



State of Utah

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Department of Human Services

Executive Director's Office

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June 7, 2021

Kade R. Minchey CIA, CFE, Auditor General
Office of the Legislative Auditor General Utah State Capitol Complex
Rebecca Lockhart House Building, Suite W315
P.O. Box 145315
Salt Lake City, UT 84114-5315

Dear Mr. Minchey,

Thank you for the opportunity to respond to the recommendations in *A Performance Audit of the Division of Services for People with Disabilities (Report #2021-10)*. We appreciate the effort and professionalism of you and your staff in this review and the collaboration needed from our staff to provide requested information, answer questions, and plan changes to improve the program. We believe that the results of our combined efforts will make a better, more efficient program for people with disabilities in Utah.

We concur with all recommendations in this report and have outlined our actions and timelines to demonstrate our agreement. Our teams in Services for People with Disabilities (DSPD), operational excellence, data, Internal Audit, legislative and stakeholder relations, Quality and Design, and communications are mobilized to partner on actions and to assist the Legislature in their decisions on behalf of those we serve.

The Department of Human Services is committed to efficient operational processes and effective use of taxpayer funds and values the insight this report provides on areas that need improvement.

Sincerely,

Tracy S. Gruber, Executive Director

TSG/hb

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CHAPTER II

Recommendation 2.1. We recommend that the Division of Services for People with Disabilities reinstate client budget reviews, beginning fiscal year 2022, and solidify them in Rule.

Department Response: The Department concurs and will begin the reviews within the first quarter of FY 2022.

What: The Department will reinstate budget reviews reconciling underutilized budgets, and will establish policies and procedures and an Administrative Rule (Rule) for these reviews.

How: The Department will identify underutilized client budgets using a threshold that will be established in Department Administrative Rule and policy. The Department will establish a Rule that will follow a public input process. Steps the Department is considering including in this policy are:

- Monitor for a threshold of underuse (by a fixed dollar amount or percentage) for two completed plan cycles;
- Alert support coordinators about the reduction;
- Provide 30 days for support coordinators to reply and justify why the reduction should not be final;
- DSPD finance staff, who participate in RFS committee meetings, review the justification from support coordinators and make decisions about reductions;
- If support coordinators fail to respond within 30 days, or their justification is insufficient, deliver a Notice of Action, which allows 10 days for appeal. The appeal process will go through the RFS committee; and
- Monitor the plan to ensure that the budget is reduced as required.

When: The Department will reinstate budget reviews by August 31, 2021, following closure of FY 2021 and analyzing budget utilization over FY 2020 and FY 2021. The Department will conduct these reviews annually each August, upon the closure of the previous fiscal year. The Department will submit Rule for public comment by January 31, 2022.

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.17821

Recommendation 2.2. We recommend the Department of Human Services formalize the Request for Services (RFS) process and committee in Rule.

Department Response: The Department concurs.

What: The Department will establish a Rule formalizing the Request for Services (RFS) process and committee.

How: The Department will establish a Rule that includes public input. If needed, the Department will change policies and procedures to match changes adopted by the Department after receiving public input.

When: The Department will submit the Rule for public comment by January 31, 2022.

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

Recommendation 2.3. We recommend the Legislature also consider putting the Request for Services (RFS) process and committee in statute.

Department Response: The Department concurs that it is important to formalize the RFS process and committee.

What:

As stated in its responses to Recommendation 2.2 and 2.4, the Department will establish this process in Rule, policy, and procedure. The Department will defer to the Legislature's judgement regarding the need to adopt legislation, in addition to the establishment of Rule, policy and procedure. The Department will provide information to legislative staff and legislators, if statutory changes are being considered.

When: The Department actions are outlined in its responses to Recommendations 2.2 and 2.4. Action for this recommendation will be determined by the Legislature.

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

Recommendation 2.4 We recommend the Division of Services for People with Disabilities complete policies and procedures for the Request for Services Committee and report them to the Department of Human Services executive management no later than January 1, 2022.

Department Response: The Department concurs.

What: The Department will establish policies and procedures for the Request for Services committee.

How: The Department will use audit findings to guide discussions with stakeholders in providing feedback on proposed policies and procedures. The process will include reviewing services and needs of people in the Client Budget Inactivity Report; a means for cross-training staff in the RFS process; and criteria for staff to assist in the RFS process in the event of an emergency where workloads may increase.

When: The Department will have policies and procedures in place by January 1, 2022.

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

CHAPTER III

Recommendation 3.1. We recommend the Department of Human Services executive leadership team ensure timely and enduring implementation and completion of our former and current recommendations to Division of Services for People with Disabilities, which includes ensuring proper controls, policies, and budgetary (forecasting) tools are fully utilized.

Department Response: The Department concurs. The Department's Executive Director's Office (EDO) will ensure these audit recommendations will be fully implemented within the timeframes identified in this response.

What: EDO will meet regularly with DSPD leadership to review implementation of these audit recommendations. Also, as EDO identifies additional resources for the Bureau of Internal Review and Audit (BIRA), EDO will direct BIRA to systematically and periodically audit DSPD's implementation of these audit recommendations.

How:

- DSPD will submit a monthly report to EDO regarding implementation of these audit findings. The Deputy Director over DSPD will review this report with the DSPD Director on a regular basis. If there are delays in implementation, EDO will develop a corrective action plan with the DSPD Director to ensure implementation of these findings.
- EDO will direct BIRA to include a review of these audit findings as one of its audit projects for FY 2023 and FY 2024.
- EDO will work with DSPD to assess different forecasting models and ensure DSPD adopts a model that will help improve its ability to estimate key components that drive its overall budget.

When:

- DSPD will submit monthly written reports to EDO during FY 2022.
- BIRA will begin annual reviews of implementation of findings no later than July 2022.
- DSPD will develop its FY 2022 and FY 2023 budget estimates that will be included in the FY 2023 Governor's Budget (December 2022) using the updated forecasting model.

Contact: Nate Checketts, Deputy Director, natechecketts@utah.gov, 801-538-4001

Recommendation 3.2. We recommend that the Division of Services for People with Disabilities management increase its fiscal oversight of the Emergency Services Committee (ESC). At a minimum, DSPD should formally update ESC policies, with a focus on its use of attrition savings.

Department Response: The Department concurs.

What: The Department will update and formalize ESC policies and procedures to ensure fiscal accountability and oversight of attrition savings.

How: The Department will engage stakeholders in providing feedback on policies and procedures keeping the audit findings as a core guide in the discussions. The Department will review and revise draft directives to match and enhance ESC practices. Revisions will include a monthly review of available attrition savings via the attrition savings and allocation summary report. Proposals for ESC funding for individuals will require cost estimate projections for the fiscal year and quarterly oversight of any spending within the first fiscal year to determine any cost savings or possible reduction in services as support needs are met. All funding requests will be reviewed and prioritized for recommendation by the ESC and submitted for approval or denial by the Executive Director's Office through FY 2023.

When: The Department will formally update policies and procedures for the ESC by January 31, 2022.

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

Recommendation 3.3. We recommend that the Division of Services for People with Disabilities management incorporate forecasting (see Recommendation 4) into its estimates for client needs and its Mandated Additional Needs budget requests. We further recommend DSPD outline and clearly state its methodology and underlying assumptions and regularly monitor and periodically update its forecast.

Department Response: The Department concurs.

What: The Department's budget requests for Mandated Additional Needs for FY 2022 and FY 2023 (that will be considered as part of the FY 2023 Governor's Budget process) will be based on this revised process.

How:

- Analyze which client characteristics are the best predictors of increased services needs (Mandated Additional Needs).
- Consult with the Bureau of Internal Review and Audit (BIRA) in developing the forecasting methodology.
- Document the calculation and methodology in the FY 2022 and FY 2023 budget request.
- Following FY 2022 and FY 2023 submissions, analyze alternative forecasting methods to determine the most accurate and effective model.
- Review and analyze the calculation annually and make improvements in the methodology.

When: The Department will incorporate the revised process as it develops its FY 2022 and FY 2023 budget estimates for the FY 2023 Governor's Budget process (December 31, 2021).

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

Recommendation 3.4. In conjunction with Recommendation 2, we recommend that the Division of Services for People with Disabilities develop and begin using a forecasting model capable of incorporating:

- multiple years of historical expenditures,
- current expenditures, and
- client characteristics and service trends to estimate clients' future needs and improve Mandated Additional Needs budget requests.

Department Response: The Department concurs.

What: The Department's budget requests for FY 2022 and FY 2023 developed for consideration in the FY 2023 Governor's Budget process will be based on this revised forecasting methodology.

How:

- Analyze which client characteristics are the best predictors of expenses.
- Consult with the Bureau of Internal Review and Audit (BIRA) in developing the forecasting methodology.
- Review and analyze the calculation annually and make improvements in the forecasting methodology.

When: December 31, 2021

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

CHAPTER IV

Recommendation 4.1. We recommend the Legislature reconsider its policy for ongoing attrition savings and consider directing the savings towards the Request for Service Committee for Mandated Additional Needs when wait list funding is available. (Policy Option 1 of this chapter.)

Department Response: The Department will work with the Legislature as it considers policy changes in this area. If legislative changes occur, the Department will align its Administrative Rules, policies, and procedures to this new direction.

What: The Department will continue to monitor and track Mandated Additional Needs appropriations throughout the year and track attrition savings. To better support the Request for Services committee, the Department will develop an improved process to track the funding when services are added to an individual's service plan to meet their needs.

When: By July 30, 2021, The Department will review and evaluate the current attrition tracking process and will implement a better process for the Request for Services Committee to track funding increases to meet service needs. If the Legislature adopts a policy to use attrition savings for Mandated Service Needs, the Department will develop a revised policy within 90 days of enacted legislation.

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

Recommendation 4.2. We recommend the Legislature reconsider its policy of allowing non-lapsing balances to be used to make ongoing services commitments. (Policy Option 2 of this chapter.)

Department Response: The Department concurs that it is important to try to align one-time funding with one-time expenditures. The Department will work with the Legislature as it considers policy changes in this area. If legislative changes occur, the Department will align its Administrative Rules, policies, and procedures with this new direction.

What: The Department will conduct its own review of DSPD's use of non-lapsing funds and ensure any proposal for the use of non-lapsing funds for ongoing services includes a plan to fund those expenditures once the non-lapsing funds have been exhausted.

When: By December 31, 2021, the Department will review DSPD's use of non-lapsing funds. Additionally, if the Legislature adopts a policy to limit the use of non-lapsing funds, DSPD will develop a revised policy within 90 days of enacted legislation.

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

Recommendation 4.3. We recommend the Legislature allow the Division of Services for People with Disabilities to manage wait list appropriations in a way that would allow them to bring individuals onto services throughout the year. (Policy Option 3 of this chapter.)

Department Response: The Department concurs that there is value in developing a process that allows individuals to enter services throughout the year. This value must be balanced with the interest of individuals to enter services as soon as possible based upon greatest need. The Department will work with the Legislature as it considers policy changes in this area. If legislative changes occur, the Department will align its Administrative Rules, policies, and procedures with this new direction.

What: Upon action by the Legislature allowing the Department to manage appropriations for the wait list throughout the fiscal year, the Department will develop a Rule to align with the legislative directive. The Rule will describe the methodology and process for identifying individuals coming into services throughout the year.

When: The timeline for implementation of this recommendation is dependent upon the timing of legislative action. If the Legislature adopts a policy allowing the Department to manage wait list appropriations in a way that would bring individuals into services throughout the year, the Department will develop a policy within 90 days of enacted legislation.

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

Recommendation 4.4. We recommend the Division of Services for People with Disabilities use this legislative permission to adopt Rules that spread out wait list appropriations throughout the year. (Policy Option 3 of this chapter.)

Department Response: The Department agrees to align Rules with legislative direction and recognizes the value of bringing people into services throughout the year from a fiscal perspective. The Department will work with the Legislature to provide information and ideas that will inform its decision on new legislation to fund and manage the needs of individuals on the wait list.

What: Upon action by the Legislature requiring the Department to manage appropriations for the wait list throughout the fiscal year, the Department will develop Rule to align with the legislative directive. The Rule will describe the methodology and process for identifying individuals coming into services throughout the year.

How: In response to any enacted legislation, data and research staff will estimate the number of people who can come into services, based on expected service needs and costs related to those needs for people on the wait list, dividing this across the year.

When: Policy and Rule will be developed within 90 days of enacted legislation. The Department would spread out wait list appropriations in the fiscal year following the enacted legislation.

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

Recommendation 4.5. We recommend that Division of Services for People with Disabilities manage wait list appropriations throughout the fiscal year and consider including emergency cases in this funding stream. (Policy Option 3 of this chapter.)

Department Response: The Department agrees to align Rule, policies and procedures with legislative direction.

What: The Department will develop Rule, policies and procedures to include the methodology and process for identifying individuals coming into services throughout the year. This Rule will include the methodology for utilizing appropriations for Emergency Services throughout the year, upon direction from the Legislature.

In response to any enacted legislation, policies and procedures will be developed for staff to transition people into services throughout the year, and identifying the breakdown used for Emergency Services and those at the top of the wait list.

How: The Emergency Services Committee will track requests for Emergency Services and the estimated costs. Data and research staff will estimate the number of people who can come into services based on expected service needs and costs related to those needs for people on the wait list, dividing this across the year. If direction is given to include Emergency Services needs, this will be incorporated into the

estimates for the number of people who will come off of the wait list, adjusting it to account for emergency service needs that are identified throughout the year.

When: Rule, policies and procedures will be developed within 90 days of enacted legislation.

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

Recommendation 4.6. We recommend the Legislature consider providing a fiscal cushion in DSPD's budget, to provide flexibility in years of financial shortage and compensate for uncertainty in key budget areas. (Policy Option 4 of this chapter.) Policy options for the Legislature to consider to accomplish this may include:

- a. Creating a General Fund Restricted Account similar to the Medicaid Restricted Account**
- b. Allowing DSPD to hold ongoing attrition savings for use throughout a fiscal year, and**
- c. Having a Non-lapsing Balance cap that carries over from year to year for defined emergency purposes.**

Department Response: The Department concurs with this recommendation to establish a budgeting tool that will allow flexibility to cover unforeseen service needs throughout the fiscal year. As the Legislature considers establishment of flexible budgeting tools, the Department, in consultation with the Governor's Office of Planning and Budget, will work with the Legislature. Upon action by the Legislature, the Department will align its Administrative Rules, policies, and procedures to the new policy.

What: The actions the Department takes is dependent upon the action taken by the Legislature to establish flexibility.

When: The Department will develop a revised policy and adopt use of this tool in the following fiscal year after it is approved by the Legislature.

Contact: Angie Pinna, DSPD Director, apinna@utah.gov, 801.448.1782

CHAPTER V

Recommendation 5.1 We recommend the Department of Human Services (DHS) executive leadership team consider increasing resources in the Bureau of Internal Review and Audit (BIRA) to better match DHS' and the Division of Services for People with Disabilities' needs for financial review.

Department Response: The Department concurs with this recommendation. The DHS executive leadership team agrees with the Auditor General that a robust internal audit program is critical to sound fiscal management of Department resources.

What: The Department of Health and the Department of Human Services are currently recruiting for an Audit Director to serve both Departments during the agency consolidation transition period. That

individual will become the Audit Director of the Utah Department of Health and Human Services on July 1, 2022. Additionally, the Department of Human Services is analyzing its current budget to identify funding to recruit additional auditors within BIRA.

When: By June 30, 2021, the Department will identify resources to hire additional auditors in BIRA.

Contact: Nate Checketts, Deputy Director, natechecketts@utah.gov, 801-538-4001

Recommendation 5.2 We recommend that as soon as the Bureau of Internal Review and Audit has sufficient resources, the bureau begin reviewing financial controls at Office of Quality and Design and Division of Services for People with Disabilities. Specifically, the support coordinators, service providers and Self-Administered Services program.

Department Response: The Department concurs with this recommendation.

What: The Bureau of Internal Review and Audit (BIRA) is currently doing a performance audit of the DSPD Self-Administered Services program.

BIRA will also do an audit on budgetary tools needed to give DSPD management better information to manage their budget. Criteria will be developed on how to better estimate future client needs and identifying needed elements and practices of forecasting. Areas to be reviewed include attrition savings, emergency services, wait list increases, youth aging out, court orders, and Request for Services (RFS), in addition to forecasting criteria.

Once additional resources are available, BIRA will incorporate reviews of support coordinators and service providers.

How: BIRA will review the areas described in the preceding paragraphs, will issue written reports to Department leadership on its review, and will establish timelines for following up with DSPD on implementation of any response to findings.

When: The Self-Administered Services program review and budgetary review will be completed by December 31, 2021.

Contact: Rich Sallstrom, Director of Fiscal Audit, Bureau of Internal Review and Audit, rsallstr@utah.gov, 801-538-9895

Recommendation 5.3. We recommend that the Bureau of Internal Review and Audit review overpayments and the processes needed to limit overbilling.

Department Response: The Department concurs with this recommendation.

What: Based on resources available, the Bureau of Internal Review and Audit (BIRA) will review DSPD overpayments and processes needed to limit overbilling, including reviewing Office of Quality and Design's (OQD) monitoring activities.

How:

- BIRA will conduct reviews of overpayments, including OQD's responsibilities in collecting these overpayments and monitoring DSPD services.
- BIRA will review internal controls of both DSPD and OQD regarding preventing overbillings and collecting overpayments.
- BIRA will make recommendations to improve DSPD's and OQD's financial controls to prevent overbilling and collect overpayments.
- DSPD will implement the detailed recommendations made by the BIRA.

When: After receiving more resources, BIRA will conduct reviews of DSPD financial controls and overbillings beginning FY 2022 and will issue reports on these areas by June 30, 2022. DSPD will implement recommendations in the timeline identified in the review process.

Contact: Rich Sallstrom, Director of Fiscal Audit, Bureau of Internal Review and Audit, rsallstr@utah.gov, 801-538-9895