

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2020**

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	002	<p>Finding: The Department of Social and Health Services improperly charged \$717,011 to the SNAP Cluster.</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>While the Department concurs \$717,011 in expenditures were initially charged to the SNAP-Ed grant before the start of the performance period, the Department does not concur it was out of compliance with grant regulations. The Department corrected the charges during August 2019, which is within the grant’s two-year federal period of performance cycle.</p> <p>As of February 2020, the Department implemented the following:</p> <ul style="list-style-type: none"> • Monthly reviews to identify and correct expenditures that are out of compliance with period of performance requirements. • A final end-of-the-year review to ensure all expenditures charged outside the period of performance are corrected before the state accounting records close. <p>During February 2020, the Department requested an additional full-time accounting position to assume the responsibility for monitoring compliance with period of performance requirements. As of May 2020, the Department added a full time accounting position to assume the responsibility for monitoring compliance with period of performance requirements.</p> <p>If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with the Department of Health and Human Services and will take appropriate action.</p> <p>The conditions noted in this finding were previously reported in findings 2018-002, 2017-002, 2016-002, 2015-003 and 2014-022.</p> <p>Completion Date: May 2020, subject to audit follow-up</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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Audit Report	Finding Number	Finding and Corrective Action Status	
2019 F	008	<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 some Public Assistance Cost Allocation Plan requirements.</p> <p>The Department concurs with the finding.</p> <p>As of May 2020, the Department:</p> <ul style="list-style-type: none"> • Updated the Public Assistance Cost Allocation (CAS) Plan to reflect current practice of allowing Random Moment Time Sample (RMTS) coordinators to complete samples on behalf of the workers. • Submitted the updated CAS Plan to the federal grantor for approval. <p>By December 2020, the Department will:</p> <ul style="list-style-type: none"> • Develop and implement a process to ensure the monthly RMTS staff reconciliations are performed when key personnel are out of the office. • Work with region staff to develop and implement standard guidelines and procedures for updating the eligible staff list in the Barcode system. • Conduct a monthly review on a subset of the staff listed on the reconciliation report to ensure the RMTS coordinators are properly updating the eligible staff list in the Barcode system. <p>Corrective action is expected to be complete by December 2020</p> <p>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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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	009	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>The Department maintains and regularly updates the general terms and conditions of federal contracts which address the broad federal rules that apply to all federal sub-awards.</p> <p>As of December 2019, the Department implemented a secondary review process to ensure federal requirements are met before issuing subawards.</p> <p>As of January 2020, the Department modified the funding application form requiring contractors to indicate whether they have ever negotiated a federally-negotiated indirect rate with the federal government.</p> <p>As of August 2020, the Department:</p> <ul style="list-style-type: none"> • Modified the federal contract templates for the Crime Victims Assistance program to include the indirect cost rate. The template update request was submitted to the contract unit for implementation. • Worked with the Department of Commerce to ensure a coordinated and unified approach for expanding the fiscal monitoring of subrecipients to include reimbursement requests for all activities, and not just those for goods and services. <p>These process changes and additional requirements for subrecipients became effective for contracts awarded beginning in state fiscal year 2021.</p> <p>Completion Date: August 2020, subject to audit follow-up</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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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	023	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and was not compliant with federal requirements to ensure payments paid on behalf of clients for Vocational Rehabilitation were allowable.</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>As of May 2020, the Department issued communication to the field staff to clarify and reinforce the requirements for:</p> <ul style="list-style-type: none"> • Proper authorization and payment for client services. • Obtaining both client signature and date on the service plan. • Maintaining all necessary documents in case records. <p>As of June 2020, the Department reviewed the current contract language, policy and payment process related to the age requirements for pre-employment transition services. Contract language will be updated as appropriate as contracts come due for renewal.</p> <p>By February 2021, the Department will:</p> <ul style="list-style-type: none"> • Review current policies and the case management system related to service plan changes and implement recommendations if needed. These could include: <ul style="list-style-type: none"> ○ Conditions for amendments and edits to the service plan. ○ Case management system changes. • Review procedures regarding authorization and payment timelines and implement recommendations if needed. <p>The Department will contact the federal grantor to determine if questioned costs are to be reimbursed.</p> <p>The conditions noted in this finding were previously reported in findings 2018-023, 2017-014, and 2016-013.</p> <p>Completion Date: Corrective action is expected to be complete by February 2021</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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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	024	<p>Finding: The Department of Social and Health Services improperly charged \$279,844 to the Vocational Rehabilitation grant.</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>As of May 2020, the Department:</p> <ul style="list-style-type: none"> • Moved the expenditures to the proper grant year to ensure funds were correctly charged to the grant. • Developed process and procedures to ensure federal grant expenditures are obligated during the period of performance. <p>The Department contacted the federal grantor to determine if questioned costs identified in the audit should be repaid, and is awaiting a response.</p> <p>Completion Date: May 2020, subject to audit follow-up</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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Audit Report	Finding Number	Finding and Corrective Action Status	
2019 F	025	<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 to ensure its federal program cost report for the Vocational Rehabilitation grant was accurately prepared.</p> <p>The Department concurs with the finding.</p> <p>As of December 2019, the Department established written procedures to re-implement secondary reviews for the program cost reports (RSA-2). A secondary review was completed for the most recent RSA-2 report that was submitted in December 2019.</p> <p>The conditions noted in this finding were previously reported in findings 2018-024.</p> <p>December 2019, subject to audit follow-up</p> <p>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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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	029	<p>Finding: The Department of Social and Health Services did not have adequate internal controls to ensure payments to child care providers paid with Temporary Assistance for Needy Families funds were allowable.</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department collaborated with the Department of Children, Youth, and Families (DCYF) to procure an electronic attendance record system. The system enables accurate and real-time recording of child care attendance, tracks daily attendance, and captures data on child care usage. As of December 2018, licensed providers who accept subsidies are required to use DCYF’s electronic attendance record system or an approved third party system to track attendance. As of November 2019, Family, Friends, & Neighbors (FFN) providers were added to this requirement.</p> <p>Of the nine exceptions reported, the Department concurs that six of the payments were partially or fully unallowable. As of March 2020, the Department worked with DCYF to establish overpayments where appropriate and referred these overpayments to the Office of Financial Recovery for collection. .</p> <p>The Department does not concur that three of these payments were unallowable. The auditor found these payments to be unallowable because the providers submitted records for the correct month, but not for the child sampled. However, the Department was not given the opportunity to follow up with the providers to obtain the appropriate attendance records. The Department and DCYF have already reached out to the providers and will continue to follow up on the missing attendance records and determine the appropriate next steps.</p> <p>If the Department of Health and Human Services (HHS) contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with HHS and will take appropriate action.</p> <p>The conditions noted in this finding were previously reported in findings 2018-026, 2017-017, and 2016-019.</p> <p>Completion Date: March 2020, subject to finding follow-up</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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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	030	<p>Finding: The Department of Social and Health Services did not have adequate internal controls in place to ensure it submitted accurate quarterly reports for the Temporary Assistance for Needy Families grant.</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>In response to prior years' audit finding for the Temporary Assistance for Needy Families (TANF) grant, the Department established written code change policies and procedures and developed a process to track code changes.</p> <p>As of September 2019, the Department implemented:</p> <ul style="list-style-type: none"> • IT industry standard formal change control procedures and change control logs. The change control procedures include written descriptions of the roles and responsibilities of staff who make coding changes and management who review the changes. • Microsoft Team Foundation Server for source code control, testing, and quality assurance activities. • The requirement of completing a technical assessment form when changes are requested for the TANF federal reporting process. Technical assessment forms are subject to independent review and approval by the TANF Reporting Manager before code changes are executed. <p>Due to the timing of implementation, these process changes and the resulting improvement in internal controls will not be reflected until the fiscal year 2020 audit cycle.</p> <p>The Department continues to:</p> <ul style="list-style-type: none"> • Conduct a review of each quarterly report to identify potential fatal and warning edits. • Conduct a quarterly quality assurance process by randomly selecting a sample of the reported cases to verify against source data system records for accuracy. The department manager reviews a summary of the results and assigns cases for correction as needed. <p>As of June 2020, the Department filled a position for performing and documenting independent reviews and testing of code changes prior to deployment to the production environment.</p> <p>The conditions noted in this finding were previously reported in findings 2018-028, 2017-020, and 2016-016.</p> <p>Completion Date: June 2020, subject to audit follow-up</p>

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2019 F	030 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	031	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and was not compliant with requirements to ensure quarterly and annual reports for the Temporary Assistance for Needy Families grant were submitted accurately.</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department concurs that one of the four quarterly reports tested did not have supporting accounting records, and that a data entry error of \$1 million was found on one other quarterly report. The Department corrected the error in a subsequent quarterly report prior to the audit. Following the discovery of this error, the Department implemented a secondary review process to prevent data entry errors.</p> <p>The Department does not concur with the auditors' statement that the Department did not maintain adequate documentation to support the \$480 million expenditures of other state agencies reported as part of the maintenance of effort (MOE) requirement.</p> <p>In response to the prior two years' audit findings, the Department:</p> <ul style="list-style-type: none"> • Added an additional control by updating the attestations at the beginning of each year to include written declarations for all participants to state that the previous year's sources are viable for the current fiscal year. • Implemented a quarterly monitoring/reporting schedule for all MOE sources to ensure timely confirmation that reported expenditures are allowable and accurate. <p>By using the attestations, quarterly monitoring/reporting and data exchanges, the Department reviews the expenditures of each partnering agency to ensure they are accurate, verifiable, not used for any other federal matching purpose, and are adequately supported.</p> <p>The Department maintains that these compensating controls meet federal regulations requiring expenditures to be "verifiable."</p> <p>As of June 2020, the Department hired an additional full time accounting position that will be responsible for managing the Temporary Assistance for Needy Families grant to include preparation and submission of quarterly reports. In addition, this position will be responsible for creating a sustainable emergency backup plan to ensure coverage during absences, as well as strengthening and enhancing internal controls.</p> <p>The conditions noted in this finding were previously reported in findings 2018-029, 2017-021, 2016-018, and 2015-021.</p> <p>Completion Date: June 2020, subject to audit follow-up</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	032	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with client eligibility requirements for the Working Connections Child Care program.</p> <p>Corrective Action: The Department partially concurs with the audit finding.</p> <p>Effective July 1, 2019, the Department transferred responsibility for administering all aspects of client (consumer) eligibility determination and child care provider payment under the Child Care Development Fund (CCDF) to the Department of Children, Youth, and Families (DCYF). Further changes and enhancements to this program are within the purview of DCYF.</p> <p>The Department concurs that eligibility was not properly determined before services were authorized in the 14 cases identified by the auditors. The Department will work with DCYF to establish overpayments where appropriate and refer to the Office of Financial Recovery for collection.</p> <p>Since July 2019, DCYF has been working on strengthening internal controls over consumer eligibility determination for the Working Connections Child Care (WCCC) program. As of November 2019, DCYF:</p> <ul style="list-style-type: none"> • Implemented consumer program violation rules and processes. • Provided training to employees on policy and procedural changes for verifying household composition. • Developed desk aids and letter templates for employee use when requesting information from families. <p>To address consumer child care fraud, DCYF submitted legislation which resulted in a new state law that disqualifies consumers for five years when found guilty of obtaining child care benefits fraudulently. DCYF also:</p> <ul style="list-style-type: none"> • Developed policies and procedures to support the new state law. • Developed and provided new training to help employees better utilize available systems to detect fraud. <p>Currently, DCYF is conducting post-eligibility review audits for data input accuracy.</p> <p>As of October 2020, DCYF:</p> <ul style="list-style-type: none"> • Implemented and communicated procedure for determining approved activity hours for WorkFirst participants. • Implemented an IT system change to automatically close consumer cases on the 61st day for cases approved under presumptive eligibility with new employment, but the consumer subsequently failed to provide employment verification. • Worked with the Office of Fraud and Accountability to update the process of writing overpayments for recent investigations.

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2019 F	032 (cont'd)	<ul style="list-style-type: none"> • Developed verification procedures when families report changes. • Improved automated logic and provided training to assist eligibility staff in tracking and verifying residence of the non-custodial parent. • Assigned internal auditors to conduct statewide reviews of audits performed by field lead workers related to household composition. <p>By April 2021, DCYF will:</p> <ul style="list-style-type: none"> • Develop and deliver employee training on using available data systems, specifically those from the Department’s Division of Child Support and Division of Employment Security • Add language to the application form addressing household composition verification and fraud penalty notice. <p>If the Department of Health and Human Services (HHS) contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with HHS and will take appropriate action.</p> <p>The conditions noted in this finding were previously reported in findings 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017, and 12-30.</p> <p>Completion Date: Corrective action is expected to be complete by April 2021</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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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	054	<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 uses cost report information to establish rates and determine settlements with supported living providers.</p> <p>During the audit period, the Department was in transition to a new rate methodology:</p> <ul style="list-style-type: none"> • July 1 to December 31, 2018: based on number of support hours a client needs to live successfully in the community. • January 1 to June 30, 2019: a tiered rate is assigned based on a client’s support needs. <p>July 1 to December 31, 2018</p> <p>For the audit exceptions reported on cost reports, settlements and employee timesheets, the Department disagrees with the cause of condition which stated that the Department did not perform procedures to determine if a client received their assessed level of support hours, or reconcile the payments to provider timesheets.</p> <p>Cost reports are submitted on a calendar year basis. The 2018 cost reports were due on March 31, 2019. As of June 2019, the Department completed an internal audit of all the 2018 cost reports including a comparison to payroll records for the calendar year. The auditors did not evaluate this activity even though it was completed within the audit period.</p> <p>In regards to the auditors’ exceptions of payroll records not supporting direct service hours and more direct service hours paid than reported hours on cost reports, the Department:</p> <ul style="list-style-type: none"> • Has the authority to reimburse the service provider for services delivered. • Can grant an exception to the payment rate per established division policy, which included: <ul style="list-style-type: none"> ○ Referencing “extraordinary cost” to include overtime costs. ○ Approving overtime costs when necessary to adequately support clients’ health and safety needs. • Will continue to act within its authority to consider provider circumstances, such as overtime, and grant exceptions as necessary when calculating settlements.

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	054 (cont'd)	<p><i>January 1 to June 30, 2019</i></p> <p>The Department strongly disagrees with the audit approach and the auditors' disallowance of all tiered-rate reimbursements for the second half of the fiscal year.</p> <p>The Centers for Medicare and Medicaid Services (CMS) requires a periodic review of rate methodology and the Department's hours-based methodology was established over 10 years ago. With the goal of improving efficiency without losing oversight or monitoring of costs, the Department reviewed various rate methodologies suggested by CMS, and decided on the tiered-rate methodology, which:</p> <ul style="list-style-type: none"> • Provides increased flexibility for providers to deliver services. • Gives the providers the ability to increase focus on positive client outcomes. • Improves the cost reporting process. • Reduces unnecessary administrative burdens. <p>The Department amended the federal waiver to include:</p> <ul style="list-style-type: none"> • Description of the tiered rates and the reimbursement methodology. • Internal controls for: <ul style="list-style-type: none"> ○ cost reporting ○ payment review ○ rate assessment and budget process • Cost report review process to reflect the tiered-rate methodology. <p>The tiered rates and amended federal waiver were approved by CMS prior to the January 1, 2019, implementation.</p> <p>The Legislature approved the process where providers prepared and submitted cost reports for each calendar year, and has established strict fiscal requirements to ensure payments are made accurately. This involves routine review of expenditures by budget and rates divisions, resource administrators and the Developmental Disabilities Administration's (DDA) Central Office teams.</p> <p>However, the fiscal year 2019 audit only covered the first six months of the new tiered-rate methodology. Of the \$114,435,961 in questioned costs identified in the audit, \$111,498,751 (97 percent) was based upon services provided from January through June 2019. The Department believes this portion of the questioned costs was the result of an incomplete fiscal review process when the 2019 cost reports are not available until March 2020.</p> <p>During the audit, the Department provided evidence showing:</p> <ul style="list-style-type: none"> • Client service plans had been reviewed and approved by Department staff and clients or their legal representative.

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2019 F	054 (cont'd)	<ul style="list-style-type: none"> • Individual per diem rates met the Department’s approval process. • Clients’ Individual Instruction and Support Plans, progress notes, goals and objectives were developed and implemented by the provider. • Support services were provided to clients per their assessed needs. <p>The Department would like to note that the documentary evidence provided to the auditors was deemed sufficient in the most recently completed Federal Payment Error Rate Measurement (PERM) audit conducted by CMS. Documents submitted for the PERM audit included:</p> <ul style="list-style-type: none"> • Daily progress notes • Attendance logs • Worksheets • Service treatment plans and goals • Individual Service Plans <p>The Department’s system of oversight includes various teams working together to ensure the clients receive the services and support they need, as follows:</p> <ul style="list-style-type: none"> • Residential Care Services and DDA staff monitor client services for safety and quality. Evidence of services not being provided will be investigated. • Management Services Division and the DDA Central Office review rates through the Residential Rates for Developmental Disabilities database. <p>If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p> <p>The conditions noted in this finding were previously reported in finding 2018-058, 2017-044, 2016-041, 2016-045, 2015-049, 2015-052, 2014-041, 2014-042, 2013-036, 2013-038, and 12-39. The auditors determined 2016-041, 2015-052, 2014-041 and 2013-038 as resolved.</p> <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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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	055	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, made improper Medicaid payments to individual providers when clients were hospitalized or admitted to long-term care facilities.</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>Currently, Medicaid claims are processed in two separate payment systems, specifically:</p> <ul style="list-style-type: none"> • ProviderOne system for hospitals and long-term care (LTC) facilities where delay in submitting claims is typical, sometimes several months after services have been delivered. • IOne system for individual providers where claims are generally submitted shortly after services are provided. <p>Due to different claim requirements in two payment systems, it is currently impossible to establish an automated process to prevent personal care providers from claiming unallowable costs when clients were hospitalized or in an LTC facility. The Department can only detect duplicate payments after both payments have been made.</p> <p>The Department has the following mitigating controls in place:</p> <ul style="list-style-type: none"> • As of November 2018, developed a report to identify payments made to all providers for in-home personal care services and mileage while a client was either hospitalized or admitted to an LTC facility. • As of March 2019, implemented a process to review claims made in the prior month and identify potentially unallowable claims. If determined unallowable, these claims are flagged for overpayments. • As of January 2020, a functionality was implemented in IOne to allow the Department to process overpayments. <p>By April 2021, the Department will send written reminders to all individual providers that claiming in-home personal care hours is prohibited while a client is either hospitalized or admitted into an LTC facility.</p> <p>The Department will return the questioned costs to the Department of Health and Human Services for the unallowable claims.</p> <p>The conditions noted in this finding were previously reported in finding 2018-050.</p> <p>Completion Date: Corrective action is expected to be complete by April 2021</p>

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2019 F	056	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, made improper Medicaid payments to individual providers when clients were hospitalized or admitted to long-term care facilities.</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>Currently, Medicaid claims are processed in two separate payment systems, specifically:</p> <ul style="list-style-type: none"> • ProviderOne system for hospitals and long-term care (LTC) facilities where delay in submitting claims is typical, sometimes several months after services have been delivered. • IOne system for individual providers where claims are generally submitted shortly after services are provided. <p>Due to different claim requirements in two payment systems, it is currently impossible to establish an automated process to prevent personal care providers from claiming unallowable costs when clients were hospitalized or in a LTC facility. The Department can only detect duplicate payments after both payments have been made.</p> <p>The Department has the following mitigating controls in place:</p> <ul style="list-style-type: none"> • As of March 2019, implemented a process to review claims made in the prior month and identify potential unallowable claims. If determined unallowable, these claims are flagged for overpayments. • As of January 2020, a functionality was implemented in IOne to allow the Department to process overpayments. <p>The Department will:</p> <ul style="list-style-type: none"> • Continue to enhance monitoring procedures to identify unallowable costs. • Return the questioned costs for the unallowable claims and associated costs to the Department of Health and Human Services. <p>The conditions noted in this finding were previously reported in finding 2018-051.</p> <p>Completion Date: January 2020, subject to audit follow-up</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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2019 F	057	<p>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 Medicaid Community First Choice client service plans were properly approved.</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department agrees that a person-centered service plan should be signed by the Department, client, and provider responsible for its implementation.</p> <p>However, the Department disagrees that:</p> <ul style="list-style-type: none"> • A lack of required signatures on the service plan should result in questioned costs when the client is eligible for the services and the provider is qualified to deliver services. The Centers for Medicare & Medicaid Services (CMS) has also provided guidance to the Department that services should not be terminated if required signatures cannot be obtained. • A service plan that is not signed by a client, a provider, or the Department within 60 days should be considered an exception. The 60-day timeline in the state law outlines an administrative option that could be utilized by the Department to terminate services when deemed necessary. <p>The Department also has concerns over the objectives of the additional reviews performed in the fiscal year 2019 audit, as follows:</p> <ul style="list-style-type: none"> • The auditors significantly broadened the scope of the audit by including interim assessments, which increased the number of asserted exceptions compared to when only full assessments were included. • The auditors performed follow-up testing on the 59 exceptions previously reported in the fiscal year 2018 audit finding. The auditors subsequently took exceptions on the client service plans that were still not complete for part or all of the current audit period and assigned questioned costs to the current audit finding. <p>The Department does not agree that re-testing of the prior year's audit exceptions is valid. By performing audit testing on outdated client service plans included in the prior year's audit, the auditor's approach essentially disregarded the Department's good faith effort in attempting to remediate exceptions from the prior audit.</p> <p>As of June 2019, the Department:</p> <ul style="list-style-type: none"> • Revised policies and procedures to require providers' signatures on person-centered service plans. • Issued a management bulletin to communicate the updated policies and procedures, and address the use of electronic signature technology in the field.

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2019 F	057 (cont'd)	<ul style="list-style-type: none"> • Created a mechanism for case managers to collect signatures on an electronic signature pad. The Department will continue to work with field staff to encourage the use of this technology. • Conducted numerous meetings with the directors of Area Agency on Aging to discuss policy changes on service summary signatures and staffing issues caused by the increased workload. <p>The Department currently included reviewing compliance with signature requirements on client service plans as part of the formal quality assurance (QA) reviews. However, the outcomes of these enhanced QA activities were not reflected in the fiscal year 2019 audit period.</p> <p>The Department continues to implement process improvement plans. As of September 2020, the Department identified under-performing offices and provided assistance in conducting root-cause analysis. Based on the results, the Department will create a report summarizing statewide trends and develop action steps as needed.</p> <p>As of November 2020, the Department submitted a request in the Governor’s budget for:</p> <ul style="list-style-type: none"> • Adding dedicated staff to collect signed service plans. • Implementing an information technology enhancement that will reduce, but not eliminate, the manual effort necessary to collect signed service plans. <p>By June 2021, the Department anticipates completing the following corrective actions:</p> <ul style="list-style-type: none"> • Provide additional training to staff on relevant federal regulations and state policies. • Establish guidance on the appropriate use of interim assessments. <p>The Department is consulting with CMS to determine if person-centered service plans that are missing signatures should result in an unallowable payment. Pending response from CMS, and if necessary, the Department will:</p> <ul style="list-style-type: none"> • Identify associated costs related to any unallowable payments. • Work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be repaid. <p>The conditions noted in this finding were previously reported in finding 2018-059 and 2017-045.</p> <p>Completion Date: Corrective action is expected to be complete by June 2021</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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2019 F	058	<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 Community First Choice client service plans were properly approved.</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department agrees that a person-centered service plan should be signed by the Department, client, and provider responsible for its implementation.</p> <p>However, the Department disagrees that:</p> <ul style="list-style-type: none"> • A lack of required signatures on the service plans should result in questioned costs when the client is eligible for the services and the provider is qualified to deliver services. The Centers for Medicare & Medicaid Services (CMS) has also provided guidance to the Department that services should not be terminated if required signatures cannot be obtained. • A service plan that is not signed by a client, a provider, or the Department within 60 days should be considered an exception. The 60-day timeline in the state law outlines an administrative option that could be utilized by the Department to terminate services when deemed necessary. <p>The Department also has the following concerns over the objectives of the additional reviews performed in the fiscal year 2019 audit, as follows:</p> <ul style="list-style-type: none"> • The auditors performed follow-up testing on the exceptions previously reported in the fiscal year 2018 audit finding. The auditors subsequently took exceptions on the client service plans that were still not complete for part or all of the current audit period and assigned questioned costs to the current audit finding. • The Department does not agree that re-testing of the prior year’s audit exceptions is valid. By performing audit testing on outdated client service plans included in the prior year’s audit, the auditor’s approach essentially disregarded the Department’s good faith effort in attempting to remediate exceptions from prior audit. <p>Currently, the Department has the following quality assurance process in place to monitor compliance in obtaining required signatures on person-centered service plans:</p> <ul style="list-style-type: none"> • The Quality Compliance Coordination team reviews a statewide sample for required signatures or documented attempts to obtain signatures. • The review measures statewide proficiency for obtaining required signatures in an established annual cycle. If the review finds a proficiency rate below 86 percent, the Department will implement a quality improvement plan to improve statewide performance.

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2019 F	058 (cont'd)	<ul style="list-style-type: none"> • Case manager supervisors monitor compliance by ensuring all case managers meet the requirement of obtaining signatures through all available department-approved options. <p>The Department will continue to work towards implementing the electronic signature option.</p> <p>The Department is consulting with CMS to determine if person-centered service plans that are missing signatures should result in unallowable payments. Pending response from CMS, and if necessary, the Department will:</p> <ul style="list-style-type: none"> • Identify associated costs related to any unallowable payments. • Work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be repaid. <p>The conditions noted in this finding were previously reported in finding 2018-060, 2017-046, and 2016-043.</p> <p>Completion Date: Corrective action is expected to be complete by June 2021</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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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	059	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure Medicaid Community First Choice individual providers had proper background checks.</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department concurs there were three instances when a fingerprint background check was not performed within the required timeframe.</p> <ul style="list-style-type: none"> • For those three cases, fingerprint background checks were completed and no disqualifying crimes were found. • The Department feels that the 98 percent compliance rate reflected in the audit testing results provided assurances that current policies are effective. • The Department will continue to follow established processes to materially ensure Community First Choice individual providers have proper background checks. <p>The Department concurs there were three instances where the renewal of background checks were not completed within the exact two-year timeframe.</p> <ul style="list-style-type: none"> • The two-year renewal time-frame is only noted in the Department policy. There are no federal or state laws that state an individual provider will become unqualified if a background check is not rerun within two years. • The three individual providers with late renewal checks did not have disqualifying crimes at any point during the audit period. <p>The Department does not concur that the one exception where the absence of a formal Proficiency Improvement Plan (PIP) represented a material weakness. In this instance, instead of the standard PIP process, the Department held an in-person consultation with the specific Area Agency on Aging (AAA) to address contractual compliance issues and the significant staff turnover problem.</p> <ul style="list-style-type: none"> • As of September 2019, the AAA corrected the background check deficiency following Department guidance. • The Department will continue to review internal policies and controls and to ensure compliance with background check requirements. <p>The Department will identify questioned costs related to unallowable payments for personal care services, and will work with the U.S. Department of Health and Human Services to return questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2018-056, 2017-049, 2016-040, 2015-040, 2014-049, 2013-40, 12-41,</p>

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2019 F	059 (cont'd)	<p>and 11-34. The auditors determined 2016-040, 2014-049, 2013-040, 12-41 and 11-34 as resolved.</p> <p>Completion Date: September 2019, subject to audit follow-up</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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2019 F	060	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure Medicaid payments to home care agencies were allowable.</p> <p>The Department does not concur with the finding.</p> <p>Area Agencies on Aging (AAA) monitor home care agencies (HCAs) for contractual compliance in many areas, including verification of time and task performance. In response to the prior year’s audit finding, the Department modified the tool provided to AAAs for more effectively monitoring HCAs’ compliance with electronic timekeeping contractual requirements.</p> <p>The Aging and Long-Term Support Administration State Unit on Aging (SUA) reviews a random sample of HCAs to determine if the AAA monitored and reviewed compliance with the electronic time keeping requirements as outlined in the HCA Monitoring Tool.</p> <p>The Department maintains that the monitoring by the AAA and SUA is adequate to provide assurance that Medicaid payments to home care agencies were allowable.</p> <p>Additionally, the fiscal year 2019 audit did not identify any exceptions related to electronic time keeping compliance, which provided further evidence that the current internal controls implemented by the Department are working as intended.</p> <p>The conditions noted in this finding were previously reported in finding 2018-054.</p> <p>Not applicable</p> <p>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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2019 F	061	<p>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 survey requirements for Medicaid intermediate care facilities.</p> <p>Corrective Action: The Department does not concur with the finding.</p> <p>The Department maintains adequate internal controls to ensure survey requirements for Medicaid intermediate care facilities are met. The Department uses a tracking spreadsheet to monitor and track the frequency of facilities' recertification surveys to meet the survey timeline for both federal and state requirements.</p> <p>The auditors identified one facility for which the Department did not complete a recertification survey within the federally required 15.9 month survey interval. This facility was under an 11-month alternate sanction of a Denial of Payments for New Admissions effective September 13, 2017. The due date for the facility's recertification survey fell within this 11-month sanction, during which the Department waited for the facility to submit a credible allegation of compliance indicating the deficiencies that led to the alternate sanction had been corrected.</p> <p>The Department received the facility's letter of credible allegation on August 1, 2018, and subsequently conducted a revisit survey on August 6, 2018, confirming that the facility achieved substantial compliance. The Department completed the facility's recertification survey two days later.</p> <p>Effective January 1, 2019, the facility voluntarily terminated participation from the Medicaid program.</p> <p>The conditions noted in this finding were previously reported in findings 2018-052, 2017-042, 2016-037, 2015-045, and 2014-046. The auditors determined 2017-042, 2016-037 and 2015-045 as resolved.</p> <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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2019 F	062	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support and Developmental Disabilities Administrations, did not have adequate internal controls over and did not comply with requirements to ensure some Medicaid providers were revalidated every five years or that screening and fingerprint-based criminal background check requirements were met.</p> <p>Corrective Action: The Department concurs with the finding and has taken the following corrective actions:</p> <ul style="list-style-type: none"> • As of November 2017, developed a process to screen and track each nursing facility contract to ensure validation and revalidation occurs within the five-year requirement. All nursing facility screenings were completed as of September of 2018. • As of October 2018, implemented the new automated provider screening process in the Agency Contracts Database (ACD). The new process includes an internal control that prevents a new or renewal Medicaid contract to be approved or signed before the screening process is successfully completed in ACD. No exceptions were identified in the fiscal year 2019 audit after the implementation of the new screening process. • As of January 2020, notified local offices of the revalidation exceptions and communicated the need to ensure valid photo identification and authorization to work in the U.S. is maintained in the provider file. Local offices subsequently remediated the exceptions. <p>As of November 2020, the Department developed processes to:</p> <ul style="list-style-type: none"> • Adjust the provider risk level when the overpayment threshold is met or if there is a Medicaid fraud referral. • Conduct fingerprint-based criminal background checks for high-risk providers. <p>The Department anticipates the finding will be resolved once all existing contracts are renewed through the automated provider screening process.</p> <p>The conditions noted in this finding were previously reported in finding 2018-057.</p> <p>Completion Date: November 2020, subject to audit follow-up</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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2019 F	063	<p>Finding: The Department of Social and Health Services did not report fraud affecting the Medicaid program to the federal grantor.</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>In July 2011, the Department transferred responsibility for the Medicaid program to the Health Care Authority (HCA). Prior to this transfer, the Department reported Medicaid fraud to the federal grantor.</p> <p>After the transfer, the Department provided Medicaid fraud information to HCA upon request on an annual basis. However, the Department has not received any recent requests, which resulted in Medicaid fraud cases not being reported to the federal government.</p> <p>As of March 2020, the Department:</p> <ul style="list-style-type: none"> • Notified the Office of the Inspector General of the six cases identified in the fiscal year 2019 audit. • Initiated conversations with HCA to determine: <ul style="list-style-type: none"> ○ Which agency should be responsible for reporting confirmed fraud to the federal grantor. ○ The frequency of reporting. <p>Completion Date: March 2020, subject to audit follow-up</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>