



Office of the Washington State Auditor  
Pat McCarthy

## Accountability Audit Report

# Department of Social and Health Services

For the period July 1, 2023 through June 30, 2024

*Published August 18, 2025*

Report No. 1037866



Scan to see another great way  
we're helping advance  
#GoodGovernment



**Office of the Washington State Auditor  
Pat McCarthy**

August 18, 2025

Bea Rector, 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 Office of the Washington State Auditor 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.

Attached is our independent audit report on the Department's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

## TABLE OF CONTENTS

Audit Results.....	4
Schedule of Audit Findings and Responses.....	6
Summary Schedule of Prior Audit Findings .....	15
Related Reports .....	16
Information about the Department.....	17
About the State Auditor's Office.....	18

## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, Department operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we identified areas where the Department could make improvements. These recommendations are included with our report as findings.

We also noted certain matters related to employee notification of outside employment and purchase cards that we communicated to Department management in a letter dated August 14, 2025. We appreciate the Department's commitment to resolving those matters.

Additionally, as noted under the Related Reports – Special Investigations section of this report, certain matters were examined and reported as part of a separate engagement.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of the Department of Social and Health Services from July 1, 2023 through June 30, 2024.

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.

This audit was conducted under the authority of RCW 43.09.310, which requires the Office of the Washington State Auditor to examine the financial affairs of all state agencies. Our audit involved obtaining evidence about the Department's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended June 30, 2024, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Loss report over purchase card used for personal expenses
- Purchase card transactions, late fees and card user agreements
- Overtime at Washington State Hospital
- Long term care wait times
- Individual provider training for in-home caregivers
- Eligibility for the State Food Assistance Program
- Employee notification of outside employment

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### Department of Social and Health Services July 1, 2023 through June 30, 2024

#### **2024-001 The Department of Social and Health Services did not have adequate internal controls over and did not comply with its own policy for assessing long-term care applicants on time.**

##### ***Background***

The Aging and Long-Term Support Administration (AL TSA) within the Department of Social and Health Services is responsible for Washington state's system of long-term services and supports serving older adults and people with disabilities. This system includes performing care assessments, determining eligibility and developing a plan of care for an applicant looking for long-term care services.

AL TSA staff use the Comprehensive Assessment Reporting Evaluation (CARE) tool to process applicants requesting long-term care. The CARE tool functions as an assessment, service planning and care coordination tool that AL TSA staff use to determine program eligibility and establish the amount of care.

To ensure all assessment requests are processed on time, AL TSA policy defines various response timeline requirements for staff who process the applicant, from intake through authorizing care. The timeline requirements vary depending on the current location of the applicant. There are two categories: applicants currently in an acute care or community psychiatric hospital and all other applicants. AL TSA policy states the following:

Status of Case	For all applicants (except Hospital)	For all applicants currently in acute care/community psychiatric hospitals
Intake	Enter applicants into CARE within two working days of receipt of referral.	Enter applicants within one working day.
Assignment	Intake specialist will make two attempts to reach client by phone on two consecutive working days. If unable to reach the client they will mail a 10-day letter to client. Assign a primary case manager within one working day of	Assign the case so that the case manager has adequate time to make contact with the individual.

	conducting the initial intake phone interview. If no response after 10 days the case will be inactivated.	
<b>Contact</b>	Case manager will make two attempts to reach client by phone within three working days of assignment. If unable to reach client, Case manager will mail 10-day letter to client. Case will be inactivated. Priority is given to individuals who are in jeopardy of imminent harm or in nursing facility.	Make Contact within two working days of receipt of referral to schedule an assessment and review Long-Term Services and Supports options regardless of desired discharge setting.
<b>Completion</b>	<p>From Date of Intake: Complete assessment (move to current and authorize services) within 45 days after the date of intake.</p> <p>From CARE assessment creation date: once the assessment has been initiated, it must be finalized (moved to current within 30 days).</p>	<p>Assessment start date must be seven days from the date of referral or from the date the client is stable and predictable.</p> <p>Complete the assessment (move to current and unauthorized services within 30 days of the receipt of referral).</p>

The policy allows exceptions to these timeline requirements for various reasons. When staff do not meet the required response time, they are expected to document in CARE the reason for the delay, and what follow-up is needed.

During fiscal year 2024, the Department processed 4,920 applicants living in acute care or a community psychiatric hospital and 23,022 other applicants. We were unable to determine the type of application for 1,062 additional applicants because the data the Department provided was insufficient.

### ***Description of Condition***

The Department did not have adequate internal controls over and did not comply with its own policy for assessing long-term care applicants on time.

We judgmentally selected and examined 40 cases that included 19 applicants from acute care or community psychiatric hospital and 21 other applicants. We reviewed each case to ensure staff followed the timeline requirements outlined in the policy or properly documented the exception and reason for the delay.

### ***Acute Care or Community Psychiatric Hospital***

Five (26%) of the 19 cases did not meet Department timelines and did not have an adequate reason code or narrative to explain the delay (some cases missed multiple deadlines).

- Two (11%) cases did not meet the requirement to enter client information into CARES (intake) within one day of the referral date. One case was one day late and the other was four days late.
- One (5%) case did not meet the requirement for the case manager to contact the client within two days of the receipt of referral. The case manager contacted the client five days late.
- Four (21%) cases did not meet the requirement to start the CARE assessment within seven days of the referral date. These cases were between one and 59 days late.

### ***All Other Applicants***

Sixteen (76%) of the 21 other cases did not meet Department timelines and did not have an adequate reason code or narrative to explain the delay (some cases missed multiple deadlines):

- Six (29%) cases did not meet the requirement to enter client information into CARES (intake) within two days of the referral date. These cases were between one and 15 days late.
- Six (29%) cases did not meet the requirement for the case manager to contact the client within three days of the receipt of referral. The case manager contacted the client between three and 13 days late.
- Eight (38%) cases did not meet the requirement to complete the CARE assessment within 30 days of the assessment being initiated. These cases were between three and 42 days late.
- Six (29%) cases did not meet the requirement to complete the CARE assessment within 45 days of the intake date. These cases were between eight and 77 days late.

### ***Cause of Condition***

Department management said they were unable to process the large volume of assessment requests because they did not have enough staff to do so. As a result, staff prioritized applications from acute care or community psychiatric hospitals.

### ***Effect of Condition***

By not following established internal controls outlined in policy, there is a higher risk that Washington residents will not receive long-term care when needed.



## **Recommendation**

We recommend that the Department follow its policies to ensure it reviews long-term care applications on time. In addition, we recommend the Department accurately enter the data into CARE to ensure it can properly monitor these deadlines.

## **Department's Response**

*The Department agrees with the finding.*

*Between July 1, 2023, and June 30, 2024, the Home and Community Living Administration (HCLA), formerly ALTSA, maintained an average of 1,125 Social Service Specialist 3 positions to determine eligibility, assessment, and coordination of care for long-term care applicants. Home and Community Services (HCS), which oversees this staff, experienced an average of 122 vacancies and a 10.85% vacancy rate during the audit period. Significantly, (HCS) lost 65 Social Service Specialists but was only able to hire 15 replacements despite rigorous recruitment efforts, leaving a deficit of 50 previously filled positions.*

*In July 2023, as part of the 1115 Medicaid Transformation Project renewal, the Department received approval from the Centers for Medicaid and Medicare Services (CMS) to implement a presumptive eligibility determination process to expedite access to needed Long-Term Services and Supports (LTSS) while full functional and financial eligibility were being determined. On December 4, 2023, the Department began Phase I of the Presumptive Eligibility (PE) implementation for clients hospitalized in acute care or state psychiatric hospitals or recently discharged from a hospital setting. The Department is currently testing Phase II PE in a limited geographic area prior to statewide expansion. Phase II establishes presumptive eligibility for any in-home applicant not currently receiving long-term care services, who is determined financially and functionally eligible for PE.*

*By September 1, 2025, the Department anticipates statewide rollout of Phase II. The Department appreciates that procedural delays in screening and assessing individuals for LTSS cause hardship and frustration for our clients and anticipates that expedited access to services through the use of PE will positively impact applicant experience through efficient communication touchpoints, increased reliability, and ultimately access when needed.*

*By January 1, 2026, the Department will strive to achieve a 6% vacancy rate among Social Service Specialist 3 positions. This will allow the Department to meet and maintain adequate staffing levels, ensuring that deliverables are met within the required timelines. However, budget cuts, increases in caseloads size established by the legislature, and the elimination of funding for new staff needed to meet the anticipated caseload growth will make this hard to achieve. As a result, the Department will also have to review its internal policies to determine if the timeframes identified in our policies are still appropriate given the significant reduction in staffing.*

*A high strategic priority for HCS is to improve and streamline the experience for clients accessing LTSS. HCS currently serves applicants from three separate regional intake teams, based on the applicant's geographic residence. By January 1, 2026, HCS will transition to one unified intake system to serve any incoming applicant seeking LTSS statewide which will prevent bottlenecks based on regional variations, apply a consistent screening and scheduling process, and prevent delays in person-centered assessment and care planning.*

### ***Auditor's Remarks***

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### ***Applicable Laws and Regulations***

Department Long-Term Care Manual, Chapter 3 Assessment and Care Planning states, in part:

#### **Adding a Client to Care**

Once you receive a request for an assessment, you must perform an intake, assign the case, and follow up with clients to schedule the assessment within the required timeframes.

#### **TIMEFRAMES**

***Exceptions to this timeframe may occur when:***

- The client requests a longer response time;*
- The client is not available for an in-person contact;*
- There is difficulty in finding an appropriate and qualified provider;*
- Financial eligibility has not been completed; and/or*
- Coordination is needed with interpreter services.*

*When the required response time is not met, document the reason for the delay in a SER and describe what follow-up will occur.*

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### Department of Social and Health Services July 1, 2023 through June 30, 2024

#### **2024-002 The Department of Social and Health Services did not ensure recipients of the Food Assistance Program were eligible to receive program benefits.**

##### ***Background***

As authorized in state law (RCW 74.08A.120), the Department of Social and Health Services administers the Food Assistance Program (FAP). FAP is a state-funded program that provides benefits to legal immigrants and victims of human trafficking who are not eligible for the federal Supplemental Nutrition Assistance Program (SNAP) solely based on their immigration status. FAP recipients are required to meet the same eligibility requirements as SNAP except for the provisions pertaining to immigration status. These requirements include income limits based on household size, being a resident of the state of Washington, and meeting work requirements, when applicable.

The Department established rules in Washington Administrative Code (WAC 388-424-0030), that define categories of immigrant status that are eligible for FAP. To be eligible for FAP, an applicant must be a “qualified alien”, a “nonqualified alien” or a “survivor of certain crimes” as defined in WAC 388-424-0001.

In state fiscal year 2024, the Department spent \$93,619,530 on FAP and issued payments to 67,396 individuals.

##### ***Description of Condition***

The Department did not ensure recipients of the Food Assistance Program were eligible to receive program benefits.

We judgmentally selected 40 FAP recipients that received food assistance during fiscal year 2024 and determined that all recipients met the income limit, residency requirements, and work requirements of the program. However, we also found the case file documentation for seven (18%) of the recipients showed an immigrant status that demonstrated they did not meet the definitions of “qualified alien”, “nonqualified alien” or “survivor of certain crimes” and therefore were not eligible for FAP.

## ***Cause of Condition***

Department staff incorrectly assessed client immigration status based on the documentation received. In addition, management's review process was not adequate to ensure eligibility determinations were made accurately.

## ***Effect of Condition***

The Department improperly paid \$6,145 to the seven ineligible clients. Because we used a judgmental method to select which client case files to examine, we cannot project the likely total amount of the Department's improper payments. However, based on the rate of the Department's internal control deficiency, in our judgment, we believe there is a high likelihood that improper eligibility determinations were made for other clients.

By not ensuring FAP eligibility is properly determined in accordance with state regulations, the State is at risk of making payments to ineligible clients.

## ***Recommendation***

We recommend the Department:

- Strengthen internal controls over eligibility determinations
- Ensure staff determining eligibility are adequately trained to properly review immigrant status documentation
- Seek recovery of improper payments made to the seven clients identified by the audit
- Review current FAP recipient eligibility documentation to verify legal immigrant status

## ***Department's Response***

*The department concurs with the auditor's finding.*

*The Department acknowledges that it did not accurately determine eligibility for seven clients which resulted in those clients receiving food assistance that they were not eligible to receive. The Department will carefully review these seven cases and establish overpayments in alignment with WAC 388-410-0030.*

*To strengthen controls and ensure staff determining eligibility are adequately trained, the Department will:*

- *Convene a project workgroup to strengthen internal controls surrounding FAP eligibility and immigration status.*
- *Review existing staff training and desk aids to ensure procedures around immigration status are clear and align with policy and state requirements.*

- *Create mandatory training for all eligibility staff to complete focusing specifically on the homeland security document reviewed in all seven exceptions.*
- *Update the department's internal audit system to pull a statistically valid sample of FAP cases monthly.*
- *Following the implementation of these corrective actions the department's internal Quality and Compliance Team will do a focused review to ensure effectiveness of corrective actions and determine next steps if necessary.*

### ***Auditor's Remarks***

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

### ***Applicable Laws and Regulations***

RCW 74.08A.120, Immigrants and victims of human trafficking—Food assistance. States, in part:

- (1) The department may establish a food assistance program for legal immigrants and victims of human trafficking as defined in RCW 74.04.005 who are ineligible for the federal food stamp program.
- (2) The rules for the state food assistance program shall follow exactly the rules of the federal food stamp program except for the provisions pertaining to immigrant status.

WAC 388-424-0001, Citizenship and immigration status—Definitions. States, in part:

For the purposes of determining an individual's citizenship and immigration status for public assistance, the following definitions apply:

- (6) "**Undocumented aliens**" are noncitizens without a lawful immigration status as defined in subsections (2) or (3) of this section, and who:
  - (a) Entered the U.S. without inspection; or
  - (b) Were lawfully admitted but whose status expired or was revoked per the U.S. Department of Homeland Security or other federal agency.

WAC 388-424-0030, How does my immigration status impact my eligibility for state-funded benefits under the food assistance program? States:

- (1) If you are not a U.S. citizen and are not eligible for federally funded basic food benefits, you may be eligible for state-funded benefits under the food assistance program (FAP) if you are:
  - (a) A "qualified alien" as defined in WAC 388-424-0001, who does not meet the eligibility requirements under WAC 388-424-0020 to receive federally funded basic food benefits;
  - (b) A "nonqualified alien" as described in WAC 388-424-0001 who:
    - (i) Is not a nonimmigrant as described in WAC 388-424-0001 (3) (c);
    - (ii) Intends to stay in the United States indefinitely; and
    - (iii) The United States Immigration and Customs Enforcement is not taking steps to enforce your departure; or
  - (c) A "survivor of certain crimes" as defined in WAC 388-424-0001(4).
- (2) If you are eligible for state-funded FAP, we calculate your benefits as described under WAC 388-400-0050.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Department of Social and Health Services July 1, 2023 through June 30, 2024

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> July 1, 2021 through June 30, 2022	<b>Report Ref. No.:</b> 1033200	<b>Finding Ref. No.:</b> 2022-001
<b>Finding Caption:</b> The Department of Social and Health Services did not have adequate internal controls over and did not comply with its own policies related to Individual Instruction and Support Plans for the State-Operated Living Alternative program.		
<b>Background:</b> The Department did not have adequate internal controls and did not comply with its own policies related to IISPs for the SOLA program. Management did not ensure staff followed Department policies related to creating and updating IISPs, and that required training on IISPs occurred. Furthermore, the Department did not have adequate monitoring over each SOLA to ensure required policies were followed		
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input checked="" type="checkbox"/> Fully Corrected         </div> <div style="text-align: center;"> <input type="checkbox"/> Partially Corrected         </div> <div style="text-align: center;"> <input type="checkbox"/> Not Corrected         </div> <div style="text-align: center;"> <input type="checkbox"/> Finding is considered no longer valid         </div> </div>		
<b>Corrective Action Taken:</b> <ul style="list-style-type: none"> <li>• <i>Distributed a revised IISP template to all State Operated Community Residential Programs (SOCR) to ensure its consistent use. Instructions for the template's instructions address the alignment of IISP and Person-Centered Service Plan dates.</i></li> <li>• <i>Attendant Counselor Managers trained on DDA Policy 5.08, Individual Instruction and Support Plan and Risk Summary.</i></li> <li>• <i>Distributed guidelines to SOCR management staff on consistent practices for the storage of IISPs.</i></li> <li>• <i>Implemented a quarterly system of monitoring and oversight to ensure compliance with policy and WAC.</i></li> <li>• <i>Developed a Standard Operating Procedure addressing IISP development, implementation and monitoring.</i></li> <li>• <i>Developed and distributed communication to Developmental Disability Managers and Attendant Counselor Managers that addresses the implementation of consistent standards regarding staff training on clients' IISPs, the tracking of this training and the storage of training records.</i></li> </ul>		

## 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 Annual Comprehensive Financial Report (ACFR). The ACFR reflects the financial activities of all funds, organizations, agencies, departments and offices that are part of the state's reporting entity. The results of that audit are published in a report issued by the Office of Financial Management in December of each year and can be found at [www.ofm.wa.gov](http://www.ofm.wa.gov).

### 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 reports issued by the Office of Financial Management and our Office each year.

### Performance audits

Initiative 900, approved by voters in 2005, gives the State Auditor's Office the authority to conduct independent performance audits of state and local government entities. Performance audits may include objective analysis on ways to improve program performance and operations, reduce costs and identify best practices.

Since the last accountability audit, we have issued two separate performance audit reports, which are available on our website, <http://portal.sao.wa.gov/ReportSearch>.

### Special investigations

Since the last accountability audit, we have issued six reports pursuant to the State Employee Whistleblower Act (Chapter 42.40 RCW). Those reports are available on our website, <http://portal.sao.wa.gov/ReportSearch>



## INFORMATION ABOUT THE DEPARTMENT

The secretary of the Department of Social and Health Services runs Washington state's largest public agency, which annually serves more than 2 million residents (roughly one-fourth the total population). More than 17,000 employees work in several service areas that help provide access to food, cash and medical benefits; aging and long-term care support for adults and people with developmental disabilities; behavioral health services in state-run hospitals; and other social services. The secretary also manages the agency's more than \$25 billion two-year budget.

### Contact information related to this report

Contact:	Richard Meyer, External Audit Compliance Manager
Telephone:	360-664-6027
Website:	<a href="http://www.dshs.wa.gov">www.dshs.wa.gov</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Department of Social and Health Services at <https://portal.sao.wa.gov//ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

### Stay connected at [sao.wa.gov](http://sao.wa.gov)

- [Find your audit team](#)
- [Request public records](#)
- Search BARS Manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

### Other ways to stay in touch

- Main telephone:  
(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)