Audit Report	Finding Number		Finding and Corrective Action Status
1032843	2022-014	Finding:	The Department of Social and Health Services improperly charged \$390 to the Coronavirus Relief Fund.
		Corrective Action:	The Department concurs with the finding. Since the Department received Coronavirus Relief Funds through legislative appropriation, resolution of the questioned costs with the grantor will be managed by the Office of Financial Management.
		Completion Date: Agency Contact:	Corrective action is expected to be complete by March 2024 Richard Meyer External Audit Compliance Manager
			PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <u>Richard.Meyer@dshs.wa.gov</u>

Finding Number 2022-037		8
2022-037		
2022-037	Finding:	The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure staff properly considered the income information obtained from data matching when determining client eligibility and benefits for the Temporary Assistance for Needy Families program.
	Corrective Action:	The Department does not concur with the finding.
		The Department has established processes in place to ensure income information is properly considered during client eligibility and benefits determination for the Temporary Assistance for Needy Families (TANF) Program. During eligibility determination at application intake, the eligibility worker:
		• Interviews the client to determine income.
		• Compares client reported information and cross matches against the Income Eligibility and Verification System (IEVS) per the Code of Federal Regulations (CFR).
		• Resolves discrepancies for all new or previously unverified information received.
		• Uses the information to determine if the client income is below the maximum earned income limits for TANF per WAC 388-478-0035.
		• Verifies all circumstances as required in WAC 388-490-0005 and follows requirements when discrepancies exist, which include taking appropriate actions if the information is questionable, confusing, or outdated.
		The Department utilizes Spider, which is a tool that combines several different data matches including IEVS. In addition, the Department uses templates to appropriately and comprehensively document the eligibility determination to ensure consistency, accuracy, and that lean processes are followed.
		• The Earned Income Template
		 Addresses income received within 30 days of the application date and any discrepancies found between the case record, online verification systems, previously projected income, and income type.
		• Does not require documentation if there is no income reported and when no discrepancy is found in cross matches.
		• The Final Narrative Template
		 Includes completing check boxes to document types of cross matches reviewed during application intake and a summary of the transactions that occurred.
		Corrective Action:

Audit	Finding		Finding and
Report	Number		Corrective Action Status
1032843	2022-037 (cont'd)		 In all seven exceptions identified by the auditors, the client's situation did not require the eligibility workers to use the <i>Earned Income Templates</i> due to: No income reported.
			 No income found in IEVS and other cross matches.
			 No discrepancies.
			 No changes within 30 days.
			The eligibility workers did create documentation using the <i>Final Narrative Template</i> for all seven cases with notation stating: "Reviewed the following system(s): Spider." All these actions were consistent and aligned with the Department's "Standard Remarks and Narrative Documentation" procedures.
			Alerts are not generated for all income fluctuations but as appropriate when a review and potential action is required. This is to minimize creating unnecessary alerts which would take staff time away from other required and mission-critical actions. The Department asserts that the system is working as designed, which is evidenced by the fact that the Department accurately determined eligibility in all seven cases identified as exceptions by the auditors.
			The Department will continue to:
			• Review IEVS information at application intake and verify and document any discrepancies between what is reported by the household and what is shown in the cross matches.
			• Use templates to ensure documentation supports the eligibility decisions.
			• Generate alerts when an applicant is budgeted with zero income, but the IEVS data match shows income.
			• Use the final narrative documentation template, that includes check boxes, to notate cross matches reviewed during application intake.
		Completion Date:	Not applicable
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Audit	Finding		Finding and
Report	Number		Corrective Action Status
1032843	2022-046	Finding:	The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure potential child care fraud was correctly identified and reported for the Child Care and Development Fund Cluster.
		Corrective Action:	The Department concurs with the finding.
			As of January 2023:
			• The Department updated the Barcode system algorithm to fix the improper scoring of the Fraud Early Detection (FRED) referrals. Referrals are now being scored, per the details of the algorithm, to include the additional four points for FRED referrals received from hotline calls.
			• The Office of Fraud and Accountability sent a request to store the information for the prioritization tool to the Economic Services Administration, who maintains the Barcode system and server space.
			The Department anticipates the Barcode system will be updated and service space will be created by March 2024.
		Completion	
		Date:	Corrective action is expected to be complete by March 2024
		Agency	Richard Meyer
		Contact:	External Audit Compliance Manager
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Audit	Finding		Finding and	
Report	Number	Corrective Action Status		
1032843	2022-056	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.	
		Corrective Action:	The Department does not concur with the finding.	
			The Department performed payment reconciliations, cost report reviews, and settlement assessments for all 140 cost reports received during the first half of fiscal year 2022 (July 1, 2021, through December 31, 2021). Of the cost reports received, 66 providers (47 percent) were subject to the Developmental Disabilities Administration (DDA) payroll verification review. The State Auditor's Office (SAO) did not question any of the costs that were associated with the 66 providers. However, SAO is questioning all payments made to the 74 providers who did not receive a payroll verification review in the first half of the fiscal year.	
			For the second half of the fiscal year (January 1, 2022, through June 30, 2022), even though the Department had the same internal controls in place, SAO asserted that every payment during this time frame was a questioned cost because the cost reports for calendar year 2022 had not yet been submitted for department review.	
			The Department strongly disagrees that all these costs should be questioned. The Department reconciles payments on a calendar year basis, while SAO audits on a fiscal year basis and does not consider activities that fall outside of the audit period.	
			The Developmental Disabilities Administration has numerous internal controls in place which provide sufficient assurance that the services paid for were provided. These include:	
			Medicaid service verifications,	
			Allowable costs payment reconciliations,	
			Payroll verification processes,Review of rate payments and increases,	
			Quality assurance reviews,	
			• Duplicate payment reports,	
			 Residential Care Services certification processes, Contract manifering 	
			Contract monitoring,Reconciliation processes for rates, cost reports, and settlements,	
			• Segregation of duties and other verification and approval processes.	
			The Department strongly believes that its current oversight and monitoring procedures adequately confirm that services received by clients meet the certification standards for supported living providers. The Department continues its efforts to bring quality services to clients who receive habilitative residential support while following all program requirements, including reconciling the settlement amounts that were issued to providers in the cost report settlement process.	
			procedures adequately confirm that services received by clients n certification standards for supported living providers. The Dep continues its efforts to bring quality services to clients who habilitative residential support while following all program requir including reconciling the settlement amounts that were issued to pr	

Audit	Finding		Finding and
Report	Number		Corrective Action Status
1032843	2022-056 (cont'd)		 Based on the information provided above, the Department maintains that the questioned costs for this audit finding are not substantiated. Unfortunately, SAO did not choose a more collaborative approach aimed at supporting the Department in its continuing quality improvement efforts. The Department continues to adjust its processes openly and appropriately as needed and remains open to partnering with SAO to resolve disagreements in this audit area and find common ground. The Department intends to send a request to the Centers for Medicare & Medicaid Services, through the audit resolution process, requesting the questioned costs reported by the SAO be rescinded. The conditions noted in this finding were previously reported in findings 2021-049, 2020-051, 2019-054, 2018-058, 2017-044, 2016-041, 2016-045, 2015-049, 2015-052, 2014-041, 2014-042, 2013-036, 2013-038 and 2012-039. The auditors determined findings 2016-041, 2015-052, 2014-041 and 2013-038 were resolved in fiscal year 2018.
		Completion Date: Agency Contact:	Not applicable Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <u>Richard.Meyer@dshs.wa.gov</u>

Audit	Finding	Finding and	
Report	Number	Corrective Action Status	
1032843	2022-057	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 timely investigation of complaints of client abuse and neglect at Medicaid residential facilities.
		Corrective Action:	The Department partially agrees with the finding.
			The Department agrees that not all complaint investigations were initiated within the required timeframes. However, the Department does not agree that noncompliance was due to inadequate internal controls. Residential Care Services (RCS) has effectively used current internal controls since fiscal year 2017 when we received the State Auditor's Office Stewardship Award related to this audit area.
			Compliance with required complaint investigation timeframes decreased due to an increase in complaints from the previous fiscal year that were assigned for investigation. In addition, the effects of the COVID-19 pandemic increased staff vacancy rates to 24% due to exposure, illness, and staff resignation caused by vaccination mandates.
			As of August 2023, the Department:
			 Extended the contract with Health Care Management Solutions to assist with surveys. This allows RCS staff to return the focus to complaint investigations, complaint backlog, and compliance with required investigation timeframes.
			• Condensed and streamlined Nursing Home Surveyor Training to enable staff to complete survey training faster than previous timeframes.
			• Provided training to staff that were recently hired to fill the vacant positions to ensure compliance with investigation timeframes.
			The conditions noted in this finding were previously reported in finding 2021-054.
		Completion Date:	August 2023, subject to audit follow-up
		Agency Contact:	Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <u>Richard.Meyer@dshs.wa.gov</u>

Audit	Finding		Finding and
Report	Number		Corrective Action Status
1032843	2022-058	Finding:	The Department of Social and Health Services did not have adequate internal controls over False Claims Act requirements.
		Corrective Action:	The Department concurs with the finding.
			As of April 2023, the Department:
			• Generated and tested a new internal report that will include all Aging and Long-Term Support Administration and Developmental Disabilities Administration Medicaid providers.
			• Mailed correspondence to the one provider who was missing documentation to request the False Claims Act (FCA) attestation, policy, and procedures.
			• Ensured all outstanding FCA attestations and documents were returned to ensure compliance with the FCA requirement.
			By March 2024, the Department will update the process to include follow up with providers monthly until the FCA attestations and other documents are received.
		Completion Date:	Corrective action is expected to be complete by March 2024
		Agency	Richard Meyer
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Audit Report	Finding Number		Finding and Corrective Action Status
1032843	2022-059	Finding:	The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal provider eligibility requirements for the Medicaid Program.
		Corrective Action:	The Department concurs with the finding.
			As of June 2022, individual providers are no longer contracted through the Department and now contract with Consumer Direct of Washington. As a result of this change, this type of error will not occur for individual providers moving forward.
			As of March 2023, the Department reviewed all providers in the monthly exclusion report.
			The Department verified that the provider identified in the finding for missing enrollment documentation was never employed and did not receive any payments.
		Completion Date:	March 2023, subject to audit follow-up
		Agency Contact:	Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Finding	Finding and	
Number	Corrective Action Status	
2022-001	Finding:	The Department of Social and Health Services did not have adequate internal controls over and did not comply with its own polices related to Individual Instruction and Support Plans for the State-Operated Living Alternative program.
	Corrective	The Department partially concurs with the finding.
	Action.	Each of the clients in the sample had an Individual Instruction and Support Plan (IISP) that was active during the audit period. However, a lack of clarity in the way dates were documented contributed to the non- compliance noted by the auditors.
		As of September 2023, the Department distributed a revised IISP template to all state operated community residential programs to ensure dates are documented in a consistent manner. This document addresses the alignment of IISP and person-centered service plan dates.
		As of October 2023, the Department has:
		• Defined and distributed guidelines to state operated community residential management staff on consistent practices for retaining IISP documentation.
		• Developed and distributed a communication to administrators and attendant counselor managers of the Developmental Disabilities Administration (DDA) that addresses the implementation of consistent standards in providing, tracking, and documenting staff training on clients' ISSPs.
		By February 2024, the Department will develop a standard operating procedure addressing IISP development, implementation, and monitoring.
		By March 2024, the Department will:
		• Provide training to attendant counselor managers on DDA Policy 5.08, Individual Instruction and Support Plan and Risk Summary.
		• Implement a system of quarterly monitoring and oversight to ensure compliance with agency policy and the Washington Administrative Code.
	Completion	
	Date:	Corrective action is expected to be complete by March 2024
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