

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**WEST VIRGINIA LACKED  
EFFECTIVE OVERSIGHT OF ITS  
OPIOID RESPONSE GRANTS**

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A-06-22-01005

# *Office of Inspector General*

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## Report in Brief

Date: April 2024

Report No. A-06-22-01005

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Audit

The HHS Substance Abuse and Mental Health Services Administration (SAMHSA) awarded a series of grants to States and Tribes to combat opioid use disorder. These grants included the Opioid State Targeted Response (STR) and the State Opioid Response (SOR) grants. The purposes of these grants were to increase access to treatment, reduce unmet treatment needs, and reduce opioid overdose-related deaths.

Our objective was to determine whether West Virginia and its subrecipients responsible for implementing programs under SAMHSA's STR and SOR grants complied with Federal regulations and met program goals.

### How OIG Did This Audit

Our audit period covered May 1, 2017, through April 30, 2020, for the STR grant and September 30, 2020, through September 29, 2021, for the FY 2020 SOR grant. To accomplish our audit objective, we reviewed STR and SOR grant documentation and interviewed West Virginia officials to determine how programs were implemented and whether West Virginia complied with Federal regulations and met grant program goal requirements during the audit.

## West Virginia Lacked Effective Oversight of Its Opioid Response Grants

### What OIG Found

West Virginia did not comply with Federal regulations regarding oversight and reporting requirements over the STR and SOR grants. Specifically, West Virginia could not support its annual progress reports and did not adequately monitor subrecipient spending. These issues occurred because West Virginia did not have adequate procedures in place for how to manage and store subrecipient progress reports or service data and did not follow its own policy for requesting and reviewing supporting documentation for grant expenses from subrecipients.

In addition, West Virginia did not have adequate procedures in place to determine whether it met SOR grant program goals. The procedures were inadequate because West Virginia did not require subrecipients to collect the needed data to determine whether goals were being met.

Finally, West Virginia lacked effective control and accountability for Federal funds while implementing the FY 2020 SOR grant. Specifically, West Virginia did not adequately safeguard Federal funds, and its Federal financial report did not accurately reflect expenditures. These issues occurred because (1) West Virginia program managers approved advanced payments even though subrecipients were not expending their funds, (2) West Virginia did not separate FY 2020 SOR expenses from the FY 2018 SOR expenses, and (3) West Virginia did not finalize the closeout of subrecipient grants until after the Federal financial reports were due.

### What OIG Recommends and West Virginia Comments

We recommend that West Virginia (1) include requirements in its procedures to maintain documentation used to prepare the annual progress report, (2) conduct a periodic review of supporting documentation for any subrecipient expenditures submitted to West Virginia, and (3) revise pre-designed progress reports to capture the necessary data to determine whether program goals are being met.

The report contains additional recommendations for West Virginia to improve accountability for Federal funds.

In its written comments to our draft report, West Virginia concurred with all our recommendations and included information on actions it has taken or plans to take to address our recommendations. West Virginia also provided contextual information on the causes of some of the findings.

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## INTRODUCTION

### WHY WE DID THIS AUDIT

The Department of Health and Human Services (HHS), Substance Abuse and Mental Health Services Administration (SAMHSA), has awarded a series of grants to States and Tribes to combat opioid use disorder (OUD). SAMHSA was authorized to award \$1 billion in OUD-related funding for fiscal years 2017 and 2018. These grants included the State Targeted Response (STR) to the Opioid Crisis grants, the State Opioid Response (SOR) grants, and the Tribal Opioid Response grants. The purposes of these grants were to increase access to treatment, reduce unmet treatment needs, and reduce opioid overdose-related deaths through prevention, treatment, and recovery services for OUD. States and Tribes that received these grants must use the funds to supplement activities pertaining to opioid-related activities administered under the Substance Use Prevention, Treatment, and Recovery Services Block Grant under the Public Health Service Act.<sup>1, 2</sup>

In March 2020, the Office of Inspector General (OIG) issued a report examining the use of STR grant funds nationwide.<sup>3</sup> In this body of work, we are conducting a series of audits in various States and Tribal organizations of recipients that received funding through these three grant types. (See Appendix B.) Accordingly, we selected for audit the STR and SOR grants awarded to the West Virginia State Department of Health and Human Resources' Bureau of Behavioral Health (BBH) based on various risk factors, including West Virginia having the highest drug overdose death rate per 100,000 in 2017 and the lowest STR funding drawdown rate.

### OBJECTIVE

Our objective was to determine whether BBH and its subrecipients responsible for implementing programs under SAMHSA's STR and SOR grants complied with Federal regulations and met program goals.

### BACKGROUND

#### State Targeted Response Grants

SAMHSA awarded STR grants to address the opioid crisis by increasing access to treatment, reducing unmet treatment needs, and reducing opioid overdose-related deaths by providing prevention, treatment, and recovery activities for OUD, including prescription opioids and illicit

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<sup>1</sup> Public Health Service Act, P.L. No. 78-410 (July 1, 1944).

<sup>2</sup> Formerly known as the Substance Abuse Prevention and Treatment Block Grant.

<sup>3</sup> OIG, *States' Use of Grant Funding for a Targeted Response to the Opioid Crisis*, OEI-BL-18-00460, Mar. 2020. Available online at <https://oig.hhs.gov/oei/reports/oei-BL-18-00460.asp>.

drugs such as heroin.<sup>4</sup> SAMHSA, in its Funding Opportunity Announcement (FOA), required that recipients (1) use epidemiological data to demonstrate critical gaps in availability of treatment for OUDs in geographic, demographic, and service-level terms; (2) use evidence-based implementation strategies to identify which system design models will most rapidly address the gaps in their systems of care; (3) deliver evidence-based treatment interventions, including medication and psychosocial interventions; (4) report progress toward increasing availability of treatment for OUD; and (5) reduce opioid-related overdose deaths based on measures developed in collaboration with HHS.

SAMHSA awarded a total of \$11,763,966 in STR grant funds to BBH for the performance period from May 1, 2017, through April 30, 2019. On April 18, 2019, SAMHSA granted a 1-year, no-cost extension of the grant period of performance to April 30, 2020.

### **State Opioid Response Grants**

In fiscal year (FY) 2018, SAMHSA awarded SOR grants (FY 2018 SOR) to address the opioid crisis by increasing access to medication for opioid use disorder (MOUD) using the three medications approved by the Food and Drug Administration (FDA) for the treatment of OUD, reducing unmet treatment need, and reducing opioid overdose-related deaths by providing prevention activities, treatment, and recovery activities for OUD.<sup>5, 6</sup> SAMHSA's FOA required that recipients base the services provided on needs identified in the State's STR strategic plan. SAMHSA required that FDA-approved MOUD be made available to those diagnosed with OUD. In addition to providing MOUD, States are required to provide effective prevention and recovery support services to ensure that individuals receive a comprehensive array of services across the spectrum of prevention, treatment, and recovery.

In August 2020, SAMHSA awarded the FY 2020 SOR grant to continue addressing the opioid crisis. The FY 2020 SOR grant added additional services, including evidence-based prevention, treatment, and recovery support services, to address stimulant misuse and substance use disorders, including for cocaine and methamphetamine.

In December 2020, SAMHSA granted a 1-year, no-cost extension for the SOR FY 2018 grant that extended the grant period of performance to September 29, 2021. This caused the SOR FY

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<sup>4</sup> For example, training substance use and mental health care practitioners, reducing the cost of treatment, developing systems of care to expand access to treatment, engaging and retaining individuals in treatment services, and addressing discrimination associated with access to treatment, including discrimination that limits access to treatment, are activities that can reduce unmet treatment needs.

<sup>5</sup> MOUD is the use of medications, with counseling and behavioral therapies, to treat substance use disorders and prevent opioid overdose.

<sup>6</sup> Three FDA-approved medications (methadone, buprenorphine, and naltrexone) are used to treat opioid dependence and addiction to opioids.

2018 grant funds to overlap with the first year of the SOR FY 2020 period of performance. Table 1 illustrates the amount of SOR grant funds that were awarded per budget period.

**Table 1: SOR Grant Funding**

Grant Name	Grant Year	Budget Period	Funding
SOR FY 2018	Year One	30 September 2018 - 29 September 2019	\$28,027,511
SOR FY 2018 Supplement	Year One- Year Three	30 September 2018 - 29 September 2020	\$14,630,361
SOR FY 2018	Year Two	30 September 2019 - 29 September 2020	\$28,027,511
SOR FY 2018 No Cost Extension	Year Three	30 September 2019 - 29 September 2021	\$0
SOR FY 2020	Year One	30 September 2020 - 29 September 2021	\$43,761,652

### **West Virginia Department of Health and Human Resources**

The mission of the West Virginia Department of Health and Human Resources (DHHR) is to collaborate with stakeholders to promote, protect, manage, and provide appropriate health and human services for its residents to improve their health, well-being, and quality of life. Under the DHHR, BBH is the State program office responsible for the statewide administration of community-based behavioral health services. BBH’s mission is to serve the people of West Virginia by working with strategic partners to advance access and quality of statewide behavioral health to empower West Virginians to reach their potential.

### **The Bureau of Behavioral Health’s Implementation of the State Targeted Response Grant**

BBH’s goals for STR were to increase the use of epidemiological data to demonstrate the critical gaps in availability of treatment, reduce overdose-related deaths through prevention activities, and increase access to evidence-based treatment services. To reach these goals, BBH implemented the STR grant by (1) developing a statewide OUD needs assessment and strategic plan, (2) distributing naloxone throughout the State, (3) expanding the Comprehensive Opioid Addiction Treatment Program (COAT) model, (4) expanding the Drug Free Moms and Babies program, and (5) expanding the peer recovery coach and peer mentoring support program.

BBH developed a statewide OUD needs assessment and a statewide OUD strategic plan using epidemiological data that demonstrated the critical gaps in availability of treatment. The OUD needs assessment served as a single reference for stakeholders seeking information related to substance use disorders. The document included information related to opioid misuse, the locations of treatment programs throughout the State, and OUD funding sources. The strategic plan addressed the gaps in prevention, treatment, and recovery that were identified in the needs assessment.

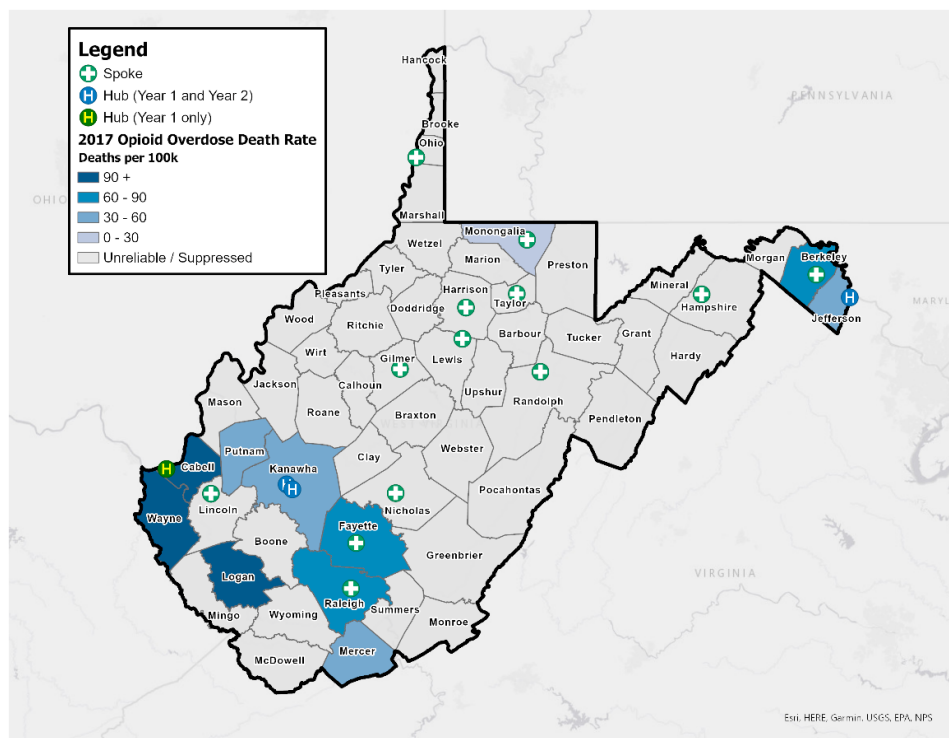
BBH increased prevention activities by purchasing and distributing naloxone kits throughout the State. Naloxone is an easy-to-use, lifesaving antidote to overdose from heroin or other opioids;



it helps restore breathing within 2 to 3 minutes of administration.<sup>7</sup> During the STR grant period, BBH purchased and distributed approximately 17,300 naloxone kits.

BBH used the COAT model to increase access to evidence-based treatment services. The COAT model uses medication in combination with a comprehensive psychosocial intervention program. BBH partnered with a university in the State and used the hub-and-spoke design to expand the COAT model throughout the State. Hub sites were responsible for providing training and support to the spokes, expanding the COAT model to priority areas based on overdose incidents and fatalities, and increasing the use of telehealth sites to areas with limited resources. Spokes were responsible for launching clinics, hiring licensed health care providers, and providing MOUD to their communities. Four hub sites and 13 spoke sites opened during the STR grant period. (See Figure 1.)<sup>8</sup>

**Figure 1: West Virginia’s Hub and Spoke Model for Opioid Use Disorder Treatment**



Source: West Virginia University Department of Behavioral Medicine and Psychiatry and Centers for Disease Control and Prevention.

BBH also increased access to evidence-based treatment services by partnering with a local nonprofit to expand the Drug Free Moms and Babies program. This program provides comprehensive and integrative medical and behavioral health programs for pregnant and

<sup>7</sup> Naloxone is most easily administered as a nasal spray and is distributed under the brand name Narcan.

<sup>8</sup> One of the four hub sites did not continue with the program during year 2 of the STR grant.

postpartum women, including screening and brief intervention for referral to treatment, prenatal risk screening instruments, integrated and comprehensive care, followup services, and peer recovery support services. During the STR grant period, the Drug Free Moms and Babies program was expanded to eight additional sites throughout West Virginia.

Additionally, BBH increased access to evidence-based treatment services by expanding recovery coaching services. Recovery coaches are individuals who have had OUD experiences and who serve as a mentor and help people in recovery remove obstacles that hinder the recovery process. BBH increased access to treatment services through subrecipient agreements with organizations that provided recovery coaching and peer support programs throughout the State. Subrecipients were able to provide recovery coaching services to 3,325 new individuals with OUD.<sup>9</sup>

### **The Bureau of Behavioral Health's Implementation of the State Opioid Response Grant**

BBH's goals for the FY 2020 SOR grant were to (1) increase statewide access to evidence-based prevention and early intervention services, (2) expand access to treatment and reduce unmet needs for high-risk populations, and (3) expand recovery management and support services.

BBH increased access to prevention and early intervention services, in part by continuing to fund regional adult intervention specialists and regional youth service centers and increasing the number of quick-response teams. BBH tasked the regional adult intervention specialists with improving the outreach, screening, identification, and referral of at-risk individuals. According to BBH, regional youth service centers used FY 2020 SOR funds to provide services using regional family coordinators. Regional youth service centers hired regional family coordinators to promote coordination and integration of family-centered care, to facilitate participation and involvement of the entire family in a youth's treatment and recovery, and to connect families affected by the State's opioid and substance-use crisis with peer support and resources. Quick response teams follow up with individuals who have experienced an overdose through home-visits, phone calls, and other communication routes to provide support and discuss treatment and recovery options. These teams may include emergency response personnel, law enforcement, medical staff, community health workers, and peer recovery support specialists.

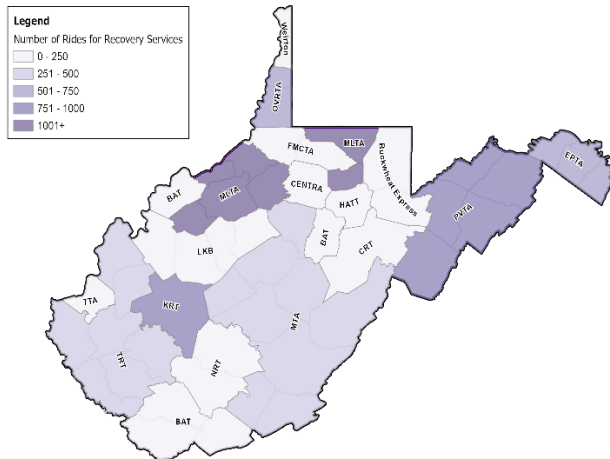
BBH also expanded access to treatment and reduced unmet need, in part by requiring treatment facilities to provide afterhours or weekend appointments and to include contingency management. Contingency management is a strategy that utilizes incentives, such as gift cards, to reinforce positive behavior in individuals with stimulant misuse and use disorders. Additionally, BBH expanded transportation services statewide for individuals seeking OUD and substance use disorder treatment and recovery services. This was accomplished by entering into an agreement with a subrecipient, which collaborated with 17 public transportation companies. According to BBH, the companies provided 43,370 rides, including 7,075 rides to

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<sup>9</sup> BBH served 2,457 individuals during year 2 and 868 individuals during the no-cost extension.

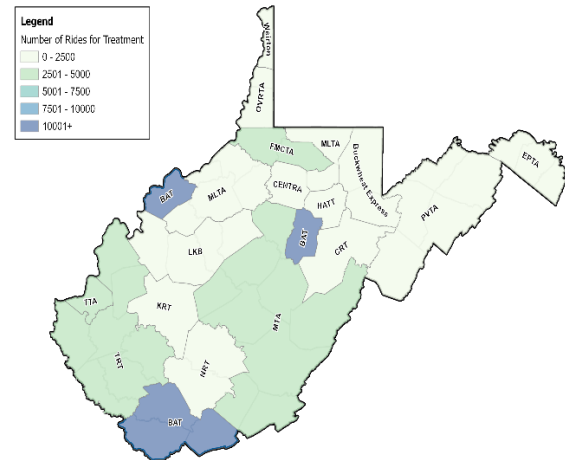
individuals for recovery services and 36,295 rides to individuals for treatment. Figures 2 and 3 depict the number of rides by public transportation companies.

**Figure 2: Number of Public Transportation Rides for Recovery Services by Transportation Provider**



Source: West Virginia State Department of Health and Human Resources, Bureau of Behavioral Health

**Figure 3: Number of Public Transportation Rides for Treatment by Transportation Provider**



Source: West Virginia State Department of Health and Human Resources, Bureau of Behavioral Health

Finally, BBH expanded recovery management and support services, in part by increasing the number of SOR-funded peer recovery support specialist positions, increasing the number of peer recovery residential housing facilities, and funding Housing and Urban Development Continuum of Care organizations.<sup>10</sup> Peer recovery support is provided by persons who are managing their own recovery while providing knowledge on how to get in and stay in recovery. Peer recovery residential housing facilities provide housing support for individuals seeking recovery and includes peer services.

## HOW WE CONDUCTED THIS AUDIT

Our audit period for the STR grant was from May 1, 2017, through April 30, 2020, the first 2 years of the STR grant and the no-cost extension. For the FY 2020 SOR grant, our audit period was from September 30, 2020, through September 29, 2021, the first year of the FY 2020 SOR grant. The second year of the FY 2020 SOR grant was beyond the scope of this audit. To determine whether BBH and its subrecipients complied with Federal regulations, we reviewed BBH’s internal policies and procedures, STR and FY 2020 SOR agreements with subrecipients, and annual progress reports. We also interviewed programmatic officials from

<sup>10</sup> Housing and Urban Development Continuum of Care organizations provide housing support services to individuals or families to eliminate barriers to housing and prevent homelessness.

STR grant subrecipients and financial and programmatic officials from FY 2020 SOR grant subrecipients. Additionally, we reconciled expenses claimed by the subrecipient with BBH's general ledger and reconciled BBH's general ledger with the Federal financial report.

To determine whether BBH and its subrecipients met grant program goals, we reviewed BBH's STR and FY 2020 SOR grant applications, reviewed the STR and FY 2020 SOR annual progress reports, and interviewed BBH and subrecipient officials responsible for implementing the STR and FY 2020 SOR grants. We then compared the annual progress reports with BBH's stated grant application goals.

We reviewed BBH's internal control design by reviewing its internal financial management procedures and data collection procedures for the annual progress reports. In addition, we interviewed BBH's financial and programmatic staff. To assess BBH's internal control implementation and operating effectiveness over the financial administration of grant funds, we judgmentally selected 7 (of 56) subrecipients to review based on funding, program goals, and type of services provided.<sup>11</sup> These subrecipients had a total of 25 FY 2020 SOR subrecipient agreements. We selected 1 FY 2020 SOR agreement for each of the 7 subrecipients and then tested 40 FY 2020 SOR expenditures based on category of expense and amount, totaling \$382,725.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## FINDINGS

BBH did not comply with Federal regulations regarding reporting requirements and oversight of the STR and SOR grants. Specifically, BBH could not support its annual progress reports and did not adequately monitor subrecipient spending. These issues occurred because BBH did not have adequate procedures in place for how to manage and store subrecipient progress reports or service data and did not follow its own policy for requesting and reviewing supporting documentation for grant expenses from subrecipients.<sup>12</sup>

In addition, BBH did not have adequate procedures in place to determine whether it met SOR grant program goals. Specifically, BBH did not ensure the transportation subrecipient was counting unduplicated trips provided for recovery and treatment services although this was the

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<sup>11</sup> We originally selected eight subrecipients. However, we referred one subrecipient to the OIG's Office of Investigations.

<sup>12</sup> Service data refers to the documentation of opioid recovery and treatment activities related to the service area that subrecipients were required to maintain and provide to BBH.

goal outlined in the SOR application. The procedures were inadequate because BBH did not require subrecipients to collect the needed data to determine whether goals were being met.

Finally, BBH lacked effective control and accountability of Federal funds while implementing the FY 2020 SOR grant. Specifically, BBH did not adequately safeguard Federal funds, and its Federal financial report did not accurately reflect expenditures. These issues occurred because (1) BBH program managers approved advanced payments even though subrecipients were not expending their funds, (2) BBH did not separate FY 2020 SOR expenses from the FY 2018 SOR expenses, and (3) BBH did not finalize the closeout of subrecipient grants until after the Federal financial reports were due.

### **THE BUREAU OF BEHAVIORAL HEALTH DID NOT COMPLY WITH FEDERAL REGULATIONS REGARDING REPORTING REQUIREMENTS AND OVERSIGHT OF THE STATE TARGETED RESPONSE AND STATE OPIOID RESPONSE GRANTS**

BBH did not comply with Federal regulations regarding reporting requirements and oversight over the STR and SOR grants. Specifically, BBH did not maintain supporting documentation or could not support the number of individuals who received services on the annual progress reports it submitted to SAMHSA. Additionally, BBH did not adequately monitor subrecipient spending to determine whether the expenditures were allowable under the SOR grant.

#### **The Bureau of Behavioral Health Could Not Support Its Annual Progress Reports**

SAMHSA's FOA requires grant recipients to collect and report on performance measures specific to the STR and SOR programs. Grant recipients are required to periodically review the performance data they report to SAMHSA to assess their progress and use this information to improve the management of their grant projects. The data includes the number of people who receive OUD treatment and recovery services.

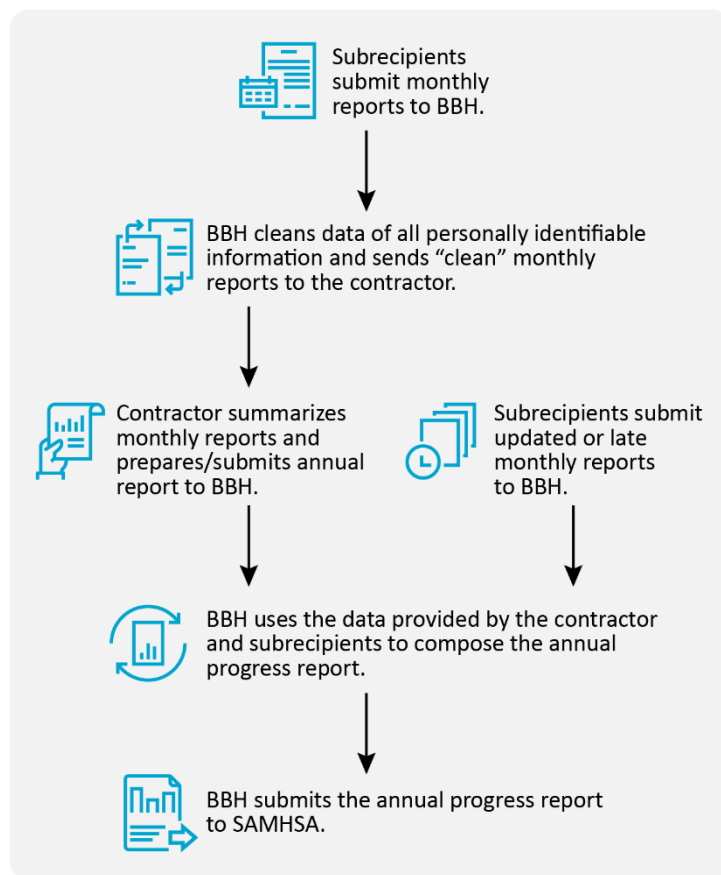
BBH could not support data reported on the annual progress reports it submitted to SAMHSA. For year 1 of the STR grant, BBH could not locate supporting documentation for treatment services reported on the progress report.<sup>13</sup> For year 2 of the STR grant, BBH provided subrecipients' performance data to support the number of new individuals who received treatment and recovery services. However, we could not reconcile the performance data to the annual progress report. For instance, the annual progress report included 595 individuals who received treatment services and 3,170 individuals who received recovery services. However, the performance data provided by BBH showed 450 individuals who received treatment services and 2,457 individuals who received recovery services. These issues occurred because BBH did not have adequate procedures in place for managing and storing data reporting elements from subrecipients.

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<sup>13</sup> BBH did not report any new individuals receiving recovery services for year 1 of the STR grant.

For the FY 2020 SOR grant, BBH could not support the first-year annual progress report data submitted to SAMHSA. For example, the annual progress report stated that 1 subrecipient served 46 new individuals for treatment services during the year; however, the support showed 70 new individuals for treatment services. For another subrecipient, the annual progress report stated that it had served 97 new individuals, but the support showed 83 new individuals were served. BBH contracted with an outside entity to prepare monthly progress reports and an annual report. Figure 4 illustrates the process for how the annual SOR progress report is collected, combined, and ultimately submitted to SAMHSA by BBH.

**Figure 4: SOR Progress Report Data Collection Process**



Source: West Virginia State Department of Health and Human Resources, Bureau of Behavioral Health, and West Virginia University, Office of Health Affairs

The issues during the first year of the FY 2020 SOR grant occurred because (1) some subrecipients made updates to the monthly spreadsheets after they were submitted to BBH; (2) some subrecipients submitted progress reports after the due date; and (3) according to the contractor, BBH made changes to the summaries the contractor provided. Because the spreadsheets submitted by the subrecipients are cumulative, changes made to previous months could not readily be identified, which prevented BBH from being able to reconcile back to the

data submitted on the annual progress report. Additionally, BBH did not retain the spreadsheets that were used to complete the annual progress report. Without accurate reporting, SAMHSA cannot rely on the data provided on the annual progress reports to ensure that program goals are met.

### **The Bureau of Behavioral Health Did Not Adequately Monitor Subrecipient Spending**

Federal regulations state that grant recipients must establish and maintain effective internal control over grant funds and provide reasonable assurance that grant recipients are managing the program in compliance with Federal statutes, regulations, and the terms and conditions of the Federal grant (45 CFR §§ 75.302(a) and 75.303(a)). Pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes and the terms and conditions of the subaward, and that subaward performance goals are achieved (45 CFR § 75.352). Additionally, pass-through entity monitoring of the subrecipient must include reviewing financial and performance reports required by the pass-through entity (45 CFR § 75.352(d)(1)). DHHR's *Award and Monitoring of Subrecipient Grants* (DHHR Policy 3801) states that while there are no specific detailed procedures, the spending unit shall maintain a level of internal control sufficient to ensure that the subrecipient submits financial reports within prescribed timeframes and information is complete, accurate, and presented in the prescribed format, if applicable. Additionally, the spending unit shall perform some type of desk review evaluation or analysis of every invoice, statement of expenditures, or other financial report submitted by the subrecipient.

BBH did not provide adequate oversight of the FY 2020 SOR funds it awarded to its subrecipients. BBH's review of subrecipients' documentation used to claim costs against the grant did not ensure that expenses were adequately supported or benefited the grant budget period. For example, for one expense, we found that a subrecipient budgeted contractual costs for quick response teams with a specific hourly rate. However, the subrecipient claimed a one-time lump sum payment at the end of the budget period. BBH did not request supporting documentation to ensure the number of hours reconciled with the amount claimed. Another subrecipient purchased 2-year subscriptions for vape detectors during the last month of the budget period.<sup>14</sup> However, the subscriptions would be active outside the budget period and therefore were not allocable to the grant budget period. BBH's review of the subrecipient's reconciliation of expenses did not identify these subscriptions as unallowable costs. Additionally, of the seven subrecipients we reviewed, five did not expend over half of the funds they received for at least one subrecipient agreement until the final quarter of the budget period. BBH did not ensure that performance activities and related costs were incurred throughout the budget period instead of the final quarter. We found no evidence that BBH questioned the timing of the subrecipients' spending in the final quarter of the budget period or documented steps to determine whether the purchases benefited the budget period.

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<sup>14</sup> Vape detectors are used in schools to detect the vaping of tetrahydrocannabinol, nicotine, and other vaping products by monitoring air quality.

These issues occurred because BBH staff did not follow BBH's own policy of requesting and reviewing supporting documentation for grant expenses. BBH stated in its monitoring checklists that staffing and time constraints were the reasons for not following policy. Without BBH complying with Federal and State regulations requiring the oversight of grant spending by subrecipients, BBH could not assure that grant funds were spent to benefit the grant during the budget period.

### **THE BUREAU OF BEHAVIORAL HEALTH DID NOT HAVE ADEQUATE PROCEDURES IN PLACE TO DETERMINE WHETHER IT MET STATE OPIOID RESPONSE GRANT PROGRAM GOALS**

SAMHSA's FOA and Notice of Award require all recipients to collect and report on performance measures specific to the STR and SOR programs, including the number of people who receive OUD treatment and recovery services. For the SOR grant, performance measures included demographic characteristics, substance use, diagnosis(es) services received, types of MOUD received, and housing. All recipients that receive the SOR grant are required to prepare and submit to SAMHSA an annual report at the conclusion of each year. SAMHSA intends that its service grants result in the delivery of services as soon as possible after award and required recipients to periodically review the performance data they report to SAMHSA, assess their progress toward achieving program goals, and use the performance data to improve management of their grant projects.

BBH did not have adequate procedures in place to determine whether it met SOR grant program goals. For each subrecipient agreement, BBH provided the subrecipient with a pre-designed progress report for them to track the services provided with grant funds. However, the progress report was not designed to collect all of the information that BBH would need to determine whether it was meeting the SOR grant goals outlined in its application to SAMHSA. For example, BBH's application included a goal to increase statewide access to evidence-based prevention and early intervention services by 20 percent, estimating that 675,550 people would be served annually. However, the progress report did not have a mechanism to track prevention services such as the number of units of prevention information disseminated. Additionally, BBH's goal was to serve 1,150 people through SOR grant transportation services. The progress report tracked the number of rides provided for treatment and recovery services. However, the number of rides provided did not allow BBH to determine the number of unduplicated individuals who received transportation services, and therefore BBH was unable to determine whether it met its goal.

BBH could not provide us with a reason why the pre-designed progress reports did not track this information. Without adequate procedures in place to collect data relevant to the goals in the application, SAMHSA does not have sufficient information to determine whether BBH is meeting its program goals and whether overall program outcomes are being met.



## **THE BUREAU OF BEHAVIORAL HEALTH LACKED EFFECTIVE CONTROL AND ACCOUNTABILITY OF STATE OPIOID RESPONSE GRANT FUNDS**

BBH lacked effective control and accountability of Federal SOR grant funds. Specifically, BBH did not minimize the time that elapsed between advance payments and subrecipients' disbursement of funds. Additionally, BBH did not have adequate procedures in place to ensure that expenses claimed by the subrecipient were accurately accounted for in the general ledger.

### **The Bureau of Behavioral Health Did Not Adequately Safeguard State Opioid Response Grant Funds**

Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs (45 CFR § 75.305(b)(1)).

BBH did not minimize the time that elapsed between advance payment of grant funds to a subrecipient and the subrecipient's disbursement of funds for direct program costs. One subrecipient received more than \$256,000 of FY 2020 funds in March 2021 to provide peer services but did not allocate expenses to the grant until July of 2021. Another subrecipient received \$75,000 of FY 2020 SOR funds in April 2021 for a quick response team even though it still had not allocated \$98,924 (66 percent of funds received) of FY 2020 SOR funds it had previously received.

This issue occurred because BBH program managers continued to approve and send advanced payments to subrecipients that were not expending their FY 2020 funds. During the FY 2020 SOR year 1 performance period, SAMHSA approved a no-cost extension for the FY 2018 SOR grant. BBH expected the subrecipients to expend FY 2018 SOR no-cost extension funds prior to using FY 2020 SOR funds. As a result, four of the seven subrecipients we reviewed sometimes had excessive cash on hand for at least one of its subrecipient agreements during the performance period.

### **The Bureau of Behavioral Health's Federal Financial Report for Its State Opioid Response Grant Did Not Accurately Reflect Expenditures**

Federal regulations state that the financial management system of each non-Federal entity must provide accurate, current, and complete disclosure of the financial results of each Federal award or program. It must also provide records that identify adequately the source and application of funds for federally funded activities. Additionally, the system must provide effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes (45 CFR § 75.302(b)).

BBH's Federal financial report did not accurately reflect expenditures. BBH requires subrecipients to submit a reconciliation form that allocated expenses to the grant; however, these amounts did not reconcile with the amounts recorded in the general ledger. For the seven subrecipients we reviewed, we could not reconcile all the subrecipients' FY 2020 SOR expenses with the State's FY 2020 SOR general ledger. Five subrecipients reported more FY 2020 SOR expenses on their reconciliations than the general ledger showed, and the other two subrecipients reported less expenses on their reconciliations than the general ledger showed.

Additionally, subrecipients returned almost \$1.5 million in FY 2020 SOR funds that were not reported on the Federal financial report. BBH did not record in its general ledger almost \$1.2 million in returned FY 2020 SOR funds until 3 to 6 weeks after the Federal financial report was due, and almost \$300,000 in returned FY 2020 funds were not accounted for in the correct year in the general ledger.<sup>15</sup>

The first issue occurred because the subrecipient agreements had funds from both SOR FY 2018 and SOR FY 2020 grants attached to them, and BBH did not have adequate procedures to track the grant expenses separately. In total, we could not reconcile more than \$1.0 million in funds or determine whether the State allocated the expenses to the appropriate SOR grant. The issue regarding the returned funds occurred because BBH did not finalize the closeout of some subrecipient grants until after the Federal financial report was due. Additionally, human error caused returned funds to be accounted for in the wrong year; however, according to BBH, this error was identified and corrected in the general ledger.<sup>16</sup> As a result of these issues, the Federal financial report that BBH submitted to SAMHSA did not accurately reflect the expenditures of the FY 2020 SOR grant. Without accurate financial reports, SAMHSA cannot provide effective oversight of BBH's expenditures.

## RECOMMENDATIONS

We recommend that West Virginia's Bureau of Behavioral Health:

- include requirements in its procedures to maintain documentation used to prepare the annual progress report;
- conduct a periodic review of supporting documentation (e.g., invoices, payroll registers, and time-and-effort reports) for any subrecipient expenditures submitted to BBH;
- revise pre-designed progress reports to capture the necessary data to determine whether program goals are being met;

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<sup>15</sup> Returned funds would have carried over into the next budget year of the grant.

<sup>16</sup> The correction was made in January of 2022, which was after the Federal financial report was submitted.

- provide training to program managers to ensure that advanced payments are being approved as close as administratively feasible to actual disbursements by the subrecipient; and
- revise procedures to ensure that subrecipient agreements are finalized and closed out with returned funds recorded in the general ledger prior to filing the Federal financial report.

**WEST VIRGINIA DEPARTMENT OF HUMAN SERVICES' BUREAU OF BEHAVIORAL HEALTH  
COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

In its written comments on our draft report, BBH concurred with all our recommendations and included information on actions it has taken or plans to take to address our recommendations. BBH also provided contextual information to the causes of some of the findings.

BBH stated that while West Virginia did have a dire need for support to combat the opioid epidemic, the State faced many issues that prevented it from implementing programs with the awarded funding. Mainly, the State did not have the needed infrastructure and lacked available treatment resources to administer the large amount of grant funds received. Additionally, a lack of consistency in the staff administering the programs negatively impacted the oversight of the STR and SOR grants.

BBH noted that it has created action plans for the audit recommendations. These plans include the following:

- Regarding our first recommendation to include requirements in its procedures to maintain documentation for the annual progress report, BBH stated that after the period of review, they began to store reports on a shared drive organized by grant type. Additionally, they plan to develop a formalized process for storing applicable grant documents in centralized folders which would help ensure documentation is named, maintained consistently, and can be readily accounted for and retrieved.
- Regarding our second recommendation to conduct a periodic review of supporting documentation for any subrecipient expenditures submitted to BBH, BBH will work on developing formal procedures to comply with department policy to include desk reviews, reconciliation, or analysis of subrecipient invoices. In addition, BBH now has two accountant positions designated to the SOR grant to oversee subrecipients' financial requirements and monitor expenses.
- Regarding our third recommendation, to revise pre-designed progress reports to capture the necessary data to determine whether program goals are being met, BBH has hired a new SOR Director and is actively working toward improving controls over subrecipient reporting. Additionally, BBH is attempting to fill the new position for an Internal Evaluator, but it has been a challenging position to fill and is considering

additional options, such as partnering with a university in the state. In January 2024, BBH met with a local university to discuss improvements to the overall reporting structure and cumulative data reporting.

- Regarding our fourth recommendation to provide training to program managers to ensure that advanced payments are being approved as close as administratively feasible to actual disbursements by the subrecipient, BBH has been working to procure training for its program managers, accountants, and other grant management staff members. BBH also revised its internal procedures for reviewing subrecipient expenditures prior to processing invoices for payment.
- Regarding our fifth recommendation to revise procedures to ensure that subrecipient agreements are finalized and closed out with returned funds recorded in the general ledger prior to filing the Federal financial report, BBH is considering the use of a new exhibit for the grant agreement template. This exhibit would identify the administrative actions that will be required by subrecipients at the end of the grant, for example submitting all reports and schedules, liquidating all financial obligations, refunding any balances of unobligated cash, and accounting for real and personal property associated with the grant.

BBH's comments are included in their entirety as Appendix D.

We commend BBH for taking corrective action, although we have not verified those actions.

## **APPENDIX A: AUDIT SCOPE AND METHODOLOGY**

### **SCOPE**

Our audit period for the STR grant was from May 1, 2017, through April 30, 2020, which was the first 2 years of the STR grant and 12 months of the no-cost extension. STR grant expenditures totaled \$10,297,558 of the total grant award of \$11,763,966. For the FY 2020 SOR grant, our audit period was September 30, 2020, through September 29, 2021, which was the first year of the FY 2020 SOR grant. SOR grant expenditures totaled \$26,213,808 of the total grant amount of \$43,761,652. Our audit objective did not require an assessment of BBH's complete internal control structure. We limited our review of internal controls to obtaining an understanding of BBH's policies and procedures related to the financial management of grant funds and data collection and reporting.

This audit is one in a nationwide series of audits. We conducted our audit work from April 2022 through January 2024.

### **METHODOLOGY**

To accomplish our objective, we:

- reviewed applicable Federal, State, and grant requirements related to SAMHSA's STR and SOR grants;
- interviewed SAMHSA officials regarding BBH's progress in meeting the objectives of the grants, challenges of meeting the goals of the STR and SOR grants, and concerns related to the implementation of the grants;
- reviewed BBH's grant application, needs assessment, and strategic action plan to identify how BBH planned to implement programs to meet STR and SOR grant goals;
- reconciled STR and SOR grant expenditures with the annual Federal financial reports;
- interviewed BBH officials to gain an understanding of BBH's process for completing the annual progress report submitted to SAMHSA;
- interviewed BBH's financial and programmatic staff and reviewed financial and program policies and procedures to obtain an understanding of BBH's monitoring of subrecipients' activities;
- interviewed BBH officials responsible for administering the STR and SOR grants to gain an understanding of BBH's approach for distributing STR and SOR funds and whether BBH faced any challenges or barriers when implementing the programs;

- conducted a risk assessment to judgmentally select 7 (of 56) subrecipients for review based on funding, program goals, and type of services provided;
- selected and reviewed a judgmental sample of 40 expenditures based on category of expense and amount from 7 subrecipients that had expenses totaling \$382,725 to determine whether the expenses were reasonable, allowable, and allocable for the FY 2020 SOR;
- interviewed selected subrecipients regarding implementation of the SOR grant to gain an understanding of the prevention, treatment, and recovery services provided and whether the subrecipients faced any challenges or barriers when implementing these programs;
- interviewed subrecipients to obtain an understanding of the subrecipients' data collection and reporting processes for the STR and SOR grants;
- reconciled subrecipients' SOR grant expenses with BBH's general ledger;
- assessed BBH's internal controls by reviewing policies and procedures related to financial management, data collection and reporting, and subrecipient monitoring; and
- discussed the results of our audit with BBH officials on June 21, 2023.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS**

Report Title	Report Number	Date Issued
<i>New Jersey Complied With Federal Regulations When Implementing Programs Under SAMHSA’s Opioid Response Grants, But Did Not Meet Its Program Services Goals</i>	<a href="#"><u>A-02-22-02002</u></a>	3/27/2024
<i>Vermont Complied With Regulations When Implementing Programs Under SAMHSA’s Opioid Response Grants, but Claimed Unallowable Expenditures</i>	<a href="#"><u>A-01-20-01501</u></a>	5/24/2023
<i>Louisiana Faced Compliance and Contracting Challenges in Implementing Opioid Response Grant Programs</i>	<a href="#"><u>A-06-20-07003</u></a>	4/8/2022
<i>Choctaw Nation of Oklahoma Made Progress Toward Meeting Program Goals During the First Year of Its Tribal Opioid Response Grant</i>	<a href="#"><u>A-07-20-04121</u></a>	1/20/2021

## **APPENDIX C: FEDERAL AND STATE REGULATIONS, POLICIES, AND GUIDANCE**

### **FEDERAL REGULATIONS**

Federal regulations require non-Federal entities, other than States, to make payments in a manner that minimizes the time between the transfer of funds from the pass-through entity to the non-Federal entity, regardless of how the payment is made (45 CFR § 75.305).

Federal regulations require the financial management system of each non-Federal entity to provide accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 75.341 and 75.342. Records must adequately identify the source and application of funds for the federally funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation. The non-Federal entity must provide effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes (45 CFR § 75.302).

Federal regulations state that grant recipients must establish and maintain effective internal control over grant funds and provide reasonable assurance that recipients are managing the program in compliance with Federal statutes, regulations, and the terms and conditions of the Federal grant (45 CFR § 75.303(a)).

Federal regulations state that grant recipients are responsible for oversight of the operations of Federal award-supported activities. Recipients must monitor their activities under Federal awards to ensure that they comply with applicable Federal requirements and achieve performance expectations. Monitoring by the recipient must cover each program, function, or activity (45 CFR § 75.342(a)).

Federal regulations state that grant recipients must submit performance reports using OMB-approved governmentwide standard information collections when providing performance information. These reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB: a comparison of actual accomplishments with the objectives of the Federal award established for the period (CFR § 75.342(2)(i)).

Federal regulations state that subawards may be provided by a non-Federal entity to a subrecipient through any form of legal agreement, even an agreement considered to be a contract (45 CFR § 75.2). Pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes and the terms and conditions of the subaward, and that subaward performance goals are achieved (45 CFR § 75.352(d)). Additionally, pass-through entity



monitoring of the subrecipient must include reviewing financial and performance reports required by the pass-through entity (CFR § 75.352(d)(1)).

## **FEDERAL FUNDING OPPORTUNITY ANNOUNCEMENT**

SAMHSA Grants FOA TI-17-014 and FOA TI-20-012 require all SAMHSA grant recipients to collect and report on performance measures specific to the STR and SOR program, including the number of people who receive OUD treatment and recovery services. For the SOR grant, this includes demographic characteristics, substance use, diagnosis(es) services received, types of MOUD received, and housing. All grant recipients that receive the SOR grant are required to prepare and submit to SAMHSA an annual report at the conclusion of each year (FOA TI-17-014 and FOA TI-20-012).

SAMHSA FY 2020 SOR Grant FOA TI-20-012 intends that its services grants result in the delivery of services as soon as possible after award and required grant recipients to periodically review the performance data they report to SAMHSA, assess their progress toward achieving program goals, and use the performance data to improve management of their grant projects (FOA TI-20-012).

## **NOTICE OF AWARD REQUIREMENTS**

SAMHSA FY 2020 SOR Grant Notice of Award requires recipients of funds to report on their progress addressing the goals and objectives identified in the FOA. Recipients are required to submit a Mid-Year and Annual Report on the progress achieved, barriers encountered, and efforts to overcome these barriers. The first year Annual Report was due by October 30, 2021.

SAMHSA FY 2020 SOR Grant Notice of Award requires the annual Federal financial report to be issued 90 days after the budget period end date.

## **STATE REGULATIONS, POLICIES, AND GUIDANCE**

State policies require subrecipients to prepare and submit certain financial reports (e.g., invoices, requests for payments, reconciliations, statements of expenditures, etc.) as an ongoing condition of receiving grant funds from the DHHR. Within a reasonable time after receipt, BBH should perform some type of desk review, evaluation, or analysis of every invoice, request for payment, reconciliation, statement of expenditures, or other financial report submitted by the subrecipient (DHHR Policy 3801).

BBH policy states that if a subrecipient is on an advanced payment basis, the BBH reviewer should calculate and document any cash on hand retained by the subrecipient. For situations in which cash on hand exceeds what would be considered reasonable, the reviewer should inform relevant parties within BBH and contact the subrecipient for an explanation prior to processing the payment.

BBH's internal guidance states that when an invoice is submitted with a reconciliation and the cash on hand is above 10 percent, the program manager has three options: (1) request from the grant recipient a justification letter as to the plan to spend the cash on hand (BBH considers this the best option), (2) reduce the invoice to a more reasonable amount that can be justified or spent by the next reconciliation, or (3) delay the payment of the invoice.

## APPENDIX D: WEST VIRGINIA DEPARTMENT OF HUMAN SERVICE COMMENTS



STATE OF WEST VIRGINIA  
DEPARTMENT OF HUMAN SERVICES

Cynthia A. Persily, Ph.D.  
Cabinet Secretary

March 6, 2024

Patricia Wheeler  
Regional Inspector General for Audit Services  
Department of Health and Human Services  
Office of Inspector General  
Office of Audit Services, Region VI  
1100 Commerce Street, Room 632  
Dallas, TX 75242

RE: Report Number A-06-22-01005  
Audit of the West Virginia Department of Human Services, Bureau for Behavioral Health

Dear Ms. Wheeler:

The West Virginia Department of Human Services (DoHS), Bureau for Behavioral Health (BBH), has reviewed the draft report, "West Virginia Lacked Effective Oversight of Its Opioid Response Grants", A-06-22-01005, as prepared by the U.S. Department of Health and Human Services, Office of Inspector General, and transmitted to the BBH on January 22, 2024. The BBH concurs with the five recommendations reflected within the report. The views of responsible officials and corrective action plans for each of the recommendations are outlined at the end of this response/document. Preceding the corrective action plans, the BBH hereby offers additional details into the condition and cause of the findings reflected within the report, as those findings are the source of the OIG's recommendations and should be supplemented with additional context.

The first issue we would like to note is the amount of funding awarded to the State. Specifically, state allocations for the State Opioid Response (SOR) grants were calculated by a formula based on the equal weighting of two elements: the state's proportion of individuals with opioid use disorder (OUD) who need but do not receive treatment (NSDUH, 2015-2016) and the state's proportion of drug poisoning (overdose) deaths (CDC National Vital Statistics System, 2016). As a result of this formula, West Virginia received the 10<sup>th</sup> highest amount of opioid response funding despite only having the 39<sup>th</sup> highest population of the United States. The allocation is therefore reflective of the dire need of support to combat the opioid epidemic at the time, but the State did not immediately have the corresponding level of infrastructure to administer a grant this large.

The original Funding Opportunity Announcement (FOA) TI-17-014 for Opioid STR had an application due date of February 17, 2017, and allocated West Virginia up to \$5,881,983 for each of the original two one-year budget periods. At the time of issuance, this amount was the largest single discretionary substance use grant received by BBH. The Substance Abuse Prevention



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and Treatment Block Grant was larger but had been in existence for quite some time and was operating on a recurring cycle. Roughly 18 months later, FOA TI-18-015 for the SOR grant was issued and West Virginia was allocated an additional \$27,910,443 for each of the two one-year budget periods. Six months later, on March 20, 2019, West Virginia received notification of an additional \$14,630,361 supplement to year one of SOR. West Virginia quickly went from a considerable \$5,881,983 addition to its annual budget to an additional \$40 million with little time to bolster the resources needed to fully implement. Furthermore, the State Targeted Response (STR) grant which ran from May 1, 2017, through April 30, 2020, and the SOR grant which ran from September 30, 2018, through September 29<sup>th</sup>, 2021, overlapped for a substantial portion of their project periods requiring duplication and differentiation of many administrative processes.

The second overarching issue we would like to note is that while attempting to implement the new federally funded SOR grants, West Virginia was hampered by a lack of available treatment resources and services within the State. Since the purpose of the state opioid grants were to increase access to treatment, reduce unmet treatment needs, and reduce opioid overdose related deaths, West Virginia needed time to develop some of the resources to award and administer the funding. The largest initiatives had started prior to receipt of the Federal funding but also drew some of the State's limited personnel resources away from our ability to focus on STR and SOR implementation. The first of those two large initiatives was the development of treatment beds statewide through the distribution of roughly \$24 million in State drug settlement funding appropriated by the West Virginia legislature and administered by the BBH. These appropriations, commonly identified as Ryan Brown Funding, supported the creation of new residential substance use disorder treatment beds in each of the State's six regions. Through a series of subrecipient grants to community-based providers, the State was able to significantly expand West Virginia's overall capacity for Substance Use Disorder (SUD) treatment for those in need.

The second substantial state-wide initiative occurring at the same time as the distribution of both the State Ryan Brown and Federal opioid response funding was the efforts to implement West Virginia's 1115 (SUD) Waiver. This significant collaboration between the BBH and its sister agency the Bureau for Medical Services (BMS) was able to develop a state plan amendment and move to the provision of services in a relatively quick timeframe. Phase one of the SUD waiver services, including Screening, Brief Intervention, and Referral to Treatment (SBIRT); Methadone treatment and administration; and the Naloxone Distribution Initiative, became effective January 14, 2018. Subsequently, Phase two of services, which included Adult Residential Treatment; Peer Recovery Support Services; and Withdrawal Management Services, became effective July 1, 2018. With the OIG's Audit covering the period May 1, 2017 through April 30, 2020 for the STR grant, many of the State's resources (providers, staff, administration) faced competing priorities forcing staff to split their time between multiple critical initiatives.

The third issue we would like to address and the one that most closely relates to the issues identified in the report are the staffing challenges incurred during the period of review. These issues range from complications with getting new grant funded positions approved, created, and filled; to multiple changes in the organizational structure of the BBH and Department; to substantial changes within both the BBH and programmatic leadership. We could provide a considerable listing of the staffing obstacles encountered during the implementation of the opioid response grants; however, for the purposes of this response we are confident in simply stating

that a lack of consistency in the staff administering the programs negatively impacted the oversight of those grants.

Of particular concern to the BBH related to the Audit was that very few of the individuals who were directly assigned to and funded by the Opioid Grants during the periods under review were available to address the OIG Auditor's questions. While the issues identified may not be attributed to specific individuals, we believe that, at a minimum, the participation of more of those individuals in the review process could have provided further information or documentation that would have impacted the final report. In addition, the BBH experienced a recent change in the SOR Project Director so the primary contact during the period of the Audit is no longer available to assist with preparation of the formal response.

Added to the recurring changes in staff, the BBH's relatively small size and vacancy rates during the time of implementation resulted in many instances where projects were transitioned to different individuals numerous times. We believe that this is the largest concern related to the identified breakdowns in internal controls and the inability of staff to follow established policies of the Department. Combining that influx of inexperienced staff and the significant workload associated with the large opioid response grants and other large State initiatives, the BBH was unable to hire and maintain the level of staffing necessary to fully administer the grants. For additional context related to the workflow, the BBH administered 254 unique subgrants for the 2017 state fiscal year (SFY) prior to receipt of STR funding. For the most recent 2023 SFY, we administered 474 subgrants (86% increase) with the largest portion of the increase attributed to SOR funding (150 SFY 2023 SOR funded Grants).

While there are still changes occurring in staffing, West Virginia believes that we have made significant strides in improving our workforce, organizational structure, and ability to effectively administer the SOR grant. We currently have nine full-time positions allocated to and funded by the SOR grant and are committed to filling them all, as soon as possible. We just recently filled a second accountant position and have interviewed for the vacant compliance position. Additionally, the BBH reorganized the structure of its programmatic offices in late 2021 and moved SOR from under the Commissioner's Office to a newly created Office of Adult Substance Use Disorder within the Bureau.

In response to the Auditor's recommendations:

**We recommend that West Virginia's Bureau of Behavioral Health include requirements in its procedures to maintain documentation used to prepare the annual progress report;**

The West Virginia BBH concurs with this recommendation. Per internal policy, one of the requisite and elemental functions of any administrative operational and monitoring plan for awarding and monitoring subawards is the incorporation of documentation requirements and related standards. Ultimately, BBH must be able to demonstrate that it has fulfilled its responsibilities with respect to adequately monitoring the Federal funds it passes through to subrecipients. Maintaining documentation of the monitoring activities performed and the results of those activities is of paramount importance in achieving that objective.

Although implemented subsequent to the period of review, all applicable documents are currently maintained in a shared drive on the Bureau's network. Reports are filed/stored in the shared drive via centralized folders according to grant type. Bureau leadership and SOR staff have access to the folders on the shared drive. In an effort to enhance the controls over the maintenance of the documentation, the Bureau will develop a formalized process (e.g., procedural document or standard operating procedures) for centralized folders that will include all applicable funding announcements, applications, certifications, communications, reports, and relevant supporting documents for each grant. This process will be in writing and will help to ensure that all documentation is named and maintained consistently and can be accounted for and retrieved immediately by anyone with access to the shared drive.

**We recommend that West Virginia's Bureau of Behavioral Health conduct a periodic review of supporting documentation (e.g., invoices, payroll registers, and time-and-effort reports) for any subrecipient expenditures submitted to BBH;**

The West Virginia Bureau for Behavioral Health concurs with this recommendation. Per current internal policy, a continuing focus of the Bureau shall be to verify, document, and track the reports or other information required of subrecipients in relation to their financial administration of subawards. The BBH will work to develop formal procedures to comply with the Department's policy related to performance of desk reviews, evaluations, or analysis of subrecipient invoices, requests for payment, reconciliations, statements of expenditures, or other required financial reports.

As noted previously, the Bureau now has two accountant positions that are designated solely to SOR. Those two accountants will oversee the SOR subrecipients' financial requirements and monitor expenses. The two accountants will work in collaboration with the SOR compliance specialist, who has been transitioned to the BBH's Compliance Division. This organizational change will allow for more consistency in the performance of monitoring and compliance functions for the SOR program and allow for ongoing support should the position become vacant at a future date. When reviewing the financial reports, the BBH's Compliance Division is responsible for utilizing a risk based process to select and review subrecipients and to assess whether mathematical computations are accurate; actual costs are consistent with projected costs from the detailed line item budget; expenses did indeed occur during the period being billed; costs were allowable in accordance with Federal cost principles; prior approval was obtained and/or documentation exists for any unusual or nonrecurring expenditures; the subrecipient is on schedule to expend all the grant funds in a manner that lessens the possibility of the subrecipient inflating/increasing expenses at the end of the grant for the sole purpose of receiving the funds prior to the closeout of the award; and the subrecipient is demonstrating a willingness and ability to comply with cash management standards by minimizing the time elapsing between the receipt of funds and the expenditure of funds.

The consolidation of the BBH's Compliance Division aligns with a recent change where the SOR accounting positions were moved under the Bureau's newly created Grants Administration Section. This move was prompted by the aforementioned growth in the number of grants received from the Federal Government and the resulting spike in subrecipient grant agreements processed by the BBH. The transition of direction of fiscal staff occurred in November 2023, and the BBH Grants Administration Section has been fully staffed since that time.

**We recommend that West Virginia's Bureau of Behavioral Health revise pre-designed progress reports to capture the necessary data to determine whether program goals are being met;**

The West Virginia Bureau for Behavioral Health concurs with this recommendation. Per internal policy, when establishing program-specific reporting requirements applicable to subrecipients under a subaward, the Bureau is responsible for determining the appropriate parameters. The policy recognizes that in some instances, the Federal awarding agency may mandate the use of specific forms or formats. When not mandated by the Federal awarding agency, the Bureau is responsible for establishing its own reporting requirements in an attempt to comply with the reporting standards and timelines the Bureau [themselves] are obligated to meet.

The BBH has been actively working towards improving the controls over subrecipient performance and program-specific reporting. Internal discussions began in early 2023 and have continued with the hiring of the new most recent SOR Director. The SOR staff will be reviewing the SOR grant application, statement of work, and grantee reporting form to ensure they adequately capture all necessary data elements. In an effort to improve efficiency, accuracy, and productivity, the SOR staff is also using SAMHSA's Performance Accountability and Reporting System (SPARS) to monitor national performance outcome measures and other reports available through the Visualization module of SPARS. From the staffing perspective, the SOR has been actively trying to recruit and fill the Internal Evaluator position. This was a new position requested and approved by SAMHSA for the SOR program but has proven to be an extremely challenging position to fill. The BBH is also considering additional options to fill this position, such as partnering with one of the universities in the state. Finally, on the topic of partnering with one of the universities, the BBH met with West Virginia University's Office of Health Affairs on January 23, 2024, to discuss improvements to the overall reporting structure and cumulative data reporting, as they are the contracted vendor that assists with SOR program evaluations.

**We recommend that West Virginia's Bureau of Behavioral Health provide training to program managers to ensure that advanced payments are being approved as close as administratively feasible to actual disbursements by the subrecipient; and**

The West Virginia Bureau for Behavioral Health concurs with this recommendation. Per internal policy, there are two primary methods for the payment of grant funds to a subrecipient: reimbursement and advance payment. When subrecipients are funded on a reimbursement basis, the subrecipient must incur allowable expenditures before requesting reimbursement from the BBH. Alternatively, the advance payment method provides advance cash payments to a subrecipient organization, limited to the minimum amounts needed and timed in accordance with the actual, immediate cash requirements for the purpose of carrying out the approved program or project. The BBH shall continue to improve its processes for notifying and ensuring that both BBH staff and the subrecipients understand or are otherwise aware of its cash management responsibilities. When utilizing an advance payment methodology, the BBH shall require the subrecipient to prepare, at a minimum, reports reconciling payments received and actual expenditures incurred, to be submitted to the Bureau on a basis consistent with the schedule (or timing) of payments. Reconciliations provided to the BBH by the subrecipient include, at a minimum, the level of detail (line items, cost categories, etc.) as contained in the subrecipient's related grant budget.



As additional context to this finding, it should be noted that the payment methodology for the Bureau for Behavioral Health changed during the STR/SOR grant period under audit. The STR funding began in May of 2017; and at that time, the BBH disbursed funds to its subrecipients on a reimbursement basis. When disbursing funds on a reimbursement basis, there was no need [or at least less of a need] to monitor cash management since the subrecipients were submitting invoices and related expenditure reports to the BBH for reimbursement of actual costs incurred as of the invoice date (i.e., the subrecipients were incurring allowable expenditures prior to requesting payment). For various reasons, including those related to the payment methodologies outlined in 2 C.F.R. §200.305, "Federal payment," the BBH revised its reimbursement methodology to advance payments beginning with its SFY 2019 subrecipient grant awards. The switch in payment methodologies from reimbursement of costs to advance payments created significant issues with subrecipients in the way they tracked expenditures and submitted invoices for payment and created confusion on the part of BBH staff who needed to revise their procedures for verifying, certifying, and processing those invoices for payment.

In an effort to enhance the controls over subrecipient cash management, not to mention other areas related to the administration and monitoring of subrecipient grants, the BBH has been working to procure training for its program managers, accountants, and other grants management staff members. Discussions were held internally in August 2023 related to potential training opportunities for the Bureau for Behavioral Health and possibly other bureaus within the Department of Human Services as a whole. With the split of the West Virginia Department of Health and Human Resources into three separate departments, effective January 1, 2024, the BBH intends to pursue those training opportunities once again or to otherwise develop a greater understanding of the Federal rules and regulations pertaining to subrecipient cash management standards. Aside from formal training opportunities and self-education, the BBH's central level managers continue to work with internal and external parties to improve everyone's understanding of the Federal regulations and the Bureau's policies and procedures regarding cash management. Most recently, the BBH revised its internal procedures for reviewing subrecipient expenditures prior to processing invoices for payment and distributed updated cash management guidance to internal grant staff on October 25, 2022.

**We recommend that West Virginia's Bureau of Behavioral Health revise procedures to ensure that subrecipient agreements are finalized and closed out with returned funds recorded in the general ledger prior to filing the Federal financial report.**

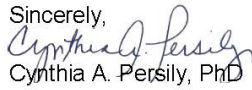
The West Virginia Bureau for Behavioral Health concurs with this recommendation. Per internal policy, Closeout is the process by which the BBH and the subrecipient complete all the remaining financial, administrative, and programmatic actions under the subaward. The BBH shall improve its process to ensure that, upon conclusion of a subaward, all financial, performance, and other reports as required by the terms and conditions of the award were submitted within the appropriate timeframes. If requested in writing by the subrecipient, and at the discretion of the BBH, an extension of the submission deadline may be granted for a reasonable period of time, provided the extension is permissible by Federal regulations and does not place an undue burden on the BBH or the Department of Human Services' submission requirements to the Federal awarding agency. Upon receipt of all relevant financial and performance reports, the BBH shall reconcile all subaward funds and ensure a timely resolution to any outstanding balances.



Ms. Wheeler  
March 6, 2024  
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In an effort to enhance the controls over the closeout process, the BBH has discussed this matter with the Office of Shared Administration within the recently created Department of Human Services. The Office of Shared Administration has offered some possible opportunities to improve controls, such as a new exhibit for the grant agreement template that is dedicated solely to closeout and post-closeout adjustments and continuing responsibilities. The purpose of the exhibit would be to identify the administrative actions that will be required by subrecipients at the end of the grant, such as submitting all reports and schedules, liquidating all financial obligations, refunding any balances of unobligated cash, and accounting for real and personal property associated with the grant. The exhibit would also outline certain post-closeout and continuing responsibilities such as those related to the right of the Department/Bureau to disallow costs and recover funds on the basis of a later audit or other review; the requirement for the subrecipient to return any funds due as a result of later refunds, corrections, or other transactions; and the Federal audit and state accountability requirements referenced in Exhibit F of the grant agreement. Per the Office of Shared Administration, including an exhibit within the grant agreement dedicated solely to the closeout process would provide subrecipients with a greater understanding of the administrative actions that will be required of them during the closeout process. Beyond an additional exhibit within the grant agreement, the Office of Shared Administration is considering other controls that can be implemented from the central level within the Department of Human Services.

We would like to thank the auditors for their professionalism. We look forward to working together to do something positive with our children and country.

Sincerely,  
  
Cynthia A. Persily, PhD

CAP/lbf