

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023**

Department of Social and Health Services

Agency 300

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

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1032843	2022-037 (cont'd)	<p>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:</p> <ul style="list-style-type: none"> • No income reported. • No income found in IEVS and other cross matches. • No discrepancies. • No changes within 30 days. <p>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.</p> <p>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.</p> <p>The Department will continue to:</p> <ul style="list-style-type: none"> • 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. <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>

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1032843	2022-046	<p>Finding:</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 requirements to ensure potential child care fraud was correctly identified and reported for the Child Care and Development Fund Cluster.</p> <p>The Department concurs with the finding.</p> <p>As of January 2023:</p> <ul style="list-style-type: none"> 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. <p>The Department anticipates the Barcode system will be updated and service space will be created by March 2024.</p> <p>Corrective action is expected to be complete by March 2024</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1032843	2022-056	<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>Corrective Action: The Department does not concur with the finding.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The Developmental Disabilities Administration has numerous internal controls in place which provide sufficient assurance that the services paid for were provided. These include:</p> <ul style="list-style-type: none"> • 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 monitoring, • Reconciliation processes for rates, cost reports, and settlements, • Segregation of duties and other verification and approval processes. <p>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.</p>

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1032843	2022-056 (cont'd)	<p>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.</p> <p>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.</p> <p>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.</p> <p>Completion Date: Not applicable</p> <p>Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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1032843	2022-058	<p>Finding:</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 False Claims Act requirements.</p> <p>The Department concurs with the finding.</p> <p>As of April 2023, the Department:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>Corrective action is expected to be complete by March 2024</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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1032843	2022-059	<p>Finding:</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 provider eligibility requirements for the Medicaid Program.</p> <p>The Department concurs with the finding.</p> <p>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.</p> <p>As of March 2023, the Department reviewed all providers in the monthly exclusion report.</p> <p>The Department verified that the provider identified in the finding for missing enrollment documentation was never employed and did not receive any payments.</p> <p>March 2023, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1033200	2022-001	<p>Finding:</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 its own polices related to Individual Instruction and Support Plans for the State-Operated Living Alternative program.</p> <p>The Department partially concurs with the finding.</p> <p>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.</p> <p>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.</p> <p>As of October 2023, the Department has:</p> <ul style="list-style-type: none"> • 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. <p>By February 2024, the Department will develop a standard operating procedure addressing IISP development, implementation, and monitoring.</p> <p>By March 2024, the Department will:</p> <ul style="list-style-type: none"> • 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. <p>Corrective action is expected to be complete by March 2024</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>