

Washington State Auditor's Office
Whistleblower Report

**Department of Social and Health
Services**

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WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

July 18, 2011

Susan Dreyfus, Secretary
Department of Social and Health Services

Report on Whistleblower Investigation

Attached is the official report on Whistleblower Case No. WB 10-017 at the Department of Social and Health Services.

The State Auditor's Office received an assertion of improper governmental activity at the Agency. This assertion was submitted to us under the provisions of Chapter 42.40 of the Revised Code of Washington, the Whistleblower Act. We have investigated the assertion independently and objectively through interviews and by reviewing relevant documents. This report contains the result of our investigation.

Questions about this report should be directed to Senior Investigator Sandy Miller at (360) 902-0378 or Director of Special Investigations Jim Brittain at (360) 902-0372.

Sincerely,

BRIAN SONNTAG, CGFM
WASHINGTON STATE AUDITOR

BS:sym

cc: Jacob White, Public Disclosure and Ethics Administrator, Department of Social and Health Services
Governor Chris Gregoire
Melanie de Leon, Executive Director, Executive Ethics Board

Whistleblower Investigation Report

State of Washington Department of Social and Health Services

ABOUT THE INVESTIGATION

In November 2009, we received a whistleblower assertion that an employee of the Department of Social and Health Services authorized payments to a contractor who did not provide contract deliverables.

BACKGROUND

The Department operates a Special Commitment Center on McNeil Island in Pierce County to house sexually violent offenders who have completed their criminal prison terms but have been civilly committed to the Center by a Superior Court.

In April 2008, the Department entered into a one-year contract with the University of Washington for one of its employees to develop and provide a health program for residents of the Center. The contract stated the Department would pay a maximum of \$35,153 for services provided and related expenses.

Our preliminary investigation determined the Center's Associate Superintendent was the contract manager and was responsible for ensuring the vendor provided services prior to authorizing payments.

ASSERTION

The Associate Superintendent at the Department of Social and Health Services' Special Commitment Center authorized payments to a vendor for services that were not provided.

RESULTS

We found reasonable cause to believe an improper governmental action occurred.

The contract stated the deliverables were:

- Assessments of residents' health and social needs.
- Collection and assessment of risk factors for disease and determining appropriate treatment.
- Assessments of residents' educational needs and a plan to address them.
- Evaluation of the Center's current health program.

The University of Washington submitted one invoice to the Department for April through October 2008 and monthly invoices from November 2008 through April 2009, as shown

in the table below. The subject signed the invoices, indicating the services had been received and authorizing payment to the University. The Department paid all of the invoices except the April 2009 invoice.

**University of Washington invoices to the Department of Social and Health
Services for Special Commitment Center contract**

Invoice billing period	Invoice amount	Paid (Y/N)
April 23, 2008 through October 31, 2008	\$3,958.62	Yes
November 2008	4,088.65	Yes
December 2008	4,049.82	Yes
January 2009	3,958.62	Yes
February 2009	4,009.75	Yes
March 2009	4,005.37	Yes
April 2009	3,058.94	No
Total billed	\$27,129.77	
Total paid	\$24,070.83	

We determined the Department did not receive most of the deliverables:

- Within four to six months of the contract start date, the contractor was to give the subject and the Center's medical director:
 - A copy of the data gathered during the health and social needs assessment.
 - A report that summarized the process used to gather and compile data and his analysis of residents' self-reported data.
- Within eight months of the contract start date, the contractor was to give the subject and the Center's medical director:
 - A report that summarized the process used to compile and analyze data gathered about the residents.
 - A report that summarized the analysis of the data.
- Once the first two deliverables were completed, the contractor was supposed to have developed a comprehensive educational plan to include:
 - A description of the classes offered and the content of each class.
 - A list of class materials.
 - A description of how each class will be taught.
 - Information about who will facilitate the classes.

The only product the contractor delivered was a set of PowerPoint handouts that had been prepared for another agency and relabeled for the Department. The handouts were not a contract deliverable.

On April 17, 2009, the Department sent a letter to the University requesting that the contractor complete the required work by the contract expiration date of April 23, 2009. In September 2009, the Department notified the University it would not pay the last invoice because it did not receive the deliverables. The contractor sent the Department a letter in October 2009 stating that he was unable to fulfill the contract because he determined the residents would need basic health education before he could do the survey work.

During a meeting with our investigator on April 8, 2011, the subject stated there was a lack of oversight of the contract deliverables and she authorized the payments because she believed the Department had received them as outlined in the contract. When she realized the Department did not receive the deliverables, she instructed that no more payments were to be made on this contract. The subject stated the Department has not attempted to recoup the money it paid to the University for deliverables it did not receive.

RECOMMENDATION

We recommend the Department work with the University to determine what portion of the \$24,070.83 paid should be recovered from the University of Washington. We further recommend the Department and the subject monitor future contracts to ensure it receives deliverables before it pays contractors.

AGENCY'S PLAN OF RESOLUTION

The Special Commitment Center (SCC) has carefully reviewed the findings of the State Auditor's Whistleblower Report and concurs with the Auditor's recommendation. In doing so, SCC will seek reimbursement from the University of Washington for monies paid under this contract for services not rendered.

The Subject has received corrective performance counseling and will be scheduled to participate in additional contract management training. Additionally, the Subject is now required to perform hands-on contract monitoring of an existing contract of a similar nature under close supervision by a different contract manager.

STATE AUDITOR'S OFFICE REMARKS

We thank Department officials and personnel for their assistance and cooperation during the investigation.

Whistleblower Investigation Criteria

State of Washington Department of Social and Health Services

We came to our determination in this investigation by evaluating the facts against the criteria below:

RCW 43.88.160, Fiscal Management – Powers and duties of officers and agencies, states in part:

(4) . . . the director of financial management, as agent of the governor, shall:

(a) Develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls. The system developed by the director shall include criteria for determining the scope and comprehensiveness of internal controls required by classes of agencies, depending on the level of resources at risk.

Section 85.32.20.b, *State Administrative and Accounting Manual*, states in part:

Prior to payment authorization, agencies are to verify that the goods and services received comply with the specifications or scope of work indicated on the purchase or contract documents

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