

APPENDIX I

Corrective Action Plan

September 7, 2021

Reference Number: 2020-006
Prior Year Finding: N/A
Federal Agency: U.S. Department of Labor
State Agency: Vermont Department of Labor (VDOL)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Award Number and Year: UI-34195-20-55-A-50 (2020)
UI-34089-20-55-A-50 (2020)
UI-34525-20-60-A-50 (2020)
Compliance Requirement: Eligibility
Type of Finding Material Weakness in Internal Control over Compliance,
Material Noncompliance

Recommendation:

We recommend management review and implement the relevant policies and procedures as recommended by the U.S. Department of Labor and/or as outlined in the various Unemployment Insurance Practice Letters (UIPLs) to verify program eligibility while providing timely payment to program beneficiaries.

Views of responsible officials:

Management agrees with the finding.

Corrective Action Plan:

The Department will implement recommendations of the USDOL and has begun this work already. For example, prior to the onset of the COVID-19 pandemic, the Department did not experience enough fraudulent activity to necessitate an identity theft fraud prevention unit. Over the course of calendar year 2021, the Department has established a stand-alone fraud unit and has onboarded with the NASWA (National Association of State Workforce Agencies) Integrity Data Hub for increased fraud prevention measures. We are also in the process of hiring a newly created Assistant Director of Quality Control (verbal offer has been made as of this writing). This position will focus heavily on fraud and fraud prevention. We have also created a dedicated and established fraud unit that will focus wholly on fraud and fraud prevention.



Scheduled Completion Date of Corrective Action Plan:

3/31/2022

Contacts for Corrective Action Plan:

Cameron Wood, UI director

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Reference Number: 2020-007
Prior Year Finding: N/A
Federal Agency: Department of Labor
State Agency: Vermont Department of Labor (Department)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Award Number and Period: UI-34195-20-55-A-50 (2020)
UI-34089-20-55-A-50 (2020)
UI-34525-20-60-A-50 (2020)
Compliance Requirement: UI Program Integrity - Overpayments
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:

We recommend that policies and procedures be implemented to ensure that internal controls over overpayments include required tracking and collection efforts.

Views of responsible officials:

Management agrees with the finding.

Corrective Action Plan:

The department has on boarded new employees to help with the workload and VDOL is in the process of hiring a newly created Assistant Director of Quality Control (verbal offer has been made as of this writing). In addition, the Department is onboarding more staff and additional UI leadership support to assist in program administration.

Scheduled Completion Date of Corrective Action Plan:

Estimated October 31, 2021

Contacts for Corrective Action Plan:

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Reference Number: 2020-008
Prior Year Finding: N/A
Federal Agency: Department of Labor
State Agency: Vermont Department of Labor (Department)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Award Number and Period: UI-34195-20-55-A-50 (2020)
UI-34089-20-55-A-50 (2020)
UI-34525-20-60-A-50 (2020)
Compliance Requirement: Reporting – ETA 2112 - UI Financial Transaction Summary
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:

We recommend that policies and procedures be implemented to ensure that internal controls overreporting includes a formal approval documentation procedure and submission by the federal deadline.

Views of responsible officials:

Management agrees with the finding.

Corrective Action Plan:

VDOL has caught up with the submission of these reports. At the conclusion of the Department's pandemic response, the Department will look to ensure that the Cashier's Office remains adequately staffed, assuming funding is sufficient, and will cross train staff in the event of a reduction in force.

Scheduled Completion Date of Corrective Action Plan:

December 31, 2021

Contacts for Corrective Action Plan:

Cameron Wood, UI Director

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Reference Number: 2020-009
Prior Year Finding: N/A
Federal Agency: Department of Labor
State Agency: Vermont Department of Labor (Department)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Award Number and Period: UI-34195-20-55-A-50 (2020)
UI-34089-20-55-A-50 (2020)
UI-34525-20-60-A-50 (2020)
Compliance Requirement: Reporting - ETA 191 - Financial Status of UCFFE/UCX
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:

We recommend that policies and procedures be implemented to ensure that internal controls over reporting include segregation of duties between preparer and approver, a formal approval documentation procedure, and submission by the federal deadline.

Views of responsible officials:

Management agrees with the finding.

Corrective Action Plan:

At the conclusion of the Department's pandemic response, the Department will look to ensure that the Cashier's Office remains adequately staffed, assuming funding is sufficient, and will cross train staff in the event of a reduction in force.

At the conclusion of the Department's pandemic response, the Department will ensure there is proper review and sign off, with a separation of duties, of the ETA 191 report.

In the event of another spike in workload similar to the COVID-19 pandemic, the Department will try to maintain the priority in reporting requirements.

Scheduled Completion Date of Corrective Action Plan:

December 31, 2021

Contacts for Corrective Action Plan:

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Reference Number: 2020-010
Prior Year Finding: N/A
Federal Agency: Department of Labor
State Agency: Vermont Department of Labor (Department)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Award Number and Period: UI-32872-19-60-A-50 (2019)
UI-34525-20-60-A-50 (2020)
Compliance Requirement: Special Tests and Provisions: UI Reemployment Programs: RESEA
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:

We recommend that policies and procedures be implemented to ensure that internal controls over RESEA include both retention of the notice to claimant and documentation of the participants eligibility review by a UI supervisor.

Views of responsible officials:

Management agrees with the finding.

Corrective Action Plan:

This finding is due to having a vacancy in the supervisor role of this program to ensure that all case files were complete and accurate. All of the vacancies in this program are now filled including the supervisor position. As part of the Department's UI Division restructuring plan, we have created a new Assistant Director of Benefits to oversee the UI Division's benefit programs. This Assistant Director position will be the back up in the event of a similar vacancy in the future. The Assistant Director would then step in to ensure that all paperwork is complete and documented.

Scheduled Completion Date of Corrective Action Plan:

Estimated Dec 31, 2021

Contacts for Corrective Action Plan:

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Reference Number: 2020-011
Prior Year Finding: No
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: Low-Income Home Energy Assistance Program
CFDA Number: 93.568
Award Number and Year: 2001VTLIEA (10/1/2019 – 9/30/2021)
Compliance Requirement: Period of Performance
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:

We recommend that the Agency review current procedures to ensure that costs are charged within the grant's period of performance. The procedures should also ensure that supervisory review of allowable costs charged to the program ensure that the costs are within the grant's period of performance.

Views of responsible officials:

Management agrees with the finding.

Corrective Action Plan: The Department for Children and Families (DCF) recognizes the need to process and charge invoices to the correct fiscal year. On 12/22/2020 the Economic Services Division (ESD) of DCF sent a formal e-mail communication which reminded ESD supervisors to approve, code, and submit invoices in a timely manner. In the event that an invoice is approved for a prior fiscal year, ESD will notify the DCF business office that a late bill has been approved so the DCF business office can charge the invoice to the correct fiscal year.

Scheduled Completion Date of Corrective Action Plan: 12/22/2020

Contacts for Corrective Action Plan:

Richard Giddings, ESD Fuel and Utility Program Director
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Peter Moino, AHS Director of Internal Audit

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Reference Number: 2020-012
Prior Year Finding: 2019-011
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: State Children's Insurance Program (CHIP)
Medicaid Cluster
CFDA Number: 93.767
93.775, 96.777, 93.778
Award Number and Year: 1805VT5021 (10/1/2017 – 9/30/2019)
190VT5021 (10/1/2018 – 9/30/2020)
1905VT5MAP (10/1/2018 – 9/30/2019)
2005VT5MAP (10/1/2019 – 9/30/2020)
Compliance Requirement: Provider Eligibility
Type of Finding: Material Weakness- Internal Control Over Compliance, Material Non-compliance

Recommendation:

We recommend the Agency review its procedures to ensure that documentation is maintained in accordance with the federal grantor's requirements.

Views of responsible officials:

Management agrees with the finding.

Corrective Action Plan:

License issue: In collaboration with Gainwell (3rd party service provider) it was noted there were a group of providers (within an 18- month window) whose license expired in the MMIS system. This backlog was due to downtime associated with the Provider Management Module (PMM) implementation. Currently, a monthly screening process is performed to capture any providers whose licensing is set to expire in the upcoming month. Gainwell team pulls this monthly report and works through all providers on the expiring license list, verifying that the provider has an updated license either via Provider Management Screening Tool and/or License Board, and Gainwell makes the update in PMM before the current record expires. Gainwell is working this monthly process while also working to update those in the backlog and expects the backlog to be fully completed by April 1, 2021. A sweep of 26,836 providers has been completed and currently none have an expired license although in the MMIS System the license is expired. The monthly screening process will ensure we have no expired license. Using the Provider Management module as the source record for license review in future audits will ensure compliance.

Application and Check list not available: As Gainwell transitions to an online PMM many records have been sent off-site for storage due to limitations in space available at Gainwell. Provider records prior to May 1, 2019 are paper files that are kept by Gainwell, either at the 312 Hurricane Lane Williston VT office or offsite at Iron Mountain Data& Records management. In 2019, Gainwell purged old documents in files to be stored off-site due to file storage constraints. It was noted by Gainwell that some documents were mistakenly removed from files and destroyed. At this time if it is noticed a file does not contain correct documentation the provider will be contacted to revalidate their information within the Provider Management Module to assure we have current information. Due to COVID-19 pandemic some files were not easily obtained. One provider application was obtained weeks after the review period due to Iron

Mountain having to physically search for the actual file. All providers enrolled or revalidated after May 1, 2019 will have their applications stored electronically in the Provider Management Module, therefore retrieval of records will be much more efficient and effective. We are currently in the process of revalidation of all our providers so that complete files should exist in the electronic system for all providers by March 1, 2022. The electronic files contain an audit trail which is taking the place of the hard copy checklist.

Scheduled Completion Date of Corrective Action Plan:

April 1, 2021: Provider license backlog review.

March 1, 2022: Revalidation and transfer of provider files to electronic/on-line system.

March 1, 2022: Replacement of checklist with electronic audit trail.

Contact for Corrective Action Plan:

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Reference Number: 2020-013
Prior Year Finding: N/A
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: State Children’s Insurance Program (CHIP), Medicaid Cluster
CFDA Number: 93.767
93.775, 93.777, 93.778
Award Number and Year: 1805VT5021 (10/1/2017 – 9/30/2019)
190VT5021 (10/1/2018 – 9/30/2020)
1905VT5MAP (10/1/2018 – 9/30/2019)
2005VT5MAP (10/1/2019 – 9/30/2020)
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:

We recommend that the Agency review its procedures to ensure that documentation to support beneficiary eligibility is maintained in accordance with the retention policy and is readily available for review.

Views of responsible officials:

Management agrees with the finding.

Corrective Action Plan:

1. Corrective action pertaining to CHIP beneficiary files: The Department of Vermont Health Access (DVHA) was unable to pull the telephone recordings for 2 of the above findings because they were not saved. DVHA updated its telephone data retention policy to 10 years for its Health Access Eligibility and Enrollment Unit (HAEEU) on August 1, 2019 and for its Customer Service Center (CSC) on May 1, 2020. Now that the data retention policy has been updated to match the federal requirements, DVHA will be able to provide sufficient phone call records in the future.

For the 3rd finding, income was verified on the back end of the eligibility system (Siebel) during the ex parte renewal, however this verification was not documented correctly in the case due to system deficiencies. At the time this case was picked up as part of the eligibility sample for the period of 7/1/19-6/30/20, the claim date for this finding was 8/2/2019, which was prior to the customers next renewal. The last eligibility ran on this case was done in October 2018. DVHA has worked with its system contractors and concluded that these system deficiencies were corrected in October 2018 and have not happened since.

2. Corrective action pertaining to Medicaid beneficiary file: Beginning in January 2021 the Medicaid Reconciliation team will be running a monthly report that will capture members who have a “pending review” status for their MAGI-Income verification line item but were not identified as “pending review” through normal processing. These cases will be reviewed and resolved by the Medicaid Reconciliation Team on a monthly basis.

Scheduled Completion Date of Corrective Action Plan:

1. For the first 2 findings above, DVHA updated its data retention policies to 10 years for HAEEU on August 1, 2019 and for the CSC on May 1, 2020.
For the 3rd finding, the system deficiencies were resolved in October 2018.
2. Beginning January 29, 2021, the Medicaid Reconciliation Team will implement the monthly eligibility review process.

Contact for Corrective Action Plan:

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Reference Number: 2020-014
Prior Year Finding: 2019-010
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: Medicaid Cluster
CFDA Number: 93.775, 93.777, 93.778
93.767
Award Number and Year: 1905VT5MAP (10/1/2018 – 9/30/2019)
2005VT5MAP (10/1/2019 – 9/30/2020)
Compliance Requirement: Special Tests and Provisions – Reporting CMS 064
Type of Finding: Significant Deficiency in Internal Control over Compliance,
Other Matters

Recommendation:

We recommend the Agency review its procedures to ensure that documentation is maintained in accordance with the federal grantor's requirements.

Views of responsible officials:

Management agrees with the finding.

Corrective Action Plan:

An enhanced supervisory review procedure will be implemented:

The Financial Director, AHS Central Office Fiscal Unit ("Financial Director") will review the fiscal year columns shown on the overpayment data entry sheet on the CMS 64 Claim backup file.

The Financial Director will then compare the fiscal year column amounts shown on the CMS-64 claims backup file with the fiscal year column amounts entered into the 64.90 form in the CMS MBES 64 reporting system.

If the fiscal years do not match, the CMS – 64 claim will not be certified until the overpayment fiscal year amounts match.

Scheduled Completion Date of Corrective Action Plan:

December 31, 2020: The enhanced supervisory review procedure will begin effective with the QE 1220 CMS – 64 claim cycle.

Contact for Corrective Action Plan:

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Reference Number: 2020-015
Prior Year Finding: N/A
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: Medicaid Cluster
CFDA Number: 93.775, 93.777, 93.778
Award Number and Year: 1905VT5MAP (10/1/2018 – 9/30/2019)
2005VT5MAP (10/1/2019 – 9/30/2020)
1905VTINCT (10/1/2018 – 9/30/2019)
2005VTINCT (10/1/2019 – 9/30/2020)
1905VTIMPL (10/1/2018 – 9/30/2019)
2005VTIMPL (10/1/2019 – 9/30/2020)
Compliance Requirement: Special Tests and Provisions - Provider Health and Safety Standards
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:

We recommend the Agency review its procedures to ensure that supervisory review is consistently performed in order to detect errors in a timely manner.

Views of responsible officials:

Management agrees with the finding.

Corrective Action Plan:

The Health and Safety Standards are outlined in the provider agreement which is part of the provider file. As Gainwell transitions to an online Provider Management Module (PMM) many records have been sent off-site for storage due to limitations in space available at Gainwell. Provider records prior to May 1, 2019 are paper files that are kept by Gainwell, either at the 312 Hurricane Lane Williston VT office or offsite at Iron Mountain Data & Records management. In 2019, Gainwell purged old documents in files to be stored off site due to file storage constraints. It was noted by Gainwell that some documents were mistakenly removed from files and destroyed. The one file that did not contain the agreement had several missing documents. At this time if it is noticed a file does not contain correct documentation the provider is contacted to revalidate their information within the PMM to assure we have current information. All providers enrolled or revalidated after May 1, 2019 will have their applications stored electronically in the PMM, therefore retrieval of records will be much more efficient and effective.

We are currently in the process of revalidation of all our providers so that complete files should exist in the electronic system for all providers by March 1, 2022. The electronic files contain the provider agreement which is taking the place of the hard provider agreement.

Scheduled Completion Date of Corrective Action Plan: March 1, 2022

Contact for Corrective Action Plan:

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Reference Number: 2020-016
Prior Year Finding: N/A
Federal Agency: U.S. Health and Human Services
State Agency: Agency of Human Services (AHS or the Agency)
Federal Program: Social Security Disability Insurance Cluster
CFDA Number: 96.001, 96.006
Award Number and Year: 1901VTADPT
2001VTADPT
Compliance Requirement: Special Tests and Provisions – Reporting SSA-4514
Type of Finding: Significant Deficiency in Internal Control over Compliance,
Other Matters

Recommendation:

We recommend the Agency review its procedures to ensure that the supervisory review is consistently performed and errors are detected in a timely manner.

Views of responsible officials:

Management agrees with the finding.

Corrective Action Plan:

Root cause analysis:

Prior to FFY20, the VT DDS ran payroll queries out of the VTHR time reporting system, then entered this information into an internal spreadsheet with formulas to calculate by pay period, monthly, quarterly and YTD.

During the 12/31/19 quarter (1st quarter of FFY20), the VT DDS was still using this system of calculating the hours by employee category and type of hours charged. Workdays manually entered (by the Financial Specialist III) in the internal spreadsheet were inaccurate. Additionally, the supervisor (Administrative Services Coordinator IV) reviewing the SSA-4514 had recently been hired and this was the first quarter that she was reviewing the SSA-4514. She did not catch the error.

Manual entry errors, the previous process with its reliance on manual entries, and new supervision were the root causes of the 7.75 hours of misclassification.

Corrective Actions:

- During the 3/31/20 quarter (2nd quarter of FF20), the VT DDS changed the way it was reporting staff hours on the SSA-4514 to utilize pivot tables to summarize the hours in each category, instead of relying on a spreadsheet with formulas, to reduce formula errors and need for multiple spreadsheets. The DDS made this change as a process improvement at that time, without realizing there had been an error in the prior quarter report. This change, however, does ensure that the same error will not occur going forward.
- When the audit found the error in the 12/31/19 quarter, the DDS corrected and submitted the FFY20 4514 to the SSA Boston Regional Office on October 29, 2020. The DDS asked the Regional Office about the impact of the error and was informed that the SSA-4514 report is not used for budget requests and day-to-day operations.

- The DDS also instituted an additional review step (Administrative Services Manager review after the supervisory review) effective October 12, 2020 to ensure all formulas and all manual entries are accurate prior to submission of the SSA-4514.

Scheduled Completion Date of Corrective Action Plan:

The DDS believes the three corrective actions above together address the issue. These were completed by 10/29/20, and are in place going forward.

Contact for Corrective Action Plan:

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