
Department of Social and Health Services (DSHS)

Agency: 300

Audit Report: 2012 F

Finding Number: 023

Finding: The Department of Social and Health Services does not have internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Child Support Enforcement grant are filed.

Resolution: The Department concurs with this finding.

In December 2012, the Department took the following actions:

- Updated the desk manual used by fiscal staff to track federal grant reporting requirements to include Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.
- Trained the fiscal staff responsible for grant reporting via FFATA webinars about reporting requirements.
- Completed the reporting requirements for grants issued in fiscal year 2012 and fiscal year 2013.

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Department of Social and Health Services (DSHS)

Agency: 300

Audit Report: 2012 F

Finding Number: 024

Finding: The Department of Social and Health Services did not obtain a Data Universal Numbering System (DUNS) number from subrecipients prior to awarding federal dollars under the Child Support Enforcement grant.

Resolution: The Department concurs with this finding.

In December 2012, the Department took the following actions:

- Obtained Data Universal Numbering System (DUNS) numbers from all subrecipients. The DUNS numbers will be included in annual federal reports that require them.
- Trained Department fiscal staff responsible for Federal Funding Accountability and Transparency Act (FFATA) reporting via webinars to learn more about reporting requirements.

On an ongoing basis, fiscal staff will collect DUNS numbers for subrecipients and maintain them in an electronic file.

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Audit Report: 2012 F

Finding Number: 030

Finding: The Department of Social and Health Services does not have adequate internal controls over client eligibility for the Child Care Development Fund, resulting in the payment of child care services for ineligible clients.

Resolution: The Department partially concurs with this finding. The Department has taken or will take a variety of corrective actions through the course of the year to correct the deficiencies identified during the audit.

In February 2013, the Department:

- Began formal auditing of 1.6 percent of all case actions, 100 percent of all new employee case actions, and 100 percent of all instances where a single staff person has authorized multiple payments in the Social Service Payment System in a month.
- Began utilizing "Find It/Fix It" procedures based on Department policy, which require all staff to fix errors as they are discovered. This policy incorporates a reporting mechanism to identify trends and error prone processes.
- Ensured the Department's Child Care Subsidy Program Handbook is up-to-date and accurately reflects changes in policy, guidance, and procedures.

By March 2013, the Department's policy staff reviewed exceptions identified in the audit. Overpayments were written for inappropriate payments.

By April 2013, the Department hired an additional 50 child care staff responsible for determining client eligibility. Community Services Division continues to recruit and hire new staff, and have worked closely with the Department's Human Resource Division to resolve recruitment issues that had (at one time) delayed hiring. The current staffing level marks a return to the normal, ongoing, and expected attrition rate.

In July 2013, the Department transferred responsibility for Temporary Assistance for Needy Families child care eligibility determinations to WorkFirst Program Specialists. This will eliminate hand off work between Working Connections Child Care staff and WorkFirst staff which will help eliminate delays in approving services.

In July 2013, the Department in conjunction with the Department of Early Learning (DEL) reviewed program policy. The agencies are co-sponsoring the Child Care Subsidy Policy Eligibility Reform Project. The project is meant to streamline how services are delivered.

By March 2014, the Department will:

- Work with DEL to review the Washington Childcare Program to identify technology solutions that enhance accuracy of payments and eligibility determinations.

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- Fully implement episodic auditing (auditing a single action, not the entire case) which allows auditors to focus their review on one portion of the eligibility process at a time. This change in audit approach will allow the Department to focus on error prone cases, while increasing the total percentage of cases audited.

By August 2014, the Department will fully utilize AuditPlus (DSHS program eligibility reviewing tool) to track, trend and analyze audits to identify and improve error-prone elements including pre-authorization requirements for error-prone cases.

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Finding Number: 032

Finding: The Department of Social and Health Services, Children's Administration, is not ensuring the eligibility of clients receiving Adoption Assistance payments.

Resolution: The Department concurs with this finding.

By December 2012, the Department took the following action to correct the issues identified in the audit:

- Implemented an automated process within FamLink, the Department's child welfare and payment system, to suspend all adoption assistance payments when the child reaches 18 years of age. For payments to continue, the social worker is required to have proper documentation.
- Fiduciary staff reviews documented proof that payment beyond age 18 is appropriate. This process serves as a secondary review prior to the manual approval of payment.

By March 2013, the Department reviewed all 29 exceptions identified during the audit. An overpayment was processed for all exceptions identified as inappropriate payments.

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Department of Social and Health Services (DSHS)

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Finding Number: 034

Finding: The Department of Social and Health Services, Aging and Disability Services Administration, does not have adequate controls to ensure Medicaid recipients have received the services for which Medicaid is billed.

Resolution: In November 2012, the Department implemented a client services verification survey. The survey was incorporated into the Department's annual quality assurance monitoring cycle. The survey allows the Department to verify directly with clients that they have received the services for which Medicaid is billed. The verification survey is a supplement to provider time sheet audits which are a part of the quality assurance monitoring cycle.

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Department of Social and Health Services (DSHS)

Agency: 300

Audit Report: 2012 F

Finding Number: 035

Finding: The Department of Social and Health Services, Aging and Disability Services Administration, does not have adequate controls to ensure the accuracy of financial eligibility determinations for clients receiving home and community based services.

Resolution: The Department concurs with this finding.

The Department implemented a corrective action plan when this condition was first noted in the previous (2011) audit; however, the corrective action plan was not fully implemented by the time the current fiscal year (2012) began. The corrective action plan for this current finding essentially concludes the plan that was initiated in the prior year.

In August 2012, the Department required all regions to comply with the auditing policy outlined in the quality assurance policies and procedures. Compliance is measured by Home and Community Services Headquarters staff through reports generated from the Audit 99 system.

The specific review actions are:

- For all staff new to long-term care eligibility, after an initial mentoring period during which staff are assisted with case actions as they occur, 25 to 100 percent of all case actions will be audited based on the learning level of the staff until they become proficient.
- Each region must maintain an average of two audits per month, per worker. These can include full-case audits and focused audits.
- Focused audits will be conducted as deemed appropriate by the region, with emphasis given to compliance during policy changes related to corrective actions taken as a result of previous audit findings. Parameters of special focused audits will be developed based on program size and effect on payment errors. Sample sizes will be statistically valid. Focused audits can include but are not limited to:
 - Applications that include community spouses and any accompanying spousal resource declarations.
 - First annual reviews for cases that include community spouses.

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Agency: 300

Audit Report: 2012 F

Finding Number: 036

Finding: The Department of Social and Health Services does not have an adequate process to identify ineligible Medicaid expenditures for nonqualified aliens, resulting in \$77,352.13 in questioned costs.

Resolution: This finding involved two administrations within the Department: Aging and Disability Services Administration and the Children's Administration. Both administrations concurred with the finding.

Aging and Disability Services Administration (ADSA)

ADSA previously developed procedures and new social service payment codes to ensure billing was done correctly. Due to the timing of when the codes were implemented, some payments were made when they should not have been.

In January 2013, the Department reimbursed the federal portion of the questioned costs that were identified.

In February 2013, the Department confirmed all codes were properly implemented and exceptions identified during the audit were corrected.

Children's Administration (CA)

Only three of the 29 exceptions identified in the audit were the responsibility of the CA. A new code has been established in FamLink and SSPS (Social Services Payment System) systems to pay state only funds for children of non U.S. citizens in CA's care that are receiving behavioral rehabilitative services and are not Medicaid eligible.

The Department reimbursed the federal portion of the questioned costs that were identified.

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Department of Social and Health Services (DSHS)

Agency: 300

Audit Report: 2012 F

Finding Number: 037

Finding: The Department of Social and Health Services does not have adequate internal controls to ensure daily rates paid to supported living providers for Medicaid clients are accurate and properly authorized.

Resolution: The Department concurs with this finding.

By September 2013, the Department implemented an electronic rate approval process. The process includes several steps that require each individual involved in the rate review to document their review in the electronic system. The review is passed on to subsequent reviewers only when this is done.

By December 2013, the Department will identify overpayments from rate adjustments and repay them to the federal government.

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Department of Social and Health Services (DSHS)

Agency: 300

Audit Report: 2012 F

Finding Number: 038

Finding: The Department of Social and Health Services, Economic Services Administration, does not have adequate controls in place to ensure all individuals who receive Medicaid benefits are financially eligible.

Resolution: The Department developed and enhanced current desk aids and materials to assist eligibility workers to correctly verify and calculate income when determining eligibility for the Children's Medical program. These were distributed for use by staff in April 2013.

Additionally, the Department conducts the following audits/reviews to monitor eligibility determination:

- Adult and family medical assistance reviews.
- Community service division medical assistance reviews.
- Basic food pre-authorization reviews.
- Quality assurance focused accuracy reviews.
- Quality assurance management evaluations.

Effective October 2013, applications and renewals for pregnant women, children, and families will be processed through the Health Benefits Exchange web portal. Eligibility will be determined through an automated data-match process.

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Department of Social and Health Services (DSHS)

Agency: 300

Audit Report: 2012 F

Finding Number: 039

Finding: The Department of Social and Health Services does not have adequate internal controls to ensure Medicaid payments to supported living providers are allowable and supported.

Resolution: The Department concurs with this finding.

The corrective actions below were developed to improve the Department's internal controls over Medicaid payments.

In September 2013, the Department started a project to perform payment audits that will verify if services have been provided. This project is currently slated for two years. During this period two audits a month will be completed.

By November 15, 2013, the Department completed annual reviews of cost reports. All overpayments identified were referred to the Office of Financial Recovery.

By December 31, 2013, changes will be made to Developmental Disabilities Administration policies that will include new cost report schedules. These will add greater transparency and accountability to the cost report process by requiring additional detailed information about direct and indirect staffing costs and hours, administrative salaries, rental costs, agency square footage, and travel mileage on behalf of clients.

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Department of Social and Health Services (DSHS)

Agency: 300

Audit Report: 2012 F

Finding Number: 040

Finding: The Department of Social and Health Services did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.

Resolution: This finding involved two administrations within the Department of Social and Health Services: the Aging and Disability Services Administration (ADSA) and the Economic Services Administration (ESA). Both administrations concur with the finding. Each administration developed an individual corrective action plan.

Aging and Disability Services Administration

ADSA believes the internal controls in place are sufficient to prevent clients without valid social security numbers (SSN) from receiving Medicaid funded services. New Social Service Payment System codes have been developed to ensure Medicaid funds are not used for clients with invalid SSNs.

In January 2013, ADSA reimbursed the federal grantor for the questioned costs identified in the audit that related to ADSA clients.

ADSA would like to state that this finding is specific to 12 cases out of 60,000 and equal to \$20,000 out of the Long Term Care annual budget of \$1.7 billion dollars. While this finding represents 0.02 percent of the cases and 0.001 percent of the funding, the Department remains committed to pursuing the goal of matching 100 percent of the clients and SSNs.

Economic Services Administration

In February 2013, ESA reviewed the list of exceptions identified in the audit. ESA acknowledged the payments were made in error and is prepared to reimburse the grantor the questioned costs. After the federal grantor reviews the finding, ESA will take the action requested by the grantor.

Barcode (one of ESA's primary systems used to process work) has the ability to generate a message to advise staff of a missing or invalid SSN in the Automated Client Eligibility System (ACES), the Department's case management system. Barcode functionality has been implemented to generate tickets advising workload prioritization staff of an invalid and/or insufficient SSN entry. Tickets are worked within an average of 12 business days.

By July 2014, ESA is anticipating that ACES 3G will be fully implemented. ACES 3G is an updated version of ACES and includes functions that streamline the client interview process allowing for a real time cross match of SSNs with the Social Security Administration's database. If the SSN passes, ACES 3G auto-populates the SSN as federally verified. If the SSN does not pass, the invalid SSN is immediately flagged and the worker is prompted to take action to get a valid SSN.

Less than 10 percent of staff currently have access to ACES 3G.

State of Washington

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Department of Social and Health Services (DSHS)

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Audit Report: 2012 F

Finding Number: 041

Finding: The Department of Social and Health Services, Aging and Disability Services Administration, did not perform background checks for some in-home care individual providers in accordance with state law.

Resolution: The Department concurs with this finding.

The Department took the following actions to ensure that each Area Agency on Aging developed an effective tracking system to ensure that all Individual Providers (IP) for Medicaid clients have current background checks:

- Developed and completed corrective action plans with three local offices where the most significant deficiencies were noted.
- Terminated payments to providers that did not have current background checks.
- Terminated contracts of providers that failed to comply with requests to obtain a current background check.
- Issued a Management Bulletin on August 13, 2013, reminding staff of policies related to rechecking of background checks.

Additionally ongoing monitoring and review is included in the Quality Assurance (QA) review of a statistically valid sample of IP files during each annual QA review cycle. When the activity moves to ProviderOne and the Provider Compensation Subsystem, the system will not issue payment without a valid, unexpired background check.

The Department has contacted the Centers for Medicare and Medicaid Services to address overpayments identified in the audit.

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