
January 17, 2024

Performance Audit
Recommendations and
Corrective Actions for Audit:
22-03

Agency of Human Services
(AHS):

Of \$92.7 Million Reviewed, AHS
Overpaid 17 Providers by \$7 Million
Under the Health Care Provider
Stabilization Grant Program

Dated: March 18, 2022

Overview

The State Auditor's Office (SAO) makes recommendations designed to improve the operations of state government. For our work to produce benefits, auditees or the General Assembly must implement these recommendations, although we cannot require them to do so. Nevertheless, a measure of the quality and persuasiveness of our performance audits is the extent to which these recommendations are accepted and acted upon. The greater the number of recommendations that are implemented, the more benefit will be derived from our audit work.

In 2010, the SAO began to follow-up on the recommendations issued in our performance audits. Experience has shown that it takes time for some recommendations to be implemented. For this reason, we perform our follow-up activities one and three years after the calendar year in which the audit report is issued. Our annual performance reports summarize whether we are meeting our recommendation implementation targets.

<http://auditor.vermont.gov/about-us/strategic-plans-and-performance-reports>

This report addresses the requirements of Act 155 (2012) to post the results of our recommendation follow-up work on our website. The report does not include follow-up on recommendations issued as part of the state's financial statement audit and the federally mandated Single Audit, which are performed by a contractor. However, our current contract for this work requires the contractor to provide the results of its recommendation follow-up.

Recommendations to AHS

Rec #	Recommendation	Follow-Up Year	Status	SAO Review Comments
1	Conduct post-award data validation reviews of Round 1 and Round 2 providers that had been deemed to be low risk and who are missing required documentation.	2023	Implemented	AHS submitted documentation demonstrating that they reviewed low risk providers' materials submitted in Rounds 1 and 2 and that they obtained missing documentation from providers that had received awards exceeding \$25,000.
				No further follow-up is required because the recommendation was implemented.
2	Conduct post-award data validation reviews of designated agency and specialized service agency HCS payments made in March 2021.	2023	Implemented	AHS provided a summary of its review of the payments made to designated agencies in March 2021. All payments were found to be valid.
				No further follow-up is required because the recommendation was implemented.
3	Include a review of the allowability of expenses during the post-award data validation reviews.	2023	Implemented	The post-award data validation conducted as part of recommendations 1 and 2 included a review of expenses.
				No further follow-up is required because the recommendation was implemented.
4	Verify providers reported other COVID-19 financial assistance during the post-award data validation reviews.	2023	Not Implemented	AHS decided that it will not implement this recommendation, stating that they do not believe that it would be an accurate representation of other financial assistance due to the original "point-in-time" review of applications. We disagree. The Federal websites that contain this data include the dates that financial assistance was provided. Also, when performing the post-award review, AHS allowed certain providers to submit revenue losses or COVID-19 expenses for an additional year without checking whether they had received financial assistance for this time period.
		2025		The three-year recommendation follow-up for this audit will be conducted in 2025.
5	Require and review documentation from organizations that received HCS funding after Round 3 to ensure that the usage of these funds met Coronavirus Relief Fund (CRF) requirements.	2023	Implemented	AHS provided a summary of its review of these payments that showed that the payroll records of these providers supported the payments made.
				No further follow-up is required because the recommendation was implemented.

Rec #	Recommendation	Follow-Up Year	Status	SAO Review Comments
6	Develop and apply criteria for when it is appropriate to require providers that received HCS award overpayments to repay the funds.	2023	Not Implemented	AHS reported that they have not recouped any of the identified overpayments. They cited a variety of reasons, including that the Congress had delegated discretion to States to issue these funds. However, AHS was required to follow the U.S. Department of the Treasury's guidance for these payments. AHS did not follow this guidance, resulting in the overpayments identified in the audit report.
		2025		The three-year recommendation follow-up for this audit will be conducted in 2025.
7	Report HCS overpayments to the Inspector General of the U.S. Department of the Treasury and seek agreement that would minimize the amount of funds that Vermont would have to repay.	2023	Not Implemented	AHS reported that they have not discussed the overpayments nor their decision not to seek reimbursement with the U.S. Department of the Treasury.
		2023		The three-year recommendation follow-up for this audit will be conducted in 2025.

Recommendation to the Legislature

Rec #	Recommendation	Follow-Up Year	Status	SAO Review Comments
1	Require AHS to provide periodic reports to the Legislature on (1) the status and results of AHS's post-award data validation reviews and (2) action taken in response to audit recommendations.	2023	Not Implemented	The Legislature did not implement this recommendation.