

# PERFORMANCE AUDIT

Work in progress: Audit description

## Assessing Vendor Spending Growth at the Department of Social and Health Services

The Department of Social and Health Services, one of Washington's largest state agencies, delivers a wide array of services to residents across the state. Examples include aging and long-term care support, behavioral health treatment and recovery services, developmental disabilities support and vocational rehabilitation, as well as economic services like housing and food benefits.

Many of the agency's services are delivered by more than 20,000 contracted vendors. For example, DSHS contracts with senior living facilities and home care companies to supply in-home care, long-term care and acute care services. These contracts are negotiated individually by DSHS, and are supposed to obtain the best possible value for the state while delivering high quality care for patients and clients.

A 2025 analysis of DSHS vendors, conducted by our Office, found that payments for more than 600 vendors displayed patterns of exponentially higher costs between 2021 and 2025. In one instance, DSHS paid a vendor that provides developmental disabilities support services 700% more in 2025 compared to 2021. A number of issues can drive these increased costs, including additions to existing contracts, the availability of more funding to provide more services, higher costs for the vendor including wages or supplies, or even vendor payment errors.

### Preliminary scope and objectives

This audit will examine DSHS' payments to selected vendors with rising costs to see if they were supported by proper documentation. It will also try to identify reasons behind increased spending on vendor contracts by DSHS.

The audit seeks to answer the following question:

- Are selected vendor payments supported by adequate documentation and reasonable explanations for higher costs?



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*uploaded May 2026*