STATE OF WISCONSIN
Legislative Audit Bureau
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Report 23-6
May 2023

Administration of Certain Supplemental Federal Funds

Department of Health Services

Joint Legislative Audit Committee Members

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Legislative Audit Bureau

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May 24, 2023

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Wimberger and Representative Wittke:

In response to the Joint Legislative Audit Committee's request that we evaluate how state agencies spent supplemental federal funds the State received because of the public health emergency, we have completed a limited-scope review of how the Department of Health Services (DHS) used such funds to administer its Provider Payment and Ventilator Stewardship programs. We also assessed program integrity efforts related to supplemental federal funds that were conducted by DHS's Office of the Inspector General (OIG).

Through the Provider Payment program, DHS awarded $159.6 million in grants to long-term health care and emergency medical services providers from March 2020 through June 2022. We reviewed documentation for 31 grants totaling $3.2 million and question $518,700 that DHS paid to 10 grant recipients that did not submit sufficient documentation to support their grant applications or the grant amounts they requested.

Through the Ventilator Stewardship program, DHS spent $38.7 million to purchase and maintain 1,542 ventilators from March 2020 through June 2022. DHS loans ventilators to hospitals and other entities. DHS did not execute loan agreements with all entities to which it loaned ventilators and did not inventory its ventilator-related equipment. Six ventilators, with a combined value of $122,300, were missing as of January 2023. DHS also did not regularly track whether the ventilators had been maintained by the firm with which it contracted and did not develop a plan for the future use of the ventilators.

As of December 2022, OIG had completed one audit of a portion of the $653.8 million in supplemental federal funds that the Department of Administration (DOA) had allocated to DHS from March 2020 through June 2022. DHS did not publicly report summary results of OIG's audit and monitoring efforts, did not require OIG's internal audit section to submit in writing a proposed annual internal audit plan, and did not include on its website the internal audit section's reports.

We include a number of recommendations for DHS to improve how it administers its grant programs, the Ventilator Stewardship program, and the operations of OIG.

A response from DHS follows the Appendix.

Respectfully submitted,

Joe Chrisman
State Auditor

JC/DS/ag

Introduction

DHS spent supplemental federal funds on its Provider Payment and Ventilator Stewardship programs.

The federal government annually provides the Department of Health Services (DHS) with federal funds for the Medical Assistance program and other programs. Since March 2020, the federal government also provided supplemental federal funds to help Wisconsin respond to and recover from the public health emergency. From March 2020 through June 2022, the federal government provided $5.7 billion to the Department of Administration (DOA), which spent some of the funds on its own programs and allocated other funds to DHS and other state agencies. Over this time period, DOA allocated to DHS a total of $653.8 million in supplemental federal funds provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA), as we noted in report 22-23. DHS spent a portion of these supplemental federal funds on its Provider Payment and Ventilator Stewardship programs. Federal legislation did not require DHS to establish either program. Instead, DHS used discretionary supplemental federal funds to establish both programs.

DHS awarded Provider Payment program grants to long-term health care and emergency medical services providers, hospitals, clinics that serve underserved populations, and emergency physician independent practice groups. We examined DHS's administration of program grants to long-term health care and emergency medical services, which received the largest amounts of supplemental federal funds. Through the Ventilator Stewardship program, DHS purchased ventilators shortly after the public health emergency began and then loaned them to hospitals, fire and rescue departments, and emergency medical services departments. We examined DHS's administration of the Ventilator Stewardship program in order to determine DHS's management and oversight of the ventilators, as well as the extent to which DHS loaned the purchased ventilators.

To allocate supplemental federal funds to support Provider Payment program grants to long-term health care and emergency medical services providers and the Ventilator Stewardship program, DOA signed three agreements with DHS:

- A September 2020 agreement provided $160.0 million in CARES Act funds for DHS to award grants to long-term health care and emergency medical services providers through the Provider Payment program.
- A February 2021 agreement provided $35.0 million in CARES Act funds for DHS to purchase ventilators. Although the agreement was signed in February 2021, DHS had spent these funds in April 2020 and May 2020.
- A November 2021 agreement provided $7.5 million in ARPA funds for DHS to purchase maintenance services for the ventilators. Although the agreement was signed in November 2021, DHS had spent those funds in April 2021.

From March 2020 through June 2022, DOA allocated $202.5 million in supplemental federal funds to DHS to support the Provider Payment and Ventilator Stewardship programs.

From March 2020 through June 2022, DOA allocated $202.5 million in supplemental federal funds to DHS to support Provider Payment program grants to long-term health care and emergency medical services providers and the Ventilator Stewardship program, as shown in Table 1.

Table 1

Supplemental Federal Funds DOA Allocated to DHS for Certain Programs We Selected for Review
March 2020 through June 2022
(in millions)

Program	Amount
Provider Payment	$160.0[1]
Ventilator Stewardship	42.5[2]
Total	**$202.5**

[1] CARES Act funds were used for grants to long-term health care and emergency medical services providers.

[2] Includes $35.0 million in CARES Act funds and $7.5 million in ARPA funds.

Statutes established an Office of the Inspector General (OIG) that reports to the Office of the Secretary and is responsible for helping to ensure the integrity of DHS's programs. OIG audits and investigates DHS's internal operations and entities that are provided funds through programs DHS administers. Because of the significant amount of supplemental federal funds that DOA allocated to DHS, we examined OIG's efforts to detect and prevent fraud, waste, and abuse involving these funds.

To complete this limited-scope review, we interviewed DHS staff and four organizations representing health care and emergency medical services providers that were awarded Provider Payment program grants or were loaned ventilators through the Ventilator Stewardship program. We reviewed the three funding agreements between DOA and DHS, analyzed program expenditures from March 2020 through June 2022, and examined DHS's policies and procedures for the two programs. We performed a detailed file review involving 31 Provider Payment program grants and 30 ventilators. In addition, we reviewed OIG's policies and procedures.

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Provider Payment Program

DHS established the Provider Payment program to award grants to various entities, including long-term health care and emergency medical services providers.

DHS established the Provider Payment program to award grants to various entities, including long-term health care and emergency medical services providers that were affected financially by the public health emergency. From March 2020 through June 2022, DHS awarded $159.6 million in program grants, which were supported by CARES Act funds, to such providers. To assess DHS's administration of the program, we reviewed the available documentation for 31 grants totaling $3.2 million. We question $518,700 that DHS paid to 10 grant recipients that our review found did not submit sufficient documentation to support their grant applications or the grant amounts they requested. We make recommendations for improvements.

Expenditures

The agreement with DOA required DHS to award program grants to long-term health care and emergency medical services providers that had lost revenue, incurred increased costs for personal protective and other equipment and supplies, or incurred increased staffing costs as a result of the public health emergency. Long-term health care providers include nursing homes, home- and community-based service providers, and assisted living facilities. Emergency medical services providers include paramedic services.

DHS awarded two rounds of program grants, including:

- 667 grants totaling $22.9 million from June 2020 through November 2020, in order to help offset lost

revenue and increased costs that providers had incurred from March 2020 through May 2020; and

- 764 grants totaling $136.7 million from November 2020 through January 2021, in order to help offset lost revenue and increased costs that providers had incurred from March 2020 through August 2020.

Providers submitted grant applications to DHS, which indicated it awarded grants to all eligible applicants. The amount awarded to a given provider depended on various factors, such as the amount requested by a provider, the provider type, and the amount of a provider's reported revenue in 2019 before the public health emergency began. The individual amounts awarded ranged from $14, which reimbursed a provider for cleaning supplies, to $3.7 million. A given provider could be awarded multiple grants.

From March 2020 through June 2022, DHS awarded $159.6 million in program grants.

As shown in Table 2, DHS awarded $159.6 million in program grants from March 2020 through June 2022 to long-term health care and emergency medical services providers. In addition, DHS spent $2.8 million in supplemental federal funds on administrative costs associated with all four of its provider payment programs. However, DHS indicated it was unable provide us with the portion of these costs that pertained only to the portion of the program involving long-term health care and emergency medical services providers.

Table 2

Provider Payment Program Grants to Long-Term Health Care and Emergency Medical Services Providers[1]
March 2020 through June 2022

Type of Provider	Number of Grants	Amount (in millions)
Long-Term Health Care		
Nursing Homes	152	$ 75.6
Home- and Community-Based Services	522	44.4
Assisted Living Facilities	678	38.3
Emergency Medical Services	79	1.2
Total	**1,431**	**$159.6**

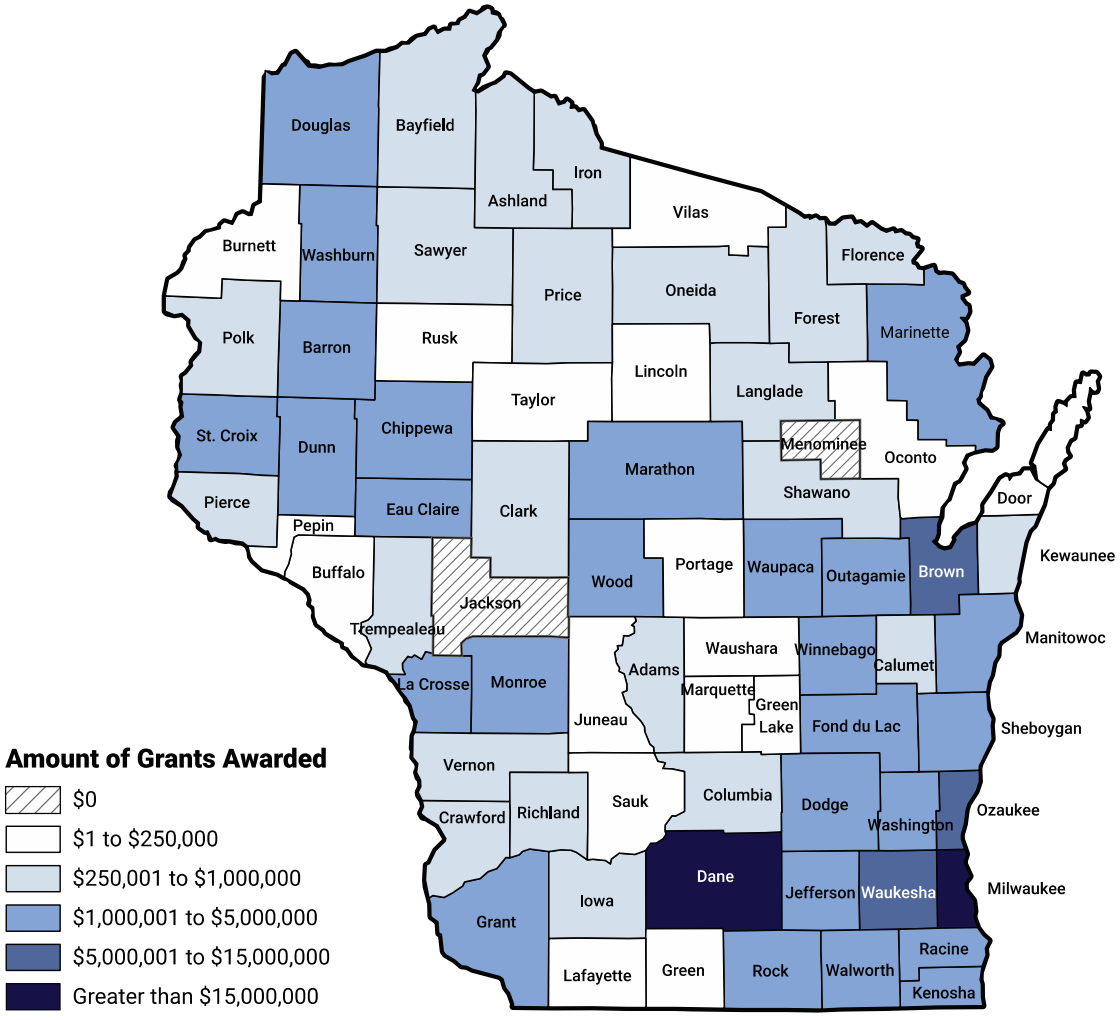
[1] CARES Act funds were used for the grants.

Total grants awarded to providers in a given county ranged from $8,500 in Lafayette County to $26.4 million in Milwaukee County.

Grants awarded to long-term health care and emergency medical services providers in a given county ranged from 1 grant totaling $8,500 in Lafayette County to 276 grants totaling $26.4 million in Milwaukee County. Figure 1 shows the amount awarded to providers in each county. No grants were awarded to providers in Jackson and Menominee counties.

Figure 1

Provider Payment Program Grants to Long-Term Health Care and Emergency Medical Services Providers, by County[1]



[1] Excludes 106 of the 1,431 grants for which the providers did not indicate their Wisconsin locations.

Program Administration

DHS did not specify the types of documentation that grant applicants were required to maintain in order to support their requested amounts.

DHS required grant applicants to submit certain documents, such as their 2019 federal income tax returns or their 2018 federal income tax returns combined with a 2019 profit and loss statement if they had filed income taxes. DHS also required applicants to submit their quarterly federal tax returns if they had employees. DHS used these documents to determine the eligibility of applicants for grants. In a given application, applicants could request separate amounts for lost revenue, increased equipment costs, and increased staffing costs. Although DHS required applicants to attest they would maintain, and provide upon request, documentation to support their requested amounts, we found that DHS did not specify the types of documentation applicants were required to maintain.

DHS developed various indicators, such as requested amounts that had rounded numbers or requests for lost revenue that were larger than three months of a given grant applicant's reported revenue in 2019. If these indicators suggested potential concerns with the requested amounts, DHS indicated it typically obtained supporting documentation from applicants. In addition to this documentation, DHS analyzed its own data pertaining to the types of providers eligible for the grants and discussed the requested amounts with the applicants. DHS indicated it typically reviewed only the requested amounts identified by its indicators, rather than an entire grant, and at times reduced or denied requested amounts as a result of its reviews.

DHS did not establish written policies for reviewing the amounts requested by grant applicants.

We found that DHS did not establish written policies for reviewing the amounts requested by grant applicants. Instead, DHS indicated it reviewed requested amounts on a case-by-case basis. DHS reviewed at least one requested amount associated with 703 grants (49.1 percent of all grants) totaling $63.2 million. DHS did not have information on the total amount of requests that it reviewed.

DHS awarded $201,000 to adult family homes that it had determined did not submit sufficient documentation to support their requested amounts.

We found that DHS awarded $201,000 to adult family homes, which are a type of home- and community-based service provider or assisted living facility, even though DHS had determined these grant recipients did not submit sufficient documentation to support their requested amounts. DHS indicated it decided to award these funds because adult family homes are small and less likely than other types of providers to be capable of submitting sufficient documentation to support their requested amounts. In response to our request for written documentation of the decision not to require sufficient supporting documentation from adult family homes, DHS indicated it had made this decision verbally.

We reviewed the available information for 31 randomly selected grants totaling $3.2 million.

We reviewed the available information for 31 randomly selected grants totaling $3.2 million, as shown in Table 3. After we selected our sample, we found that DHS had previously reviewed at least one requested amount associated with 17 of the 31 grants. To complete our review, we assessed the information applicants had submitted for all 31 grants and

the supporting documentation applicants had submitted to DHS for its reviews of the requested amounts.

Table 3

Provider Payment Program Grants Randomly Selected for Review
Program Grants to Long-Term Health Care and Emergency Medical Services Providers

Type of Provider	Number of Grants	Amount
Long-Term Health Care		
Assisted Living Facilities	11	$1,003,800
Home- and Community-Based Services	13	451,900
Nursing Homes	5	1,760,800
Emergency Medical Services	2	12,900
Total	**31**	**$3,229,400**

To assess requests for lost revenue, our review found that DHS sometimes obtained from grant applicants documents such as profit and loss statements or bank statements from 2019 and 2020. To assess requests for increased equipment costs, our review found that DHS sometimes obtained from grant applicants documents such as receipts and paid invoices. Such documents were sufficient to allow DHS to verify the amounts requested by grant applicants. When our review found that DHS had not obtained documents sufficient to verify the amounts requested by grant applicants, we questioned the related amounts that DHS paid to these grant applicants.

We question a total of $518,700 that DHS paid through 10 grants.

As shown in Table 4, we question $518,700 that DHS paid through 10 grants. Our review found that DHS did not require eight grant applicants to submit documents sufficient to verify one or more requested amounts and did not require two applicants to submit all information that DHS had required to be included in the grant applications. Because our review is not based on a statistically valid sample of grants, it is not appropriate to extrapolate the results of our review to all program grants that DHS awarded.

Table 4

Questioned Costs for Provider Payment Program Grants
Program Grants to Long-Term Health Care and Emergency Medical Services Providers

	Number of Grants	Questioned Amount
Requested Amounts for:		
Lost Revenue	5	$428,700
Increased Staffing Costs	2[1]	79,100
Increased Equipment Costs	2[1]	3,000
Subtotal		510,800
Grant Applications	2	7,900
Total	10	**$518,700**

[1] We questioned two requested amounts associated with one grant.

Lost Revenue

Based on our review, we question $428,700 that DHS awarded to five grant recipients for lost revenue. For example, our review found that:

- DHS awarded one nursing home $322,600 based on a summary document indicating that the monthly number of residents in the nursing home during each of the first eight months of 2020 was lower than the monthly number during the same period in 2019. DHS indicated it was unable to verify the summary document's accuracy, in part because it was uncertain about the total number of residents in the nursing home on a given day, but it found the request to be reasonable based on the nursing home's size. Although the nursing home had submitted a profit and loss statement for 2019, DHS did not require the nursing home to submit documents verifying that the nursing home's revenue had declined from 2019 to 2020, such as a profit and loss statement for 2020.

- DHS awarded one home- and community-based service provider $33,600 based on documents indicating the provider had expected, before the public health emergency began, that the number of its clients would increase in 2020, but that the number had not increased. DHS did not require the

provider to submit documents verifying that the provider's revenue had declined from 2019 to 2020 or a list of its clients in 2020.

Increased Staffing Costs

Based on our review, we question $79,100 that DHS awarded to two grant recipients for increased staffing costs. Our review found that:

- DHS awarded a nursing home $59,100 based on increased staff overtime and retention costs. DHS collected information on the nursing home's staffing costs from March 2020 through August 2020. However, DHS did not require the nursing home to submit information for the comparable period in 2019, which would have allowed DHS to verify whether staffing costs had increased in 2020.

- DHS awarded an assisted living facility $20,000 for increased staff overtime costs. DHS did not require the facility to submit payroll or other documentation verifying the increased costs. DHS indicated the facility had verbally explained its request, which was originally for $40,000. DHS subsequently decided to pay one-half of this original amount.

Increased Equipment Costs

Based on our review, we question $3,000 that DHS awarded to two grant recipients for increased equipment costs. Our review found that:

- DHS awarded one assisted living facility $2,500 based on purchases of personal protective equipment and cleaning supplies. The facility submitted a letter summarizing such costs from March 2020 through August 2020. DHS did not require the facility to submit receipts or paid invoices to verify this request.

- DHS awarded a different assisted living facility $500 based on purchases of personal protective equipment. DHS did not require the facility to submit receipts or paid invoices to verify this request.

Grant Applications

Based on our review, we question whether DHS should have awarded $7,900 to two providers that did not submit all required information with their grant applications. Our review found that:

- DHS awarded an assisted living facility $6,900. In its application, the facility had provided DHS with an electronic file with a name that indicated the file was the facility's 2019 federal income tax return. Because DHS was unable to open the file at the time of our review, we could not ascertain whether the facility had actually submitted its tax return.

- DHS awarded a different assisted living facility $1,000, even though the facility did not submit a 2019 profit and loss statement with its 2018 federal income tax return or any quarterly federal tax returns.

Improving Program Administration

DHS should improve its administration of its grant programs in the future.

DHS should improve its administration of its grant programs in the future. First, DHS should consistently award grants only to entities that submit all required application information, such as federal income tax returns, profit and loss statements, and quarterly federal tax returns. Second, DHS should specify the types of documents recipients are required to maintain in order to support their requested amounts. Third, DHS should establish written policies for reviewing requested amounts. Fourth, DHS should document in writing its decisions to waive any requirements in its policies. Fifth, DHS should obtain all required grant application information and sufficient supporting documentation from the providers that were awarded the $518,700 we questioned. Sixth, if DHS is unable to obtain such information and documentation, DHS should either require the recipients to repay the funds or reimburse the federal government the supplemental federal funds that supported the grants. Taking these actions will help to ensure that DHS spends taxpayer funds appropriately and consistently.

☑ Recommendation

We recommend the Department of Health Services:

- *consistently award grants only to entities that submit all required application information;*
- *specify the types of documents recipients are required to maintain in order to support their requested amounts;*
- *establish written policies for reviewing requested amounts;*
- *document in writing its decisions to waive any requirements in its policies;*
- *obtain all required grant application information and sufficient supporting documentation from the providers that were awarded the $518,700 we questioned;*
- *either require recipients to repay funds that cannot be supported by the required grant application information or sufficient supporting documentation or reimburse the supplemental federal funds to the federal government; and*
- *report to the Joint Legislative Audit Committee by August 15, 2023, on the status of its efforts to implement these recommendations.*

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Ventilator Stewardship Program

DHS established the Ventilator Stewardship program to loan, or deploy, ventilators to hospitals, fire and rescue departments, and emergency medical services providers.

DHS established the Ventilator Stewardship program to loan, or deploy, ventilators to hospitals, fire and rescue departments, and emergency medical services providers. From March 2020 through June 2022, DHS spent $38.7 million of supplemental federal funds to purchase and maintain 1,542 ventilators. As of March 2022, 308 ventilators were deployed, which was 20.0 percent of all ventilators and was the most deployed at one time from September 2020 through September 2022. We found that DHS did not execute loan agreements with all entities to which it deployed ventilators and did not inventory the ventilator-related equipment it had purchased. Six ventilators, with a combined value of $122,300, were missing as of January 2023. We also found DHS did not regularly track whether the ventilators had been maintained by the firm with which it contracted or develop a plan for the future use of the ventilators. We make recommendations for improvements.

Expenditures

From March 2020 through June 2022, DHS spent $38.7 million to purchase and maintain ventilators.

From March 2020 through June 2022, DHS spent $38.7 million to purchase and maintain ventilators, as shown in Table 5. DHS spent $31.2 million to purchase 1,542 ventilators and ventilator-related equipment and $7.5 million to maintain the ventilators. DOA helped to facilitate these purchases.

Table 5

DHS Expenditures for Ventilators, by Type[1]
March 2020 through June 2022
(in millions)

Type	Amount
Ventilator Purchases	$31.2
Ventilator Maintenance	7.5
Total	**$38.7**

[1] CARES Act and ARPA funds were used for these expenditures.

DHS purchased:

- 1,500 ventilators and circuits, which are the tubing that connects individuals to the ventilators, in April 2020 for $30.1 million;
- 42 ventilators and 372 circuits in April 2020 and May 2020 for $0.9 million; and
- 750 circuits, 250 fan filters, and 750 external bacterial filters in November 2020 for $24,500.

In April 2021, DHS executed a three-year, $7.5 million maintenance contract with the firm that sold it the 1,500 ventilators in April 2020. The contract, which expires in April 2024, requires the firm to provide preventive maintenance recommended by the manufacturer of these 1,500 ventilators and an extended warranty for these ventilators. DHS did not execute a maintenance contract for the 42 ventilators it purchased from a separate firm, which DHS indicated did not provide maintenance services.

DHS stores the ventilators and related equipment, as well as personal protective and other equipment, in a rented warehouse in Madison. From March 2020 through June 2022, DHS spent $4.7 million in supplemental federal funds for rent payments and other administrative costs related to this warehouse. DHS indicated it was unable to provide us with the portion of this amount associated only with storing the ventilators and the related equipment.

Ventilator Deployments

DHS deployed the purchased ventilators to hospitals, fire and rescue departments, and emergency medical services providers.

DHS deployed the purchased ventilators to hospitals, fire and rescue departments, and emergency medical services providers. Before deploying a ventilator, DHS required an entity to execute a loan agreement that stipulates DHS owns the ventilator and requires an entity to properly store and maintain the ventilator as well as be responsible for any loss or damage to it. When an entity agrees to share a ventilator with other entities, DHS indicated it intends to sign loan agreements with each of these entities. Doing so helps to ensure that each entity understands its obligations.

From September 2020 through September 2022, DHS made 356 deployments of ventilators.

As shown in Table 6, DHS made 356 deployments of ventilators to 70 entities from September 2020, when the first deployment occurred, through September 2022. The Appendix shows the locations to which DHS deployed ventilators. DHS deployed 63 ventilators to a Wausau hospital, which shared them as needed with other entities. This was the largest number of ventilators deployed to a given location.

Table 6

Ventilator Deployments Reported by DHS, by Type of Entity
September 2020 through September 2022

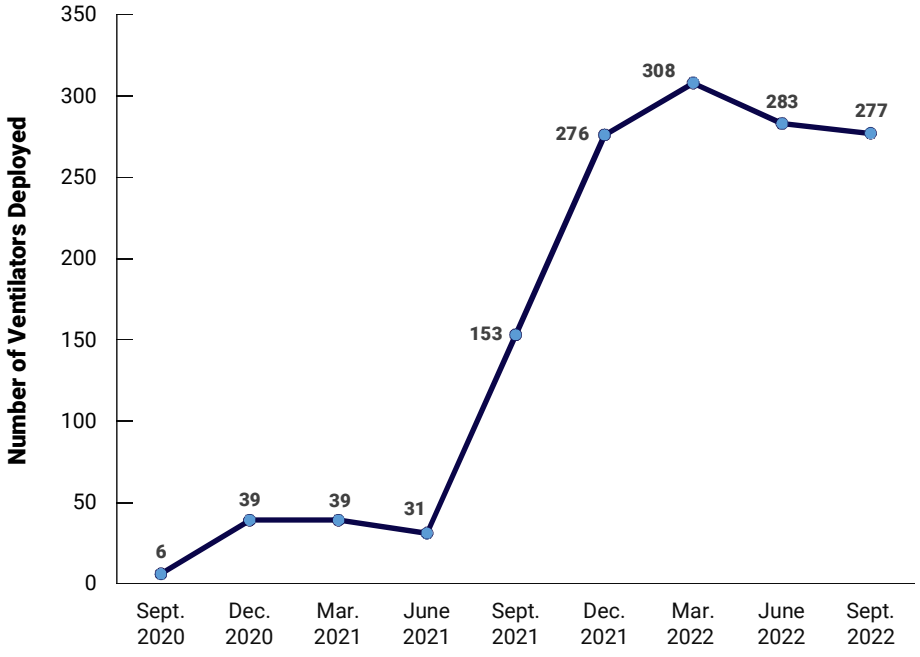
	Deployments		Entities	
Type of Entity	Number	Percentage of Total	Number	Percentage of Total
Hospitals and Health Centers	189	53.1%	31	44.3%
Fire and Rescue Departments	90	25.3	24	34.3
Emergency Medical Services Providers	77	21.6	15	21.4
Total	**356**	**100.0%**	**70**	**100.0%**

In March 2022, 308 ventilators were deployed, which was 20.0 percent of all 1,542 ventilators and was the most deployed at one time during the two-year period we analyzed.

We determined the number of ventilators that DHS deployed as of the last day of each quarter from September 2020 through September 2022. In March 2022, 308 ventilators were deployed, which was 20.0 percent of all 1,542 ventilators and was the most deployed at one time during the two-year period we analyzed, as shown in Figure 2. Over this two-year period, DHS deployed 336 of the 1,542 ventilators (21.8 percent) but did not at any time deploy the remaining 1,206 ventilators (78.2 percent). DHS deployed 20 of the 336 ventilators twice.

Figure 2

Ventilator Deployments, as Reported by DHS[1]
September 2020 through September 2022



[1] As of the last day of each quarter.

Program Administration

We analyzed DHS's administration of the program by reviewing its policies and data. We assessed available information for a sample of 30 ventilators, including 10 ventilators that had been deployed and returned to DHS as of September 2022, 10 ventilators that had been deployed and not yet returned to DHS as of that date, and 10 ventilators that had never been deployed through that date. We randomly selected the 10 ventilators in each of these three groups. We requested DHS's loan agreements for the 20 deployed ventilators and documentation of the maintenance performed on all 30 ventilators. Because our sample is not statistically valid, it is not appropriate to extrapolate our analytical results to all 1,542 ventilators.

Ventilator Loan Agreements

DHS provided us with signed loan agreements for 18 of the 20 ventilators in our sample that were deployed. One entity did not sign its loan agreement. DHS indicated the unsigned loan agreement is associated with a ventilator loaned to one entity that had arranged to share the ventilator with a second entity. DHS also did not provide us with its loan agreement with this second entity.

DHS should execute a signed loan agreement with each entity to which it loans a ventilator, as well as with each entity that shares a loaned ventilator.

DHS should execute a signed loan agreement with each entity to which it loans a ventilator, as well as with each entity that shares a loaned ventilator. Doing so will help to ensure all entities are held to the obligations specified in the loan agreement, including to store and maintain the ventilators appropriately.

☑ Recommendation

We recommend the Department of Health Services:

- *execute a signed loan agreement with each entity to which it loans a ventilator, as well as with each entity that shares a loaned ventilator; and*
- *report to the Joint Legislative Audit Committee by August 15, 2023, on the status of its efforts to implement this recommendation.*

Equipment Inventory

The World Health Organization recommends that an organization inventory all of its medical equipment, which allows an organization to readily determine the location of a given piece of equipment. We found that DHS did not inventory the ventilator-related equipment it had purchased, such as ventilator circuits and filters. Because DHS did not inventory this equipment, DHS was uncertain about how much equipment remained.

Six ventilators, with a combined value of $122,300, were missing as of January 2023.

We found that six ventilators, with a combined value of $122,300, were missing as of January 2023. DHS provided information indicating two of the six ventilators had been deployed to one entity, but other information indicated the ventilators may not have been deployed. DHS contacted all entities to ask if they possessed the six ventilators but was unable to locate the six ventilators. DHS indicated staff turnover and recordkeeping practices that were not thorough during the first months of the public health emergency likely contributed to its inability to locate the six ventilators. During our review, DHS did not consistently respond in a timely manner to our requests for ventilator-related information because it indicated it could not readily locate some of the requested information. In April 2023, DHS indicated it had located two of the six missing ventilators.

DHS should inventory all of its ventilator-related equipment. In addition, DHS should improve its records regarding the location and deployment of ventilators. Taking these actions will help DHS to improve its oversight of ventilators and equipment that cost $38.7 million.

☑ Recommendation

We recommend the Department of Health Services:

- *inventory all of its ventilator-related equipment;*
- *improve its records regarding the location and deployment of ventilators; and*
- *report to the Joint Legislative Audit Committee by August 15, 2023, on the status of its efforts to implement these recommendations.*

Ventilator Maintenance

The World Health Organization recommends that an organization track the maintenance that has been performed on its medical equipment. Doing so allows an organization to readily assess the availability of its equipment for use and to plan for future maintenance.

DHS did not regularly track whether the ventilators it purchased had been maintained by the firm with which it contracted.

We found that DHS did not regularly track whether the ventilators it purchased had been maintained by the firm with which DHS contracted for maintenance. Although the firm is contractually required to provide annual maintenance recommended by the manufacturer of the 1,500 ventilators covered by the contract, the firm is not contractually required to provide DHS with documentation of the maintenance it performed. DHS indicated it did not regularly obtain such documentation but is able to request it from the firm.

We requested that DHS provide us with documentation of the contractually required annual maintenance that the firm provided on the 30 ventilators included in our review. DHS did not provide us with any such documentation. Instead, DHS provided us with information on the most-recent quarterly inspections the firm had performed on the ventilators as of November 2022, but these inspections are separate from the contractually required annual maintenance.

DHS should track the annual maintenance performed on the ventilators for which it has already paid under a maintenance contract.

DHS should track the annual maintenance performed on the ventilators for which it has already paid under a maintenance contract. It can do so either by amending its contract to require the firm to provide it with documentation of the maintenance performed on each ventilator or by regularly requesting that the firm provide it with such documentation. DHS should then review the documentation of the maintenance that was performed, ensure all contractually required maintenance was performed, and track the performed maintenance. Doing so will provide DHS with assurances that the ventilators can be readily and safely deployed.

☑ Recommendation

We recommend the Department of Health Services:

- *track the annual maintenance performed on the ventilators for which it has already paid under a maintenance contract;*
- *review the documentation of the maintenance that was performed, ensure all contractually required maintenance was performed, and track the performed maintenance; and*
- *report to the Joint Legislative Audit Committee by August 15, 2023, on the status of its efforts to implement these recommendations.*

Future Use of Ventilators

The sole-source waiver that authorized DHS to execute the ventilator maintenance contract indicates DHS anticipated keeping the ventilators for one to two years, after which DHS may donate the ventilators to hospitals and other entities. DHS purchased the ventilators three years ago. Nevertheless, DHS indicated it had not developed a plan for the ventilators, in part, because its maintenance contract for 1,500 of the 1,542 ventilators is in effect until April 2024, and it indicated it has limited staff capacity to develop such a plan. As of January 2023, DHS indicated it had not identified funding to maintain the ventilators after April 2024.

Although the standard warranties on all 1,542 ventilators have ended, the 1,500 ventilators covered by the maintenance contract were under an extended warranty that lasted until April 2023. As noted, this contract does not cover 42 ventilators, including 24 ventilators that were deployed as of September 2022. Entities are responsible for cleaning and safeguarding ventilators deployed to them.

DHS should develop a plan for the future use of its ventilators.

DHS should develop a plan for the future use of its ventilators. Such a plan should consider issues such as:

- the extent to which DHS will retain ownership of some or all of the 1,542 ventilators in order to be able to make them available to entities in future years;
- the extent to which DHS will donate some or all of the ventilators, the types of entities to which it could donate the ventilators and how it will select such entities, and the timeframe for donating the ventilators;

- the ongoing staffing and other costs associated with maintaining and storing the ventilators and related equipment, as well as possible funding sources that could be used to cover these costs in the future; and

- whether to purchase a maintenance contract for the 42 ventilators not currently covered by such a contract.

☑ Recommendation

We recommend the Department of Health Services:

- *develop a plan for the future use of the 1,542 ventilators it owns; and*

- *report to the Joint Legislative Audit Committee by August 15, 2023, on the status of its efforts to implement this recommendation.*

■ ■ ■ ■

Office of the Inspector General

OIG is intended to help ensure integrity in programs DHS administers and DHS's internal operations.

Statutes established OIG, which is intended to help ensure integrity in programs DHS administers and DHS's internal operations. As of December 2022, OIG had completed one audit of a portion of the $653.8 million in supplemental federal funds that DOA had allocated to DHS from March 2020 through June 2022 and had not begun other audits of these funds. We found that DHS did not adhere to various best practices because it did not publicly report summary results of OIG's audit and monitoring efforts, did not require OIG's internal audit section to submit in writing a proposed annual internal audit plan, and did not include on its website the internal audit section's reports. We make recommendations for improvements in how OIG ensures program integrity, including in programs supported by supplemental federal funds.

Medical Assistance and Foodshare Programs

In October 2011, DHS established OIG in order to consolidate its program integrity efforts. OIG reports directly to the DHS Secretary. 2013 Wisconsin Act 20, the 2013-15 Biennial Budget Act, subsequently established OIG in law, but statutes do not establish any specific duties for OIG. Individuals may anonymously report allegations of fraud, waste, and abuse through a toll-free telephone hotline to OIG and a form on OIG's website. In fiscal year (FY) 2022-23, OIG was appropriated $7.1 million. In September 2022, OIG had 98.8 full-time equivalent (FTE) authorized staff positions organized into six sections, including four sections that focused on auditing and monitoring the Medical Assistance and Foodshare programs. In September 2022, 94.8 of the 98.8 FTE staff positions were filled.

OIG audits and monitors providers of Medical Assistance program services and retailers participating in the Foodshare program, as well as individuals who benefit from the Medical Assistance, Foodshare, and other DHS programs. OIG attempts to determine whether providers, retailers, and individuals engaged in activities that resulted in fraud, waste, or abuse involving these programs. OIG indicated it typically does not write reports on the results of its audit and monitoring efforts but instead tracks these results in its electronic systems.

OIG provided us with information about a variety of results of its audit and monitoring efforts from FY 2019-20 through FY 2021-22. For example, the information indicated that 9,476 Medical Assistance investigations and 8,477 Foodshare investigations had determined individuals were overpaid program benefits, and that 6,158 post-payment audits determined DHS needed to recover $12.9 million from Medical Assistance providers. The information also indicated that OIG's consideration of 11,857 complaints against Medical Assistance providers resulted in a variety of actions, including audits of providers and referrals to Wisconsin's Department of Justice.

The national Association of Inspectors General specifies various best practices for offices of inspector general. Among these best practices, the Association recommends such offices periodically report to executive officials, legislators, and the public on the results of their efforts, such as the recovery of improperly made payments and referrals to law enforcement agencies of entities that engaged in fraudulent activities.

OIG indicated the results of its monitoring and audit efforts from FY 2019-20 through FY 2021-22 were not publicly reported, and OIG's webpage contained no information about such results as of December 2022. OIG provided the DHS Secretary with its 2016 annual report, which contained information on the recovery of improperly made payments. OIG indicated this was its most-recent annual report.

DHS should adhere to best practices and publicly report at least annually the summary results of OIG's monitoring and audit efforts.

DHS should adhere to best practices and publicly report at least annually the summary results of OIG's monitoring and audit efforts, including those involving the Medical Assistance and Foodshare programs. Such summary results should exclude confidential information, such as personally identifiable information or protected health information. Publicly reporting summary results at least annually will allow legislators and the public to remain informed about DHS's efforts to ensure the integrity of the programs it administers.

☑ Recommendation

We recommend the Department of Health Services:

- *publicly report at least annually summary results of the Office of the Inspector General's monitoring and audit efforts, including those involving the Medical Assistance and Foodshare programs; and*
- *report to the Joint Legislative Audit Committee by August 15, 2023, on the status of its efforts to implement this recommendation.*

Internal Audit Section

OIG's internal audit section evaluates the effectiveness of DHS programs other than the Medical Assistance and Foodshare programs.

In June 2012, the DHS Secretary signed a charter that defines the responsibilities of OIG's internal audit section, which include evaluating the effectiveness of programs that DHS administers, as well as DHS's internal controls, risk management practices, and governance. The charter authorizes the section to have unrestricted access to all DHS records. In practice, DHS indicated the internal audit section focuses on programs other than the Medical Assistance and Foodshare programs, in part, because other OIG sections focus on these two programs. In September 2022, the internal audit section included 8.0 FTE filled staff positions.

Auditing Supplemental Federal Funds

As noted, DOA allocated DHS $653.8 million in supplemental federal funds provided by the CARES Act and ARPA from March 2020 through June 2022. DHS used these funds to support 43 programs, including the Provider Payment and Ventilator Stewardship programs, as well as programs that supported COVID-19 testing, health care surge staffing, contact tracing, and COVID-19 response team operations.

As of December 2022, OIG's internal audit section had completed one audit involving a portion of the $653.8 million in supplemental federal funds. This audit examined the Provider Payment program. The internal audit section had not begun to conduct additional audits of how DHS spent supplemental federal funds. The DHS Secretary approves all audits undertaken by the internal audit section.

DHS should initiate additional internal audits of how its programs spent supplemental federal funds that DOA had allocated to it.

DHS should initiate additional internal audits of how its programs spent supplemental federal funds that DOA had allocated to it. Doing so will help to provide assurances that supplemental federal funds were spent efficiently and effectively.

☑ Recommendation

We recommend the Department of Health Services:

- *consider initiating additional internal audits of how its programs spent supplemental federal funds that the Department of Administration had allocated to it; and*
- *report to the Joint Legislative Audit Committee by August 15, 2023, on the status of its efforts to implement this recommendation.*

DHS did not consistently provide in a timely manner the information we requested.

DHS did not consistently provide in a timely manner the information we requested. For example, we requested on October 3, 2022, that DHS provide us with a copy of OIG's draft audit report of the Provider Payment program in order to understand the audit work OIG had completed so as to avoid duplicating work in our review of this program. On November 3, 2022, the Office of the Secretary declined to provide us with the report. DHS did not provide us with the report until December 2, 2022, after we had requested the report a total of 10 times. Because we received the report two months after we had requested it, we were unable to use the report to help plan our review.

Annual Audit Plans

The June 2012 charter indicates the internal audit section will complete its work based on guidance and standards provided by the Institute for Internal Auditors, which is an international organization that specifies best practices for internal auditors. Among these best practices, the Institute recommends that an internal auditor:

- annually submit a risk-based audit plan for approval by an internal auditor's governing authority;
- periodically update the governing authority on an internal auditor's performance, compared to the approved audit plan; and
- create a system for assessing the risks and vulnerabilities of agency programs and operations and use the system to suggest potential audits.

The June 2012 charter requires the internal audit section to recommend audits to the Inspector General and the Office of the DHS Secretary, but the charter does not require an annual internal audit plan to be developed. Instead, DHS indicated the Office of the Secretary approves individual audits on a case-by-case basis. DHS indicated audits are

proposed verbally and discussed during meetings, and audit approvals or denials are typically not documented in writing.

In September 2022, the internal audit section began a risk assessment process to identify and consider vulnerabilities in DHS programs, including from fraud and information technology (IT) risks. At the time of our audit, development of this process was ongoing. After the process is completed, DHS anticipates using it to direct the internal audit section to audit programs with the highest risks.

DHS should adhere to best practices and improve how it plans audits for OIG's internal audit section.

DHS should adhere to best practices and improve how it plans audits for OIG's internal audit section, including for audits involving supplemental federal funds. DHS should require OIG to submit in writing a proposed annual internal audit plan to the Office of the Secretary, which should in writing approve, modify, or deny each plan. DHS should post each plan on its website, which will allow legislators and the public to understand the plan. DHS should require OIG to periodically update in writing the Office of the Secretary on the efforts of the internal audit section to complete each approved annual internal audit plan. DHS should modify the June 2012 charter to codify these improvements. Developing annual internal audit plans does not preclude DHS from subsequently modifying them as necessary to take into account unexpected programmatic developments, such as the discovery of potential fraudulent activities in programs that were not originally included in a given annual internal audit plan.

☑ Recommendation

We recommend the Department of Health Services:

- *require the Office of the Inspector General to submit in writing a proposed annual internal audit plan to the Office of the Secretary, which should in writing approve, modify, or deny each such plan;*
- *post each annual internal audit plan on its website;*
- *require the Office of the Inspector General to periodically update in writing the Office of the Secretary on the efforts of the internal audit section to complete each approved internal audit plan;*
- *modify the charter for the Office of Inspector General's internal audit section to codify these improvements; and*
- *report to the Joint Legislative Audit Committee by August 15, 2023, on the status of its efforts to implement these recommendations.*

Audit Reports

From FY 2019-20 through FY 2021-22, the internal audit section completed 11 reports.

From FY 2019-20 through FY 2021-22, the internal audit section completed 11 reports, including 9 audit reports and 2 reports that followed up on issues that had been presented in prior audit reports. Five of the nine audit reports examined the compliance, efficiency, and effectiveness of DHS's operations, internal business processes, and IT systems. Three reports investigated allegations of improper or unauthorized activities by DHS employees, and one report investigated a complaint regarding the use of program funds.

The Association of Inspectors General recommends that offices of inspector general distribute final audit reports to appropriate officials, legislative bodies, and the public. The Institute for Internal Auditors recommends that internal auditors communicate their audit results to the appropriate officials and parties. Both organizations emphasize that confidential information should not be released publicly.

OIG indicated that it provided internal audit section reports to the Office of the Secretary and other relevant DHS staff, but that DHS did not release the reports to the public. As of December 2022, the reports were not available on OIG's webpage. DHS indicated some of the reports contain confidential information that could not be released publicly.

DHS should adhere to best practices by including on its website the reports completed by OIG's internal audit section.

DHS should adhere to best practices by including on its website the reports completed by OIG's internal audit section, including reports involving supplemental federal funds. Before doing so, DHS will need to redact confidential information, such as personally identifiable information or protected health information. Posting such reports will help ensure the Legislature and the public are informed about the results of program integrity efforts completed by the internal audit section.

☑ Recommendation

We recommend the Department of Health Services:

- *include on its website the reports completed by the Office of Inspector General's internal audit section; and*
- *report to the Joint Legislative Audit Committee by August 15, 2023, on the status of its efforts to implement this recommendation.*

Issue for Legislative Consideration

The Legislature could consider modifying statutes to require DHS to publicly report certain information about OIG.

The Legislature could consider modifying statutes to require DHS to publicly report certain information about OIG. This information could include the summary results of OIG's monitoring and audit efforts, including those involving the Medical Assistance and Foodshare programs. In addition, this information could include the annual audit plan for OIG's internal audit section and all reports completed by the internal audit section. Requiring DHS to publicly report this information would provide increased transparency of the results of OIG's efforts for ensuring integrity in the programs DHS administers and DHS's internal operations.

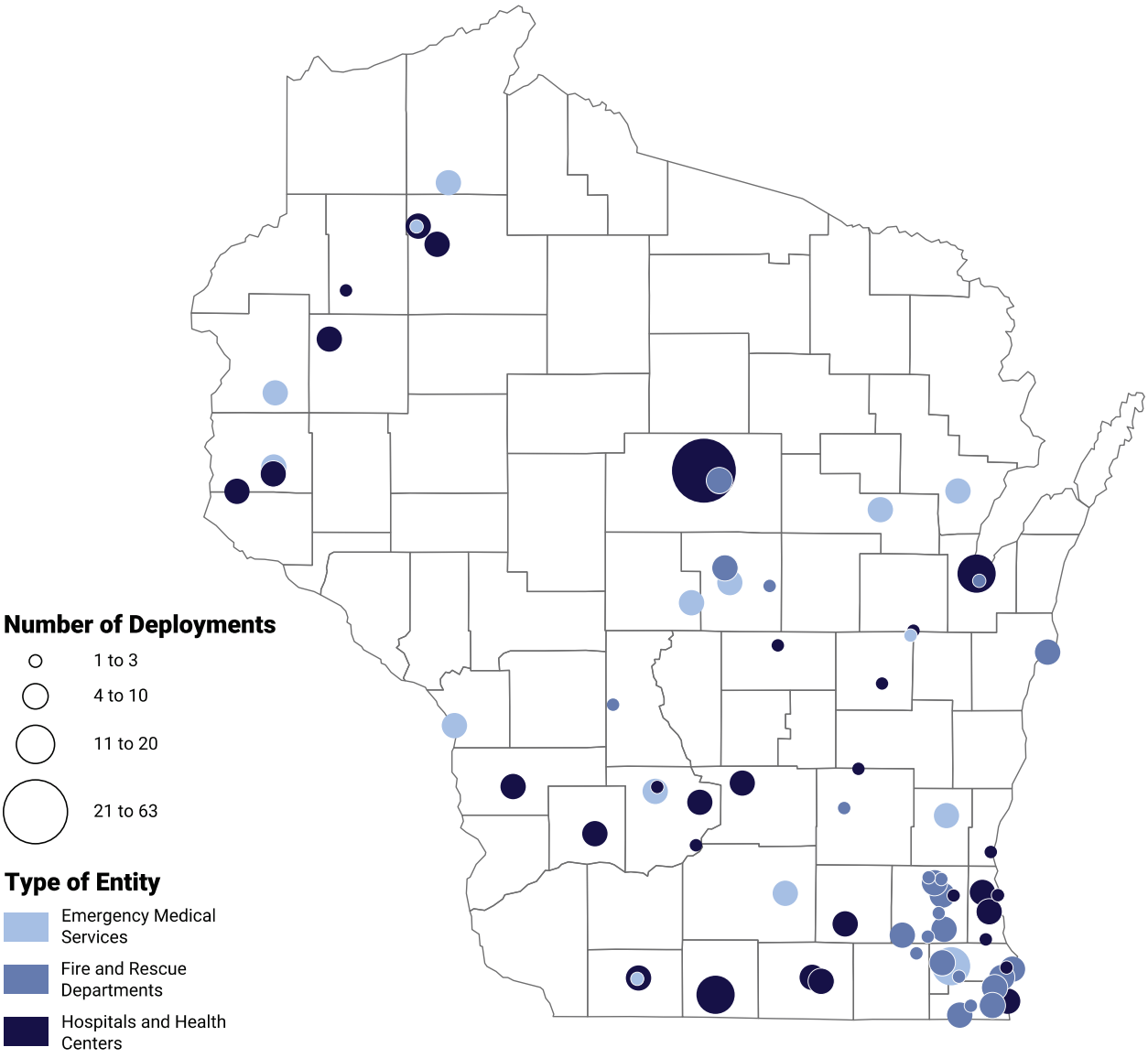
■■■■

Appendix

Appendix

Ventilator Deployments Reported by DHS, by Type of Entity

September 2020 through September 2022



Ventilator Deployments Reported by DHS, by County	Type of Entity	Number of Deployments
Barron County		
Cumberland Healthcare	Hospital and Health Center	4
Bayfield County		
Great Divide Ambulance Service	Emergency Medical Services	6
Brown County		
HSHS St. Vincent Hospital	Hospital and Health Center	12
Eagle III & County Rescue	Fire and Rescue Department	2
Columbia County		
Aspirus at Divine Savior Healthcare	Hospital and Health Center	4
Dane County		
Deer Grove Emergency Medical Services District	Emergency Medical Services	6
Dodge County		
Beaver Dam Fire Department	Fire and Rescue Department	2
Waupun Memorial Hospital	Hospital and Health Center	2
Green County		
Monroe Clinic Hospital	Hospital and Health Center	14
Jefferson County		
Fort Healthcare	Hospital and Health Center	4
Juneau County		
Camp Douglas Fire & Rescue	Fire and Rescue Department	3
Kenosha County		
Froedert South	Hospital and Health Center	10
Pleasant Prairie Fire & Rescue	Fire and Rescue Department	4
Salem Lakes Fire & Rescue	Fire and Rescue Department	4
Somers Fire & Rescue	Fire and Rescue Department	4
Bristol Fire & Rescue	Fire and Rescue Department	3

Ventilator Deployments Reported by DHS, by County	Type of Entity	Number of Deployments
La Crosse County		
Gunderson Tri-State Ambulance	Emergency Medical Services	5
Lafayette County		
Memorial Hospital Lafayette County	Hospital and Health Center	5
Lafayette County Emergency Medical Services	Emergency Medical Services	2
Manitowoc County		
Two Rivers Fire Department	Fire and Rescue Department	4
Marathon County		
Aspirus Wausau Hospital	Hospital and Health Center	63[1]
Riverside Fire District	Fire and Rescue Department	4
Milwaukee County		
Ascension St. Joseph	Hospital and Health Center	5
Ascension St. Francis	Hospital and Health Center	4
Ascension Columbia St. Mary's	Hospital and Health Center	2
Ascension SE Franklin	Hospital and Health Center	2
Oconto County		
Oconto Falls Area Ambulance	Emergency Medical Services	4
Outagamie County		
Ascension NE St. Elizabeth	Hospital and Health Center	3
Ozaukee County		
Ascension Columbia	Hospital and Health Center	2
Polk County		
Amery Area Emergency Medical Services	Emergency Medical Services	5
Portage County		
Plover Fire & Emergency Medical Services	Emergency Medical Services	4
Stevens Point Fire Department	Fire and Rescue Department	4
Amherst Fire District	Fire and Rescue Department	3

Ventilator Deployments Reported by DHS, by County	Type of Entity	Number of Deployments
Racine County		
Lakeview Critical Care Emergency Medical Services	Emergency Medical Services	12
Racine Fire Department	Fire and Rescue Department	10
South Shore Consolidated Fire Department	Fire and Rescue Department	8
Waterford Fire Department	Fire and Rescue Department	4
Ascension All Saints	Hospital and Health Center	3
Kansasville Area Rescue	Fire and Rescue Department	2
Richland County		
Richland Hospital	Hospital and Health Center	4
Rock County		
Mercy Health & Trauma Center	Hospital and Health Center	5
St. Mary's Hospital	Hospital and Health Center	4
Sauk County		
Reedsburg Area Ambulance	Emergency Medical Services	7
St. Clare Hospital	Hospital and Health Center	6
Sauk Prairie Health Center	Hospital and Health Center	2
Reedsburg Area Medical Center	Hospital and Health Center	1
Sawyer County		
Lac Courte Oreilles Health Center	Hospital and Health Center	6
Hayward Hospital	Hospital and Health Center	4
Sawyer County Ambulance	Emergency Medical Services	2
Shawano County		
Shawano Ambulance	Emergency Medical Services	5
St. Croix County		
Baldwin Emergency Medical Services	Emergency Medical Services	6
River Falls Area Hospital	Hospital and Health Center	4
Western Wisconsin Health	Hospital and Health Center	4
Vernon County		
Vernon Memorial Health Center	Hospital and Health Center	4

Ventilator Deployments Reported by DHS, by County	Type of Entity	Number of Deployments
Walworth County		
East Troy Fire Department	Fire and Rescue Department	3
Washburn County		
Indianhead Medical Center	Hospital and Health Center	2
Washington County		
Lifestar Emergency Medical Services	Emergency Medical Services	6
Waukesha County		
Kettle Moraine Fire District	Fire and Rescue Department	5
Pewaukee Fire Department	Fire and Rescue Department	5
Lisbon Fire Department	Fire and Rescue Department	4
Vernon Fire Department	Fire and Rescue Department	4
Sussex Fire Department	Fire and Rescue Department	3
Merton Community Fire Department	Fire and Rescue Department	2
Waukesha Fire Department	Fire and Rescue Department	2
Ascension SE Elmbrook	Hospital and Health Center	1
Mukwonago Fire Department	Fire and Rescue Department	1
Waushara County		
ThedaCare	Hospital and Health Center	1
Winnebago County		
Ascension NE Mercy	Hospital and Health Center	2
Gold Cross Ambulance	Emergency Medical Services	2
Wood County		
United Emergency Medical Response	Emergency Medical Services	5
Total		**356**

[1] DHS deployed 63 ventilators to a Wausau hospital, which shared them as needed with other entities.

Responses

State of Wisconsin
Department of Health Services
Tony Evers, Governor
Kirsten L. Johnson, Secretary

May 16, 2023

Joe Chrisman, State Auditor
Legislative Audit Bureau
22 East Mifflin Street, Suite 500
Madison, WI 53703

Dear Mr. Chrisman:

We appreciate the opportunity to respond to the Legislative Audit Bureau's (LAB) audit of certain federal supplemental funds. As noted in the report, the Department of Health Services (DHS) was responsible for administering $653.8 million in supplemental federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) and the American Rescue Plan (ARPA) Acts. DHS reacted to the Coronavirus (COVID-19) crisis with outstanding efficiency and accuracy, while simultaneously managing $15 billion in existing federal and state programs.

We agree with LAB's recommendations, will work to implement corrective actions, and report to the Joint Legislative Audit Committee by August 15, 2023, on the status of these efforts. It should be noted that the programs reviewed in LAB's report were implemented during highly unusual circumstances of the public health emergency. Governor Evers signed Executive Order 72 on March 12, 2020, declaring a public health emergency for COVID-19. On January 19, 2022, 15,474 new confirmed cases of COVID-19 were added to the system for a 7-day average of 18,732 cases per day. In addition, on the same day, the moving average of patients hospitalized was 2,329 patients. Of the suspected and confirmed hospitalized COVID-19 patients, 11% were on ventilators.

DHS was required to make quick decisions to provide funds to the long-term care, emergency medical services, and hospital providers, who needed them to continue to provide care during this critical emergency. We operated in a collaborative, dynamic manner which allowed us to administer the supplemental funds fairly and effectively.

We have specific comments in the following areas:

Provider Payments

1 While DHS does not assert that the LAB misrepresented the documentation collected related to the providers outlined in the report for the Covid Provider Payment program, it does disagree with the LAB that the documentation collected by DHS related to these individual providers was insufficient to prove need during the COVID-19 crisis.

During a time in which DHS needed to ensure that providers were able to continue to stay in business to provide critical long-term care services to the residents of Wisconsin, DHS staff had significant back and forth communication with providers to ensure we were comfortable with the level of documentation to support funding requests. Where documentation could not be provided, requests for funding were

2 denied. In one case, the LAB suggested that DHS should have collected information that

would not have even been available at the time of data collection or asserted that we should have collected daily data versus monthly data, something DHS did not feel was necessary at the time of review.

Following the release of this report, DHS will engage with the providers identified to attempt to obtain additional documentation that might be available, not because we believe the costs were not justifiable based on the documentation we currently have, but instead to satisfy the corrective action plan as laid out.

Ventilator Stewardship Program

It cannot be underscored enough; the ventilator program was established during emergency response and this background impact played a significant role for the decisions made regarding the number of ventilators purchased as well as staff turnover making file location difficult. Auditing a program established in these conditions, but assuming optimal conditions, fails to account for the dynamic nature of the emergency that DHS staff along with other state partners navigated. (3)

DHS agrees with the recommendation to develop a plan for future use of the ventilators, and staff within the Warehouse Unit under the Division of Public Health and Office of Preparedness and Emergency Health Care has been designated to complete.

Office of the Inspector General

The Office of the Inspector General (OIG) remains committed to uphold its mission to protect the people of Wisconsin by preventing, detecting, and investigating fraud, waste, and abuse of DHS programs. These programs include the DHS internal operations cited in the report in addition to the Medicaid, FoodShare, and WIC programs. As detailed in the report, OIG has conducted thousands of investigations of fraud, waste, and abuse within these programs.

(4) OIG's program integrity operations continue to strive to maintain compliance with all applicable regulations and best practice standards. The OIG agrees in concept with the report findings that the OIG should follow the Association of Inspectors General (AIG) best practices. However, it should be noted that the Inspector General (IG) and Deputy Inspector General (DIG) were not Certified Inspector Generals under the AIG until the end of the audit period, and there was no statutory requirement for this certification. The IG obtained certification March 17, 2023, and the DIG on March 18, 2022, and these were the first certifications for the Office. The OIG agrees with the recommendations to generate summary result reports of OIG monitoring and audit efforts for the public.

The OIG agrees with all other audit finding and recommendations with respect to OIG operations.

Finally, we appreciate the professionalism of the LAB staff auditors working on the federal supplemental funds audit. In addition, we commend our staff for their diligence in responding to the audit requests, as well as all their extra efforts during the difficulty of the public health emergency.

Sincerely,

Kirsten L. Johnson
Secretary-designee

LEGISLATIVE AUDIT BUREAU COMMENTS ON THE AUDIT RESPONSE FROM THE DEPARTMENT OF HEALTH SERVICES

To help the Joint Legislative Audit Committee evaluate the audit response from the Department of Health Services (DHS), we offer some clarifying comments. The numbers below correspond to the numbers we placed in the margin of the audit response.

1 We based our review of 31 Provider Payment grant files on the documents and written explanations DHS provided to us. In questioning $518,700 that DHS paid through 10 grants, our report notes that DHS did not collect documents sufficient to verify the amounts requested by the grant applicants. Our report did not assess whether the applicants needed the grants.

2 Our report does not suggest DHS should have collected information that would not have been available at the time of data collection. Instead, our report notes that DHS could have collected from one grant recipient a profit and loss statement for 2020, which our file review found that DHS had collected from a different grant recipient.

Our report does not assert DHS should have collected daily data versus monthly data [pertaining to the number of residents a nursing home served]. During our audit, we asked whether DHS had verified a summary document indicating the monthly number of residents in a nursing home. DHS replied in writing on December 16, 2022, that nursing homes "do not only serve the DHS Medicaid funded population so it wasn't possible to get actual census data from reporting to DHS." Based on this information, our report notes that DHS was unable to verify the summary document's accuracy.

3 DHS spent $38.7 million to purchase and maintain ventilators. Despite the public health emergency, DHS should execute signed agreements with each entity to which it loans ventilators, inventory and keep track of ventilators and related equipment, and regularly track whether ventilators are properly maintained and able to be safely deployed.

4 Certification by the Association of Inspectors General is not a prerequisite for following the best practices of the Association.