auditors to conduct statewide reviews of audits performed by field lead workers related to household composition. <p>If the Department of Health and Human Services (HHS) contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with HHS and will take appropriate action.</p> <p>The conditions noted in this finding were previously reported in findings 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017, and 12-30.</p> <p>Completion Date: Estimated September 2020</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	033	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Commerce did not have adequate internal controls over and did not comply with earmarking requirements for the Low Income Home Energy Assistance 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;">93.568</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>Previously, the Department’s Low-Income Home Energy Assistance (LIHEAP) program tracked conservation education, other direct services, and direct services under one budget line item of “direct services.”</p> <p>In October 2018, LIHEAP made adjustments to program practices to track program expenditures by individual master index codes in the Department’s Contract Management System and statewide accounting system. As of February 2020, master index codes have been established for the following expenditure categories:</p> <ul style="list-style-type: none"> • Administrations • Conservation education • Direct services • Other direct services • Other emergency services • Contractor advances <p>The use of tracking expenditures using master index codes will provide adequate internal controls to meet federal earmarking requirements.</p> <p>February 2020</p> <p>Shanna-Mae Cullen-Oden Internal Audit Manager PO Box 42525 Olympia, WA 98504 (360) 725-4030 Shanna-mae.cullen-oden@commerce.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.568	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.568	\$0						

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	034	<p>Finding: The Department of Commerce did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Low-Income Home Energy Assistance program.</p> <p>Questioned Costs: <u>CFDA #</u> 93.568 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>In response to prior year’s audit recommendations, the Low-Income Home Energy Assistance program (LIHEAP) had strengthened internal controls over monitoring activities of subrecipients to ensure program subawards are used for authorized purposes. The current monitoring process:</p> <ul style="list-style-type: none"> • Increased the threshold for onsite and desk monitoring review from one to three months of fiscal transactions. • Required general ledger and back up documentation to be submitted for each selected transaction to verify costs are allowable. <p>LIHEAP has established procedures to expand fiscal monitoring over reimbursements by requiring back up documentation for each request, which include a roll-up summary that:</p> <ul style="list-style-type: none"> • Documents the exact costs charged to the grant by specific codes in the accounting system assigned to the grant. • Links actual expenditures to the amounts requested for reimbursement. <p>LIHEAP has also established procedures for documenting monitoring activities that are conducted during onsite visits, which include:</p> <ul style="list-style-type: none"> • Review of a sample of timesheets to verify and confirm salary/benefits charged on previously submitted invoices are appropriately supported. • Review of subrecipient’s fiscal policies and procedures. • Documenting any other fiscal monitoring activities on the site visit report. <p>As of February 2020, LIHEAP updated the subaward certification form to include whether the subrecipient has a federally negotiated indirect rate. This will ensure the subaward clearly identifies the indirect cost rate.</p> <p>The conditions noted in this finding were previously reported in finding 2018-032.</p> <p>Completion Date: February 2020</p>

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	034 (cont'd)	Agency Contact:	Shanna-Mae Cullen-Oden Internal Audit Manager PO Box 42525 Olympia, WA 98504 (360) 725-4030 Shanna-mae.cullen-oden@commerce.wa.gov

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status										
2019	035	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payments to childcare providers for the Child Care and Development Fund program were allowable.</p> <table border="0" data-bbox="665 577 1096 672"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">93.575</td> <td style="text-align: center;">\$7,199</td> </tr> <tr> <td></td> <td style="text-align: center;">93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the audit finding.</p> <p>The Department concurs that, out of the 22 exceptions identified in the finding, 20 payments were partially or fully unallowable due to incomplete records or billing hour errors. The Department will establish overpayments where appropriate and refer the overpayments to the Office of Financial Recovery for collection.</p> <p>In response to prior audit findings, the Department implemented an electronic attendance system that:</p> <ul style="list-style-type: none"> • Enables accurate, real-time recording of childcare attendance, tracking of daily attendance, and capturing data on childcare usage. • Has the ability to support third party electronic attendance systems. The Department continues to add links to more third party systems and improve reporting capabilities. • Generates reports allowing the Department to conduct focused audits beginning in April 2019. New and enhanced reports will also be developed by October 2020. <p>The Department has also taken the following actions:</p> <ul style="list-style-type: none"> • As of December 2018, required all licensed providers who accept subsidy payments to use the Department’s electronic attendance system or an approved third party system to track attendance. • As of July 2019, implemented rules to address provider and family fraud and intentional program violations, including the following: <ul style="list-style-type: none"> ○ Provide technical assistance to providers with billing issues and recommend steps to eliminate billing errors. ○ Exclude providers with repeat violations from receiving childcare subsidy. ○ Disqualify providers convicted of fraud from receiving subsidy payments and subsidy benefits. • As of August 2019, required all new licensed and license-exempt providers to use the Department’s new electronic system within three full months after authorization to receive subsidy payments. 		<u>CFDA #</u>	<u>Amount</u>		93.575	\$7,199		93.596	
	<u>CFDA #</u>	<u>Amount</u>										
	93.575	\$7,199										
	93.596											

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	035 (cont'd)	<ul style="list-style-type: none"> • As of November 2019, updated and published new billing guides to assist providers with understanding the billing rules, authorization, and the billing process. • As of December 2019, required family, friend, and neighbor (FFN) providers to use an electronic attendance system; updated training curriculum and required all licensed homes and FFN providers to complete the training prior to the expiration of the 2019-2021 tentative agreement with the Service Employees International Union. <p>The auditors reported overpayments due to providers billing for overtime. During the audit period, state law required a policy be in place to also charge overtime to private paying families. The Department updated rules to eliminate this requirement in April 2020, and expects no further associated payment errors will occur for this issue.</p> <p>To continue strengthening internal controls over payments to child care providers, the Department will:</p> <ul style="list-style-type: none"> • Continue to research options for simplifying authorization and billing rules. • Explore options for verifying provider rates and fees. <p>The Department consults with the U.S. Department of Health and Human Services on audit findings and questioned costs. The audit resolution process includes conducting a case-by-case review and providing additional documentation.</p> <p>The conditions noted in this finding were previously reported in findings 2018-034, 2017-024, 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31, 9-12, and 8-13.</p> <p>Completion Date: Estimated June 2021</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2019	036	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls and did not comply with requirements to ensure payroll charges to the Child Care and Development Fund program were allowable and properly supported.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td style="text-align: right;">\$25,875,872</td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>During the audit period, semi-annual certifications were not completed timely because the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees. In response to the audit recommendations, the Department:</p> <ul style="list-style-type: none"> • Implemented a payroll certification policy effective August 2019. • Completed the semi-annual certifications for July 2018 through December 2018. • Strengthened internal controls over processing position coding changes to ensure direct charges to federal grants are allowable and accurate. <p>By December 2020, the Department will complete the semi-annual certifications for January 2019 through December 2019.</p> <p>If the federal grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>The conditions noted in this finding were previously reported in finding 2018-033.</p> <p>Estimated December 2020</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$25,875,872	93.596	
<u>CFDA #</u>	<u>Amount</u>								
93.575	\$25,875,872								
93.596									

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2019	037	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with matching requirements for the Child Care and Development Fund.</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>93.575</td> <td style="text-align: right;">\$440,578</td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with the finding.</p> <p>The Department works closely with the Department of Social and Health Services (DSHS) and maintains that both agencies have adequate internal controls in place to ensure compliance with matching requirements of the Child Care and Development Fund grant. There has been no audit exception in this compliance area reported by the State Auditor's Office (SAO) in previous audits.</p> <p>Due to miscommunication between DSHS and SAO on the request for information during audit testing, the Department did not have sufficient time to provide the level of details needed for clear and convincing evidence that the Department complied with the requirement and met the required state match.</p> <p>By April 2020, the Department will work with DSHS to obtain the appropriate documentation to submit to the U.S. Department of Health and Human Services (HHS) that supports the amount of state match reported by the Department.</p> <p>If HHS contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>Not applicable</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$440,578	93.596	
<u>CFDA #</u>	<u>Amount</u>								
93.575	\$440,578								
93.596									

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status							
2019	038	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families improperly charged \$4,212,863 to the Child Care and Development Fund 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;">93.575</td> <td style="text-align: right;">\$4,212,863</td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with the finding.</p> <p>During the audit period, grant reconciliations were not performed timely because the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees.</p> <p>Since then, the Department has prioritized reconciliations of the Child Care and Development Fund grants. Based on these reconciliations, the Department has identified and made corrections to expenditures to comply with the period of performance requirements. However, these corrections were made outside of the audit period and therefore were not taken into consideration when the auditors concluded audit work and issued this finding.</p> <p>It should also be noted that due to the late timing of the auditors' request for and review of financial records, the Department was not given sufficient time to complete verification of \$6,591 and determine if this amount was actually charged to the incorrect grant period.</p> <p>In response to the audit recommendations, the Department:</p> <ul style="list-style-type: none"> • Strengthened internal controls to ensure grant expenditures are obligated and liquidated within the grant period of performance. • Completed journal voucher corrections of the expenditures identified as charged to the incorrect grant period. <p>If the federal grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>In progress</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$4,212,863	93.596	
<u>CFDA #</u>	<u>Amount</u>								
93.575	\$4,212,863								
93.596									

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	039	<p>Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund program.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.575 \$0 93.596</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding and is strongly committed to ensuring the health, safety, and well-being of all children in care.</p> <p><i>Provider Inspections</i></p> <p>The Department has taken corrective actions to ensure timely follow-up on health and safety violations identified on the Facility Licensing Compliance Agreement.</p> <p>As of August 2019, the Department:</p> <ul style="list-style-type: none"> Established three different risk levels for corresponding violations, which require follow-up within specific timelines depending on the level of risk associated with the violations. Updated policies and procedures to reflect the new risk-based methodology for ensuring health and safety violations follow-up are conducted timely and are adequately documented. <p>As of February 2020, the Department added an enhancement in the new electronic licensing system, WA Compass, to track when follow-up health and safety visits are due.</p> <p><i>Background Checks</i></p> <p>In October 2018, the Department implemented the new background check rules for license-exempt Family, Friends, & Neighbors (FFN) providers. Due to limited staffing resources and high volume of providers, the portable background check (PBC) process often did not commence timely, resulting in delay in processing provider applications. During this period of transition to bring the Department into compliance with changes in the new federal grant reauthorization rules, the Department's license exempt team would request backdating FFN providers' payment start date in some instances when their PBC results were returned as approved.</p> <p>As of March 2020, the Department has ceased the backdating practice for all new PBCs.</p> <p>The Department will consult with the grantor to discuss whether the estimated questioned costs identified in the audit should be repaid.</p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	039 (cont'd)	<p>The conditions noted in this finding were previously reported in findings 2018-035, 2017-025, 2016-022, and 2015-024.</p> <p>Completion Date: In progress</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	040	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families improperly charged \$161,394 to the federal Foster Care grant.</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;">93.658</td> <td style="text-align: right;">\$161,394</td> </tr> </table> <p>Corrective action complete</p> <p>The Department does not concur with the audit finding.</p> <p>As of July 1, 2018, the Department took over the responsibilities of managing the Foster Care program from the Department of Social and Health Services.</p> <p>The auditors determined that \$161,394 of federal expenditures were not supported because this amount could not be reconciled between the Department's provider payment system (SSPS) and the State's accounting system (AFRS). While SSPS does interface with AFRS, it is not the only payment mechanism utilized when paying for eligible foster care services. As such, there will always be a difference in the total expenditures between the two systems.</p> <p>The Department will consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.</p> <p>The conditions noted in this finding were previously reported in finding 2018-038 and 2017-028.</p> <p>June 2020</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$161,394
<u>CFDA #</u>	<u>Amount</u>						
93.658	\$161,394						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	041	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure direct payroll charges for the foster care grant were allowable and properly supported.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.658</td> <td style="text-align: right;">\$7,967,305</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>During the audit period, the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees. Due to limited staffing resources, semi-annual certifications were not completed timely.</p> <p>In response to the audit recommendations, the Department:</p> <ul style="list-style-type: none"> • Implemented a payroll certification policy effective August 2019. • Strengthened internal controls over processing position coding changes to ensure direct charges to federal grants are allowable and accurate. <p>The Department is currently working on completing fiscal year 2020 payroll certifications. By December 2020, the Department will complete the semi-annual certifications for July 2018 through June 2019.</p> <p>If the federal grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>December 2020</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$7,967,305
<u>CFDA #</u>	<u>Amount</u>						
93.658	\$7,967,305						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	042	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families made improper payments to Foster Care providers.</p> <table border="0" data-bbox="667 514 1477 577"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.658</td> <td>\$4,443,104</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the audit finding.</p> <p>A new federal law became effective in October 2018 that required all providers to pass fingerprint-based background checks before providing services to clients. Due to stakeholders' concerns, the Department implemented a provisional hire policy and submitted a waiver request to the Administration for Children and Families (ACH) to seek additional time to comply with the new law. In April of 2019, the request was denied.</p> <p>In response to ACH's denial of the Department's waiver request, the Department took the following actions:</p> <ul style="list-style-type: none"> • As of July 2019, implemented new policies regarding fingerprint-based background check requirements in accordance with the new federal law requirements. • As of September 2019, calculated the amount of improper payments made between October 2018 and June 2019. • Submitted a budget request to the Legislature to repay the ineligible reimbursements. <p>In June 2020, the Department performed a review of the reconciliation spreadsheet for improper payments provided to the auditors during the audit. The Department found that the amount of improper payments reported in the finding also included the Medicaid program. The actual improper payments for the Foster Care program was \$1,624,228.64, of which \$812,114.32 was the federal share. The Department will return the correct overpayment amount to the federal grantor.</p> <p>September 2020</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$4,443,104
<u>CFDA #</u>	<u>Amount</u>						
93.658	\$4,443,104						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	043	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure it separately identified and reported demonstration project costs.</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;">93.658</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>The Department is responsible for managing the state’s Foster Care program since July 2018. As of October 2019, the Department implemented the following corrective actions in response to the prior year’s finding:</p> <ul style="list-style-type: none"> • Assigned specific system coding in FamLink, the system used to track costs for service payments and contracts. The new codes track payments made for the demonstration project. • Revised the reporting process to separately identify and report project costs for both the Title IV-E Foster Care program and the demonstration project. <p>The Department will work with the grantor if revisions to prior reports are determined to be necessary.</p> <p>The conditions noted in this finding were previously reported in finding 2018-037.</p> <p>October 2019</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.658	\$0						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	044	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan Requirements.</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>93.658</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.659</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>The Department has process and procedures in place for the monthly employee reconciliation of the Random Moment Time Study (RMTS) sampling universe.</p> <p>The audit found the headquarter cost allocation team was following procedures to create and communicate monthly employee reports to the RMTS Coordinators. However, not all RMTS coordinators sent updates to the Program Manager regarding employee changes.</p> <p>In response to the finding, the Department will strengthen internal controls, including monitoring, over the monthly update process to ensure the RMTS sampling populations are complete.</p> <p>By December 2020, the Department will provide training to RMTS coordinators to update understanding of the requirement and emphasize the importance of following procedures regarding the monthly data validation process.</p> <p>Estimated December 2020</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$0	93.659		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.658	\$0										
93.659											
93.778											

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2019	045	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Department of Children, Youth, and Families did not have adequate internal controls over its process to allocate administrative expenditures to federal grants. <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;">93.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.658</td> <td></td> </tr> <tr> <td style="text-align: right;">93.659</td> <td></td> </tr> <tr> <td style="text-align: right;">93.870</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> Corrective action in progress The Department concurs with the finding. During the audit period, the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees. Due to limited staffing resources, documentation for allocating administrative expenditures to federal grants was not properly completed. In response to the audit recommendations, the Department has strengthened internal controls over processing changes to the cost allocation bases in the state accounting system. These included: <ul style="list-style-type: none"> • Ensuring segregation of duties for inputting and reviewing of changes. • Maintaining adequate and proper documentation to show what updates are made. • Providing training to employees on following Department’s policies and procedures to properly allocate costs to the federal government. In progress Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov	<u>CFDA #</u>	<u>Amount</u>	93.575	\$0	93.658		93.659		93.870		93.778	
<u>CFDA #</u>	<u>Amount</u>														
93.575	\$0														
93.658															
93.659															
93.870															
93.778															

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	046	<p>Finding: The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure complaints for Medicaid hospitals were responded to promptly.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.777 93.778</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding. The Department is committed to ensuring grant programs comply with state and federal regulations related to assessment of and response to hospital complaints. Program staff hold weekly meetings with the Centers for Medicare and Medicaid Services to discuss complaint cases that are in process. To address the audit recommendations, the Department has hired additional staff to assist with the complaint intake process for the entire division. The new staff are currently receiving training on processes and related federal regulations. Additionally, the Department will:</p> <ul style="list-style-type: none"> • Review the current process to identify areas for improvement to ensure hospital complaints are handled promptly and meet federal requirements. • Evaluate current policies and procedures to determine if any additional controls need to be implemented. <p>Completion Date: Estimated January 2021</p> <p>Agency Contact: Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 Kristina.White@doh.wa.gov</p>

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	047	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with a state law requirement to perform semi-annual data sharing with health insurers.</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;">97.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress.</p> <p>This finding is based on a specific data exchange method in which most insurance carriers have chosen not to participate and which the Authority has no legal authority to enforce. The auditor recommended the Authority seek and obtain the legal authority through legislation. While it is not within the Authority’s scope of responsibilities to regulate insurance companies, several other methods of data sharing are regularly employed to achieve the goal of identifying third party liability.</p> <p>After last year’s unsuccessful attempt, the Authority again drafted legislation for the 2020 legislative session. House Bill 2677 is a technical correction that modifies existing state law to more appropriately align with state practices.</p> <p>The legislation unanimously passed both the House of Representatives and Senate and was signed into law by the governor on March 27, 2020. The Authority believes this finding will be resolved through the enactment of this new law.</p> <p>The conditions noted in this finding were previously reported in findings 2018-041, 2017-031, 2016-028, 2015-030, 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19 and 08-25.</p> <p>Estimated July 2020</p> <p>Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$0										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	048	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure certain Medicaid providers were revalidated every five years or that screening and fingerprint-based criminal background check requirements were met.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 703"> <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;">97.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority has prioritized revalidation work, and has made progress towards revalidation compliance.</p> <p>As of October 2019, the Authority implemented a process that ensures a provider’s risk level is adjusted as required under federal requirements.</p> <p>As of November 2019, the Authority completed screening of all medical providers in accordance with the Affordable Care Act rules, which included:</p> <ul style="list-style-type: none"> • All new providers who enrolled within the last five years after November 2014. • All existing providers who were last revalidated since November 2014. <p>All providers have been notified of approaching revalidations.</p> <p>The COVID-19 pandemic put on hold efforts to implement the fingerprint-based criminal background checks. The Center for Medicare and Medicaid Services COVID-19 Emergency Declaration Blanket Waivers for Health Care Providers waived the screening requirements associated with fingerprint-based criminal background checks through the end of the emergency declaration. The Authority plans to continue its efforts after the federal and state COVID-19 emergency waiver ends.</p> <p>The conditions noted in this finding were previously reported in findings 2018-042, 2017-033, and 2016-035. The auditors determined 2016-035 as resolved.</p> <p>Completion Date: Estimated March 2021</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
97.775	\$0									
93.777										
93.778										

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	049	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure Medicaid expenditures for Children’s Health Insurance Program Funds were allowable.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">97.775</td> <td style="text-align: right;">\$4</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority does not concur with the description or effect of condition of the finding.</p> <p>The auditors determined that the Authority does not conduct a post-eligibility review for coverage under the Children’s Health Insurance Program (CHIP) when a household’s income is below 133 percent of the federal poverty level. There is no such requirement in our federally approved verification plan, and the Authority does not agree that a significant deficiency in internal control exists.</p> <p>The condition that led to the \$4 in unallowable claims for additional CHIP funds was corrected in July 2017.</p> <p>The Authority will consult with the grantor regarding the resolution of the questioned costs.</p> <p>The conditions noted in this finding were previously reported in findings 2018-048, 2017-038, 2016-034, 2015-039, and 2014-037. The auditors determined 2014-037 as resolved.</p> <p>Not Applicable</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$4	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$4										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2019	050	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority made improper Medicaid payments to clients that were not eligible for the Modified Adjusted Gross Income Medicaid program.</p> <table border="0" data-bbox="665 546 1096 672"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">97.775</td> <td style="text-align: center;">\$1,589</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority concurs with the finding and will work with the federal grantor to resolve the questioned costs.</p> <p>As of May 2020, the Authority completed a system change request to correct the claims reported under the Medicaid grant instead of the Children’s Health Insurance Program (CHIP). Since the correction resulted in a higher federal participation rate for the claims under CHIP, there are no federal funds to return.</p> <p>The Authority will continue to ensure post eligibility reviews are completed according to the Authority’s policies and procedures.</p> <p>May 2020</p> <p>Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>		<u>CFDA #</u>	<u>Amount</u>		97.775	\$1,589		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>													
	97.775	\$1,589													
	93.777														
	93.778														

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	051	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with suspension and debarment requirements for Medicaid medical fee-for-service providers.</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;">97.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority is taking corrective actions to improve internal controls and compliance with the suspension and debarment requirements.</p> <p>By October 2020, the Authority will fully implement the Automated Provider Screening process to conduct the following monthly database checks for medical providers:</p> <ul style="list-style-type: none"> • Excluded Parties List System • Federal System for Award Management <p>The Authority will also continue to monitor Managed Care Organizations' compliance with their contractual requirements to perform these monthly checks.</p> <p>The conditions noted in this finding were previously reported in findings 2018-046 and 2017-037.</p> <p>Estimated October 2020</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$0										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	052	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure reports of potential fraud obtained through the Medicaid Service Verification process were investigated.</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>97.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority concurs with the finding.</p> <p>The Authority's Section of Program Integrity responsible for the Medicaid service verification process recently underwent a major reorganization. As a result, the Authority was unable to conduct preliminary investigations due to limited audit and investigation staff.</p> <p>The Authority is currently in the process of reviewing and updating existing policies and procedures to:</p> <ul style="list-style-type: none"> • Strengthen internal controls and ensure compliance with federal requirements. • Ensure an effective process is in place for conducting preliminary investigations when the Medicaid service verification process identifies potential fraud. <p>Estimated October 2020</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$0										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	053	<p>Finding: The Health Care Authority, Section of Program Integrity, Audit and Investigations Unit, did not establish adequate internal controls over and did not comply with requirements to identify and refer suspected fraud cases for investigation.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 703"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>97.775</td> <td>\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority concurs with the finding.</p> <p>The Audit and Investigations Unit underwent two reorganizations in the past few years. Some of the policies and procedures were outdated and did not accurately reflect the Authority’s current audit practices.</p> <p>The Authority is currently in the process of reviewing and updating existing policies and procedures to:</p> <ul style="list-style-type: none"> • Strengthen internal controls and ensure compliance with federal requirements. • Ensure methods and criteria for identifying and investigating suspected fraud cases are in place. • Ensure adequate monitoring is in place for the Audit and Investigations Unit. <p>The conditions noted in this finding were previously reported in finding 2018-047.</p> <p>Completion Date: Estimated December 2020</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
97.775	\$0									
93.777										
93.778										

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	054	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid payments to supported living providers were allowable and adequately supported.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1149 703"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$114,435,961</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action not taken</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>The Department uses cost report information to establish rates and determine settlements with supported living providers.</p> <p>During the audit period, the Department was in transition to a new rate methodology:</p> <ul style="list-style-type: none"> • July 1 to December 31, 2018: based on number of support hours a client needs to live successfully in the community. • January 1 to June 30, 2019: a tiered rate is assigned based on a client’s support needs. <p><i>July 1 to December 31, 2018</i></p> <p>For the audit exceptions reported on cost reports, settlements and employee timesheets, the Department disagrees with the cause of condition which stated that the Department did not perform procedures to determine if a client received their assessed level of support hours, or reconcile the payments to provider timesheets.</p> <p>Cost reports are submitted on a calendar year basis. The 2018 cost reports were due on March 31, 2019. As of June 2019, the Department completed an internal audit of all the 2018 cost reports including a comparison to payroll records for the calendar year. The auditors did not evaluate this activity even though it was completed within the audit period.</p> <p>In regards to the auditors’ exceptions of payroll records not supporting direct service hours and more direct service hours paid than reported hours on cost reports, the Department:</p> <ul style="list-style-type: none"> • Has the authority to reimburse the service provider for services delivered. • Can grant an exception to the payment rate per established division policy, which included: <ul style="list-style-type: none"> ○ Referencing “extraordinary cost” to include overtime costs. ○ Approving overtime costs when necessary to adequately support clients’ health and safety needs. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$114,435,961	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$114,435,961									
93.777										
93.778										

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	054 (cont'd)	<ul style="list-style-type: none"> • Will continue to act within its authority to consider provider circumstances, such as overtime, and grant exceptions as necessary when calculating settlements. <p><i>January 1 to June 30, 2019</i></p> <p>The Department strongly disagrees with the audit approach and the auditors' disallowance of all tiered-rate reimbursements for the second half of the fiscal year.</p> <p>The Centers for Medicare and Medicaid Services (CMS) requires a periodic review of rate methodology and the Department's hours-based methodology was established over 10 years ago. With the goal of improving efficiency without losing oversight or monitoring of costs, the Department reviewed various rate methodologies suggested by CMS, and decided on the tiered-rate methodology, which:</p> <ul style="list-style-type: none"> • Provides increased flexibility for providers to deliver services. • Gives the providers the ability to increase focus on positive client outcomes. • Improves the cost reporting process. • Reduces unnecessary administrative burdens. <p>The Department amended the federal waiver to include:</p> <ul style="list-style-type: none"> • Description of the tiered rates and the reimbursement methodology. • Internal controls for: <ul style="list-style-type: none"> ○ cost reporting ○ payment review ○ rate assessment and budget process • Cost report review process to reflect the tiered-rate methodology. <p>The tiered rates and amended federal waiver were approved by CMS prior to the January 1, 2019, implementation.</p> <p>The Legislature approved the process where providers prepared and submitted cost reports for each calendar year, and has established strict fiscal requirements to ensure payments are made accurately. This involves routine review of expenditures by budget and rates divisions, resource administrators and the Developmental Disabilities Administration's (DDA) Central Office teams.</p> <p>However, the fiscal year 2019 audit only covered the first six months of the new tiered-rate methodology. Of the \$114,435,961 in questioned costs identified in the audit, \$111,498,751 (97 percent) was based upon services provided from January through June 2019. The Department believes this portion of the questioned costs was the result of an incomplete fiscal review process when the 2019 cost reports are not available until March 2020.</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	054 (cont'd)	<p>During the audit, the Department provided evidence showing:</p> <ul style="list-style-type: none"> • Client service plans had been reviewed and approved by Department staff and clients or their legal representative. • Individual per diem rates met the Department’s approval process. • Clients’ Individual Instruction and Support Plans, progress notes, goals and objectives were developed and implemented by the provider. • Support services were provided to clients per their assessed needs. <p>The Department would like to note that the documentary evidence provided to the auditors was deemed sufficient in the most recently completed Federal Payment Error Rate Measurement (PERM) audit conducted by CMS. Documents submitted for the PERM audit included:</p> <ul style="list-style-type: none"> • Daily progress notes • Attendance logs • Worksheets • Service treatment plans and goals • Individual Service Plans <p>The Department’s system of oversight includes various teams working together to ensure the clients receive the services and support they need, as follows:</p> <ul style="list-style-type: none"> • Residential Care Services and DDA staff monitor client services for safety and quality. Evidence of services not being provided will be investigated. • Management Services Division and the DDA Central Office review rates through the Residential Rates for Developmental Disabilities database. <p>If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>The conditions noted in this finding were previously reported in finding 2018-058, 2017-044, 2016-041, 2016-045, 2015-049, 2015-052, 2014-041, 2014-042, 2013-036, 2013-038, and 12-39. The auditors determined 2016-041, 2015-052, 2014-041 and 2013-038 as resolved.</p> <p>Completion Date: Not applicable</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	055	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, made improper Medicaid payments to individual providers when clients were hospitalized or admitted to long-term care facilities.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 577 1104 703"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$394,288</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>Currently, Medicaid claims are processed in two separate payment systems, specifically:</p> <ul style="list-style-type: none"> • ProviderOne system for hospitals and long-term care (LTC) facilities where delay in submitting claims is typical, sometimes several months after services have been delivered. • IPOne system for individual providers where claims are generally submitted shortly after services are provided. <p>Due to different claim requirements in two payment systems, it is currently impossible to establish an automated process to prevent personal care providers from claiming unallowable costs when clients were hospitalized or in an LTC facility. The Department can only detect duplicate payments after both payments have been made.</p> <p>The Department has the following mitigating controls in place:</p> <ul style="list-style-type: none"> • As of November 2018, developed a report to identify payments made to all providers for in-home personal care services and mileage while a client was either hospitalized or admitted to an LTC facility. • As of March 2019, implemented a process to review claims made in the prior month and identify potentially unallowable claims. If determined unallowable, these claims are flagged for overpayments. • As of January 2020, a functionality was implemented in IPOne to allow the Department to process overpayments. <p>By December 2020, the Department will send written reminders to all individual providers that claiming in-home personal care hours is prohibited while a client is either hospitalized or admitted into an LTC facility.</p> <p>The Department will return the questioned costs to the Department of Health and Human Services for the unallowable claims.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$394,288	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$394,288									
93.777										
93.778										

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	055 (cont'd)	<p>The conditions noted in this finding were previously reported in finding 2018-050.</p> <p>Completion Date: Estimated December 2020</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	056	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, made improper Medicaid payments to individual providers when clients were hospitalized or admitted to long-term care facilities.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 703"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$37,127</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>Currently, Medicaid claims are processed in two separate payment systems, specifically:</p> <ul style="list-style-type: none"> • ProviderOne system for hospitals and long-term care (LTC) facilities where delay in submitting claims is typical, sometimes several months after services have been delivered. • IOne system for individual providers where claims are generally submitted shortly after services are provided. <p>Due to different claim requirements in two payment systems, it is currently impossible to establish an automated process to prevent personal care providers from claiming unallowable costs when clients were hospitalized or in a LTC facility. The Department can only detect duplicate payments after both payments have been made.</p> <p>The Department has the following mitigating controls in place:</p> <ul style="list-style-type: none"> • As of March 2019, implemented a process to review claims made in the prior month and identify potential unallowable claims. If determined unallowable, these claims are flagged for overpayments. • As of January 2020, a functionality was implemented in IOne to allow the Department to process overpayments. <p>The Department will:</p> <ul style="list-style-type: none"> • Continue to enhance monitoring procedures to identify unallowable costs. • Return the questioned costs for the unallowable claims and associated costs to the Department of Health and Human Services. <p>The conditions noted in this finding were previously reported in finding 2018-051.</p> <p>Completion Date: January 2020</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$37,127	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$37,127									
93.777										
93.778										

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	056 (cont'd)	Agency Contact:	Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2019	057	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Community First Choice client service plans were properly approved.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1128 703"> <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;">93.775</td> <td style="text-align: center;">\$2,191,213</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department agrees that a person-centered service plan should be signed by the Department, client, and provider responsible for its implementation.</p> <p>However, the Department disagrees that:</p> <ul style="list-style-type: none"> • A lack of required signatures on the service plan should result in questioned costs when the client is eligible for the services and the provider is qualified to deliver services. The Centers for Medicare & Medicaid Services (CMS) has also provided guidance to the Department that services should not be terminated if required signatures cannot be obtained. • A service plan that is not signed by a client, a provider, or the Department within 60 days should be considered an exception. The 60-day timeline in the state law outlines an administrative option that could be utilized by the Department to terminate services when deemed necessary. <p>The Department also has concerns over the objectives of the additional reviews performed in the fiscal year 2019 audit, as follows:</p> <ul style="list-style-type: none"> • The auditors significantly broadened the scope of the audit by including interim assessments, which increased the number of asserted exceptions compared to when only full assessments were included. • The auditors performed follow-up testing on the 59 exceptions previously reported in the fiscal year 2018 audit finding. The auditors subsequently took exceptions on the client service plans that were still not complete for part or all of the current audit period and assigned questioned costs to the current audit finding. <p>The Department does not agree that re-testing of the prior year’s audit exceptions is valid. By performing audit testing on outdated client service plans included in the prior year’s audit, the auditor’s approach essentially disregarded the Department’s good faith effort in attempting to remediate exceptions from the prior audit.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$2,191,213		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$2,191,213												
	93.777													
	93.778													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	057 (cont'd)	<p>As of June 2019, the Department:</p> <ul style="list-style-type: none"> • Revised policies and procedures to require providers' signatures on person-centered service plans. • Issued a management bulletin to communicate the updated policies and procedures, and address the use of electronic signature technology in the field. • Created a mechanism for case managers to collect signatures on an electronic signature pad. The Department will continue to work with field staff to encourage the use of this technology. • Conducted numerous meetings with the directors of Area Agency on Aging to discuss policy changes on service summary signatures and staffing issues caused by the increased workload. <p>The Department currently included reviewing compliance with signature requirements on client service plans as part of the formal quality assurance (QA) reviews. However, the outcomes of these enhanced QA activities were not reflected in the fiscal year 2019 audit period.</p> <p>The Department will continue to implement process improvement plans. By September 2020, the Department will identify under-performing offices and provide assistance in conducting root-cause analysis. Based on the results, the Department will create a report summarizing statewide trends and develop action steps as needed.</p> <p>By December 2020, the Department will:</p> <ul style="list-style-type: none"> • Provide additional training to staff on relevant federal regulations and state policies. • Establish guidance on the appropriate use of interim assessments. • Submit a request in the Governor's budget for: <ul style="list-style-type: none"> ○ Adding dedicated staff to collect signed service plans. ○ Implementing an information technology enhancement that will reduce, but not eliminate, the manual effort necessary to collect signed service plans. • Consult with CMS to determine if person-centered service plans that are missing signatures should result in an unallowable payment. If necessary, the Department will identify associated costs related to any unallowable payments. • Work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be repaid. <p>The conditions noted in this finding were previously reported in finding 2018-059 and 2017-045.</p> <p>Completion Date: Estimated December 2020</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	057 (cont'd)	Agency Contact:	Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2019	058	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Community First Choice client service plans were properly approved.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1128 703"> <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;">93.775</td> <td style="text-align: center;">\$2,169,725</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department agrees that a person-centered service plan should be signed by the Department, client, and provider responsible for its implementation.</p> <p>However, the Department disagrees that:</p> <ul style="list-style-type: none"> • A lack of required signatures on the service plans should result in questioned costs when the client is eligible for the services and the provider is qualified to deliver services. The Centers for Medicare & Medicaid Services (CMS) has also provided guidance to the Department that services should not be terminated if required signatures cannot be obtained. • A service plan that is not signed by a client, a provider, or the Department within 60 days should be considered an exception. The 60-day timeline in the state law outlines an administrative option that could be utilized by the Department to terminate services when deemed necessary. <p>The Department also has the following concerns over the objectives of the additional reviews performed in the fiscal year 2019 audit, as follows:</p> <ul style="list-style-type: none"> • The auditors performed follow-up testing on the exceptions previously reported in the fiscal year 2018 audit finding. The auditors subsequently took exceptions on the client service plans that were still not complete for part or all of the current audit period and assigned questioned costs to the current audit finding. • The Department does not agree that re-testing of the prior year's audit exceptions is valid. By performing audit testing on outdated client service plans included in the prior year's audit, the auditor's approach essentially disregarded the Department's good faith effort in attempting to remediate exceptions from prior audit. <p>Currently, the Department has the following quality assurance process in place to monitor compliance in obtaining required signatures on person-centered service plans:</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$2,169,725		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$2,169,725												
	93.777													
	93.778													

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	058 (cont'd)	<ul style="list-style-type: none"> • The Quality Compliance Coordination team reviews a statewide sample for required signatures or documented attempts to obtain signatures. • The review measures statewide proficiency for obtaining required signatures in an established annual cycle. If the review finds a proficiency rate below 86 percent, the Department will implement a quality improvement plan to improve statewide performance. • Case manager supervisors monitor compliance by ensuring all case managers meet the requirement of obtaining signatures through all available department-approved options. <p>The Department will continue to work towards implementing the electronic signature option.</p> <p>By December 2020, the Department will:</p> <ul style="list-style-type: none"> • Consult with CMS to determine if person-centered service plans that are missing signatures should result in unallowable payments. If necessary, the Department will identify associated costs related to any unallowable payments. • Work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be reimbursed <p>The conditions noted in this finding were previously reported in finding 2018-060, 2017-046, and 2016-043.</p> <p>Completion Date: Estimated December 2020</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	059	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure Medicaid Community First Choice individual providers had proper background checks.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 583 1096 703"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$42,603</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department concurs there were three instances when a fingerprint background check was not performed within the required timeframe.</p> <ul style="list-style-type: none"> • For those three cases, fingerprint background checks were completed and no disqualifying crimes were found. • The Department feels that the 98 percent compliance rate reflected in the audit testing results provided assurances that current policies are effective. • The Department will continue to follow established processes to materially ensure Community First Choice individual providers have proper background checks. <p>The Department concurs there were three instances where the renewal of background checks were not completed within the exact two-year timeframe.</p> <ul style="list-style-type: none"> • The two-year renewal time-frame is only noted in the Department policy. There are no federal or state laws that state an individual provider will become unqualified if a background check is not rerun within two years. • The three individual providers with late renewal checks did not have disqualifying crimes at any point during the audit period. <p>The Department does not concur that the one exception where the absence of a formal Proficiency Improvement Plan (PIP) represented a material weakness. In this instance, instead of the standard PIP process, the Department held an in-person consultation with the specific Area Agency on Aging (AAA) to address contractual compliance issues and the significant staff turnover problem.</p> <ul style="list-style-type: none"> • As of September 2019, the AAA corrected the background check deficiency following Department guidance. • The Department will continue to review internal policies and controls and to ensure compliance with background check requirements. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$42,603	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$42,603									
93.777										
93.778										

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	059 (cont'd)	<p>The Department will identify questioned costs related to unallowable payments for personal care services, and will work with the U.S. Department of Health and Human Services to return questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2018-056, 2017-049, 2016-040, 2015-040, 2014-049, 2013-40, 12-41, and 11-34. The auditors determined 2016-040, 2014-049, 2013-040, 12-41 and 11-34 as resolved.</p> <p>Completion Date: September 2019</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	060	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure Medicaid payments to home care agencies were allowable.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with the finding.</p> <p>Area Agencies on Aging (AAA) monitor home care agencies (HCAs) for contractual compliance in many areas, including verification of time and task performance. In response to the prior year’s audit finding, the Department modified the tool provided to AAAs for more effectively monitoring HCAs’ compliance with electronic timekeeping contractual requirements.</p> <p>The Aging and Long-Term Support Administration State Unit on Aging (SUA) reviews a random sample of HCAs to determine if the AAA monitored and reviewed compliance with the electronic time keeping requirements as outlined in the HCA Monitoring Tool.</p> <p>The Department maintains that the monitoring by the AAA and SUA is adequate to provide assurance that Medicaid payments to home care agencies were allowable.</p> <p>Additionally, the fiscal year 2019 audit did not identify any exceptions related to electronic time keeping compliance, which provided further evidence that the current internal controls implemented by the Department are working as intended.</p> <p>The conditions noted in this finding were previously reported in finding 2018-054.</p> <p>Not applicable</p> <p>Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$0										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	061	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with survey requirements for Medicaid intermediate care facilities.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Department does not concur with the finding.</p> <p>The Department maintains adequate internal controls to ensure survey requirements for Medicaid intermediate care facilities are met. The Department uses a tracking spreadsheet to monitor and track the frequency of facilities' recertification surveys to meet the survey timeline for both federal and state requirements.</p> <p>The auditors identified one facility for which the Department did not complete a recertification survey within the federally required 15.9 month survey interval. This facility was under an 11-month alternate sanction of a Denial of Payments for New Admissions effective September 13, 2017. The due date for the facility's recertification survey fell within this 11-month sanction, during which the Department waited for the facility to submit a credible allegation of compliance indicating the deficiencies that led to the alternate sanction had been corrected.</p> <p>The Department received the facility's letter of credible allegation on August 1, 2018, and subsequently conducted a revisit survey on August 6, 2018, confirming that the facility achieved substantial compliance. The Department completed the facility's recertification survey two days later.</p> <p>Effective January 1, 2019, the facility voluntarily terminated participation from the Medicaid program.</p> <p>The conditions noted in this finding were previously reported in findings 2018-052, 2017-042, 2016-037, 2015-045, and 2014-046. The auditors determined 2017-042, 2016-037 and 2015-045 as resolved.</p> <p>Not applicable</p> <p>Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$0										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	062	<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 Long-Term Support and Developmental Disabilities Administrations, did not have adequate internal controls over and did not comply with requirements to ensure some Medicaid providers were revalidated every five years or that screening and fingerprint-based criminal background check requirements were met.</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>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding and has taken the following corrective actions:</p> <ul style="list-style-type: none"> • As of November 2017, developed a process to screen and track each nursing facility contract to ensure validation and revalidation occurs within the five-year requirement. All nursing facility screenings were completed as of September of 2018. • As of October 2018, implemented the new automated provider screening process in the Agency Contracts Database (ACD). The new process includes an internal control that prevents a new or renewal Medicaid contract to be approved or signed before the screening process is successfully completed in ACD. No exceptions were identified in the fiscal year 2019 audit after the implementation of the new screening process. • As of January 2020, notified local offices of the revalidation exceptions and communicated the need to ensure valid photo identification and authorization to work in the U.S. is maintained in the provider file. Local offices subsequently remediated the exceptions. <p>By November 2020, the Department will develop processes to:</p> <ul style="list-style-type: none"> • Adjust the provider risk level when the overpayment threshold is met or if there is a Medicaid fraud referral. • Conduct fingerprint-based criminal background checks for high-risk providers. <p>The Department anticipates the finding will be resolved once all existing contracts are renewed through the automated provider screening process.</p> <p>The conditions noted in this finding were previously reported in finding 2018-057.</p> <p>Estimated November 2020</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$0										
93.777											
93.778											

**State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings**

**For the Fiscal Year Ended
June 30, 2020**

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	062 (cont'd)	Agency Contact:	Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2019	063	<p>Finding: The Department of Social and Health Services did not report fraud affecting the Medicaid program to the federal grantor.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th data-bbox="672 520 764 548"><u>CFDA #</u></th> <th data-bbox="1003 520 1096 548"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="672 552 748 579">93.775</td> <td data-bbox="1003 552 1031 579">\$0</td> </tr> <tr> <td data-bbox="672 583 748 611">93.777</td> <td></td> </tr> <tr> <td data-bbox="672 615 748 642">93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>In July 2011, the Department transferred responsibility for the Medicaid program to the Health Care Authority (HCA). Prior to this transfer, the Department reported Medicaid fraud to the federal grantor.</p> <p>After the transfer, the Department provided Medicaid fraud information to HCA upon request on an annual basis. However, the Department has not received any recent requests, which resulted in Medicaid fraud cases not being reported to the federal government.</p> <p>As of March 2020, the Department:</p> <ul style="list-style-type: none"> • Notified the Office of the Inspector General of the six cases identified in the fiscal year 2019 audit. • Initiated conversations with HCA to determine: <ul style="list-style-type: none"> ○ Which agency should be responsible for reporting confirmed fraud to the federal grantor. ○ The frequency of reporting. <p>Completion Date: March 2020</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$0									
93.777										
93.778										

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	064	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure payments made to providers under the State Opioid Response Grants were allowable and met period of performance requirements.</p> <table border="0"> <tr> <td data-bbox="672 548 764 575"><u>CFDA #</u></td> <td data-bbox="1003 548 1096 575"><u>Amount</u></td> </tr> <tr> <td data-bbox="672 579 748 606">93.788</td> <td data-bbox="1003 579 1031 606">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Authority concurs with the finding.</p> <p>In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the operations and management of the State Opioid Response Grant.</p> <p>Due to insufficient resources to effectively support the transfer of all grant management tasks, other accounting units assisted the program's accounts payable unit in processing a backlog of payments. During this period, some of the established procedures to ensure payments include proper approvals were not followed.</p> <p>As of August 2019, the Authority increased the staffing level of the accounts payable unit from three to six.</p> <p>August 2019</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.788	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.788	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	065	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the State Opioid Response Grants received required audits.</p> <p>Questioned Costs: <u>CFDA #</u> 93.788 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Health Care Authority (Authority). The Authority assumed the responsibilities over the State Opioid Response grant program.</p> <p>The Authority has already taken steps to address the audit recommendations including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for:</p> <ul style="list-style-type: none"> • Assessing and updating policies and procedures related to subrecipient monitoring • Strengthening internal controls to ensure: <ul style="list-style-type: none"> ○ Subrecipients submit required audits. ○ Subrecipients take timely actions on all deficiencies identified from audits or onsite reviews. ○ All audit findings and corrective action plans are tracked and management decisions are issued promptly. <p>Due to the Authority’s COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed.</p> <p>Completion Date: Estimated December 2020</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	066	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the State Opioid Response Grants received required risk assessments.</p> <table border="0"> <tr> <td data-bbox="670 548 764 575"><u>CFDA #</u></td> <td data-bbox="1003 548 1094 575"><u>Amount</u></td> </tr> <tr> <td data-bbox="670 577 748 604">93.788</td> <td data-bbox="1003 577 1029 604">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the State Opioid Response grant program.</p> <p>The Authority has already taken steps to address the audit recommendations including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for:</p> <ul style="list-style-type: none"> • Assessing and updating policies and procedures related to subrecipient monitoring. • Strengthening internal controls to ensure: <ul style="list-style-type: none"> ○ Monitoring is in place to ensure risk assessments are performed for all subrecipients. ○ Results of risk assessments are used to determine the type and level of monitoring to be performed for subrecipients. <p>Due to the Authority’s COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed.</p> <p>Estimated December 2020</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.788	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.788	\$0						

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	067	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payroll costs charged to the Maternal, Infant, and Early Childhood Home Visiting grant were allowable and properly supported.</p> <table border="0" data-bbox="670 583 1104 651"> <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;">93.870</td> <td style="text-align: right;">\$274,287</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>During the audit period, the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees. Due to limited staffing resources, semi-annual certifications were not completed timely.</p> <p>In response to the audit recommendations, the Department:</p> <ul style="list-style-type: none"> • Implemented a payroll certification policy effective August 2019. • Completed the semi-annual certifications for July 2018 through June 2019. • Began working on completing fiscal year 2020 payroll certifications. • Provided training to program and cost allocation employees on the proper completion of timesheets and journal vouchers. • Strengthened internal controls over processing position coding changes to ensure direct charges to federal grants are allowable and accurate. <p>By December 2020, the Department will:</p> <ul style="list-style-type: none"> • Complete journal vouchers to reconcile payroll charges. <p>If the federal grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>December 2020</p> <p>Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.870	\$274,287
<u>CFDA #</u>	<u>Amount</u>						
93.870	\$274,287						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	068	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure payments made to providers under the Block Grants for Prevention and Treatment of Substance Abuse were allowable and met earmarking requirements.</p> <table border="0"> <tr> <td data-bbox="670 583 768 611"><u>CFDA #</u></td> <td data-bbox="1003 583 1094 611"><u>Amount</u></td> </tr> <tr> <td data-bbox="670 615 768 642">93.959</td> <td data-bbox="1003 615 1032 642">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Authority concurs with the audit finding.</p> <p>In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the operations and management of the Block Grants for Prevention and Treatment of Substance Abuse programs.</p> <p>Due to insufficient resources to effectively support the transfer of all grant management tasks, other accounting units assisted the program's accounts payable unit in processing a backlog of payments. During this period, some of the established procedures to ensure payments include proper approvals were not followed.</p> <p>As of August 2019, the Authority:</p> <ul style="list-style-type: none"> • Increased the staffing level of the accounts payable unit from three to six. • Created and staffed a new Grants Management unit, and identified staff specifically responsible for monitoring and managing the fiscal requirements of all federal grants administered by the Authority. • Implemented a process to manage the earmarking requirement at an aggregate level. The Grants Management unit will monitor and adjust expenditures if needed to ensure compliance. <p>August 2019</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	069	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal level of effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse program.</p> <p>Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Authority concurs with the finding.</p> <p>In July 2018, the operations and management of the Block Grants for Prevention and Treatment of Substance Abuse program was transferred from the Department of Social and Health Services to the Authority. During the program transition, the Authority identified some qualifying state expenditures not included in the maintenance of effort (MOE) for fiscal year 2018. This information was subsequently communicated to the auditors during fieldwork.</p> <p>As of January 2020, the Authority adjusted the fiscal year 2019 expenditures to meet the MOE requirement.</p> <p>During 2019, the Authority implemented the following internal controls to strengthen compliance with the federal level of effort requirements:</p> <ul style="list-style-type: none"> • Created and staffed a new unit for grants management. • Identified staff specifically responsible for monitoring and managing the MOE requirements of all federal grants administered by the Authority. • Implemented procedures to track pertinent MOE requirements and consistently monitor balances. • Established reporting procedures of MOE information to the relevant program and financial services management teams. <p>Completion Date: In progress</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2019	070	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subawards of Block Grants for Prevention and Treatment of Substance Abuse contained all required information.</p> <table border="0"> <tr> <td data-bbox="665 583 768 611"><u>CFDA #</u></td> <td data-bbox="1003 583 1094 611"><u>Amount</u></td> </tr> <tr> <td data-bbox="665 615 768 642">93.959</td> <td data-bbox="1003 615 1032 642">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the operations and management of the Block Grants for Prevention and Treatment of Substance Abuse.</p> <p>The Authority has already taken steps to address the audit findings including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for:</p> <ul style="list-style-type: none"> • Assessing and updating policies and procedures related to subrecipient monitoring. • Strengthening internal controls to ensure: <ul style="list-style-type: none"> ○ Subrecipients are accurately classified during the contract review and approval process. ○ All required information is included when subawards are issued. <p>Due to the Authority’s COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed.</p> <p>Estimated December 2020</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2018	003	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health improperly charged \$151 to the Special Supplemental Nutrition Program for Women, Infants and Children 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>10.557</td> <td style="text-align: right;">\$151</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>The Department completed a new system, Cascades MIS, which issues benefits on electronic benefit cards. The new system has built-in safeguards which prevent loading funds onto a client’s benefit card if proof of identity/residence and/or income verification is not provided within 30 days after the initial intake appointment.</p> <p>As of December 2019, the Department fully implemented the Cascades MIS system.</p> <p>Additionally, the Department:</p> <ul style="list-style-type: none"> • Reviewed current program policies to ensure compliance with federal requirements. • Clarified policies and rules related to program eligibility with local agencies, and provided training and technical assistance as needed. • Consulted with the federal grantor and received confirmation that the questioned costs identified in the finding do not need to be repaid. <p>December 2019</p> <p>Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 kristina.white@doh.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$151
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$151						

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2018	004	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Department of Health improperly charged \$31,051 to the Special Supplemental Nutrition Program for Women, Infants and Children grant. <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;">10.557</td> <td style="text-align: right;">\$31,051</td> </tr> </table> Corrective action complete The Department strengthened internal controls to insure quarterly time certifications are submitted in a timely manner. The Department: <ul style="list-style-type: none"> • Reviewed policies and procedures to ensure they meet federal requirements. • Evaluated the current processes to identify areas that needed improvement. • Provided training to staff on Department policies and federal regulations related to time certifications. • Consulted with the federal grantor and received confirmation that the questioned costs identified in the finding do not need to be repaid. July 2019 Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 kristina.white@doh.wa.gov	<u>CFDA #</u>	<u>Amount</u>	10.557	\$31,051
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$31,051						

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2018	005	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Special Supplemental Nutrition Program for Women, Infants, and Children program received required audits.</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>10.557</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>To strengthen internal controls over subrecipient monitoring, the Department:</p> <ul style="list-style-type: none"> • Reviewed and updated the agency process of monitoring subrecipient audits to ensure the Department complies with federal requirements. • Improved the agency spreadsheet used to track audit activities to include audit periods and due dates. • Implemented a process to follow up on subrecipient audit findings and issue timely management decisions. <p>July 2019</p> <p>Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 kristina.white@doh.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						

Military Department

Agency 245

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2018	008	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Military Department charged payroll costs to the Military Operations and Maintenance program that were not properly supported.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">12.401</td> <td style="text-align: right;">\$82,338</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>Department policy requires:</p> <ul style="list-style-type: none"> • Employees who are permanently assigned to activities directly benefiting a single federal program to submit a Certification of Time and Effort (certification) on a quarterly basis. • Supervisors to review certifications for accuracy before submitting to the Payroll Office. <p>In some cases, despite efforts made by the Payroll Office to send reminders to employees and their supervisors, the certifications were never submitted to the Payroll Office.</p> <p>The Department took the following actions to ensure payroll costs charged to a federal grant are supported by required documentation:</p> <ul style="list-style-type: none"> • Updated the time and effort reporting policy to provide timekeeping guidance and clarify requirements. • Provided copies of the policy to overtime-exempt employees and supervisors who are subject to the certification requirement. • Provided training to employees and supervisors on the Department’s procedures regarding time and effort certification. • Payroll Office to follow up with the designated supervisor for any employee’s past due certifications. Continued non-compliance with Department policy will lead to escalated actions as necessary until required documentation is received. <p>The Department has also consulted with the grantor and received confirmation that the questioned costs identified in the audit do not need to be repaid.</p> <p>September 2019</p> <p>TJ Rajcevich, Deputy Finance Director Building #1: Headquarters Mailstop: TA-20 Tacoma, WA 98430-5032 (253) 512-7596 timothy.rajcevich@mil.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	12.401	\$82,338
<u>CFDA #</u>	<u>Amount</u>						
12.401	\$82,338						

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status															
2018	014	<p>Finding: The Department of Transportation did not have adequate internal controls over and did not comply with requirements to collect certified payrolls from contractors on projects funded by the Federal Transit Cluster.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 548 1071 699"> <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;">20.500</td> <td style="text-align: center;">\$0</td> </tr> <tr> <td></td> <td style="text-align: center;">20.507</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">20.525</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">20.526</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>After consulting with the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA) and conducting additional research, the Department believes its process complies with the Davis-Bacon Act and federal regulations for contractor payment of prevailing wages.</p> <p>As of June 2019, the Department has taken the following actions in its continued effort of improvement:</p> <ul style="list-style-type: none"> • Issued a Construction Bulletin to the regional offices regarding monitoring timely collection of certified payrolls from contractors. • Conducted discussions at various statewide meetings. • Posted additional resources for regional offices on the Construction SharePoint site. • Discussed with the Department of Labor and Industries use of its reporting tool beginning in January 2020, including how the system could be utilized/modified for the Davis-Bacon requirements. <p>In July 2020, the Department received a management decision letter from FHWA for the fiscal year 2019 finding, in which it stated:</p> <ul style="list-style-type: none"> • <i>In response to these findings and similar findings in the previous year, WSDOT released a construction bulletin and revised their Construction Manual and Specification with more stringent controls to facilitate reasonable compliance. FHWA has approved WSDOT's Construction Manual and Standard Specifications.</i> • <i>FHWA believes that WSDOT's procedures contain the necessary controls to ensure reasonable compliance with 29 CFR 5.5 and FHWA Davis-Bacon and Related Acts Questions and Answers (https://www.fhwa.dot.gov/construction/contracts/dbra_qa.pdf).</i> • <i>FHWA considers this finding to be resolved.</i> <p>The Department will continue to use Construction Bulletins to communicate best practices and other pertinent guidance to its regional construction offices on an ongoing basis, and will share this information with the Terminal and Vessel Engineering groups in the Ferries Division. The Department will consult with FTA for any further actions needed to resolve this finding.</p>		<u>CFDA #</u>	<u>Amount</u>		20.500	\$0		20.507			20.525			20.526	
	<u>CFDA #</u>	<u>Amount</u>															
	20.500	\$0															
	20.507																
	20.525																
	20.526																

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	014	Completion Date: June 2019 Agency Contact: Steve McKerney Internal Audit Director PO Box 47320 Olympia, WA 98504-7320 (360) 705-7004 McKernS@wsdot.wa.gov

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2018	015	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Transportation, State Ferries Division, did not have adequate internal controls over and did not comply with equipment management requirements.</p> <table border="0"> <tr> <td data-bbox="673 556 771 583"><u>CFDA #</u></td> <td data-bbox="982 556 1079 583"><u>Amount</u></td> </tr> <tr> <td data-bbox="673 583 771 611">20.500</td> <td data-bbox="982 583 1079 611">\$0</td> </tr> <tr> <td data-bbox="673 611 771 638">20.507</td> <td></td> </tr> <tr> <td data-bbox="673 638 771 665">20.525</td> <td></td> </tr> <tr> <td data-bbox="673 665 771 693">20.526</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>It is the Department's position that the parts in question identified in the audit are not capital assets and, therefore, the requirements cited in the audit finding do not apply to these parts.</p> <p>The parts in question have no utility to the state until they are installed on a larger assembly or depreciable asset, in this case one of the Department's ferry vessels. Once installed, the parts cease to be discrete items and are part of the vessel. When an installed part meets the definition of a betterment as defined in Chapter 30 of the State Administrative and Accounting Manual, it is capitalized and depreciated as part of the vessel. If the part does not meet the definition of a betterment, it is expensed when purchased.</p> <p>The Department recognizes the importance of safeguarding and accounting for these parts properly through their installation on one of the vessels. In the ordinary course of business, purchased parts are delivered to the warehouse and are almost immediately transferred to the vessel. Occasionally, a vessel's scheduled maintenance will be delayed due to operational needs which necessitates the parts be stored in the warehouse.</p> <p>As of May 2019, the Department convened a work group consisting of subject matter experts over all aspects of capital assets. The work group addressed the audit finding and recommended a process to track these parts through the Department's inventory management system, Minor Cap, until such time that they are installed on the larger assembly or depreciable asset, such as a ferry vessel. Once installed, the location of the item can be modified within the inventory system to continue to be tracked in its new location.</p> <p>As of June 2019, the Department:</p> <ul style="list-style-type: none"> • Recorded the inventory items in question, as reported in the fiscal year 2018 audit finding, into Minor Cap for tracking purposes. • Entered new inventory purchases that met the inventory tracking requirements into Minor Cap as they were received in the warehouse. 	<u>CFDA #</u>	<u>Amount</u>	20.500	\$0	20.507		20.525		20.526	
<u>CFDA #</u>	<u>Amount</u>												
20.500	\$0												
20.507													
20.525													
20.526													

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	015 (cont'd)	<ul style="list-style-type: none"> • Modified asset location appropriately as these items were installed on the larger assembly or depreciable asset. <p>The Department continues to track prior purchases and inventory items that are not in Minor Cap using the Ferries Division’s inventory system (MPET) until they are disposed. The Department held additional work group sessions through the end of 2019 to address any lingering issues regarding the tracking and accounting of capital assets, with special attention on inventory items currently tracked in Minor Cap.</p> <p>Additionally, the Department worked with the Office of the Chief Information Officer (OCIO) to request formal approval for MPET and Minor Cap to be used as the Department’s capital asset inventory management systems. However, OCIO will not grant retroactive approval for any software, including Minor Cap, that was put in place before OCIO was created as an oversight agency.</p> <p>In September 2019, the Department also met with the Office of Financial Management (OFM) and the State Auditor’s Office (SAO). OFM acknowledged the Department’s use of MPET and Minor Cap as the capital asset inventory management system in lieu of the State’s mainframe capital asset management system.</p> <p>The Department looks forward to working with SAO during the next audit to resolve any remaining items reported in this finding.</p> <p>Completion Date: September 2019</p> <p>Agency Contact: Jesse Daniels Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 Danielje@wsdot.wa.gov</p>

Department of Ecology

Agency 461

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2018	016	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Ecology did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Capitalization Grants for Clean Water State Revolving Funds program received required audits and management decisions on audit findings were issued in a timely manner.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">66.458</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>In response to the audit recommendations, the Department updated agency policy on subrecipient monitoring. A new policy has also been developed to formalize program responsibilities for corrective actions and audit resolution.</p> <p>Additionally, the Department developed procedures on managing subawards to ensure federal compliance, which include:</p> <ul style="list-style-type: none"> • Requiring subrecipients to return postcards to indicate if they are subject to audit requirement. • Assigning dedicated staff to maintain the tracking spreadsheet used to monitor subrecipient audit activities. • Establishing a communication protocol to notify programs when subrecipients receive audit findings, and the required follow-up actions. Increasing oversight of subrecipients who are not meeting Department requirements. The Department may apply sanctions for continued non-compliance. <p>The Department has also developed procedures and a checklist for programs to clarify their roles and responsibilities related to follow-up of audit items.</p> <p>March 2020</p> <p>Janis Henry Senior Financial Advisor PO Box 47615 Olympia, WA 98504-7615 (360) 407-6386 Janis.Henry@ecy.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	66.458	\$0
<u>CFDA #</u>	<u>Amount</u>						
66.458	\$0						

Department of Ecology

Agency 461

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2018	017	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Ecology did not have adequate internal controls over and did not comply with reporting requirements for the Capitalization Grants for Clean Water State Revolving Funds program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>66.458</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the finding.</p> <p>The finding resulted from conflicting guidance provided by the regional office of the Environmental Protection Agency (EPA) and the guidance the auditor received from EPA’s Office of Inspector General.</p> <p>The Department requested clarification and guidance from the EPA on how to properly report federal equivalency expenditures on the quarterly financial reports and the schedule of expenditures of federal awards (SEFA).</p> <p>In June 2019, EPA provided the following official guidance for reporting equivalency projects:</p> <ul style="list-style-type: none"> • The SEFA should report funds disbursed to the Equivalency projects regardless of funding. • The quarterly reports should report actual draws from the Capitalization grants. • The quarterly reports should not be used for the SEFA. <p>The Department has since updated tracking spreadsheets to capture all funds disbursed for equivalency projects.</p> <p>The Department has also worked with the federal grantor to implement appropriate procedures related to the financial reporting of equivalency projects in accordance with the guidance received.</p> <p>June 2019</p> <p>Janis Henry Senior Financial Advisor PO Box 47615 Olympia, WA 98504-7615 (360) 407-6386 Janis.Henry@ecy.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	66.458	\$0
<u>CFDA #</u>	<u>Amount</u>						
66.458	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	021	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and was not compliant with federal requirements to determine client eligibility for the Vocational Rehabilitation program within a reasonable period of time.</p> <p>Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>The Department has established additional procedural guidance aimed at ensuring full compliance with federal requirements. In addition, the Department has enhanced management reports and coaching tools to support supervisory oversight and monitoring of compliance with eligibility timelines and required procedures.</p> <p>As of April 2019, the Department implemented the following procedures:</p> <ul style="list-style-type: none"> • The Fiscal Compliance Manager conducts six-month review of eligibility extensions to identify cases that do not conform to policy and documentation requirements. These cases are sent to the respective supervisors for follow-up. • Supervisors’ monthly case reviews now include mandatory follow-up activities to ensure reviews are effective and properly documented. • Rehabilitation Technicians review cases coming due within 30 days for eligibility determination and alert counselors of upcoming due dates. • Supervisors complete an on-line coaching tool monthly with Rehabilitation Technicians, as needed. <p>As of June 2019, the Department:</p> <ul style="list-style-type: none"> • Revised the eligibility extension letter to include a mandatory field for the extension end date. • Amended eligibility extension procedures to require follow-up with clients when extension letters are not returned. <p>As of August 2019, the Department :</p> <ul style="list-style-type: none"> • Enhanced the case management report to identify eligibility extension dates and determination completion dates. • Provided training to staff on updated procedural guidance that will clearly define “exceptional and unforeseen circumstances.” <p>As of February 2020, the Department updated the eligibility extension process in the case management system to auto-generate:</p> <ul style="list-style-type: none"> • Case narratives • Client letters • Completion dates

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	021 (cont'd)	<p>The conditions noted in this finding were previously reported in findings 2017-013 and 2016-012.</p> <p>Completion Date: February 2020</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2018	022	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over, and was not compliant with, federal requirements to establish timely individual plans of employment for Vocational Rehabilitation program clients.</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;">84.126</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>The Department has established additional procedural guidance aimed at ensuring full compliance with federal requirements. In addition, the Department has enhanced management reports and coaching tools to support supervisory oversight and monitoring of compliance with timelines and required procedures.</p> <p>As of April 2019, the Department implemented the following procedures:</p> <ul style="list-style-type: none"> • The Fiscal Compliance Manager conducts a six-month review of individual plans of employment (IPE) to identify cases that do not conform to policy and documentation requirements. These cases are sent to the respective supervisors for follow-up. • Supervisors correct any IPE that does not conform to policy and documentation requirements. • Rehabilitation Technicians review IPEs coming due within 30 days and alert counselors of upcoming due dates. • Supervisors complete an on-line coaching tool monthly with Rehabilitation Technicians, as needed. <p>As of May 2019, the Department revised the eligibility determination letter to include an appointment date with the client to begin the IPE process.</p> <p>As of June 2019, the Department amended procedures to require counselors to follow up with clients when IPE extension letters are not returned, and to ensure both counselor and client properly approve the completed IPE.</p> <p>As of August 2019, the Department provided training to field staff on the new procedures.</p> <p>The conditions noted in this finding were previously reported in findings 2017-012 and 2016-011.</p> <p>August 2019</p> <p>Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$0
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$0						

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status							
2018	027	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over maintenance of effort requirements for the Temporary Assistance for Needy Families grant.</p> <table border="0" data-bbox="667 548 1096 611"> <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;">93.558</td> <td style="text-align: center;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the finding.</p> <p>In response to prior years' findings, the Department has taken actions to improve internal controls over the maintenance of effort (MOE) process for the Temporary Assistance for Needy Families (TANF) grant.</p> <p>As of February 2017, the Department developed manuals that outline the collaborative report preparation procedures among the Community Services Division, the Research and Data Analysis Division (RDA), and the Division of Finance and Financial Recovery.</p> <p>As of March 2018, the Department:</p> <ul style="list-style-type: none"> • Hosted weekly workgroup meetings to review and update existing policies, procedures, and manuals as necessary. The workgroup also focuses on improving the Department's ability to forecast and monitor the level of TANF program's MOE expenditures throughout the year. • Implemented a quarterly monitoring and reporting schedule for all MOE sources throughout the federal fiscal year to ensure MOE reported expenditures are allowable and accurate. • Established a process for reviewing future budgets on programs subject to MOE requirements: <ul style="list-style-type: none"> ○ Perform trend analysis by comparing budget data to previous years to ensure there is no significant fluctuations. ○ Obtain written confirmation from partnering sources at the beginning of the federal fiscal year that program operations and expenditure levels will be similar to the previous year. ○ Review TANF MOE reports and monitor departmental expenditures on a quarterly basis to ensure MOE requirements will be met. <p>The Department's RDA Division is also taking actions to improve internal controls for ensuring the TANF quarterly reports are accurate and complete. As of June 2020, the Division:</p> <ul style="list-style-type: none"> • Implemented industry standard change control processes and logs. • Hired a new employee to perform and document independent reviews and testing of code changes. 		<u>CFDA #</u>	<u>Amount</u>		93.558	\$0
	<u>CFDA #</u>	<u>Amount</u>							
	93.558	\$0							

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status
2018	027 (cont'd)	<ul style="list-style-type: none"> • Developed policies and procedures for the process of making code changes and for how those changes are reviewed and documented. <p>The conditions noted in this finding were previously reported in findings 2017-019, 2016-017, and 2015-020.</p> <p>Completion Date: June 2020</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2018	039	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal level of effort requirements for the Adoption Assistance 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;">93.659</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>In response to prior audit findings, the Children’s Administration of the Department had improved internal controls and developed written policies and procedures to ensure the federal level of effort requirements are met for the Adoption Assistance program.</p> <p>As of July 1, 2018, the Legislature created the Department of Children, Youth, and Families (DCYF) by combining the Children’s Administration and the Department of Early Learning. The new agency assumed the responsibilities of managing the Adoption Assistance program.</p> <p>To address the audit recommendations, DCYF has implemented appropriate corrective actions, which include:</p> <ul style="list-style-type: none"> • Established written procedures for staff to identify and accurately report adoption savings expenditures. • Reviewed annual reports to ensure reported expenditures are accurate and supported by adequate documentation. • Provided training to staff on the policies and procedures. <p>The conditions noted in this finding were previously reported in findings 2017-030 and 2016-026.</p> <p>September 2019</p> <p>Stefanie Niemela Audit Liaison Department of Children, Youth, and Families P.O. Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.659	\$0
<u>CFDA #</u>	<u>Amount</u>						
93.659	\$0						

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2018	045	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority claimed Medicaid federal funds for Medicaid expenditures that exceeded the two-year time limit.</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>97.775</td> <td style="text-align: right;">\$2,095,931</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority completed the research and determined the amount of expenditures that were unallowable. More than half of the questioned costs were reported on a subsequent claim with the Centers for Medicare and Medicaid Services. The remaining costs had been moved to state funds only through the journal voucher process.</p> <p>The Authority will continue to explore options to ensure refunds will be processed more timely to return claimed federal funds that are outside the allowable period.</p> <p>June 2020</p> <p>Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$2,095,931	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$2,095,931										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2018	049	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Health Care Authority made improper payments for Medicaid managed care recipients with Medicare insurance coverage. <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;">97.775</td> <td style="text-align: right;">\$3,762,678</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> Corrective action complete The Authority has implemented the following corrective actions: <ul style="list-style-type: none"> • As of March 2016, developed an algorithm to identify Per Member Per Month (PMPM) premium payments for clients enrolled in Medicare. • As of June 2018, went live with the enhancements to the ProviderOne system to automate recoupment of PMPM premiums for clients who are retro-enrolled in Medicare. • Ran the new algorithm for the period from the last algorithm run in November 2017 to the system enhancement in June 2018, and identified all PMPM premium duplicate payments. As of August 2019, the Authority completed the work to recoup the duplicate payments, and will follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs. The conditions noted in this finding were previously reported in findings 2017-039. Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	<u>CFDA #</u>	<u>Amount</u>	97.775	\$3,762,678	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
97.775	\$3,762,678										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2018	053	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure it complied with survey requirements for Medicaid nursing home facilities.</p> <table border="0"> <tr> <td data-bbox="672 575 971 604"><u>CFDA #</u></td> <td data-bbox="1003 575 1094 604"><u>Amount</u></td> </tr> <tr> <td data-bbox="672 606 971 636">93.775</td> <td data-bbox="1003 606 1094 636">\$0</td> </tr> <tr> <td data-bbox="672 638 971 667">93.777</td> <td></td> </tr> <tr> <td data-bbox="672 669 971 699">93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department does not concur with the finding.</p> <p>In response to prior audit findings, the Department had implemented the Electronic Plan of Correction (ePOC), an electronic application that enables the Department to monitor compliance more effectively. The Department asserts that internal controls have been strengthened to ensure Statements of Deficiencies (SOD) are mailed by the tenth working day after survey exits, as evidenced by the steady decrease in audit exceptions since fiscal year 2016.</p> <p>The auditors reported two cases where the Department did not deliver SOD within ten working days as required. One case was due to the failure of the ePOC system on the provider end, resulting in the Department manually delivering the SOD to the provider on the eleventh day. The Department subsequently confirmed that the technical problem had been resolved for the provider in question.</p> <p>In the second case, an administrative review of the SOD caused a slight delay and resulted in the Department delivering the SOD to the provider on the eleventh day.</p> <p>In both cases, the SOD were delivered less than 24 hours beyond the federal requirement. The providers submitted their plans of correction timely with no impact from the one-day delay.</p> <p>System failures are beyond the control of the Department, and administrative reviews are essential to ensure SOD are complete and accurate. These should be considered acceptable reasons for providers not receiving their SOD within the required ten days.</p> <p>The Department will continue to use existing internal controls and quality assurance reviews to monitor the timeliness of SOD distribution to providers.</p> <p>The conditions noted in this finding were previously reported in finding 2017-043, 2016-036, 2015-044 and 2014-046.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$0										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	053 (cont'd)	Completion Date: February 2019 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2018	055	Finding: Questioned Costs: Status: Corrective Action: Completion Date: Agency Contact:	The Department of Social and Health Services did not ensure the federal portion of uncashed Medicaid checks was returned to its grantor. <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;">93.775</td> <td style="text-align: right;">\$237,078</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> Corrective action complete The Department concurs with the finding. The Department has implemented a process for the vendor to return uncashed checks to the Department. As of December 2019, the Department and the vendor: <ul style="list-style-type: none"> • Completed an interface to identify uncashed checks older than 180 days. • Developed a report listing the uncashed checks that need to be returned to the Department. • Completed the return of uncashed checks issued from April 2016 through December 2017. The vendor is currently submitting monthly reports of uncashed checks to the Department. As of December 2019, the Department returned the federal share of all uncashed checks to the Centers for Medicaid and Medicare Services. June 2020 Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov	<u>CFDA #</u>	<u>Amount</u>	93.775	\$237,078	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$237,078										
93.777											
93.778											

Military Department

Agency 245

Fiscal Year	Finding Number	Finding and Corrective Action Status					
2018	061	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Military Department did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of Disaster Grants-Public Assistance received required audits.</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;">97.036</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>In response to the prior year’s finding, the Department implemented process changes as outlined in the corrective action plan.</p> <p>As of November 2018, the Department updated the existing subrecipient monitoring policy to clearly outline roles and responsibilities for divisions and grant programs.</p> <p>The Finance Division maintains the Department’s Audit Tracker system and is responsible for collecting audit data from subrecipients across the Department. As of September 2019, the Department:</p> <ul style="list-style-type: none"> • Verified that all required audits occurred. • Ensured all subrecipient audit findings related to the program were addressed with the subrecipient. • Ensured management decision letters were issued promptly where necessary. • Continued to add new subrecipients to the Audit Tracker system as new grants are awarded. • Monitored the subrecipient audit status and followed up as required. <p>The Department will continue to perform program monitoring activities in accordance with Department policy and grant requirements.</p> <p>The conditions noted in this finding were previously reported in finding 2017-052.</p> <p>September 2019</p> <p>TJ Rajcevich, Deputy Finance Director Building #1: Headquarters Mailstop: TA-20 Tacoma, WA 98430-5032 (253) 512-7596 timothy.rajcevich@mil.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	97.036	\$0
<u>CFDA #</u>	<u>Amount</u>						
97.036	\$0						

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	022	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not report fraud affecting multiple federal programs to grantors.</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>93.558</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.575</td> <td></td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding.</p> <p>As of July 2018, the Department reviewed guidance published by U.S. Department of Health and Human Services (HHS) on the requirement for self-disclosing instances of fraud affecting federal awards. The Department also sent a letter to HHS asking for, and subsequently received, clarification on the report formats and definitions.</p> <p>As of June 2019, the Department convened a workgroup to develop and implement sufficient procedures to ensure the Department reports, in writing, instances of fraud affecting grand awards.</p> <p>As of August 2019, the Department developed and provided training to staff regarding federal fraud reporting requirements.</p> <p>August 2019</p> <p>Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.558	\$0	93.575		93.596	
<u>CFDA #</u>	<u>Amount</u>										
93.558	\$0										
93.575											
93.596											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2017	032	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority overpaid a tribe for Medicaid chemical dependency treatments.</p> <table border="0" data-bbox="667 520 1122 646"> <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;">93.775</td> <td style="text-align: center;">\$3,909,517</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority submits an annual State Plan to the Centers for Medicare and Medicaid Services (CMS) for approval. The plan includes tribal health care facilities that deliver health care services to Medicaid-eligible clients. In August 2017, the State Auditor’s Office published a whistleblower investigation (report number 1019566) that reported the Authority overpaid a tribe for chemical dependency treatments.</p> <p>Since the language in the State Plan is not conclusive and more than one tribe has challenged the conclusions in the whistleblower report, the Authority requested guidance from CMS in September 2017 on whether the payments identified in the audit report are overpayments.</p> <p>The Authority also requested an amendment to the State Plan to provide clear language that would prospectively preclude the primary type of findings published in the whistleblower investigation and that is consistent with language approved by CMS for other states’ tribal health programs. CMS approved the requested amendment effective September 29, 2017.</p> <p>On January 29, 2018, CMS directed the Authority to Section 4320 of the State Medicaid Manual issued by the Health Care Financing Administration (predecessor agency to CMS). In particular, paragraph C of the Section states:</p> <p style="text-align: center;"><i>“If a State elects to cover clinic services, it may choose the type of clinics or clinic services that are covered, provided that the services constitute medical or remedial care.”</i></p> <p>In light of this CMS guidance and various mitigating factors, the Authority determined it would be inappropriate to seek recovery of payments based solely on service rendered by a provider not listed in the State Plan, which was in effect prior to the amendment in September 2017.</p> <p>The Authority has contacted CMS on multiple occasions to determine if the audit finding is closed. As of June 2020, the Authority resubmitted the supporting information to CMS, requested the finding be closed, and the questioned costs be resolved.</p> <p>If the U.S. Department of Health and Human Services determines the payments identified in the audit are in fact overpayments, the Authority will follow the normal audit resolution process to resolve the questioned costs.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$3,909,517		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>													
	93.775	\$3,909,517													
	93.777														
	93.778														

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	032 (cont'd)	Completion Date: June 2018 Agency Contact: Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	035	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it sought reimbursement for all eligible Medicaid outpatient prescription drug rebate claims.</p> <table border="0"> <tr> <td data-bbox="670 548 768 575"><u>CFDA #</u></td> <td data-bbox="1003 548 1094 575"><u>Amount</u></td> </tr> <tr> <td data-bbox="670 579 748 606">93.775</td> <td data-bbox="1003 579 1138 606">\$23,955,658</td> </tr> <tr> <td data-bbox="670 611 748 638">93.777</td> <td></td> </tr> <tr> <td data-bbox="670 642 748 669">93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority disagrees, in most respect, with the Description of Condition, Cause of Condition, Effect of Condition and Questioned Costs, as stated in the finding. Details of the disagreements and concerns were outlined in the Authority’s response to the finding.</p> <p>The following are exceptions identified by the auditors with which the Authority concurs and will take corrective actions:</p> <ol style="list-style-type: none"> (1) Emergency medical eligibility This issue was limited to medical claims and affected 119 specific clients in the ProviderOne system. As of March 2018, the Authority started using a report that allows staff to preemptively identify these specific scenarios and make eligibility updates as appropriate. This review is performed on a weekly basis, which also allows the Authority to reprocess any affected claims prior to invoicing. (2) Procedure code configuration ProviderOne allows numerically sequential procedure codes with like requirements to be configured in ranges or ‘groups.’ However, unintended gaps were created in certain ranges during the process of uploading new and changed codes, which caused the National Drug Code (NDC) requirements on certain codes to be temporarily bypassed. In April 2018, the Authority corrected the drug rebate system errors by: <ul style="list-style-type: none"> • Removing the grouping configuration • Reviewing the current list of codes • Maintaining codes individually (3) Healthcare Common Procedure Coding System to NDC conversion errors This was a condition known to the Authority from prior audit findings. A ProviderOne change request has been initiated to add configurable fields to facilitate unit conversions on the more complex physician-administered drug claims. As of April 2018, this change was implemented. 	<u>CFDA #</u>	<u>Amount</u>	93.775	\$23,955,658	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$23,955,658										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	035 (cont'd)	<p>In addition, the Authority is working with the Centers for Medicare and Medicaid Services regarding the audit results and how to best reflect the resolution of the questioned costs, which was done through the normal drug rebate invoicing process prior to and independent of this audit.</p> <p>The conditions noted in this finding were previously reported in findings 2015-034 and 2014-031 for fee-for-service Medicaid claims, and 2016-032 for managed care Medicaid claims. The auditors considered finding 2015-034 as resolved in fiscal year 2018. The other 2014-031 finding was previously resolved.</p> <p>Completion Date: January 2019</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Keri.kelley@hca.wa.gov</p>

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	036	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority overpaid Medicaid hospitals for outpatient services.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA #</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$118,679</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority agrees that some claims were missed during the original mass adjustment of claims affected by incorrect Enhanced Ambulatory Patient Group (EAPG) weight assignment in the ProviderOne system.</p> <p>As of November 2017, the Authority identified all the missed claims and processed the majority of the adjustments.</p> <p>As of January 2018, the Authority completed the processing of the remaining two percent of the claims that did not get adjusted in November 2017. All corrections had been completed at that time and there were no outstanding questioned costs.</p> <p>Since federal funds overpayments were normally returned through the quarterly reporting process, the Authority is working with the Center for Medicare and Medicaid Services in order to appropriately reflect the resolution of the questioned costs,</p> <p>January 2018</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$118,679	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$118,679										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2017	039	<p>Finding: The Health Care Authority made improper payments to Medicaid managed care recipients with Medicare insurance coverage.</p> <p>Questioned Costs:</p> <table border="0"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$4,268,059</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: From March 2016 through June 2018, the Authority developed and ran an algorithm to identify and recoup duplicate Per Member Per Month (PMPM) premium payments for clients enrolled in Medicare.</p> <p>As of June 2018, the Authority implemented an enhancement to the ProviderOne payment system to automate recoupment of PMPM premiums for clients who are retro-enrolled in Medicare.</p> <p>As of August 2019, the Authority completed the recoupment process.</p> <p>The Authority will continue to follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs.</p> <p>Completion Date: August 2019</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$4,268,059	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$4,268,059									
93.777										
93.778										

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	040	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority made improper Medicaid pharmacy fee-for-service payments for clients enrolled in managed care.</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>93.775</td> <td style="text-align: right;">\$111,756</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>Corrective action not taken</p> <p>The Authority does not concur with the finding.</p> <p>The pharmacy claims selected under this review were appropriately paid with the client being covered under the fee-for-service program at the time of claim submission and payment. The Authority does not recoup pharmacy payments for appropriately billed and paid services when the client's enrollment retroactively changes from fee-for-service to managed care.</p> <p>The Authority received informal guidance from Centers for Medicare and Medicaid Services (CMS) stating that this cost/benefit approach is appropriate. The Authority has since requested official guidance from CMS on multiple occasions. As of June 2020, the Authority has not received definitive guidance.</p> <p>Not applicable</p> <p>Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$111,756	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$111,756										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	041	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority made improper Medicaid payments to Federally Qualified Health Centers.</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;">93.775</td> <td style="text-align: right;">\$29,518</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>As of March 2019, the Authority completed the overpayment recoupment process in ProviderOne. The resolution of questioned costs was reported to the Center for Medicare and Medicaid on the quarterly CMS-64 report ending June 2019.</p> <p>The conditions noted in this finding were previously reported in findings 2016-030, 2015-033, 2014-036, and 2013-026. Findings 2014-036 and 2013-026 were previously resolved.</p> <p>March 2019</p> <p>Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$29,518	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$29,518										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status								
2017	047	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration made improper Medicaid nursing facility fee-for-service payments for clients enrolled in managed care.</p> <p>Questioned Costs:</p> <table border="0" data-bbox="673 546 1096 672"> <thead> <tr> <th><u>CFDA #</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>93.775</td> <td>\$6,991</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </tbody> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department partially concurs with this finding.</p> <p>The Department concurs that the two facilities reported in the finding either did not submit the required denial letter from the managed care organization (MCO) with their invoice or the submitted letters did not clearly convey a claim denial. However, the Department does not concur with the auditors' determination that these services would have been paid by the MCO or the Medicaid program has incurred duplicate payments. Therefore, the Department will not recover these payments identified by the auditor as unallowable.</p> <p>At times, patients need to be admitted to nursing facilities who do not meet skilled or rehabilitative level of care, or patients' stays exceed their eligibility period. These stays are not eligible for managed care coverage and the Department is responsible for payment of these claims.</p> <p>In support of the Department's mission and mandates, there are times when exceptions to the contract language must be made in order to maintain a patient's necessary care at a facility. When these exceptions are made, the Department communicates with both the MCO and the facility regarding the claims in question.</p> <p>The Department and the Health Care Authority have been engaging in a continuous process improvement, which includes:</p> <ul style="list-style-type: none"> • Initiating multiple updates to contract language with MCOs to clarify the roles and responsibilities of the MCOs. • Continuing to update the nursing facility billing guide to provide further clarification of the Department's policy. • Issuing guidance via listserv messages to facilities, providing direct training, and coordinating with provider associations. <p>As of June 2018, the Department repaid the questioned costs identified in the finding to the federal grantor.</p> <p>As of September 2018, the Department developed a policy to document when payment exceptions need to be made for clients to maintain residency at a facility and who will have the authority to make this decision.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$6,991	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>									
93.775	\$6,991									
93.777										
93.778										

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	047 (cont'd)	Completion Date: September 2018 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2017	048	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with requirements to ensure Adult Family Home providers had proper background checks.</p> <table border="0" data-bbox="667 583 1096 703"> <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;">93.775</td> <td style="text-align: center;">\$98,399</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with this finding.</p> <p>The Department agrees that one background check was not renewed timely. As of November 2017, the Department implemented an internal reporting tool which alerts staff to send a reminder notice to a provider when the current background check of an employee is expiring in 60 days. If the provider does not complete the background check by the required due date, a complaint investigation will be initiated.</p> <p>The Department does not concur with the two exceptions regarding the missing national fingerprint background check for the two providers. The providers in question had both applied in 2011, which was prior to WAC 388-76-10165 becoming effective and requiring a fingerprint check.</p> <p>The Department also does not agree the findings should be tied to questioned costs. The auditors did not identify any providers who had a disqualifying crime or negative action. While the one Adult Family Home in question was out of compliance with the licensing requirements of WAC 388-76 by not having current background check results on file, and is therefore subject to corrective action and sanctions by the Department, the provider was not unqualified to provide Medicaid paid services. Thus, the payments to the provider were proper.</p> <p>Additionally, the Department is unable to comment on or validate the auditor’s statement of noncompliance with background check issues related to the Adult Family Home employees because the auditor had failed to provide any data to substantiate this part of the finding.</p> <p>In July 2018, the Department sent a letter to the Centers for Medicare and Medicaid Services (CMS) to request an opinion as to whether the questioned costs need to be repaid. In October 2018, the Department held a telephone conference with CMS, the auditors, and the State Health Care Authority (HCA) to discuss the questioned costs. As of June 2020, neither the Department nor HCA has received any correspondence from CMS regarding its opinion or determination.</p> <p>The conditions noted in this finding were previously reported in findings 2016-044, 2015-051, 2014-048, and 2013-037. The auditors considered finding 2013-037 as resolved in fiscal year 2018.</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$98,399		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>													
	93.775	\$98,399													
	93.777														
	93.778														

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	048 (cont'd)	Completion Date: Estimated March 2021 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	050	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Care Administration and Developmental Disabilities Administration, made improper overtime payments to Medicaid individual providers.</p> <table border="0"> <tr> <td data-bbox="672 548 769 575"><u>CFDA #</u></td> <td data-bbox="1003 548 1094 575"><u>Amount</u></td> </tr> <tr> <td data-bbox="672 579 748 606">93.775</td> <td data-bbox="1003 579 1079 606">\$9,778</td> </tr> <tr> <td data-bbox="672 611 748 638">93.777</td> <td></td> </tr> <tr> <td data-bbox="672 642 748 669">93.778</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department does not concur with the finding.</p> <p>The Department uses the Comprehensive Assessment Reporting Evaluation (CARE) tool, approved by the Centers for Medicare and Medicaid Services (CMS), to assess client needs and to allocate the number of hours of personal care and respite the client is eligible to receive.</p> <p>Payments were made to qualified providers for services the client was authorized to receive. All hours paid to the individual providers were allowable as no payments were made in excess of the CARE generated allowable hours.</p> <p>The Department's process complies with CMS's directive outlined in the information bulletin published by the U.S. Department of Health and Human Services in July 2014. The directive required that any processes developed by States must comply with the Fair Labor Standards Act (FLSA). The Department protects clients' access to eligible services and supports from a provider of their choice through their person-centered service plan. In addition, overtime costs paid under FLSA can be reimbursed as a reasonable cost related to the delivery of Medicaid services.</p> <p>The Department cannot prevent the provider from being paid more than their work week limit because labor law requires payment for all hours worked. Providers must therefore be allowed to claim and be paid for hours worked. However, the Department does follow the post-payment procedure outlined in WAC 388-114-0120 to address claims that exceed a provider's work week limit.</p> <p>With the passage of Engrossed Second Substitute House Bill 1725 (ESSHB 1725), the Legislature imposed work week limits on individual providers. The statute also directed the Department not to impose work week limits on individual providers until the Department conducted a review of the plan of care for the clients served by the individual provider. These reviews were not completed until July 2016, and five of the payments found by the auditors to be unallowable were made prior to this time.</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$9,778	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$9,778										
93.777											
93.778											

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	050 (cont'd)	<p>The rules adopted as a result of ESSHB 1725 have a mechanism for terminating individual providers if they repeatedly exceed their work week limit. Regardless of whether the individual provider exceeds their work week limit, payment for all hours worked is required. The Department adheres to specific actions before stopping a payment to an individual provider who works more than the work week limit. The restrictions imposed on the individual provider by these statutory limits and associated rules have no relation to the client's benefit, which is reflected as authorized hours.</p> <p>The Department also notes that the calculation of the questioned costs was incorrect. The provision of the hours themselves are not in question, only the payment of overtime for these hours. The cost of overtime is the difference between the individual provider's base rate of pay and one and a half times of the base rate. Therefore, questioned costs should be calculated only on the overtime cost.</p> <p>The Department will continue to:</p> <ul style="list-style-type: none"> • Follow procedures to identify providers who have excess claims over the work week limit. • Issue necessary contract actions according to Department policy. <p>In July 2018, the Department sent a letter to the Centers for Medicare and Medicaid Services (CMS) to request an opinion as to whether the questioned costs need to be repaid. In October 2018, the Department held a telephone conference with CMS, the auditors, and the State Health Care Authority (HCA) to discuss the questioned costs. In March 2019, the Department followed up with CMS requesting a decision. As of June 2020, neither the Department nor HCA has received any correspondence from CMS regarding its opinion or decision.</p> <p>If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>Completion Date: Estimated March 2021</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov</p>

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2016	033	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over its Medicaid inpatient hospital rate setting process and made overpayments to inpatient hospitals.</p> <table border="0" data-bbox="667 548 1105 674"> <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;">93.775</td> <td style="text-align: center;">\$358,754</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Authority has implemented additional internal controls in the annual rate setting process to:</p> <ul style="list-style-type: none"> • Notify providers in accordance with agency policy. • Verify the accuracy of calculated rates prior to communication. • Perform post verification of system-loaded rates. <p>As of May 2018, the Authority amended Washington Administrative Code (WAC) 182-550-3830 to eliminate the contradiction between it and WAC 182-550-3800.</p> <p>The Authority has returned the questioned costs of \$358,754 on the CMS-64 report, quarter ending June 2019.</p> <p>June 2019</p> <p>Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 360-725-9586 Keri.kelley@hca.wa.gov</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$358,754		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>													
	93.775	\$358,754													
	93.777														
	93.778														

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2016	047	<p>Finding: Medicaid funds were overpaid to a supported living agency that contracted with the Department of Social and Health Services, Developmental Disabilities Administration.</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;">93.775</td> <td style="text-align: center;">\$1,258,250</td> </tr> <tr> <td></td> <td style="text-align: center;">93.777</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">93.778</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department partially concurs with finding.</p> <p>The Department processed the payment notice to the Department’s Office of Financial Recovery (OFR) in February 2017.</p> <p>Per federal rules, the Department is not required to refund the federal share of an overpayment made to a provider to the extent that the Department is unable to recover the overpayment because the provider has been determined bankrupt.</p> <p>The provider in question filed for bankruptcy in March 2019. The Department worked with OFR to follow the federal and state rules for financial recovery that pertains to bankruptcy proceedings, and submitted the required information received from the bankruptcy court for the amount owed.</p> <p>As of March 2019, the Department forwarded all court records to the U.S. Department of Health and Human Services.</p> <p>Completion Date: March 2019</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov</p>		<u>CFDA #</u>	<u>Amount</u>		93.775	\$1,258,250		93.777			93.778	
	<u>CFDA #</u>	<u>Amount</u>												
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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2016	048	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Care Administration, made improper Medicaid payments to individual providers.</p> <table border="0"> <tr> <td><u>CFDA #</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$90,685</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department partially concurs with the audit finding.</p> <p>The auditors used payment data to identify payments made to individual providers who claimed payment for personal care and mileage services on the same date of service that payment was made to a hospital or long-term care facility. The Department concurs that unallowable payments were made, but it is not known whether payments were incorrectly claimed by the individual providers, rather than the hospital or long term care facility.</p> <p>The audit work was performed during the first three months after the Department’s new billing system, Individual ProviderOne (IPOne), went live. During this time, providers were experiencing a learning curve in using the new system, which may have contributed to incorrect claims made during this time period.</p> <p>Since the implementation of the IPOne system, internal controls have strengthened in processing payments to individual providers. It is now easier for the Department to discover incidents when providers are claiming hours for a time period in which a client is in a hospital, long-term care facility, or other institutional setting.</p> <p>As of November 2018, the Department developed a process to research and remediate occurrences of payments made for personal care and mileage services while a client was either hospitalized or admitted to a long-term care facility.</p> <p>As of December 2018, the Department repaid the questioned costs to the Department of Health and Human Services.</p> <p>As of January 2020, the individual provider overpayment functionality in IPOne was implemented.</p> <p>January 2020</p> <p>Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov</p>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$90,685	93.777		93.778	
<u>CFDA #</u>	<u>Amount</u>										
93.775	\$90,685										
93.777											
93.778											

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2015	037	<p>Finding: The Health Care Authority overpaid Medicaid providers for dental services.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$25,945 93.777 93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Authority has recouped the unallowable claims paid to dental providers.</p> <p>The Authority will follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-033 and 2013-027, and 12-53, which the auditors determined to be resolved.</p> <p>Completion Date: November 2016</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 360-725-9586 Keri.kelley@hca.wa.gov</p>

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2015	041	<p>Finding: The Department of Social and Health Services improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$22,584 93.777 93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: This finding involved three administrations within the Department: the Aging and Long Term Support Administration (AL TSA), the Developmental Disabilities Administration, and the Behavioral Health Administration. Each administration has taken or will take corrective action.</p> <p>The audit identified 97 instances of payments made through the Social Service Payment System and ProviderOne for services provided after the client’s date of death (AL TSA: 81; DDA: 8; BHA: 8). AL TSA has determined 20 of the 81 payments were for allowable services prior to the client’s death. For the remaining 77 payments, the Department has sent overpayment notices to the providers.</p> <p>As of July 2018, the questioned costs were returned to the Center for Medicaid and Medicare Services.</p> <p>The Department’s goal for payment of services provided after the date of death is zero, and it seeks to reach that mark. The following processes were implemented to strengthen controls:</p> <ul style="list-style-type: none"> • Direct staff to follow policies and procedures to ensure authorization of services is closed by the effective date of death. • Generate a monthly Long Term Care Client Payments After Death Report that identifies clients who have authorizations paid after their date of death. • Perform post payment review to ensure that any authorizations or payments not identified by the monthly reports are captured and recovered. • Ensure overpayments are processed timely and funds returned to the federal grantor. • Continue partnership with the Health Care Authority to identify payments after the date of death. <p>The conditions noted in this finding were previously reported in finding and 2014-050 which the auditors determined to be resolved.</p> <p>Completion Date: July 2018</p> <p>Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov</p>