



Washington State Auditor's Office

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Accountability Audit Report

Washington State Department of Social & Health Services

For the period July 1, 2012 through June 30, 2013

Published March 17, 2016

Report No. 1016129





Washington State Auditor's Office

March 17, 2016

Ms. Pat Lashway, Acting Secretary
Department of Social and Health Services
Olympia, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Department operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Department's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

JAN M. JUTTE, CPA, CGFM
DEPUTY STATE AUDITOR
OLYMPIA, WA

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AUDIT SUMMARY

Results in brief

In most areas we audited, Department operations complied with applicable requirements and provided adequate safeguarding of public resources. The Department also complied with state laws and regulations and its own policies and procedures in the areas we examined. However, we identified areas in which the Department could make improvements.

We recommended the Department monitor Children's Administration (the Administration) to ensure it follows state law and centralized policies and procedures.

We recommended that the Administration follow the Department's guidelines which require initial and renewal of background checks for any volunteers transporting children to ensure the safety of children and families being transported. Additionally, the Administration should monitor volunteers to ensure all volunteers have proof of a valid driver's license, automobile insurance, and a first aid card on file. We also recommended that records relating to this monitoring be maintained.

We further recommended the Administration review the Department's centralized policies and procedures that define when and for what reasons volunteers can be used to transport clients. Additionally, the audit identified opportunities for the Administration to strengthen policies and procedures over the coordination, transportation, and payments related to the volunteer transportation program. Specifically, we recommended that documentation be properly approved and supported, current, and retained in accordance with state records retention laws and Department policy.

These recommendations were included in our report as findings.

We also noted certain matters that we communicated to Department management in a letter dated March 17, 2016, related to document retention. We appreciate the Department's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of the Department of Social and Health Services from July 1, 2012 through June 30, 2013.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Department's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following area was examined during this audit period:

- Travel

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

2013-001 The Department of Social and Health Services' Children's Administration is not following state law, or policies and procedures designed to ensure the safety of children and family members being transported by volunteers.

Background

The Department of Social and Health Services (the "Department") is Washington State's primary provider of social services to state citizens. The Department administers these services through eight divisions, one of which is the Children's Administration ("the Administration"). The Administration has 2,400 staff in 46 field offices. The Administration primarily works with children, families and the community to identify children's needs and develop a plan for services that supports families and ensures the safety and well-being of children. These services are designed to reduce the risk of abuse and neglect, find safe alternatives to out-of-home placement and ensure safety and permanency for children in out-of-home care.

To meet its mission, the Administration is often required to arrange for the transport of its children and their family members. This may require the use of volunteer drivers.

Description of Condition

Our audit found that the Department has established policies and procedures for volunteers working with vulnerable clients. However, the Administration is not using these centralized policies and procedures.

Instead, each office in the eastern region of the Administration developed its' own policies and procedures. In addition, we found background checks were not always performed, and background check records were not always maintained.

Specifically, the Administration was not following centralized policies on:

- Initial background checks for volunteers which require a background check authorization form.
- When and how often the Administration should verify volunteer drivers have a current and valid driver's license and proof of insurance.

- How and by whom these records would be maintained.

In addition, the Department lacks policies requiring regular renewal of background checks to ensure the continuing safety of children in its care and their family members.

The Administration also requires first aid certifications, which were not provided to us during the audit.

Cause of Condition

Although the Department has policies and procedures related to background checks, the Administration does not follow them. The Department does not adequately monitor the Administration to ensure they are following centralized policies and procedures and periodically performing background checks.

Effect of Condition

Our review of 22 drivers identified the following deficiencies:

- Four volunteers did not have background checks. In addition, they did not have safety and screening records, valid driver's licenses, proof of current insurance, or first aid training.
- One volunteer's background check showed the individual as "disqualified." The Department's policy prohibits individuals with a disqualified background from working with children and other vulnerable clients.
- Five volunteers did not have a background check performed within the last three years.
- Nine volunteers did not have copies of a current driver's license on file during the audit period. Subsequent to our audit, the Administration was able to obtain copies of all but one of these individuals' driver's licenses. For the remaining volunteer, the Administration was unable to demonstrate the individual had or currently has a valid driver's license.
- Seventeen volunteers did not have proof of insurance on file during the audit period. In response to our review, the Administration was able to obtain proof of current insurance for 14 of these 17 volunteers, but three volunteers were not able to provide proof of insurance.

- Fourteen volunteers did not have proof of current first aid certification on file. Following the audit, two of these volunteers did obtain the required certification.

In addition to these issues, our audit also revealed two instances in which the screened volunteer was allowing another family member to perform transports on their behalf. These family members were not processed as official volunteers and as such the Administration did not perform the required background check, or obtain documents such as proof of insurance and first aid certification.

Recommendation

We recommend the Department:

- Monitor the Administration to ensure state law and centralized policies and procedures are followed.

We recommend the Administration:

- Follow state law and established centralized guidelines requiring initial and renewal of background checks for any volunteers transporting children to ensure the safety of children and families being transported.
- Adequately monitor volunteers to ensure all volunteers have proof of a valid driver's license, automobile insurance, and a first aid card on file.
- Ensure records relating to this monitoring are maintained.

Department's Response

Children's Administration (CA) partially concurs with the description of the condition and recommendations. The vast majority of the volunteers had background checks completed and other documents required by state law or department wide policy.

CA agrees with the spirit and direction of improving processes as they relate to safely transporting children and family members by volunteers. CA relies heavily on volunteers in many aspects of accomplishing our mission, including the use of volunteers to transport in lieu of CA staff or contracted providers. This is particularly true in Eastern Washington where children and families may have a need to travel long distances to access services, conduct visits between parents, children and siblings, and move to new foster care settings.

CA will be creating a more centralized process for documenting that volunteers have passed a background check and the necessary documents (driver's license and insurance) is up to date and available. CA also recognizes that, while not required by state law or policy, regularly re-running background checks on volunteers would be a good addition to practice.

CA plans to remediate issues with regard to the retention of volunteer files.

Auditor's Remarks

We appreciate the Administration's commitment to resolving the issues noted. We will review the status during the next audit.

Applicable Laws and Regulations

RCW 43.43.830 Background checks – Access to children or vulnerable persons – Definitions, states in part.

Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW 43.43.830 through 43.43.845.

(1) "Agency" means any person, firm, partnership, association, corporation, or facility which receives, provides services to, houses or otherwise cares for vulnerable adults, juveniles, or children, or which provides child day care, early learning, or early childhood education services.

(2) "Applicant" means: . . .

(b) Any prospective volunteer who will have regularly scheduled unsupervised access to children under sixteen years of age, developmentally disabled persons, or vulnerable adults during the course of his or her employment or involvement with the business or organization under circumstances where such access will or may involve groups of (i) five or fewer children under twelve years of age, (ii) three or fewer children between twelve and sixteen years of age, (iii) developmentally disabled persons, or (iv) vulnerable adults;

RCW 43.43.837 Fingerprint-based background checks – Requirements for applicants and service providers – Shared background checks – Fees – Rules to establish financial responsibility, states in part:

(1) Except as provided in subsection (2) of this section, in order to determine the character, competence, and suitability of any applicant or service provider to have unsupervised access, the secretary may require a fingerprint-based background check through both the Washington state patrol and the federal bureau of investigation at any time, but shall require a fingerprint-based background check when the applicant or service provider has resided in the state less than three consecutive years before application, and:

(a) Is an applicant or service provider providing services to children or people with developmental disabilities under RCW 74.15.030

RCW 46.30.020 Liability insurance or other financial responsibility required – Violations – Exceptions, states in part:

(1)(a) No person may operate a motor vehicle subject to registration under chapter 46.16A RCW in this state unless the person is insured under a motor vehicle liability policy with liability limits of at least the amounts provided in RCW 46.29.090, is self-insured as provided in RCW 46.29.630, is covered by a certificate of deposit in conformance with RCW 46.29.550, or is covered by a liability bond of at least the amounts provided in RCW 46.29.090. Proof of financial responsibility for motor vehicle operation must be provided on the request of a law enforcement officer in the format specified under RCW 46.30.030.

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

(1) The director of financial management shall adopt and periodically update an accounting procedures manual. Any agency maintaining its own accounting and reporting system shall comply with the updated accounting procedures manual and the rules of the director adopted under this chapter.

State Administrative and Accounting Manual (SAAM) – The Office of Financial Management’s State Administrative and Accounting Manual (SAAM) require state agencies establish a system of internal control. Specifically, Chapter 20.15.30 states in part:

Each agency, regardless of size, is required to adopt methods to periodically assess risk and to develop, implement, and review its system of internal controls. The methods should be tailored to the specific needs of the agency. The agency head or authorized designee is ultimately responsible for identifying risks and establishing, maintaining, and reviewing the agency's system of internal control. If the agency head delegates this responsibility, the designated person should have sufficient authority to carry out these responsibilities.

RCW 40.14.060 Destruction, disposition of official public records or office files and memoranda – Record retention schedules, states in part:

(1) Any destruction of official public records shall be pursuant to a schedule approved under RCW 40.14.050.

DSHS Policies & Procedures – Policy 18.63 – Guidelines for Conducting Employee Background Checks

GUIDELINE 3 What definitions apply to these guidelines?

Applicant means any person who has applied for work in a department-covered position, including current employees moving for any reason or moving to a position because of transfer, promotion, demotion, elevation, layoff, or reversion. Applicant also means volunteers, students and interns serving or working in a similarly situated position or any person who must meet state and federal background check requirements to, conduct research, contract, or work in a department-covered position.

Guideline 4 – When Must The Department Complete A Background Check?

The appointing authority must complete a background check, states in part:

A. When department employees and applicants for employment in a department-covered position require unsupervised access to vulnerable adults, juveniles and children

J. All similarly situated department volunteers and student interns.

Guidelines for Conducting Employee Background Checks

Volunteers must register with the administration designation “volunteer coordinator” prior to performing any duties. Registration includes completion of:

- If applicable, the Background Authorization Form (DSHS 09-653) and pass the criminal background check.
- The maintenance of the volunteer service folder.

A. When up to three applicant(s)/employee(s) are identified as finalists.

Policy 5500 – Individuals Engaged by CA

Eligibility

Prospective employees or volunteers will have appropriately clear criminal history and CA record checks as well as the necessary skills and suitability to provide care, supervision, or treatment for children for whom the agency is responsible. Those individuals who will be transporting clients must possess a valid driver's license recognized by the state of Washington along with adequate insurance coverage.

The Volunteer Handbook

Volunteer Drivers are entrusted with transporting children on numerous runs. They are responsible for maintaining a safe driving record, for following agency policies and reporting directly to the Support Unit Supervisor.

Volunteer drivers have the responsibility to meet the following expectations: To maintain adequate insurance on their vehicles if it is to be used for the transportation program.

Any volunteer driver for Children's Administration/Division of Children and Family Services is required to have current certification in CPR/First Aid

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

2013-002 The Department of Social and Health Services Children’s Administration lacks internal controls over approval, oversight, payments and supporting documentation for travel payments to volunteers.

Background

The Department of Social and Health Services (the “Department”) is Washington State’s primary provider of social services to state citizens. The Department administers these services through eight divisions, one of which is the Children’s Administration (“the Administration”). The Administration has 2,400 staff in 46 field offices. The Administration primarily works with children, families and the community to identify children’s needs and develop a plan for services that supports families and ensures the safety and well-being of children. To meet its mission, the Administration is often required to transport clients through the use of volunteer drivers. As volunteers, these drivers are paid only for the associated costs of transportation (mileage, per diem, etc.).

Volunteer travel expenses are processed through the State’s Travel and Expense Management System.

Description of Condition

Our audit found the Administration did not have adequate internal controls over authorization, monitoring, payment, and document retention related to volunteer travel. We found:

- The Administration does not follow any centralized policies or procedures.
- The Administration does not have a method or process to verify that travel being paid for actually occurred. The assignment of the trips is usually performed by a social worker; however, the processing and approval for payment is performed by business staff and volunteer coordinators based on the volunteers’ claims.
- Volunteers are paid using one transportation order numerous times. In these cases the original transport order is not dated, does not have an ending time, and contains numerous on-going trips. The Administration does not have a process in place to verify all travel claimed under the form occurred.

Cause of Condition

Although, the Department has centralized written policies and procedures for travel, Administration staff at decentralized locations do not adhere to the policies. The Department does not have a monitoring process to ensure staff at decentralized locations only make payments for allowable travel.

Effect of Condition

We reviewed travel payments for the fiscal year ending in 2013 for 22 volunteers, collectively reimbursed more than \$279,914 for 3,262 trips. We found the following deficiencies:

One office destroyed all supporting documentation related to eight volunteers reimbursed for 1,582 trips, totaling \$123,933. This prevented us from verifying whether claims were legitimate. In addition, the destruction of the supporting documentation violated state records retention laws.

Our audit of records for the remaining 14 volunteers found:

- No documentation on hand for 158 trips. Volunteers were reimbursed \$12,403 for these trips.
- In 120 instances, the travel had not been approved or requested by any staff member. The Administration reimbursed volunteers \$13,984 for these trips.
- An additional 87 trips were requested by Administration staff, but had not been reviewed or approved by a supervisor, as required by the Department's central policy. Volunteers were reimbursed \$9,972 for these trips.
- A review of mileage claimed by volunteers found 235 instances in which trip mileage was overpaid. The Administration overpaid \$2,660 for these additional miles.
- The Administration paid for 170 trips in which adults and/or non-clients were transported. The Administration could not provide support showing this travel was necessary and could not demonstrate the travel was performed in the manner most economical to the state.
- Sixty-one trips reviewed did not provide or describe enough detail about the reason for the trip. These trips included transport of individuals to

attorney offices, embassies in other cities to apply for citizenship, and to pick up and deliver forms.

- In 115 instances, a volunteer from another city traveled to another area serviced by other volunteers to transport clients, costing the Department substantially higher mileage. There was no support showing that the trip was the most beneficial or economical for the state.

Recommendation

We recommend the Department:

- Monitor the Administration to ensure it follows state law and centralized policies and procedures.

We recommend the Administration:

- Adhere to centralized policies and procedures that define when and for what reasons volunteers can be used to transport clients.
- Strengthen policies and procedures for coordination, transportation, and payments related to the volunteer transportation program and to verify transportation is properly approved and supported with adequate documentation.
- Ensure all Transportation Request Forms are current.
- Retain all supporting documentation in accordance with state records retention laws and Department policy.

Department's Response

Children's Administration (CA) partially concurs with the recommendations to strengthen our approach to reimbursing volunteers for travel time. There are not established central policies and procedures inside the Department (DSHS) or CA around the payment of volunteer travel. CA will be developing a process by which volunteer travel reimbursement claims can be associated with social worker referrals. CA has already instituted a process by which mileage is checked against online mapping services to determine if the mileage being claimed is accurate.

CA does not concur with some of the conditions stated in this audit. Per the SAAM 10.50.20B, agencies may elect to reimburse based on actual odometer readings. When the DSHS Regional Business Centers (RBCs) review travel they are looking at the vicinity not point to point miles. CA also has appropriate

business reasons for transporting adults and/or non-clients. Our social workers may ask for transportation because it is in the best interest of the case which may involve transporting parents and other caregivers to a variety of locations.

CA strongly believes it is outside the scope of the Auditor to evaluate whether or not the transport of adult family members is necessary or beneficial to the Administration. The safety and welfare of children and “families” are at the core of all decision making with regard to Child Welfare and can be directly linked to the mission and values of not only the Administration, but the Department as a whole.

In addition, the use of volunteers to complete necessary travel is inherently the most cost effective option. In doing so, CA avoids paying salaries and benefits for either social workers or contracted providers. CA will continue to widely use volunteer travel to accomplish its mission and is committed to strengthening billing and documentation processes appropriately.

Auditor’s Remarks

The State Auditor’s Office (SAO) is well within our audit authority to question the validity and necessity of volunteer travel provided to adults, by Children’s Administration. Part of the role of the state’s independent auditor is to ensure that public funds are spent in accordance with state laws, rules and policies. It is also within SAO’s authority to question whether the agency could provide the travel in a more economical manner, such as public transportation. We will review the status of the corrective action during the next audit. We reaffirm our finding.

Applicable Laws and Regulations

RCW 40.14.060 Destruction, disposition of official public records or office files and memoranda – Record retention schedules, states in part:

- (1) Any destruction of official public records shall be pursuant to a schedule approved under RCW 40.14.050.

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

- (1) The director of financial management shall adopt and periodically update an accounting procedures manual. Any agency maintaining its own accounting and reporting system shall comply with the updated accounting procedures manual and the rules of the director adopted under this chapter.

State Administrative and Accounting Manual (SAAM) – The Office of Financial Management’s State Administrative and Accounting Manual (SAAM) provide guidelines for travel in Chapter 10.10. The section requires the following:

10.10.10. an Agency heads, and their designees for directing travel and approving reimbursement, are to:

1. Ensure that any travel costs incurred are:

- Directly work related,
- Obtained at the most economical price, and
- Both critical and necessary for state business.

2. Exercise prudent judgment in approving travel-related costs.

3. Establish an effective system for management and control over travel-related costs. This system should include:

- Written internal policies and procedures which cover the items required in this chapter.
- Authorization or approval of travel costs by the agency head or authorized designees.
- Clearly defined roles and responsibilities to include the level(s) to which agency head responsibility has been delegated.

4. Ensure the agency uses the procurement methods required in this chapter and maintains an accountability record for all state travel charge card systems it or its travelers are issued.

10.10.10.b Agencies may adopt internal travel policies and reimbursement allowances that are more restrictive than those contained in this chapter.

10.10.15 A traveler on official state business is responsible for:

1. Being familiar with state and agency travel and transportation regulations before embarking on travel.

2. Exercising the same care in incurring expenses and accomplishing the purposes of the travel that a prudent person would exercise if traveling on personal business. Excess costs, circuitous routes, delays, or luxury accommodations unnecessary or unjustified in the performance of official state business travel are not acceptable.
3. Paying any excess costs and any additional expenses incurred for personal preference or convenience.
4. Returning as promptly as possible to either the official station or official residence when the state business is completed.
5. Securing prior authorization for travel when required. (Subsection 10.10.50)
6. Preparing the Travel Expense Voucher and providing appropriate receipts and documentation as required in Section 10.80 and other sections of this chapter.

10.10.20 (1) Select the travel alternative that is most economical to the state. All costs should be considered – travel, labor, etc. – in making the determination.

10.10.35.a The health and safety of travelers is a top priority in the conduct of travel related activities. It is advantageous to the state for agencies to establish and alter travel plans and itineraries with consideration of hazardous inclement weather and other situations that could threaten the health and safety of state personnel.

When establishing travel plans and itineraries, if additional expense is involved to address hazardous weather or other local conditions that could threaten the health and safety of the traveler, the reason for authorizing the additional expense should be included on or attached to the travel authorization form.

When travel itineraries are altered after travel begins to address health and safety issues, travelers should:

- Promptly notify the traveler's supervisor of the change in travel plans.
- Note the reason for any additional expense on the traveler's travel expense voucher.

DSHS Policies & Procedures *Administrative Policy 19.10.07* states in part:

A. Volunteers

3. DSHS Administrators, or designee, must authorize volunteer travel prior to incurring expenses.

a. An Authorization for Expenditure (Non-Employee), from 09-415, must be completed and approved prior to an administration incurring any costs associated with volunteer travel.

b. Form 09-415 must be updated annually and retained in a way that is consistent with state records retention requirements.

6. The authorizing DSHS Administrator, or designee, must perform a cost analysis when deciding whether to return the volunteer to their official residence or official station between trips.

a. The authorizing DSHS employee must document the cost analysis and retain the documentation in a way that is consistent with state records retention requirements.

RELATED REPORTS

Financial

We perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Comprehensive Annual Financial Report (CAFR) prepared by and available from the Office of Financial Management.

The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's reporting entity. That report is issued by the Office of Financial Management in December of each year and can be found at www.ofm.wa.gov.

A summary of the audit for the period ending June 30, 2013, can be found at: <http://www.sao.wa.gov/resources/Pages/AnnualReports.aspx>

Federal programs

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management in March of each year.

INFORMATION ABOUT THE DEPARTMENT

The Department of Social and Health Services (DSHS) is Washington's largest state agency. The Department's mission is to transform lives by helping to improve the quality of life for individuals and families in need. The Department spends more than \$5.8 billion each year, and in any given month, DSHS provides some type of shelter, care, protection and/or support to 2.3 million of our state's 6.9 million people. The Department is served by more than 17,000 employees.

The Department is divided into six direct service administrations that include Aging and Long Term Support, Behavioral Health and Service Integration, Children's, Developmental Disabilities, Economic Services and Rehabilitation. The Department has two support administrations: Services and Enterprise Support and Financial Services.

Contact information related to this report	
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the State of Washington at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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