

**Status of Audit Resolution**

December 2015

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**Department of Social and Health Services (DSHS)**

**Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 018

**Finding:** The Department of Social and Health Services does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Substance Abuse and Mental Health Services Projects of Regional Significance programs are filed accurately.

**Resolution:** By December 2015, the Department's Budget and Finance Director for the Behavioral Health and Service Integration Administration will:

- Develop policies and procedures incorporating strong internal controls to collect information on each subaward or amendment of \$25,000 or more in federal funds and report in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System.
- Develop and maintain a tracking methodology and validation procedure to ensure reports are submitted timely and properly completed in accordance with FFATA requirements.

**Completion Date:** Corrective action is expected to be complete by December 2015.

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## Status of Audit Resolution

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**Department of Social and Health Services (DSHS)**

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**Agency: 300**

**Audit Report:** 2014 F

**Finding Number:** 019

**Finding:** The Department of Social and Health Services does not have adequate internal controls in place to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse and Substance Abuse and Mental Health Services Projects of Regional Significance programs receive required audits.

**Resolution:** In April 2015, the Department's Behavioral Health and Service Integration Administration's accounting section began tracking subrecipients requiring audits.

By December 2015, the Department will:

- Conduct follow-up telephone interviews or on-site visits with subrecipient contractors, as appropriate, when findings are reported to ensure corrective action plans are followed. Follow up is documented in the subrecipient tracking system.
- Coordinate with the Department's Office of Indian Policy to make sure the 25 tribal subrecipients comply with audit requirements and properly report the federal funds received from the Department.

**Completion Date:** Corrective action is expected to be complete by December 2015.

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**Status of Audit Resolution**

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**Department of Social and Health Services (DSHS)** **Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 020

**Finding:** 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 Block Grants for Prevention and Treatment of Substance Abuse and Mental Health Services Projects of Regional Significance programs.

**Resolution:** In February 2015, the Department developed policies, procedures and internal controls to obtain Data Universal Numbering System (DUNS) numbers from subrecipients prior to making subawards in accordance with federal requirements. Until a permanent change to the Department's contractor database is made, DUNS numbers will be recorded in the special terms and conditions of all applicable contracts.

In April 2015, the Department developed the appropriate training and checklists to ensure all employees responsible for collecting and documenting DUNS numbers are aware of and comply with the federal requirements.

**Completion Date:** April 2015, subject to audit follow-up

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**Department of Social and Health Services (DSHS)**

**Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 021

**Finding:** The Department of Social and Health Services does not have adequate internal controls to ensure only eligible refugees receive Refugee Cash Assistance.

**Resolution:** The Department concurs with this finding. The Department has taken the following actions.

As of January 2015, an automated system was implemented to track employment referrals, and work and training activities for clients applying for Refugee Cash Assistance (RCA).

As of February 2015, the Department began providing staff with a listing of new clients receiving RCA funds. Staff use the list to ensure eligibility was accurately determined for clients receiving assistance. Since implemented this is an ongoing task.

In March 2015, the Department:

- Provided annual refresher training to all staff who determine client eligibility for RCA. The training is meant to reinforce internal controls for proper enrollment in RCA.
- Reviewed all clients who received RCA during the audit period to ensure eligibility was accurately determined. All errors were corrected.

In May 2015, the Department:

- Began generating a monthly report to track the enrollment and participation of RCA clients. Program managers use the report to work with their supervisor to ensure clients register for employment or training programs. If clients are not enrolled in required programs, action will be taken to correct the situation.
- Trained staff on the new employment referral, and work and training activity tracking system.

If the U.S. Department of Health and Human Services contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.

**Completion Date:** May 2015, subject to audit follow-up

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**Status of Audit Resolution**

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**Department of Social and Health Services (DSHS)**

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**Audit Report:** 2014 F

**Finding Number:** 022

**Finding:** The Department of Social and Health Services improperly charged grant expenditures prior to the start of the grant's period of availability.

**Resolution:** The Department contacted the federal granting agency and had additional discussions about this finding. The Department now concurs with this finding and corrected the issue. The program moved the improperly charged grants expenditures back to the 2013 grant. The program will ensure that, during federal fiscal year roll over, schedules are left in the Cost Allocation Plan for liquidation of previously accrued transactions.

**Completion Date:** May 2015, subject to audit follow-up

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**Department of Social and Health Services (DSHS)**

**Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 026

**Finding:** The Department of Social and Health Services does not have adequate internal controls over client eligibility for the Child Care Development Fund.

**Resolution:** The Department of Social and Health Services (the Department) and the Department of Early Learning (DEL) have taken and completed the following actions:

The Department implemented the following monitoring protocols to establish an appropriate separation of duties between staff who determine eligibility and staff who authorize payments, specifically:

- Regional staff review an integrity report quarterly, which identifies cases where the same staff member authorized four or more payments in a 15-month period without authorization activity from other staff. To date, the report has not identified any cases resulting in a finding of improper authorization activities.
- A separation of duties protocol has been instituted that does not allow a staff member who activates a license-exempt provider to make any payment authorizations for that provider. In this situation, another staff member must authorize the payment to the license-exempt provider. This electronic process reduces the potential for fraudulent payment authorizations.

DEL is working with the Legislature and the Office of the Chief Information Officer to establish funding to implement a cloud-based, Software as a Service solution for an electronic time, attendance, and payment system for Working Connections Child Care and Seasonal Child Care subsidy attendance and billing that will interface with the eligibility system. This system will provide mobile access for parents/guardians to check children in/out of early learning programs, and an online portal to review documents, attendance records, and submit electronic invoices.

The purpose of an electronic time, attendance, and payment system is to reduce errors in subsidy payments through a single cohesive subsidy system. Most child care providers currently keep attendance records on paper and dial in their invoice via phone. State child care eligibility workers use multiple systems to determine eligibility and make payments. The current way of doing business offers many chances for errors and overpayments. The new system will tie together attendance, authorized care, and payment records thereby strengthening internal controls, reducing the number of overpayments, and reducing recovery costs expended by the state.

The Department and DEL have or will implement the following child care program reform initiatives\*:

- In May 2015, the Department implemented child care verification requirements at the time of application, through certification period, and at recertification. In addition, the Child Care Subsidy Program handbook was updated. A memo was sent to staff informing them of the changes which were implemented.

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- By February 2016, the Working Connections Automated Program screens, which are part of the eligibility system, will be updated so they are more user friendly and provide more accuracy in the eligibility determination process.

*\*These child care program reform initiatives are part of the Aclara Reform Project. The Aclara Reform Project is cosponsored by the Department and DEL in response to an external child care program review requested by the Legislature and performed by the Aclara Group.*

The Department is continuing to perform the following child care authorization audits:

- 1.6 percent of open authorizations are audited monthly.
- 100 percent of exceptional payment authorizations are audited to ensure they are reviewed and approved by a supervisor before payments are made. An example of an exceptional payment is when a child requires, and is authorized for, more than 230 hours of care per month due to extenuating circumstances such as a parent with multiple approved activities (school and work, etc.).
- 100 percent of preauthorization and post authorization work for all new child care workers are audited.

Data is provided monthly by the Health Care Authority which identifies error prone cases to audit for eligibility and areas where policy clarification, training, or systems support can increase accuracy.

DEL established a specialized child care audit team in January 2012. The audit team is tasked with reviewing time and attendance records and provider payments. DEL hired five additional auditors in January 2013, increasing the audit team to nine members. The audit team increased the population of authorized payments reviewed for payment and billing accuracy. DEL currently randomly selects attendance record audits within four to six months of the end of the payment month.

**Completion Date:** Corrective action is expected to be complete by April 2016.

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**Department of Social and Health Services (DSHS)**

**Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 027

**Finding:** The Department does not have adequate internal controls over, and was not compliant with, foster care payment rate setting and application requirements for the Foster Care program.

**Resolution:** The Department does not concur with this finding. The review of regular rate reviews and sufficiency required by the Office of Management and Budget (OMB) took place under guidance from the Administration for Children and Families (ACF) and is a new test as a part of the 2014 Statewide Single Audit. The Department's Children's Administration (CA) describes the approach to establish rates in its Title IV-E plan, which is approved every year by ACF. The mandate from ACF to review rates for sufficiency is very vague and no guidance regarding what constitutes is included. As a result, this audit represents the first time CA has received feedback that its approach is not compliant with federal regulations.

CA's rate structure represents a child specific strategy that flexes with the needs of the child. Furthermore, the Department developed a process, adopted in the administrative code, for identifying the amount of time spent meeting the needs for care and supervision of each child. Combined, these steps work in tandem to create sufficient rates for each foster child. Therefore the required review of the rate is met every time the Department sets a rate for a child and provides additional ad hoc services.

In addition, statewide processes and economic conditions hampered CA's ability to conduct system-wide reviews of the foster care maintenance rate. Specifically, the repeal of the Governor's Vendor Rate committee, deep economic recession, and the Foster Parent Association of Washington (FPAWS) lawsuit essentially eliminated what little discretion or authority CA had for the consideration of rates.

CA has a potential resolution that may address the concern specifically identified by the audit related to a proposed negotiated settlement of the FPAWS case. Under the negotiated settlement, CA undertook an economic analysis of rates and negotiated new foster care rates and an accompanying methodology that gives structure to a potential process to update rates. However, again, due to lack of clarity of the federal requirement it is unclear whether this settlement would represent compliance from the federal perspective. Nevertheless it does contain a potential mechanism for a "review" of foster care rates.

**Completion Date:** The Department did not concur with this finding. No corrective action taken.

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## Status of Audit Resolution

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**Department of Social and Health Services (DSHS)**

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**Agency: 300**

**Audit Report:** 2014 F

**Finding Number:** 040

**Finding:** The Department of Social and Health Services, Developmental Disabilities Administration, did not pay Medicaid supported living providers at authorized daily rates.

**Resolution:** The Department concurs with this finding. The Department has taken action by putting processes in place to ensure supported living providers are paid at authorized rates.

Beginning in July 2014, the Department strengthened its reconciliation process by adding more frequent reviews of provider payments by rate analysts.

As of January 2015, the Department converted to the ProviderOne payment system from the Social Service Payment System for processing payments to providers. This new process and payment system does not allow payment of two authorizations for the same client/provider location combination. The payment error identified by the auditors will not be possible with the new payment system.

Overpayments are established for incorrect rate payments that are identified. Overpayments are referred to the Office of Financial Recovery. This was the case with the overpayment identified during the audit. Should the U.S. Department of Health and Human Services contact the Department about the overpayment in this audit, the Department will take the action requested.

**Completion Date:** January 2015, subject to audit follow-up

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**Status of Audit Resolution**

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**Department of Social and Health Services (DSHS)**

**Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 041

**Finding:** The Department of Social and Health Services, Developmental Disabilities Administration, does not have adequate internal controls to ensure cost of care adjustments paid to Medicaid supported living service providers are authorized, supported and reasonable.

**Resolution:** The Department developed several corrective actions in response to this finding.

The cost of care adjustment (COCA) form was modified to include a section for justifying the need for the COCA. The new addition to the form helps provide staff additional information for making a decision. The Department's Resource Manager Administrator will continue to train on COCA justification and decision making in addition to providing training to agency providers as needed.

**Completion Date:** February 2015, subject to audit follow-up

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**Department of Social and Health Services (DSHS)**

**Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 042

**Finding:** The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate controls to ensure Medicaid payments to supported living service providers are allowable.

**Resolution:** The Department does not concur with this finding. However, the following actions have been or will be taken to strengthen internal controls.

As of October 2015, the Department's Developmental Disabilities Administration (DDA) began an audit process dedicating one full time employee to conducting audits of selected residential providers. The scope of these audits includes reconciling instruction and support service (ISS) hours provided by households to amounts billed, and providing consultation and training to service providers related to the tracking and documenting of ISS hours. Twenty percent of the supported living providers are audited per year.

As of 2014, additional schedules were added to the cost report submitted by supported living providers to include ISS hours in a format reconcilable to payroll records.

As of July 2015, the Department revised the DDA policies to clarify provider documentation requirements regarding payroll activities.

As of September 2015, the Department reconciled the fiscal year 2014 cost reports from providers. All overpayments identified were referred to the Department's Office of Financial Recovery. Any federal funds due are refunded to the Centers for Medicare & Medicaid Services (CMS) through the Medicaid overpayment process and included on the CMS-64 report.

By December 2015, the Department will train all supported living providers on the revised policies.

**Completion Date:** Corrective action is expected to be complete by December 2015.

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**Department of Social and Health Services (DSHS)**

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**Agency: 300**

**Audit Report:** 2014 F

**Finding Number:** 043

**Finding:** The Department of Social and Health Services, Developmental Disabilities Administration, made overpayments to Medicaid supported living providers.

**Resolution:** The Department issued overpayments for all exceptions identified in this audit. All overpayments were referred to the Department's Office of Financial Recovery (OFR) for processing. Any federal funds due are refunded to the Centers for Medicare & Medicaid Services (CMS) through the Medicaid overpayment process and included on the CMS-64 report.

During the spring of 2015, the state fiscal year-end settlement process was initiated. Any provider overpayments discovered during this process were referred to OFR. The Department completed the settlement process in October 2015.

The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.

**Completion Date:** October 2015, subject to audit follow-up

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**Department of Social and Health Services (DSHS)**

**Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 044

**Finding:** The Department of Social and Health Services, Developmental Disabilities Administration, made overpayments to Medicaid supported living providers who did not ensure all staff with access to developmentally disabled clients receive a proper background check and are authorized to have access to vulnerable supported living clients.

**Resolution:** In response to the fiscal year 2013 audit, the Department implemented the following corrective actions which continue to be utilized:

- Providing ongoing training to Department employees and providers.
- Dedicating a position in the Headquarters' office to provide direct support and consultation to providers on the interpretation of background check result letters.
- Monitoring background check compliance through reviews conducted by the Enterprise Risk Management Office and Residential Care Services certification reviews.
- Collaborating with the background check unit to simplify result letters sent to providers and background check processes.

As of February 2015, the Department resolved the outstanding exceptions identified during the course of the fiscal year 2014 audit.

By December 2015, the Department will repay questioned costs for exceptions that could not be resolved.

**Completion Date:** Corrective action is expected to be complete by December 2015.

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**Department of Social and Health Services (DSHS)**

**Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 045

**Finding:** The Department of Social and Health Services, Aging and Long-Term Support Administration, did not respond in a timely manner to complaints/allegations of abuse, neglect, exploitation, inadequate care or supervision in Medicaid residential facilities.

**Resolution:** The Department concurs with this finding. The Department has taken the following actions to strengthen internal controls to ensure that all complaints are accounted for and responded to in a timely manner.

As of July 2014, the Department revised intake priorities to reflect federal and state timelines. In addition, registered nurses in the Complaint Resolution Unit (CRU) began reviewing all nursing home intakes. This is an ongoing process.

As of October 2014, the Department put in a request to update the automated system for tracking incidents of vulnerable adults to allow for a manual update of dates intakes are reviewed and referred to field staff. The Department completed implementation in July 2015.

As of January 2015, the CRU registered nurses began reviewing all intakes for intermediate care facilities for individuals with intellectual disabilities.

As of March 2015, the Department completed its review of existing procedures with the goal of developing procedures that streamline the complaint resolution process. Included in this review was a LEAN Value Stream Mapping that occurred in February 2015. As a result, the following procedures were developed to streamline the complaint resolution process:

- Implementing a reporting system available to all providers
- Converting faxes to email
- Reducing the number of questions asked of hotline callers
- Assigning confirmation numbers to each hotline call
- Emailing referrals to the Department of Health and Adult Protective Services.

As of September 2015, the Department reached its goal of responding to and initiating investigations of clients who are in immediate jeopardy of harm within two days.

**Completion Date:** September 2015, subject to audit follow-up

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**Department of Social and Health Services (DSHS)**

**Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 046

**Finding:** The Department of Social and Health Services, Aging and Long-Term Support Administration, did not complete surveys for Medicaid nursing home and intermediate care facilities for individuals with intellectual disabilities in a timely manner.

**Resolution:** The Department will schedule and monitor nursing home and intermediate care facilities for individuals with intellectual disabilities surveys to meet required standards. Delays in timely completion of nursing home surveys are due to staffing limitations. In November 2015, the Legislature approved funding for six nursing home complaint investigators. Steps have been taken to recruit additional staff. It is anticipated the staffing issue will be resolved in August 2016.

By March 2016, the Department will implement a formal tracking process allowing for improved monitoring of statements of deficiencies and plans of corrections that result from surveys.

**Completion Date:** Corrective action is expected to be complete by August 2016.

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**Department of Social and Health Services (DSHS)**

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**Agency: 300**

**Audit Report:** 2014 F

**Finding Number:** 047

**Finding:** The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately document inspections of Medicaid Adult Family Home providers.

**Resolution:** As of October 2015, in response to the finding the Department has taken the following actions:

- Revised standard operating procedures to require inspection forms to be consistently used to document observations and findings during adult family home inspections.
- Issued a Management Bulletin that requires staff to complete inspection forms in full.
- Required field operations staff to conduct periodic quality assurance checks on required documentation and forms to verify the process is followed.
- Implemented an ongoing practice of having the Adult Family Home Quality Assurance unit conduct periodic reviews to verify staff are completing required forms and following standard operating procedures.

**Completion Date:** October 2015, subject to audit follow-up

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**Department of Social and Health Services (DSHS)**

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**Audit Report:** 2014 F

**Finding Number:** 048

**Finding:** The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Medicaid Adult Family Home providers to ensure all providers, caregivers and resident managers who are employed directly or by contract have proper background checks.

**Resolution:** In response to the fiscal year 2013 audit, the Department implemented several processes that continued through the fiscal year 2014 audit and remain ongoing.

The Department is providing training to staff on standard operating procedures for inspections which includes reviewing background checks on all caregivers, representatives, and resident managers who are employed directly or by contract.

Additionally, the Department is continuing to strengthen its monitoring of adult family home (AFH) staff background checks through the Department's standard facility licensing, annual facility survey, and investigatory business protocols. During AFH inspections, the Department reviews background checks for all employees working at the facility to ensure disqualified caregivers do not have access to vulnerable adults.

The Department will take action on questioned costs as requested by Centers for Medicare and Medicaid Services.

**Completion Date:** February 2015, subject to audit follow-up

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**Department of Social and Health Services (DSHS)**

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**Audit Report:** 2014 F

**Finding Number:** 049

**Finding:** The Department of Social and Health Services, Aging and Long-Term Support Administration, made unallowable payments to Medicaid providers who did not meet background check requirements for in home care providers.

**Resolution:** Although the finding was for providers not having current background checks, the Department made significant progress ensuring providers have current background checks. The finding states, "The Department improved the overall communication of Departmental policies and procedures to unit managers at Area Agencies on Aging (AAA's) that oversee provider contracts."

The Department will continue in its efforts to ensure providers have current background checks. Specifically:

As of March 2015, the Department:

- Completed a LEAN value stream mapping that identified improvements in the individual provider qualification process. This included communication of background check results to providers.
- Terminated payments to providers that did not have current background checks.

As of June 2015, the Department:

- Terminated contracts with providers who failed to comply with requests to have current background checks completed.
- Submitted overpayments to the Department's Office of Financial Recovery for the questioned costs. Funds will be returned to the Centers for Medicare and Medicaid Services (CMS) as overpayments are received. Any overpayments not received within 365 days will be returned to CMS through the Medicaid Overpayment Management System process.

As of October 2015, the Department's Home and Community Services Division implemented new and easier to understand background check results letters.

**Completion Date:** October 2015, subject to audit follow-up

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**Department of Social and Health Services (DSHS)**

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**Audit Report:** 2014 F

**Finding Number:** 050

**Finding:** The Department of Social and Health Services improperly claimed federal reimbursement for non-emergency services provided to nonqualified aliens and for payments made on behalf of deceased Medicaid clients.

**Resolution:** This finding involved four administrations within the Department: the Aging and Long Term Support Administration-Home and Community Services (AL TSA/HCS), the Children's Administration (CA), the Developmental Disabilities Administration (DDA) and the Economic Services Administration (ESA). Each administration has taken or will take corrective action.

**AL TSA/HCS:**

- In 2013, the Recipient Aid Codes (RACS) for non-emergency services were corrected for DDA clients, but the correction was missed for the AL TSA nursing home clients. The RACS and account coding for nursing home clients were corrected in November 2014.
- AL TSA/HCS repaid all questioned costs related to alien emergency medical services.
- As of June 2015, AL TSA/HCS resolved overpayments related to payments made after the client's date of death. Overpayments for these costs (\$21,159) have been referred to the Department's Office of Financial Recovery. Funds will be returned to Centers for Medicare and Medicaid Services (CMS) as overpayments are recovered. Any overpayments not recovered within 365 days will be refunded to CMS through the Medicaid Overpayment Management System (MOMS) process.
- As of September 2015, AL TSA/HCS revised the invalid payment report so it provides a more accurate reporting of invalid payments. Additionally, AL TSA/HCA implemented the revised invalid payment report and began utilizing it for ongoing reviews.

**CA:**

- As of September 2014, questioned costs for the three exceptions related to CA were returned to the grantor.
- By January 2016, CA will strengthen processes regarding review of cases related to non-qualified aliens receiving services.

**DDA:**

- The DDA Social Service Payment System program manager will continue to provide quarterly reports to regional management for review. These reports include payment authorizations after the date of death. Regions will report the level of compliance in their quarterly reviews.
- DDA continues its partnership with the Health Care Authority and external audit agency, Optum, to identify payments for services provided after the date of death using an algorithm. The algorithm will continue to be run quarterly.
- DDA will continue to provide training and direction to staff to ensure authorizing staff understand the need to match end date authorizations to the date of death or earlier as soon as they learn of a client's passing.

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- DDA staff participated in the design of edits for the ProviderOne payment system to prevent payments for services provided after the death of the client.
- Overpayments have been submitted to the Department's Office of Financial Recovery for the questioned costs of \$5,025.78. The recovery will be returned to CMS or, if not recovered timely, through the MOMS process.

### ESA:

- In February 2015, ESA reviewed the one exception identified during the audit and corrected the inappropriate payment. In addition, staff were informed by memo about the requirements for processing cases that involve non-qualified aliens.
- ESA's share of the questioned costs is \$34.70. If the Department of Health and Human Services contacts ESA regarding questioned costs that should be repaid, ESA will confirm these costs and take appropriate action.

**Completion Date:** Corrective action is expected to be complete by January 2016.

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**Department of Social and Health Services (DSHS)**

**Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 051

**Finding:** 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.

**Resolution:** The Department concurs with this finding.

As of April 2015, the Department:

- Developed policies, procedures, and internal controls to ensure monitoring and documentation of level of effort requirements are performed.
- Began actively monitoring the state-funded spending. Specifically, the Department's Accounting Section started producing monthly reports showing the status of the state-funded spending. The Department's Budget Section is reviewing the monthly reports in order to monitor the capability of meeting the minimum required amount each year.

The Department continues to remain in contact with the federal grantors to keep them apprised of the Department's ability to meet the annual minimum required state-funded spending.

**Completion Date:** April 2015, subject to audit follow-up

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**Status of Audit Resolution**

December 2015

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**Department of Social and Health Services (DSHS)**

**Agency: 300**

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**Audit Report:** 2014 F

**Finding Number:** 053

**Finding:** The Department of Social and Health Services did not have adequate internal controls to ensure contracts were procured in accordance with state law for the Disability Insurance and Supplemental Security Income programs.

**Resolution:** In August 2014, the Department's division of Disability Determination Services (DDS), which is part of the Department's Economic Services Administration (ESA), began working with the Department's Central Contract Services unit to ensure state procurement laws are followed. In addition, DDS staff involved with contracts completed training provided by the Central Contract Services unit.

In March 2015, the ESA Workgroup developed an administration-wide procurement process/universal request for qualification, which was posted to the Department's procurement website and the Washington Electronic Business Solution system.

These steps brought the Department into compliance with state procurement laws.

**Completion Date:** March 2015, subject to audit follow-up

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## Status of Audit Resolution

December 2015

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**Department of Social and Health Services (DSHS)**

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**Agency: 300**

**Audit Report:** 2014 F

**Finding Number:** 054

**Finding:** The Department of Social and Health Services does not have adequate internal controls to ensure providers were qualified to perform consultative examinations for the Disability Insurance and Supplemental Security Income programs.

**Resolution:** During the course of this audit, the Department took steps to correct the deficiencies that were identified.

The Department revised procedures regarding providers who perform consultative examinations. The Department is now reviewing the List of Excluded Individuals and Entities (LEIE), maintained by the federal Office of the Inspector General, twice a year to ensure providers are qualified to perform consultative examinations. The LEIE is a federal list of individuals and entities that are excluded from participation in Medicare, Medicaid, and all other federal health care programs.

The Department created a list of contracts and their license expiration date to ensure contractors renew their licenses timely. The Department also developed written procedures that require a manager or designee conduct a quarterly quality assurance (QA) review to ensure contractors renew their licenses as required. Finally, on a monthly basis, 10 percent of contractor files are reviewed to ensure the accuracy of LEIE and license renewal checks. The results of the review show that all have submitted LEIE documentation timely and accurately. The Division of Disability Determination Services staff meets monthly to discuss how the QA process works and how to refine it and make it better.

**Completion Date:** July 2014, subject to audit follow-up

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