



Washington State Auditor's Office

Troy Kelley

Government that works for citizens

State of Washington Single Audit Fiscal Year 2015

June 15, 2016

The Single Audit is an independent audit of systems and internal controls over federally funded programs to ensure compliance with federal regulations. The audit is required as a condition of grants the state receives. It is intended to assess how well the state ensures the federal dollars it receives are spent properly.

The State Auditor's Office conducts the audit in accordance with the provisions of the federal Office of Management and Budget's (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and in accordance with U.S. Government Auditing Standards. The full, 984-page report is available online at the Washington State Office of Financial Management website (www.ofm.wa.gov/singleaudit/2015/default.asp).



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The mission of the Washington State Auditor's Office

The State Auditor's Office holds state and local governments accountable for the use of public resources.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

For more information about the State Auditor's Office, visit www.sao.wa.gov.

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State Auditor's Office contacts

State Auditor Troy Kelley

360-902-0370, Auditor@sao.wa.gov

Chuck Pfeil, CPA :: Director of State & Performance Audit

360-902-0366, Chuck.Pfeil@sao.wa.gov

Troy W. Niemeyer :: Deputy Director of State Audit

360-725-5363, Troy.Niemeyer@sao.wa.gov

Jim Brownell :: Audit Manager

360-725-5352, Jim.Brownell@sao.wa.gov

To request public records

Public Records Officer

360-725-5617, PublicRecords@sao.wa.gov

State of Washington Single Audit

Summary of the 2015 State of Washington Single Audit

The state received more than \$17 billion in federal dollars for 760 federal programs in 2015 that range from providing meals for school age children and vaccines for at-risk or low-income people to interstate highway construction and environmental protection projects. About 95 percent of the money was administered by 10 state agencies:

10 agencies spent about 95% of the federal money the state received

Fiscal year 2015

Agency	Total dollars
Health Care Authority	\$5.5 billion
Social and Health Services	\$4.8 billion
University of Washington	\$1.4 billion
Employment Security	\$1.2 billion
Transportation	\$1 billion
Superintendent of Public Instruction	\$910 million
Community and Technical College System	\$456 million
Washington State University	\$359 million
Health	\$342 million
Early Learning	\$157 million
All others	\$925 million
Total (rounded)	\$17 billion

We audited 31 of these federal programs, administered by 14 state agencies, and more than \$12.3 billion in federal assistance, 72 percent of the federal dollars received. We reported 56 findings and identified \$28.6 million in known federal questioned costs and \$142 million in likely federal questioned costs. We also issued an adverse opinion for one program, the Child Care and Development Fund.

See **Appendix A** for a list of the programs audited for state fiscal year 2015, and **Appendix B** for a summary of all federal findings issued.

\$17 billion received for all federal programs

\$12.3 billion audited from 31 programs

56 findings for *\$28.6 million* known questioned costs

Background

Federal assistance can take many forms including grants, loans and non-cash awards such as supplies and equipment. Recipients of federal assistance must comply with requirements that govern the allowable uses of the funding and many administrative areas such as cash management, matching, supplanting, procurement, and reporting. Recipients of federal assistance must prepare a Schedule of Expenditures of Federal Awards and arrange for an audit of their federal assistance under OMB Circular A-133 when they spend \$500,000 or more in federal awards in a year.

The purpose of a Single Audit

The purpose of the Single Audit is to provide a format for non-federal entities to receive: (1) an audit of their federal award expenditures and (2) an audit of their financial statements. The audit of federal expenditures focuses on both compliance with federal requirements and internal controls over compliance. The auditing requirements, passed by Congress as part of the Single Audit Act of 1984 (as amended in 1996) and administered by the federal Office of Management and Budget (OMB), are recognized by federal agencies as the framework for monitoring the use of federal money.

The value of a Single Audit

As with local and state dollars, government officials are responsible for oversight of expenditures of federal resources on federally-funded projects. Single Audits evaluate the ability of non-federal entities to ensure that federal guidelines will be followed, as well as demonstrating the extent to which those entities actually did follow the guidelines when spending federal-source money.

What happens after a finding is issued?

State agencies must respond to audit findings by preparing a corrective action plan. This action plan is submitted to the grantor – the federal entity issuing the grant funds – with our audit report.

Grantors must issue a decision on audit findings within six months after they receive the audit report and action plan, and ensure the agency takes appropriate and timely corrective action. We have found this does not always occur. As the auditor, we must follow up on the status of that corrective action during the next audit and may again report any uncorrected issues as audit findings. Grantors also determine whether states are required to pay back questioned costs.

Some terms used in this report

Questioned costs – Costs are questioned in a finding (a) that resulted from a violation or possible violation of a provisions of a law or other requirement, (b) for which the costs, at the time of the audit, were not supported by adequate documentation or (c) for which the costs incurred appear unreasonable and do not reflect the actions a prudent person would take under the circumstances.

Likely questioned costs – Likely questioned costs are calculated by projecting questioned costs identified in an audit sample to the entire population from which the sample was drawn, generally in a statistically valid method.

Subrecipient – An entity that expends awards received from a pass-through entity to carry out a program. The agency passing through these funds is expected to monitor how the subrecipient is managing the funds they receive.

We found that 15 programs at 10 agencies complied with federal requirements

The table below shows 15 programs for which we found state agencies had established adequate internal controls over federal funds and complied with federal requirements.

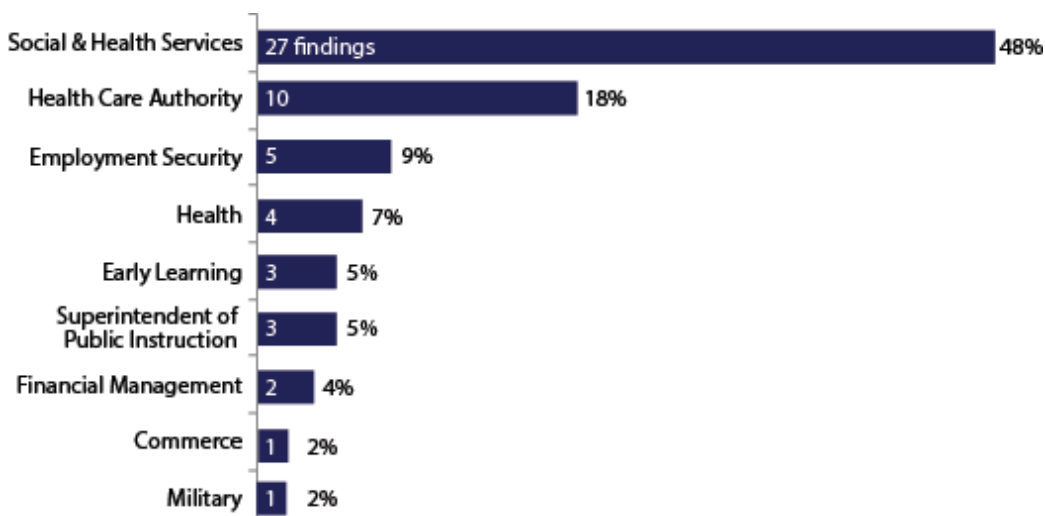
Agency	Program	Federal grantor	Program dollars by agency
Department of Commerce	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	U.S. Department of Housing and Urban Development	\$11,214,000
	Low-Income Home Energy Assistance	U.S. Department of Health and Human Services	\$52,926,000
Department of Early Learning	Special Education – Grants for Infants and Families	U.S. Department of Education	\$9,102,000
Department of Ecology	Capitalization Grants for Clean Water State Revolving Funds	U.S. Environmental Protection Agency	\$18,176,000
Department of Fish and Wildlife	Columbia River Fisheries Development Program	U.S. Department of Commerce	\$7,013,000
	Fish and Wildlife Cluster	U.S. Department of Interior	\$19,525,000
Department of Health	HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	U.S. Department of Health and Human Services	\$12,179,000
Recreation Conservation Funding Board	Pacific Coast Salmon Recovery – Pacific Coast Salmon Treaty Program	U.S. Department of Commerce	\$28,047,000
Office of Superintendent of Public Instruction	English Language Acquisition State Grants	U.S. Department of Education	\$14,589,000
Department of Transportation	Highway Planning and Construction Cluster	U.S. Department of Transportation	\$613,528,000
	Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	U.S. Department of Transportation	\$185,199,000
	Federal Transit Cluster	U.S. Department of Transportation	\$19,712,000
University of Washington	Global AIDS	U.S. Department of Health and Human Services	\$21,674,000
	Science	U.S. National Aeronautics and Space Administration	\$11,932,000
Washington State University	Cooperative Extension Service	U.S. Department of Agriculture	\$8,065,000

Note: Numbers are rounded.

Findings by state agency in fiscal year 2015

We audited 14 state agencies and 31 programs in fiscal year 2015. Eight of the 14 state agencies received at least one finding. A summary of each finding is located in Appendix B, and the full text of each finding can be found at: www.ofm.wa.gov/singleaudit/2015/default.asp.

Number and percentage of findings by state agency



Questioned costs by state agency and program

Costs are questioned when an agency does not comply with grant regulations and/or cannot provide adequate documentation to support expenditures. Agencies may be required to return this money.

State agency	Program	Known questioned costs	Likely questioned costs	Total agency program dollars
Social and Health Services	Refugee and Entrant Assistance	\$54,088	\$134,655	\$11,946,000
	Social Security – Disability Insurance	\$58,657	\$79,476	\$48,739,000
	Child Care and Development Block Grant	\$21,333,562	\$29,890,441	\$105,833,000
	Temporary Assistance for Needy Families (TANF)	\$2,833,989	\$115,669	\$326,692,000
	Supplemental Nutrition Assistance Program (SNAP)	\$2,688,151	\$0	\$1,616,964,000
	Medicaid	\$601,127	\$19,346,020	\$2,218,568,000
	Agency total		\$27,569,574	\$49,566,261
Health Care Authority	Medicaid	\$819,549	\$5,792,797	\$5,482,305,000
	Agency total	\$819,549	\$5,792,797	
Early Learning	Child Care and Development Block Grant	\$64,802	\$85,239,118	\$115,371,000
	Agency total	\$64,802	\$85,239,118	
Employment Security	Unemployment Insurance	\$10,302	\$1,600,568	\$1,070,708,000
	Trade Adjustment Assistance	\$643	\$24,127	\$7,887,000
	Agency total	\$10,945	\$1,624,695	
Superintendent of Public Instruction	Grants for State Assessments and Related Activities	\$196,904	\$0	\$9,058,000
	Agency total	\$196,904	\$0	
Military	Emergency Management Performance Grants	\$12,592	\$0	\$7,478,000
	Agency total	\$12,592	\$0	
Total questioned costs		\$28,674,366	\$142,222,871	

Note: Numbers for total agency program dollars are rounded.

Questioned costs increased in 2015

We question costs when we find an agency has not complied with grant regulations, does not have adequate documentation to support payments and when the costs appear unreasonable.

We reported 56 audit findings in 2015, one more than the 55 findings reported in 2014. However, the questioned costs increased from \$3.6 million to \$28.7 million. The likely questioned costs identified by the audit increased from \$13.9 million to \$142.2 million. The increase can be attributed largely to two programs, which combined accounted for \$22.8 million in known questioned costs and \$140.2 million in likely questioned costs.

Child Care and Development Fund improper child care payments

We randomly selected and examined payments made to child care providers on behalf of Child Care and Development Fund clients and found 66 percent of the payments were partially or completely unallowable. We determined the likely questioned costs for the program were \$85.2 million.

We also evaluated whether a number of randomly selected clients who received benefits were properly determined eligible for the program. We found 8.5 percent of approved clients were not properly determined to be eligible, resulting in \$22.7 million in likely questioned costs.

Medicaid

We examined payments for a number of different services paid by Medicaid and identified more than \$1.4 million in known questioned costs and \$25.1 million in likely questioned costs. Questioned costs were identified for in-home services, ineligible individuals, ineligible providers and uncollected drug rebates.

The Department of Social and Health Services improperly charged \$26.9 million to federal grants

We found the Department of Social and Health Services charged \$26.9 million to federal fiscal year 2015 grants for expenses that should have been charged to federal fiscal year 2014. These expenses were not allowed to be charged to the 2015 grants and were reported as known questioned costs.

The following table contains a summary of all 2015 Single Audit findings and questioned costs reported over the past five years.

Findings and questioned costs, 2011–2015

Audit year	Total federal assistance received	Number of programs audited	Number of audit findings	Known questioned costs	Likely questioned costs
2011	\$17,308,755,000	32	51	\$3,511,932	\$1,059,398
2012	\$15,764,521,000	30	63	\$3,950,901	\$29,016,506
2013	\$14,892,686,000	31	45	\$4,275,906	\$14,799,519
2014	\$15,730,570,000	32	55	\$3,625,781	\$13,861,873
2015	\$17,030,230,000	31	56	\$28,674,366	\$142,222,871

Note: Numbers for total federal assistance received are rounded.

Key conclusions

We identified a number of significant issues in the 2015 Single Audit. In this section, we discuss problems at the two programs that produced the greatest spike that contributed to 2015's 926 percent increase in likely questioned costs. We also address problems with the agency controls that are meant to prevent such issues. (A graph on page 6 shows additional results for all agencies with findings.)

We continue to find significant control weaknesses with the Child Care and Development Fund program

Two state agencies – the Department of Early Learning and the Department of Social and Health Services – manage Washington's Child Care and Development Fund program. The Department of Early Learning is the lead agency. Together, they spent \$221 million in federal funds in 2015. The Fund supports low-income working families by providing access to affordable, high-quality early care and after-school programs.

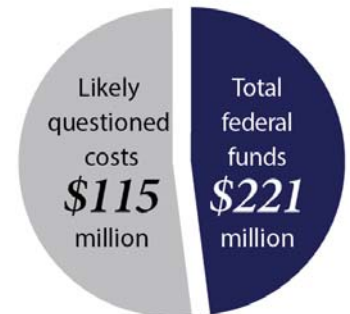
We found the Department of Early Learning had inadequate internal controls in place to ensure payments to care providers were accurate and supported. We began reporting these weaknesses in 2005, when the program was administered by the Department of Social and Health Services. In the 2015 audit, we modified our testing methodology and found 66 percent of child care payments we examined were partially or completely unallowable, resulting in \$85.2 million in likely questioned costs of federal dollars, with an additional \$25 million in likely questioned costs of state dollars.

We also found the Department of Early Learning did not have adequate internal controls to ensure health and safety requirements for the program were met. The Department is required to make onsite inspections of licensed providers and follow up on any violations noted. We found 24 percent of the inspections we examined included health, safety and well-being of children violations that were not followed up on within 10 days as required by Department policy. Some examples of these violations were inadequate supervision of children, use of inappropriate disciplinary methods, exceeding the maximum licensed capacity, exceeding the staff-to-child ratio, and general health and safety hazards to the children. In addition, 935 licensed providers (17 percent) were overdue for their yearly inspections.

The Department of Social and Health Services lacked adequate internal controls to ensure only eligible clients were approved to receive services. These weaknesses have been reported in the Single Audit since 2012. For the 2015 audit, 8.5 percent of clients we examined were not properly determined to be eligible, resulting in \$22.7 million in federal likely questioned costs, with an additional \$7.7 million in likely questioned costs of state dollars

We also found the Department of Social and Health Services charged \$21.3 million to the 2015 grant for charges that should have been charged to the 2014 grant, and we identified an additional \$7.2 million in likely questioned costs. Additionally, the Department had significant weaknesses regarding fraud detection and repayment requirements.

More than half of CCDF federal money consists of likely questioned costs



We continue to find internal control and compliance issues in the Medicaid Program

Three state agencies manage Washington’s Medicaid program: the Health Care Authority, the Department of Social and Health Services and the Department of Health. Most Medicaid expenditures are payments to providers of medical treatment, prescriptions, medical equipment, home health care and other services. Due to the program’s size and complexity, and the risk of fraud and abuse, we focus much of our Single Audit effort on the Medicaid program.

As shown in the chart to the right, the state spent approximately 45 percent, or \$7.7 billion, of all federal grant funds on Medicaid. An additional \$3.7 billion was provided by the state’s required match.

Medicaid expenditures continue to increase from earlier years. Over the past two state fiscal years, Medicaid spending has increased nearly \$3.5 billion in federal share dollars alone. The Medicaid program increased by \$1.9 billion in fiscal year 2015 and \$1.5 billion in fiscal year 2014. Medicaid’s overall percentage of the state’s federal expenditures increased from 27 percent to 45 percent from fiscal year 2013 to fiscal year 2015.

We issued 24 audit findings regarding unallowable expenditures, control deficiencies or noncompliance related to Medicaid. Using statistically valid sampling in the audit, we identified \$1.4 million in known questioned costs and \$25.1 million in likely questioned costs related to:

- In-home services
- Services not provided
- Ineligible individuals
- Services provided by ineligible providers
- Overpayments to providers
- Uncollected application fees for institutional providers
- Uncollected drug rebates

We found significant control weaknesses at the Health Care Authority

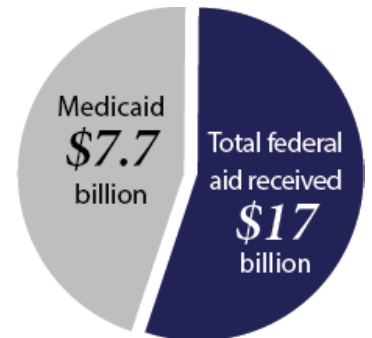
Additional action is needed to improve third-party liability efforts

The Authority did not ensure required data exchanges with health insurers were performed as required by state law. The purpose of the data exchanges is to determine whether clients have third-party medical insurance coverage, which could reduce the amount of Medicaid dollars spent. We have reported this issue since 2008.

Drug rebates

The Authority did not account for all claims eligible for drug rebates when preparing invoices. We found the Authority failed to claim \$97,425 in known drug rebates from drug manufacturers. We estimate the federal share amount of unclaimed drug rebates could be more than \$3.5 million.

Medicaid accounted for 45% of state’s overall federal spending



Significant control weaknesses at the Department of Social and Health Services

Payments to Supported Living providers

The Department's Developmental Disabilities Administration manages the Home and Community Based Services program for people with developmental disabilities. Supported living is a core service offered through contracted providers who help clients with the social and adaptive skills necessary to live in the community as well as with daily living activities.

We found the Department's internal controls were not effective to ensure Medicaid payments to supported living service providers were allowable. We selected a random sample of 86 monthly payments totaling \$767,616. We reconciled the payments with individual provider timesheets to verify if payments were adequately supported. We found \$24,609 was not supported by payroll records. We estimate the likely amount of unsupported payments made to providers was \$13 million. In addition, we found the Department made unallowable payments totaling more than \$19,000 because of defects in the Department's payment system.

We also found the Department's internal controls over cost-of-care adjustments were ineffective to ensure Medicaid payments were allowable. We randomly sampled and examined 64 payments totaling \$183,596 and found documented justifications for payments were insufficient, claims were processed more than one year after the date of service, a payment was made for more than the authorized amount, and a payment was inaccurately calculated. We found \$18,565 was not adequately supported and estimate the likely amount of unallowable adjustment payments was \$285,442.

Background checks

The Department of Social and Health Services made payments on behalf of clients to providers who had worked without a background check, worked with disqualifying or potentially disqualifying criminal histories, did not renew their background checks in a timely manner, or had not completed a required fingerprint check.

We used statistical random sampling to perform our testing. We found 31 caregivers who had provided services to Medicaid clients without having a current background check or working with a potentially disqualifying criminal record. We identified \$232,264 in questioned costs associated with care provided to clients by these providers, and we estimate the amount of potentially unallowable payments made could be more than \$5.8 million.

Payments for clients with no Social Security number and services provided after date of death

We found both the Health Care Authority and the Department of Social and Health Services made payments to providers on behalf of clients without valid Social Security numbers, for non-emergency services provided to nonqualified aliens and for services provided after a client had died. In total, we identified \$580,853 in unallowable payments; we estimate the amount of potentially unallowable payments could be \$938,309.

Audit findings by topic areas

In 2015, we reported findings in these federal grant areas:

- Activities allowed or unallowed
- Allowable costs/cost principles
- Cash management
- Earmarking
- Eligibility
- Level of effort
- Matching
- Period of availability of federal funds
- Suspension and debarment
- Program Income
- Reporting
- Subrecipient monitoring
- Special tests and provisions

Appendix A: Programs Audited in Fiscal Year 2015

CFDA	Program
10.500	Cooperative Extension Service
	SNAP Cluster
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.558	Child and Adult Care Food Program (CACFP)
11.436	Columbia River Fisheries Development Program
11.438	Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program
14.228	Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii
	Fish and Wildlife Cluster
15.605	Sport Fish Restoration Program
15.611	Wildfire Restoration and Basic Hunter Education
17.225	Unemployment Insurance (UI)
17.245	Trade Adjustment Assistance
	Highway Planning and Construction Cluster
20.205	Highway Planning and Construction (Federal-Aid Highway Program)
20.205A	Highway Planning and Construction (Federal-Aid Highway Program) – American Recovery and Reinvestment Act (ARRA)
20.219	Recreational Trails Program
20.223	Transportation Infrastructure Finance and Innovation Act (TIFIA) Program
	Federal Transit Cluster
20.500	Federal Transit – Capital Investment Grants (Fixed Guideway Capital Investment Grants)
20.507	Federal Transit – Formula Grants (Urbanized Area Formula Program)
20.525	State of Good Repair Grants Program
20.526	Bus and Bus Facilities Formula Program (Bus Program)
43.001	Science
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.181	Special Education – Grants for Infants and Families
84.365	English Language Acquisition State Grants
84.369	Grants for State Assessments and Related Activities
93.067	Global AIDS
93.069	Public Health Emergency Preparedness
93.558	Temporary Assistance for Needy Families (TANF)
93.566	Refugee and Entrant Assistance – State-Administered Programs
93.568	Low-Income Home Energy Assistance
	Child Care and Development Fund Cluster
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care – Title IV-E

CFDA	Program
	Medicaid Cluster
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program (Medicaid; Title XIX)
93.778A	Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
93.889	National Bioterrorism Hospital Preparedness Program
93.917	HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)
93.959	Block Grants for Prevention and Treatment of Substance Abuse
	Disability Insurance/SSI Cluster
96.001	Social Security – Disability Insurance (DI)
96.006	Supplemental Security Income (SSI)
97.042	Emergency Management Performance Grants

Appendix B: Summary of Federal Findings by State Agency

The full text of the findings can be found online in the 2015 Single Audit Report, starting on page E-7, at: www.ofm.wa.gov/singleaudit/2015/default.asp.

Agency	Number	Finding
Social and Health Services	2015-003	The Department of Social and Health Services improperly charged \$5.6 million to multiple federal grants.
	2015-016	The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure subrecipients of the Substance Abuse and Mental Health Services Projects of Regional Significance and Block Grants for Prevention and Treatment of Substance Abuse programs received required audits.
	2015-017	The Department of Social and Health Services did not have adequate internal controls over and was not compliant with its required collection of Data Universal Numbering System (DUNS) numbers from subrecipients under the Substance Abuse and Mental Health Services Projects of Regional Significance and Block Grants for Prevention and Treatment of Substance Abuse programs.
	2015-018	The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to sanction Temporary Assistance for Needy Families program participants who were not cooperative with the Department regarding child support issues.
	2015-019	The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements of its Temporary Assistance for Needy Families grant work verification plan.
	2015-020	The Department of Social and Health Services did not have adequate internal controls in place to ensure compliance with the maintenance of effort requirements for the Temporary Assistance for Needy Families grant program.
	2015-021	The Department of Social and Health Services did not have adequate internal controls in place for submitting quarterly and annual reports for the Temporary Assistance for Needy Families Grant.
	2015-022	The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure only eligible refugees of the Refugee and Entrant Assistance program received cash assistance.
	2015-026	The Department of Social and Health Services did not have adequate internal controls over and did not comply with client eligibility requirements for the Child Care Development Fund.
	2015-027	The Departments of Early Learning and Social and Health Services did not establish adequate internal controls over and did not comply with period of availability requirements for the Child Care and Development Fund program.
	2015-028	The Department of Social and Health Services did not have adequate internal controls over and did not comply with foster care payment rate setting and application requirements for the Foster Care program.
	2015-040	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure in-home care providers paid by Medicaid had proper background checks.
2014-041	The Department of Social and Health Services improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients.	

Agency	Number	Finding
Social and Health Services	2014-042	The Department of Social and Health Services paid Medicaid benefits for clients who did not have valid Social Security numbers.
	2015-043	The Department of Social and Health Services did not accurately claim the federal share of Medicaid payments for Presumptive Supplemental Security Income clients.
	2015-044	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have internal controls in place to ensure follow up on nursing home survey deficiencies were conducted in a timely manner.
	2015-045	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure surveys for Medicaid nursing home and intermediate care facilities were completed in a timely manner.
	2015-046	The Department of Social and Health Services made improper payments for unallowable services provided to newly eligible Medicaid clients under the Affordable Care Act.
	2015-047	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure complaints of abuse and neglect of clients at Medicaid residential facilities were responded to properly.
	2015-048	The Department of Social and Health Services improperly claimed federal Medicaid reimbursement for non-emergency services provided to nonqualified aliens.
	2015-049	The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls to ensure Medicaid payments to supported living service providers were allowable.
	2015-050	The Department of Social and Health Services, Developmental Disabilities Administration, made overpayments to Medicaid supported living providers who did not ensure staff, with access to developmentally disabled clients, received a proper background check.
	2015-051	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Adult Family Home providers to ensure Medicaid providers and their employees had proper background checks.
	2015-052	The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls to ensure Medicaid payments to supported living service providers for cost of care adjustments were allowable.
	2015-053	The Department of Social and Health Services did not have adequate internal controls in place and did not comply with the level of effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse.
	2015-054	The Department of Social and Health Services did not have adequate internal controls in place and did not comply with requirements to ensure treatment service providers spending Block Grants for Prevention and Treatment of Substance Abuse funds were peer reviewed.
	2015-055	The Department of Social and Health Services made improper payments to providers for medical evidence records.

Agency	Number	Finding
Health Care Authority	2015-030	The Health Care Authority did not perform semi-annual data sharing with health insurers as required by state law.
	2015-031	The Health Care Authority did not collect application fees from prospective or re-enrolling Medicaid providers, resulting in non-compliance with Affordable Care Act provisions.
	2015-032	The Health Care Authority did not have adequate internal controls over its Medicaid service verification process.
	2015-033	The Health Care Authority made improper Medicaid payments to Federally Qualified Health Centers and Rural Health Clinics.
	2015-034	The Health Care Authority did not have adequate internal controls to ensure it sought reimbursement for all eligible Medicaid outpatient drug rebate claims.
	2015-035	The Health Care Authority improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients.
	2015-036	The Health Care Authority made improper Medicaid payments for clients whose Social Security numbers and citizenship status were not verified and for unallowable non-emergency services.
	2015-037	The Health Care Authority overpaid Medicaid providers for dental services.
	2015-038	The Health Care Authority made improper Medicaid inpatient high outlier payments to hospitals.
	2015-039	The Health Care Authority did not have adequate internal controls to ensure Children's Health Insurance Program federal funds were properly claimed as eligible Medicaid expenditures.
Employment Security	2015-006	The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible claimants of the Unemployment Insurance program received benefits.
	2015-007	The Employment Security Department paid Trade Readjustment Allowance program benefits to participants who were not eligible to receive them.
	2015-008	The Employment Security Department made unsupported payments to Trade Readjustment Allowance program participants.
	2015-009	The Employment Security Department did not have adequate internal controls to ensure only eligible participants of the Trade Adjustment Assistance program received benefits.
	2015-010	The Employment Security Department did not have support for transportation reimbursement payments to Trade Adjustment Assistance program participants.
Health	2015-011	The Department of Health did not have adequate internal controls to ensure compliance with the earmarking requirements for the Drinking Water State Revolving Funds program.
	2015-014	The Department of Health did not follow established internal controls over and did not comply with Federal Financial Reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.
	2015-015	The Department of Health did not have adequate internal controls over federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs and did not comply with federal level of effort requirements for the National Bioterrorism Hospital Preparedness Program.
	2015-029	The Department of Health did not ensure Medicaid hospital and home health agency surveys were performed with the frequency required by federal regulations and state law.

Agency	Number	Finding
Early Learning	2015-023	The Department of Early Learning did not have adequate internal controls over and was not compliant with requirements to ensure payments to child care providers for the Child Care and Development Fund program were allowable.
	2015-024	The Department of Early Learning did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund program.
	2015-025	The Department of Early Learning did not have adequate internal controls over child care fraud detection and repayments.
Superintendent of Public Instruction	2015-004	The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal reporting requirements for the Child and Adult Care Food Program.
	2015-012	The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal suspension and debarment requirements for the Grants for State Assessments and Related Activities program.
	2015-013	The Office of Superintendent of Public Instruction did not maintain required documentation for payroll costs charged to the Grants for State Assessments and Related Activities program.
Financial Management	2015-001	The State's internal controls over Medicaid payments processed by ProviderOne are inadequate to ensure those payments are properly processed and recorded.
	2015-002	The State should improve internal controls over the processing and recording of Unemployment Insurance premium payment and wage information to ensure accurate reporting.
Commerce	2015-005	The Department of Commerce did not have adequate internal controls to ensure HOME Investment Partnerships Program income was used before requesting federal cash draws.
Military	2015-056	The Military Department improperly charged grant expenditures after the end of the Emergency Management Performance Grants' period of availability.