



DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Gregory A. Hook, CPA
Legislative Auditor

May 8, 2024

Senator Guy J. Guzzone, Chair
Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West Wing
11 Bladen Street
Annapolis, Maryland 21401

Delegate Benjamin S. Barnes, Chair
House Appropriations Committee
Lowe House Office Building, Room 121
6 Bladen Street
Annapolis, Maryland 21401

Dear Senator Guzzone and Delegate Barnes:

The Office of Legislative Audits (OLA) has reviewed the actions taken by the Maryland Department of Health (MDH) Developmental Disabilities Administration (DDA) to resolve the four repeat findings in our October 26, 2022 audit report. This review was conducted in accordance with a requirement specified in the April 2023 *Joint Chairmen's Report* (JCR), page 118. The JCR required that, prior to the release of \$100,000 of its administrative appropriation for fiscal year 2024, DDA must take corrective action on all repeat audit findings on or before November 1, 2023. The JCR language further provided that OLA submit a report to the budget committees listing each repeat audit finding along with a determination that each repeat finding was corrected. The OLA report is required to be submitted to allow 45 days for the budget committees to review and release the funds prior to the end of the fiscal year.

The October 26, 2022 audit report of DDA contained four repeat audit findings (findings 1, 2, 3, 6) that were addressed by eight recommendations. In accordance with the April 2023 JCR requirement, DDA provided a status report to OLA, dated November 1, 2023, detailing certain corrective actions that had been completed and actions that were ongoing with respect to all four repeat audit findings (**Exhibit 1**). The DDA status report indicated that, with the exception of one of four elements of Finding 6, its corrective action for each of the four findings was incomplete as of November 1, 2023.

We reviewed the DDA status report and related documentation, performed limited tests and analyses of the information, and held discussions with DDA personnel as necessary to assess the implementation status of the related recommendations. Our review did not constitute an audit conducted in accordance with generally accepted government auditing standards.

Based on our review, we determined that DDA had not yet taken sufficient actions to correct Findings 1, 2, 3, and 6. Specifically, although DDA had implemented certain elements of the recommendations related to Findings 1, 2, 3, and 6, the actions to date did not address the entirety of the findings (**Exhibit 2**). Consequently, at the time of our review, our assessment of Findings 1, 2, 3 and 6 concluded that they were still in progress (**Exhibit 3**).

After discussing our review results, DDA generally agreed with the accuracy of the information presented. We wish to acknowledge the cooperation extended to us during the review by DDA. We trust our response satisfactorily addresses the JCR requirement. Please contact me if you need additional information.

Sincerely,



Gregory A. Hook, CPA
Legislative Auditor

cc: Senator Clarence K. Lam, Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee
Joint Audit and Evaluation Committee Members and Staff
Senator William C. Ferguson IV, President of the Senate
Delegate Adrienne A. Jones, Speaker of the House of Delegates
Governor Westley W. Moore
Comptroller Brooke E. Lierman
Treasurer Dereck E. Davis
Attorney General Anthony G. Brown
Secretary Helene T. Grady, Department of Budget and Management
Secretary Laura Herrera Scott, M.D., MDH
Erin K. McMullen, R.N., Chief of Staff, MDH
Marlana R. Hutchinson, Deputy Secretary, DDA
Robert White, Director, Operations and Finance, DDA
Frederick D. Doggett, Director, Internal Controls, Audit Compliance & Information Security, MDH
Deneen Toney, Deputy Director, Audit & Compliance, MDH
Carlean Rhames-Jowers, Audit Supervisor, Internal Controls, Audit Compliance & Information Security, MDH
Joan M. Peacock, Manager, Audit Compliance Unit, Department of Budget and Management
Victoria L. Gruber, Executive Director, Department of Legislative Services
Victoria Martinez, Policy Analyst, Department of Legislative Services



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

November 30, 2023

Mr. Gregory A. Hook, CPA
Legislative Auditor
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, MD 21201

Dear Mr. Hook:

In response to your letter dated November 9, 2023, the Maryland Department of Health (MDH) is submitting the attached Joint Chairmen's Report (JCR) Status regarding the Office of Legislative Audits' (OLA) October 22, 2022, report on the Developmental Disabilities Administration (DDA). As described in the attachment, DDA has made significant progress on all the repeat findings identified in the OLA report. For example, DDA:

- Competitively procured the services of a Quality Improvement Organization (QIO) to assist in the oversight of Coordination of Community Service (CCS) agencies.
- Developed expectations for and is monitoring the QIO as this vendor executes various reviews and audits of the CCS agencies.
- Developed and executed competitive contracts for Fiscal Management and Consulting Services (FMCS).
- Created procedures, guidance, and dashboards for more effective monitoring and oversight of the FMCS vendors.

While we do not consider any of the corrective actions final, DDA has worked diligently over the past year to address internal process weaknesses and to improve the efficiency with which MDH delivers services to this important constituency. Further, we expect corrective actions to be complete on all repeat findings by March 31, 2024.

Sincerely,

A handwritten signature in blue ink, appearing to read "Laura Herrera Scott".

Laura Herrera Scott, MD, MPH
Secretary of Health

Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

Consumer Services

Finding 1

DDA did not ensure that CCS agencies properly completed annual consumer service plans and conducted quarterly face-to-face monitoring visits.

Recommendation 1b

We recommend that DDA ensure that the CCS agencies complete all quarterly monitoring forms as required for each consumer (repeat).

Status of Recommendation 1b			
Status as of 11/1/2023	Incomplete	Completion Date:	3/31/2024
Please provide details of corrective action taken.	Actions performed to date		
	DDA procured the services of a Quality Improvement Organization (QIO) July 2022 to assist in the oversight of Coordinators of Community Service (CCS) agencies. DDA has worked with the QIO to develop operating procedures that should ensure transparent evaluation not only of the CCS agencies, but also DDA's ability to effectively monitor the QIO's performance and address any deficiencies.		
	DDA has developed the DDA QIO Contract Monitor Guidance and Quarterly Targeted Case Management (TCM) Reviews Standard Operating Procedure Guidance. The QIO reviews will ensure CCS agencies complete all quarterly monitoring forms as required for each consumer.		
	The QIO conducted a review of the lookback period July 1, 2021 – December 31, 2022 and issued a report to DDA management with findings. The QIO expects to request corrective actions by December 31, 2023.		
	In addition, the QIO has performed targeted case management reviews for FY23 Q3 and expects to request corrective actions by January 31,		

Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

	<p>2024. CCS agencies are required to submit corrective actions within 30 business days of receiving the request.</p> <p>DDA's Contract Monitor (CM) validates the QIO reviews on a monthly basis by randomly selecting 10% from the monthly QIO data reports. CM reviews the documentation for each randomly selected participant to support met and unmet findings. CM signs the QIO tracker as the preparer and submits to the Director of Operations to review and sign as a secondary reviewer. IAC/S reviewed the QIO tracker updated by DDA's CM through September 2023.</p> <p>Remaining Tasks</p> <p>DDA needs to execute service level agreements with the CCS agencies and ensure corrective actions are requested based on findings identified by the QIO. DDA anticipates CCS agencies will sign SLAs by December 31, 2023. Although working with the QIO and a plan has been established, DDA has not completed a full cycle to determine if the process is effective.</p> <p>Once DDA confirms corrective actions have been requested with completion dates, IAC/S will select a sample of transactions to test.</p>
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Recommendation 1c

We recommend that DDA ensure that the CCS agencies complete quarterly monitoring forms which contain detailed comments regarding consumers' progress on achieving personal goals and outcomes (repeat).

Status of Recommendation 1c			
Status as of 11/1/2023	Incomplete	Completion Date:	3/31/2024
Please provide details of corrective action taken.	<p>Actions performed to date</p> <p>DDA procured the services of a Quality Improvement Organization (QIO) July 2022 to assist in the oversight of Coordinators of Community Service (CCS) agencies. DDA has worked with the QIO to develop operating procedures that should ensure transparent evaluation not only of the CCS agencies, but also DDA's ability to</p>		

Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

effectively monitor the QIO's performance and address any deficiencies.

DDA has developed the DDA QIO Contract Monitor Guidance and Quarterly Targeted Case Management (TCM) Reviews Standard Operating Procedure Guidance. The QIO reviews will ensure CCS agencies complete quarterly monitoring forms to contain detailed comments regarding consumers' progress on achieving personal goals and outcomes.

The QIO conducted a review of the lookback period July 1, 2021 - December 31, 2022 and issued a report to DDA management with findings. The QIO expects to request corrective actions by December 31, 2023. CCS agencies are required to submit corrective actions within 30 business days of receiving the request.

In addition, the QIO has performed targeted case management reviews for FY23 Q3 and expects to request corrective actions by January 31, 2024. CCS agencies are required to submit corrective actions within 30 business days of receiving the request.

DDA's Contract Monitor (CM) validates the QIO reviews on a monthly basis by randomly selecting 10% from the monthly QIO data reports. CM reviews the documentation for each randomly selected participant to support met and unmet findings. CM signs the QIO tracker as the preparer and submits to the Director of Operations to review and sign as a secondary reviewer. IAC/S reviewed the QIO tracker updated by DDA's CM through September 2023.

Remaining Tasks

DDA needs to execute service level agreements (SLAs) with the CCS agencies and request corrective actions based on findings identified by the QIO. The SLAs will provide DDA with an additional mechanism to address instances of CCS agency noncompliance. DDA anticipates CCS agencies will sign SLAs by December 31, 2023. Although working with the QIO and a plan has been established, DDA has not completed a full cycle to determine if the process is effective.

Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

	Once DDA confirms corrective actions have been requested with completion dates, IAC/S will select a sample of transactions to test.
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Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

Consumer Services

Finding 2

DDA did not have an adequate process to ensure the amounts invoiced by CCS agencies properly reflected consumer services provided and did not take appropriate action when a significant number of improper or unsupported payments were identified.

Recommendation 2a

We recommend that DDA establish a comprehensive review process to ensure that CCS agency billings are proper (repeat).

Status of Recommendation 2a			
Status as of 11/1/2023	Incomplete	Completion Date:	3/31/2024
Please provide details of corrective action taken.	Actions performed to date		
	DDA procured the services of a Quality Improvement Organization (QIO) July 2022 to assist in the oversight of Coordinators of Community Service (CCS) agencies. DDA has worked with the QIO to develop operating procedures that should ensure transparent evaluation not only of the CCS agencies but also DDA's ability to effectively monitor the QIO's performance and address any deficiencies.		
	DDA has developed the DDA QIO Contract Monitor Guidance and Quarterly Targeted Case Management (TCM) Reviews Standard Operating Procedure Guidance. The QIO reviews include a review of billing claims to ensure they are for billable activities and supported by activity notes recorded in LTSS <i>Maryland</i> . Additionally, the review is comprehensive to assess the amounts billed by the CCS agencies are for delivery of all the required services (such as annual plans and quarterly monitoring visits).		
	The QIO conducted a review of the lookback period July 1, 2021 - December 31, 2022 and issued a report to DDA management with findings. The QIO expects to request corrective actions by December 31, 2023.		

Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

As a result of the QIO's review of the lookback period, \$1,876 was identified in a Recoupment Report that should be recovered by DDA. IAC/S requested documentation to support proof of DDA pursuing recovery of unsupported payments. DDA is currently researching.

In addition, the QIO has performed targeted case management reviews for FY23 Q3 and expects to request corrective actions by January 31, 2024.

DDA's Contract Monitor (CM) validates the QIO reviews on a monthly basis by randomly selecting 10% from the monthly QIO data reports. CM reviews the documentation for each randomly selected participant to support met and unmet findings. CM signs the QIO tracker as the preparer and submits to the Director of Operations to review and sign as a secondary reviewer. IAC/S reviewed the QIO tracker updated by DDA's CM through September 2023.

Remaining Tasks

DDA needs to execute service level agreements with the CCS agencies and ensure corrective actions are requested based on findings identified by the QIO. DDA anticipates CCS agencies will sign SLAs by December 31, 2023. Although working with the QIO and a plan has been established, DDA has not completed a full cycle to determine if the process is effective.

Once DDA confirms corrective actions have been requested with completion dates, IAC/S will select a sample of transactions to test.

Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

Provider Payments

Finding 3

DDA did not conduct required audits of providers to ensure payments were for services actually delivered and included in the consumers' approved plans.

Recommendation 3a

We recommend that DDA conduct audits of providers to ensure payments to providers were consistent with actual services delivered and in accordance with the consumers' approved plans (repeat).

Status of Recommendation 3a			
Status as of 11/1/2023	Incomplete	Completion Date:	3/31/2024
Please provide details of corrective action taken.	Actions performed to date		
	DDA procured the services of a Quality Improvement Organization (QIO) July 2022 to assist in the oversight of non-CCS providers. DDA has worked with the QIO to develop operating procedures that should ensure transparent evaluation not only of the non-CCS providers but also DDA’s ability to effectively monitor the QIO’s performance and address any deficiencies.		
	DDA has developed the DDA QIO Contract Monitor Guidance and DDA Utilization Review Standard Operating Procedure Guidance. The QIO reviews will ensure payments to providers were consistent with actual services delivered and in accordance with the consumers’ approved plans.		
	The QIO conducted a review of the lookback period July 1, 2021 - December 31, 2022 and issued a report to DDA management with findings. The QIO expects to request corrective actions by December 31, 2023.		
	As a result of the QIO’s review of the lookback period, \$6,500 was identified in a Recoupment Report that should be recovered by DDA. IAC/S requested documentation to support proof of DDA pursuing		

Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

	<p>recovery of unsupported payments. IAC/S received documentation to support DDA pursuing payment (\$248.19) of only 1 out of 16 providers. No other documentation has been provided. DDA is currently researching.</p> <p>The QIO has performed utilization reviews for FY23 Q3 and expects to request corrective actions by January 31, 2024.</p> <p>DDA's Contract Monitor (CM) validates the QIO reviews on a monthly basis by randomly selecting 10% from the monthly QIO data reports. CM reviews the documentation for each randomly selected participant to support met and unmet findings. CM signs the QIO tracker as the preparer and submits to the Director of Operations to review and sign as a secondary reviewer. IAC/S reviewed the QIO tracker updated by DDA's CM through September 2023.</p> <p>Remaining Tasks</p> <p>DDA needs to pursue payment and ensure corrective actions are requested as a result of findings identified by the QIO. Although working with the QIO and a plan has been established, DDA has not completed a full cycle to determine if the process is effective.</p> <p>Once DDA confirms corrective actions have been requested with completion dates and determines an approach for collecting unsupported payments, IAC/S will select a sample of transactions to test and confirm receipt of the \$6,500.</p>
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Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

Fiscal Management Services (FMS)

Finding 6

FMS services contracts procured in 2006 were not comprehensive, properly approved, and adequately monitored. As a result, DDA did not recover unspent funds totaling \$3.2 million and obtain federal reimbursements totaling \$8.8 million.

Recommendation 6a

We recommend that DDA ensure contracts are executed that include all relevant contract provisions (including the contract term and authorized administrative fees) (repeat).

Status of Recommendation 6a			
Status as of 11/1/2023	Complete	Completion Date:	10/31/2023
Please provide details of corrective action taken.	Actions performed to date DDA procured the services of three (including one previous incumbent) Financial Management and Counseling Services (FMCS) vendors during CY 2022. The contracts included the contract terms and administrative fees.		

Recommendation 6b

We recommend that DDA monitor vendor activity and compliance to ensure that all key requirements and terms are complied with, including site visits and audits, and timely return of unspent funds, and that FMS vendor payments are proper and supported (repeat).

Status of Recommendation 6b			
Status as of 11/1/2023	Incomplete	Completion Date:	3/31/2024
Please provide details of corrective action taken.	Actions performed to date DDA created procedures for reviewing FMCS vendor's performance and quality assurance reports, FMCS Contract Monitoring Guidance,		

Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

developed a dashboard, created a monthly report card, and held weekly meetings with vendors.

According to DDA, the quality assurance reports received from the start of the contract through November 2023 did not capture the necessary data for monitoring FMCS vendors and participants.

DDA has analyzed the reports and finalized fields required for reporting purposes. DDA expects December monthly reports to provide sufficient data to accurately measure quality of service provided by the FMCS vendors.

DDA has developed the DDA QIO Contract Monitor Guidance and DDA Utilization and Qualified Provider Review Standard Operating Procedures Guidance.

According to the Contract Monitor, the process and communications with the QIO related to Self-direction reviews will start by 12/11/23. The utilization reviews are expected to begin 1/1/24 and the reviews will cover the period starting from 7/2023. DDA needs to ensure compliance with the Community Pathways Waivers with respect to site visits.

Note: Per the HQ Chief Operating Officer, all QIO reviews start as remote audits; based on the outcome of the remote audits, for example if requested documentation is not submitted, or unmet findings hit a certain threshold, then onsite reviews are triggered. This would also include interviewing participants as warranted.

The DDA has received FY22 audited financial statements for one vendor.

DDA developed written procedures for reviewing FMCS vendor's monthly invoices. DDA is reconciling and considering clipping future payments when an overpayment has been identified.

Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

	<p>Remaining Tasks</p> <p>DDA needs to continue to meet with FMCS vendors on a regular basis, review quality assurance reports and update monthly report cards.</p> <p>DDA needs to review FMCS vendors annual audited financial statements.</p> <p>DDA is in the process of creating Fiscal Standard Operating Procedures to address the review of vendor's annual audited statements for unqualified results and liquidity. Per CM, audited financial statements are due for traditional providers no later than 12/31 of the respective fiscal year due to the time it takes for a majority of auditors to complete their audits. This will be updated in the next Request For Proposal, and in any modifications to the current contract. Per the CM, FY23 audited financial statements are due no later than 12/31/2023. According to the RFP, "The Contractor will submit to the Contract Monitors: 1) Its annual audited financial statement, within four (4) months of the close of the Contractor's fiscal year."</p> <p>DDA needs to continue to reconcile vendor monthly payments to ensure payments are proper and supported.</p> <p>Once additional documentation is received to address this recommendation, IAC/S will select a sample of transactions to test.</p>
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Recommendation 6c

We recommend that DDA ensure FMS vendors record all provider payments into MMIS II timely (repeat).

Status of Recommendation 6c			
Status as of 11/1/2023	Incomplete	Completion Date:	1/31/2024
Please provide details of corrective action taken.	<p>Actions performed to date</p> <p>DDA developed a spreadsheet utilized to track when the administration contacts the FMS vendors related to billing, coding, claims submission guidance, etc.</p>		

Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

	<p>Remaining tasks</p> <p>DDA needs to develop a process to ensure FMCS vendors are processing payments timely as well as a process for reviewing and tracking denied claims prior to January 2023 until resolved. Contracts do not specify a timeline for entering provider payments into MMIS II or sharing denied claims activity with DDA.</p>
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Recommendation 6d

We recommend that DDA take appropriate corrective action to recover unspent funds and obtain available federal reimbursement for any outstanding claims (including the aforementioned \$8.8 million), and consider recovering any lost investment income resulting from untimely vendor actions (repeat).

Status of Recommendation 6d			
Status as of 11/1/2023	Incomplete	Completion Date:	1/31/2024
Please provide details of corrective action taken.	<p>Actions performed to date</p> <p>DDA received one of the vendor's FY21 reconciliation and is researching the other reconciliations.</p> <p>According to DDA, federal reimbursements are obtained by the FMS vendors submitting claims to MMIS. FMS vendors are responsible for submitting/resubmitting claims via MMIS.</p> <p>Per DDA, they have investigated the account and have identified \$1.9 million (FY19 & FY20) as the current balance of potential claims that are potentially uncollectible. DDA is still investigating this balance. Once this research has been completed, MDH plans to disclose and discuss the remaining balance with DBM and GAD to determine next steps. We anticipate this happening by the end of the calendar year (2023) and will share this information with OLA.</p>		

Exhibit 1 to May 8, 2024 Letter to Joint Chairmen

The decrease in the amount from \$8.8 million is due to (1) Support Broker Fees that were not a waiver service in FY19 and not eligible for federal reimbursement, (2) administrative claims that would not be part of the Medicaid claim process, (3) individuals deemed not eligible for Waiver service and would not be eligible for federal reimbursement, and (4) related federal reimbursements for claims that were submitted for FFP under old procedure codes. DDA will continue to research.

Note: IAC/S has not reviewed documentation supporting these actions

Based on DDA's review of FY19 and FY20 claims submitted, there was no lost investment income resulting from untimely vendor actions.

DDA developed a spreadsheet utilized to track when the administration contacts the FMS vendors related to billing, coding, claims submission guidance, etc.

Remaining tasks

DDA needs to review FMS vendor's FY21-FY23 reconciliations to confirm if unspent funds are due back to DDA and determine if there was lost investment income.

DDA needs to implement a process for reviewing and tracking FY21-FY23 denied claims until resolved.

Once IAC/S reviews a process to address this recommendation, a sample of transactions will be selected to test.

Exhibit 2 to May 8, 2024 Letter to Joint Chairmen

Status of Repeat Findings in OLA's October 26, 2022 Audit Report on the Maryland Department of Health - Developmental Disabilities Administration (DDA)

Prior Recommendations	Status Based on OLA Review
Consumer Services 1. We recommend that DDA establish a process to ensure that CCS agencies provide all critical services to consumers in accordance with State regulations. Specifically, DDA should ensure that the CCS agencies complete b. all quarterly monitoring forms as required for each consumer.	Not Resolved (In Progress)
c. quarterly monitoring forms which contain detailed comments regarding consumers' progress on achieving personal goals and outcomes.	Not Resolved (In Progress)
2. We recommend that DDA a. establish a comprehensive review process to ensure that CCS agency billings are proper.	Not Resolved (In Progress)
Provider Payments 3. We recommend that DDA a. conduct audits of providers to ensure payments to providers were consistent with actual services delivered and in accordance with the consumers' approved plans.	Not Resolved (In Progress)
Fiscal Management Services (FMS) 6. We recommend that DDA a. ensure contracts are executed that include all relevant contract provisions (including the contract term and authorized administrative fees).	Resolved
b. monitor vendor activity and compliance to ensure that all key requirements and terms are complied with, including site visits and audits, and timely return of unspent funds, and that FMS vendor payments are proper and supported.	Not Resolved (In Progress)

Exhibit 2 to May 8, 2024 Letter to Joint Chairmen

Status of Repeat Findings in OLA's October 26, 2022 Audit Report on the Maryland Department of Health - Developmental Disabilities Administration (DDA)

Prior Recommendations	Status Based on OLA Review
c. ensure FMS vendors record all provider payments into MMIS II timely.	Resolved
d. take appropriate corrective action to recover unspent funds and obtain available federal reimbursement for any outstanding claims (including the aforementioned \$8.8 million), and consider recovering any lost investment income resulting from untimely vendor actions.	Not Resolved (In Progress)

Exhibit 3 to May 8, 2024 Letter to Joint Chairmen

OLA's Assessments Regarding Repeat Findings and Recommendations That Were Not Resolved

Prior Report Recommendation – Finding 1

We recommend that DDA establish a process to ensure that CCS agencies provide all critical services to consumers in accordance with State regulations. Specifically, DDA should ensure that the CCS agencies complete

- b. all quarterly monitoring forms as required for each consumer (repeat),**
and
- c. quarterly monitoring forms which contain detailed comments regarding consumers' progress on achieving personal goals and outcomes (repeat).**

Status: Not Resolved

Our review disclosed that while DDA developed a process to ensure that Coordination of Community Services (CCS) agencies completed all required quarterly monitoring forms, the process was not effective. Specifically, DDA advised that in November 2022 it established a Long Term Services and Supports System (LTSS) report to track that forms were submitted for each consumer and sent monthly follow-up notices to the CCS agencies for consumers whose forms were not submitted. However, LTSS data provided by DDA showed virtually no change in the level of compliance by the CCS agencies between November 2022 and November 2023; as during this period the CCS agencies had not completed more than 75 percent of the required forms. Therefore, the process as currently designed was not sufficient to address the recommendation.

In addition, although DDA procured services with a vendor in July 2022 to review completed quarterly monitoring forms to ensure they contained detailed comments regarding consumers' progress, as of January 2024, the first of these reviews was not yet complete.

Prior Report Recommendation – Finding 2

We recommended that DDA

- a. establish a comprehensive review process to ensure that CCS agency billings are proper (repeat).**

Status: Not Resolved

Our review disclosed that while DDA established a review process to ensure that CCS agency billings are proper, the process was not as comprehensive as needed and, consequently, it did not address the specific recommendation. Specifically, DDA contracted with a vendor to review a sample of the CCS agencies' billings to ensure only billable activities were included and appropriately supported; however, these reviews did not include an assessment of the

Exhibit 3 to May 8, 2024 Letter to Joint Chairmen

reasonableness of the amounts billed versus the delivery (or lack of delivery) of all required services such as annual plans and quarterly monitoring visits.

Prior Report Recommendation – Finding 3

We recommended that DDA

- a. conduct audits of providers to ensure payments to providers were consistent with actual services delivered and in accordance with the consumers' approved plans (repeat).**

Status: Not Resolved

Our review disclosed that DDA contracted with a vendor to conduct audits to ensure payments to providers were consistent with actual services delivered and in accordance with consumers' approved plans. Specifically, the vendor conducted a review of provider payments for the period from July 1, 2021 through December 31, 2022, which identified approximately \$6,500 in payments to be recovered; however, as of January 2024 DDA had only pursued recovery of one payment totaling \$248. In addition, although the vendor had initiated a review of provider payments for the third quarter of fiscal year 2023, this review was still in progress as of January 2024.

Prior Report Recommendation – Finding 6

We recommended that DDA

- b. monitor vendor activity and compliance to ensure that all key requirements and terms are complied with, including site visits and audits, and timely return of unspent funds, and that FMS vendor payments are proper and supported (repeat);**
- d. take appropriate corrective action to recover unspent funds and obtain available federal reimbursement for any outstanding claims (including the aforementioned \$8.8 million), and consider recovering any lost investment income resulting from untimely vendor actions (repeat).**

Status: Not Resolved

Our review disclosed that DDA had developed procedures to monitor the Fiscal Management and Counseling Services (FMCS) vendors to ensure compliance with all key contract terms and requirements, and that vendor payments were proper and supported, but as of January 2024 the procedures had not been fully implemented. As of January 2024, DDA was still in the process of taking appropriate corrective action to recover unspent funds and obtain available federal reimbursement for outstanding claims. DDA also had not yet determined whether it could recover lost investment income that resulted from untimely vendor actions.