

Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-029	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements for monitoring subrecipients to ensure payments were allowable, properly supported and met period of performance requirements for the Coronavirus State and Local Fiscal Recovery Funds.</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>The Department’s Office of Refugee and Immigrant Assistance (ORIA) administered this funding through the Washington COVID-19 Immigrant Relief Fund program and contracted with a subrecipient organization to conduct eligibility determinations to approve and disburse funds to undocumented immigrants. This program is now closed, with all subrecipient contracts ended and the final payments sent in early 2023.</p> <p>The Department is taking action to strengthen internal controls over subrecipient monitoring for ORIA’s contracts.</p> <p>As of July 2024, the Department:</p> <ul style="list-style-type: none"> • Completed a review of all active contracts utilizing federal funding to ensure subrecipients are accurately identified. • Explored the feasibility of increasing ORIA and Economic Services Administration accounting staff resources to support the workload increase associated with monitoring subrecipients. <p>As of October 2024, the Department convened a work group with contracts and accounting staff to create effective internal controls and written procedures for fiscal and program monitoring of ORIA’s subrecipient contracts. This included the following:</p> <ul style="list-style-type: none"> • Verify the subrecipient status for each contract is correctly determined and recorded in the Agency Contracts Database. • Include the required subrecipient language in the contract. • Obtain a copy of the indirect rate certification or cost allocation plan from the subrecipient. • Complete risk assessments. • Create appropriate monitoring plans for each subrecipient. • Conduct fiscal monitoring of each subrecipient to obtain assurance that the use of federal funds complies with federal laws and regulations. • Create corrective action plans when required. <p>By January 2025, the Department will ensure all ORIA program staff responsible for monitoring receive training on the updated procedures.</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-029 (cont'd)	<p>In addition, the Office of the Secretary will request the Department's Internal Audit and Consultation office conduct an internal audit of ORIA to ensure the program implements strong internal controls, properly accounts for federal funds, and materially complies with federal requirements.</p> <p>The Department does not concur with the questioned costs. The funds were used to assist Washington workers/families who were affected by the COVID-19 pandemic but were unable to access federal stimulus programs and other social support due to their immigration status. Repayment of these funds would only hinder the state's ability to provide critical services to our clients.</p> <p>If the grantor contacts the Department regarding the questioned costs, the Department will discuss this with the Department of Health & Human Services and will take additional action as appropriate.</p> <p>Completion Date: Corrective action is expected to be complete by January 2025</p> <p>Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-039	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act.</p> <p>The Department concurs with the finding.</p> <p>As of January 2024, the Department:</p> <ul style="list-style-type: none"> • Created a subawards and amendments tracking spreadsheet with the required fields and contract information for reports required by the Federal Funding Accountability and Transparency Act (FFATA). • Assigned two fiscal staff to ensure FFATA reporting activities are submitted in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS). <p>As of February 2024, the Department:</p> <ul style="list-style-type: none"> • Ensured federal fiscal year 2024 funded contracts that were executed in December 2023 for the Office of Aging were entered in FSRS. • Added procedures for the Office Chief or designee to review the subawards and amendments tracking spreadsheet monthly for FFATA reporting to ensure federal deadlines are met consistently. <p>As of March 2024, the Department collaborated with the Administration of Community Living and developed a plan to address the FFATA reporting backlog in state fiscal years 2022 and 2023 and ensured all FFATA reports were entered in FSRS for all previous years.</p> <p>March 2024, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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1034932	2023-040	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure it communicated federal award identification elements to subrecipients of the Aging Cluster Programs.</p> <p>The Department concurs with the finding.</p> <p>The Department receives Notices of Award (NOA) from the Administration of Community Living roughly three to four times per award in partial amounts.</p> <p>To reduce the time and effort it takes to issue subaward amendments to the 13 Area Agencies on Aging (AAA), the Department decided to post NOAs on the Department’s intranet used to communicate management bulletins and other documents to the AAAs to make the process more efficient.</p> <p>Unfortunately, the Department did not update subaward language to outline this change in the process.</p> <p>By January 2025, the Department will:</p> <ul style="list-style-type: none"> • Include NOAs, with the required 14 federal identification elements, for each funding source in the initial subaward as an Exhibit D in the contracts. In addition, contract staff will ensure Exhibit D is attached to the initial subaward before the contracts are signed. • Add language to the subaward informing the AAAs that future NOAs will be posted on the Department’s intranet. <p>Corrective action is expected to be complete by January 2025</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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1034932	2023-041	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure subrecipients of the Aging Cluster programs obtained required single audits.</p> <p>The Department concurs with the finding.</p> <p>As of March 2024, the Department:</p> <ul style="list-style-type: none"> • Issued communication and management letters to the two Area Agencies on Aging (AAAs) whose single audits were not submitted to the Federal Audit Clearinghouse (FAC). • Updated the single audit monitoring tracking sheet to document the dates of audit requests, receipts, dates of review, confirmation of FAC receipt, dates of communication with AAAs, dates when management letters are sent, and the AAAs' responses. <p>As of October 2024, the Department:</p> <ul style="list-style-type: none"> • Implemented a reminder process for all AAAs to submit single audit reports six months after the subrecipients' fiscal year-end. • Sent email reminders until audit reports are received or once AAAs communicate an estimated audit completion date. • Documented all communication. • Reviewed the monitoring tracking sheet nine months after the subrecipients' fiscal year-end to ensure all single audits are received timely. • Followed up monthly on outstanding audit reports and ensured timely issuance of management decision letters. <p>October 2024, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-052	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act for the Refugee and Entrant Assistance program.</p> <p>The Department concurs with the auditor’s findings.</p> <p>The Department will immediately report all first tier subawards, including amendments, totaling \$30,000 or more to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS).</p> <p>As of May 2024, to ensure ongoing compliance with the FFATA reporting requirements, the Department:</p> <ul style="list-style-type: none"> • Established effective internal controls and written procedures to ensure: <ul style="list-style-type: none"> ○ All first-tier subawards of \$30,000 or more are reported. ○ Grant amendments for initial awards that are below \$30,000 are tracked as soon as the modifications trigger reporting requirements. ○ Reports for submission contain the required data elements. • Implemented and communicated the procedures for reporting first tier subawards to the Division of Finance and Financial Resources (DFFR) for inputting into FSRS. • Developed written procedures for inputting subawards appropriately in FSRS and will communicate those procedures to DFFR staff. <p>As of June 2024, the Department:</p> <ul style="list-style-type: none"> • Compiled the required data elements for the 29 first tier subawards and the 18 subaward amendments, in addition to any new subawards in fiscal year 2024 that met the reporting threshold, and reported to DFFR for input into FSRS. • Worked with DFFR to develop and subsequently implement a process to verify all subawards and subaward amendments have been reported in FSRS. <p>June 2024, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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1034932	2023-053	<p>Finding:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Refugee and Entrant Assistance programs received required single audits, and that it followed up on findings and issued management decisions.</p> <p>The Department concurs with the finding.</p> <p>As of October 2024, the Department’s Office of Refugee and Immigrant Assistance (ORIA) followed up with the remaining 35 subrecipients and required the completion of the Subrecipient Federal Financial Assistance form for fiscal year 2023.</p> <p>As of November 2024, ORIA:</p> <ul style="list-style-type: none"> • Followed up with the remaining 35 subrecipients to verify that they completed a single audit if they received \$750,000 or more in federal assistance. • Informed any subrecipients that have not been audited about the single audit requirement. • Worked with Economic Services Administration (ESA) accounting staff to review all completed audit reports and, for any findings found, issue a management decision on the effectiveness of the subrecipients’ proposed corrective actions to address the findings. <p>By January 2025, ORIA will:</p> <ul style="list-style-type: none"> • Work with ESA accounting unit to establish and implement effective internal controls and written procedures to: <ul style="list-style-type: none"> ○ Identify subrecipients who receive \$750,000 or more annually in federal assistance from all sources. ○ Verify if subrecipients complete required audits, if applicable, and take appropriate action if audits are not completed. ○ Review single and program-specific audit reports for findings. ○ Write and issue a management decision, when appropriate, within six months outlining the Department’s determination of the adequacy of the subrecipient’s proposed corrective actions to address the finding. • Monitor the subrecipient’s corrective action plan for timely and effective completion. Work with ESA accounting staff to track and monitor subrecipient activities to ensure appropriate and timely corrective action is taken to resolve single and programmatic audit findings. <p>By March 2025, ORIA and ESA accounting unit will train all program staff responsible for monitoring the new procedures to ensure a full understanding of the shared responsibilities for compliance with department policies.</p>

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2024**

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1034932	2023-053 (cont'd)	Completion Date: Corrective action is expected to be complete by March 2025 Agency Contact: Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

State of Washington - Office of Financial Management
Status of Audit Resolution
December 2024

Department of Social and Health Services

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-054 (cont'd)	Agency Contact:	Richard 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	
1034932	2023-077	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal provider eligibility requirements for the Medicaid Program.</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that the Medicaid Provider Disclosure Statement (MPDS) forms for the identified exceptions were not obtained within the five-year revalidation timeline due to the increased workload during the public health emergency. The Department does not agree all the exceptions should result in questioned costs.</p> <p>The Department is disputing the questioned costs related to one nursing home, totaling \$231,810. Although the MPDS was not submitted within the five-year revalidation timeline, the Department determined there were no changes to ownership or managing employees since the previous MPDS form was received.</p> <p>As of March 2023, automated provider screenings are completed monthly for all providers as required.</p> <p>As of March 2024, the Department’s nursing home revalidation process was modified to provide guidance to staff when a nursing home does not provide the required MPDS during the 5-year revalidation period. The process includes procedures prior to termination of the contract to ensure resident safety and choice, as well as when to stop payment.</p> <p>As of October 2024, the Department consulted with the U.S. Department of Health and Human Services (HHS) regarding the disagreement with the \$231,810 of questioned costs. The Department reimbursed HHS the remaining \$344,262 of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2022-059.</p> <p>October 2024, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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1034932	2023-078	<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 over and did not comply with survey requirements for Medicaid intermediate care facilities.</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that it did not meet the Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF-IID) Survey requirements, due to the backlog created by the public health emergency and a 20 percent staff vacancy rate. The Department does not agree that it was due to lack of internal controls. It was through applied internal controls that we identified concerns and were able to allocate resources to meet the most serious concerns.</p> <p>As of March 2024, the Department:</p> <ul style="list-style-type: none"> • Met the 15.9-month recertification timeline. • Created a statement of deficiency and plan of correction tracking tool in Smartsheet for each team in Residential Care Services to track deadlines. This system generates automatic email alerts to key staff on approaching deadlines and when recertification deadlines have arrived. <p>The 12.9-month statewide average is based on the overall average of months for all ICF-IID surveys, which included some of those surveys that were in a significant backlog due to the pandemic. Statistically, even when the state is meeting the 15.9-month timeframe for each home and lowering the number of months between surveys, it is expected that the bell curve average will take time to shift toward 12.9 months. The Department believes this will be achieved by January 2026.</p> <p>The conditions noted in this finding were previously reported in findings 2020-053, 2019-061, 2018-052, 2017-042, 2016-037, 2015-045 and 2014-046.</p> <p>Corrective action is expected to be complete by January 2026</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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1034932	2023-079	<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 over and did not comply with survey requirements for Medicaid nursing homes.</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that it did not meet the Nursing Home Recertification Survey requirements, due to the backlog created by the public health emergency and a 20 percent staff vacancy rate. The Department does not agree that it was due to lack of internal controls. It was through applied internal controls that we identified the need to hire a contractor to assist with the recertification backlog to meet compliance requirements.</p> <p>As of March 2024, the Department met the 15.9-month recertification timeline.</p> <p>The 12.9-month statewide average is based on the overall average of months for all nursing home surveys, which included some of those surveys that were in a significant backlog due to the pandemic. Statistically, even when the state is meeting the 15.9-month timeframe for each home and lowering the number of months between surveys, it is expected that the bell curve average will take time to shift toward 12.9 months. The Department believes this will be achieved by January 2026.</p> <p>The conditions noted in this finding were previously reported in finding 2020-054.</p> <p>Corrective action is expected to be complete by January 2026</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

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1034932	2023-080	<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 over and did not comply with requirements to ensure timely investigation of complaints of client abuse and neglect at Medicaid residential facilities.</p> <p>The Department partially agrees with the finding.</p> <p>The Department agrees that it did not meet the Immediate Jeopardy and Non-Immediate Jeopardy complaint timelines due to the backlog created by the public health emergency and a 20 percent staff vacancy rate. The Department does not agree that it was due to lack of internal controls.</p> <p>Over the past two years, the Department had 30 new staff who were not certified to complete investigations independently; there were only three available trainers who spent the majority of their time in 2022 and early 2023 addressing training needs. Once staff completed the training and applied for certification, they had difficulty finding testing slots because there was a shortage of testing sites. In late 2022, this process transitioned from in-person to virtual which provided greater opportunity for timelier certification.</p> <p>As of March 31, 2023, all staff have the required certification, and the training backlog has been resolved.</p> <p>As of February 2024, Immediate Jeopardy (2 days) complaints were completed on time. The Department implemented a procedure to review the status of intakes at the regional level monthly to ensure timelines continue to remain compliant for Immediate Jeopardy complaints.</p> <p>As of June 2024, the Department ensured Non-Immediate Jeopardy intakes are completed in a timely manner. Monthly review procedures have been implemented.</p> <p>The conditions noted in this finding were previously reported in findings 2022-057 and 2021-054.</p> <p>June 2024, subject to audit follow-up</p> <p>Richard Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov</p>

