

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
Adult Basic Learning Environment, Inc.
(ABLE)**

**Day Programs:
Adult Development Programs –
H25560, H30497, HD0023, HP3599, H28683, H59187**

Behavior Management Program – S25154

**Miscellaneous Program:
Community Integration Program – PH0482**

(Audit Period: July 1, 2006 through June 30, 2007)

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
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Assignment # 08-VN-2-002

**ADULT BASIC LEARNING ENVIRONMENT, INC.
(ABLE)**

TABLE OF CONTENTS

AUDIT REPORT

	Page
Executive Summary	1
Background	1
Objective, Scope, and Methodology	2-3
Conclusion	3
Views of Responsible Officials	4
Restricted Use.....	4
Findings and Recommendations.....	5-7
Attachment A – Summary of Unsupported and Failure to Bill.....	8
Attachment B – Summary of Unsupported Direct Care Hours	9
Attachment C – ABLE’s Response to Draft Audit Report	10-12
Attachment D – Reply to ABLE’s Response	13

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Adult Basic Learning Environment, Inc. (ABLE). The audit was performed upon the following day programs: Adult Development, Behavior Management, and Community Integration programs for the period of July 1, 2006 through June 30, 2007.

The last day of fieldwork was January 24, 2008.

The results of the audit disclosed the following issues of noncompliance:

Day Program

Billing

1. ABLE could not provide supporting documentation for services billed and failed to bill for services provided in its Adult Development and Behavior Management programs, which resulted in over and under billings. The net effect of the billing discrepancies is \$911.15 over billed.

Staffing

2. ABLE did not meet the required staffing levels for three Adult Development programs. This resulted in \$4,269.47 overpaid.

The net total of the findings identified by this audit is \$5,180.62 overpaid to ABLE.

A detailed discussion of these findings is contained in the Findings and Recommendations section of this report.

BACKGROUND

The Department of Developmental Services (DDS) is responsible under the Lanterman Developmental Disabilities Services Act for ensuring that persons with developmental disabilities receive the services and supports they need to lead more independent, productive, and normal lives. DDS contracts with 21 private, nonprofit regional centers that provide fixed points of contact in the community for serving eligible individuals with developmental disabilities and their families in California. In order for regional centers to fulfill their objectives, they secure services and supports from qualified service providers and/or contractors. Per Welfare and Institutions Code, Section 4648.1, the DDS has the authority to audit those service providers and/or contractors that provide services and supports to the developmentally disabled.

OBJECTIVE, SCOPE, AND METHODOLOGY

This audit was conducted to determine if ABLE's Adult Development, Behavior Management, and Community Integration programs were compliant with the Welfare and Institutions (W&I) Code, California Code of Regulations Title 17 (Title 17), and the regional center's contracts with ABLE for the period of July 1, 2006 through June 30, 2007.

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. The auditors did not review the financial statements of ABLE, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of ABLE's internal controls to gaining an understanding of the transaction flow and invoice preparation process as necessary to develop appropriate auditing procedures.

ABLE operated fifteen programs which include transportation programs, but the auditors limited the review of ABLE's programs to the programs listed below:

DAY PROGRAMS

During the audit period, ABLE operated ten Day Programs. Our audit included the review of seven of ABLE's Day Programs. The seven programs are listed below:

- Adult Development Programs:
H25560, H30497, HD0023, HP3599, H28683, H59187, Service Code 510
- Behavior Management Program, S25154, Service Code 515

The procedures performed included, but were not limited to, the following:

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing ABLE staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing ABLE's consumer attendance records to determine if ABLE had sufficient, competent, and relevant evidence to support the direct care services billed to the regional center. This was done by comparing purchase of service units to attendance records.
- Performing an analysis of ABLE's employee payroll and attendance records to determine if ABLE provided the level of staffing required.

MISCELLANEOUS PROGRAMS

During the audit period, ABLE operated a Miscellaneous Program. Our audit included this program, which is listed below:

- Community Integration Program, PH0482, Service Code 055

The procedures performed included, but were not limited to, the following:

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing ABLE's staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing ABLE's attendance records to determine if ABLE had sufficient, competent and relevant evidence to support the direct care services billed to the regional centers. This was done by comparing purchased of service units to attendance records.

CONCLUSION

Based upon the procedures we have performed, ABLE complied with the requirements of Title 17 with the exception of the following findings:

Day Programs

Billing

ABLE could not provide supporting documentation for services billed and failed to bill for services provided in its Adult Development and Behavior Management programs. This resulted in a net overpayment of \$911.15.

Staffing

ABLE did not meet the required staffing levels for three Adult Development programs. This resulted in a shortage of direct care staff hours provided and \$4,269.47 overpaid.

The net total of the findings identified by this audit is \$5,180.62 overpaid to ABLE. A detailed description of the findings is contained in the Findings and Recommendations section of this report.

VIEWS OF RESPONSIBLE OFFICIALS

As part of the vendor audit process, ABLE is afforded the opportunity to respond to the draft audit report by providing a written response. On November 24, 2008, Cynthia Raimondi, ABLE's Executive Director, remitted their response. Their response stated in part "While I am displeased that we were not able to provide 100% accuracy in our paperwork, I am afraid that we have nothing further to add at this time." ABLE stated that since the audit, they have made significant improvements to their systems and service operations.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, Inland Regional Center, and Adult Basic Learning Environment, Inc. Additionally, six user regional centers, which referred consumers to Adult Basic Learning Environment, Inc. and were affected by the audit results, will be sent a copy of the report. This audit report is not intended and should not be used by anyone other than those specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

ARTHUR J. LEE, CPA
Manager
Audit Branch

FINDINGS AND RECOMMENDATIONS

FINDING 1: Unsupported and Failure to Bill – Day Programs

From the testing of documentation that supports the Day Program services billed by ABLE for the sample months of August 2006 and March 2007, it was found that ABLE both over and under billed the regional center for services provided. Over billings occurred as a result of source documentation not supporting units of service paid. Under billings occurred as a result of ABLE failing to bill for units of service authorized and provided. The discrepancies consisted of the following items:

- ABLE could not provide supporting documentation for 29 days of service in the Adult Development and Behavior Management Programs. The lack of supporting documentation resulted in service over billed to the regional center for \$1,713.65.
- ABLE provided 16 days of service in the Adult Development and Behavior Management Programs which were not billed to the regional center. The services were properly authorized by the regional center and provided to consumers. This resulted in \$802.50 under billed.

The combined findings identified above resulted in a net total of \$911.15 overpaid to ABLE. (See Attachment A.)

Title 17, Section 50604 states:

- (d) “All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers' billing/invoicing shall include, but not be limited to....”
- (e) “All service providers’ records shall be supported by source documentation.”

Title 17, Section 54326(a) states:

“All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed.
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

RECOMMENDATION:

For the period reviewed, a net over billing of \$911.15 was identified that ABLE should remit to DDS. In addition, ABLE should develop and implement policies and procedures to ensure that supporting documentation is maintained for all billing invoices and only bill for actual services provided.

AUDITEE’S RESPONSE:

ABLE presented no disagreement with this finding and indicated it has made changes to ensure any future audits will receive a 100% outcome.

See Attachment C for the full text of ABLE’s response.

FINDING 2: Unsupported Direct Care Service Hours – Day Programs

For the sample months of August 2006 and March 2007, ABLE did not comply with the required staff-to-consumer ratio for the programs listed below. For each of the programs, DDS rate letters identify that program billing rates were approved with a staff-to-consumer ratio of 1:3.

Adult Development Program, H25560

ABLE did not provide sufficient direct care staff hours to meet the required staffing ratio. As a result, there was a shortage of 144.75 staff hours equal to an overpayment of \$1,001.67.

Adult Development Program, H30497

ABLE did not provide sufficient direct care staff hours to meet the required staffing ratio. As a result, there was a shortage of 341 staff hours equal to an overpayment of \$2,250.60.

Adult Development Program, H59187

ABLE did not provide sufficient direct care staff hours to meet the required staffing ratio. As a result, there was a shortage of 102.54 staff hours equal to an overpayment of \$1,017.20.

The combined findings identified above resulted in a total overpayment of \$4,269.47 during the sample period. (See Attachment B.)

Title 17, Section 50606 (b)(4)(A) states:

“Verification that the required staff-to-consumer ratios are being met shall be determined as follows:

1. For activity centers, adult development centers, and behavior management programs:
 - a. For each month of the audit period, multiply the number of actual consumer days of attendance by the number of direct service hours operated per day;
 - b. Divide the total computed in a. by the approved staffing ratio to compute the number of direct care staff hours required during the approved program hours each month to maintain the approved staffing ratio; and....”

When the staff-to-consumer ratio has not been met, an overpayment has been made, and Title 17 contains provisions for determining the amount of overpayment. Specifically, Title 17, Section 50606 (b)(4)(B) states:

“If a determination is made that the approved staff-to-consumer ratio has not been met, the amount of any overpayments shall be determined as follows:

1. Subtract the number of direct care staff hours actually provided during the audit period from the number of direct care staff hours required, pursuant to (A) 1.
2. Multiply the amount computed in 1. by the average hourly salary and wage and fringe benefit costs reported, pursuant to Sections 57434 (a)(1)(A) and (a)(2) and which were utilized to calculate the vendor's rate of reimbursement received during the audit period."

RECOMMENDATION:

As a result of its understaffing, ABLE should pay back a total amount of \$4,269.47 to the DDS. In addition, ABLE should track and monitor the direct service hours that staff are required to provide in order to fulfill its approved staffing ratio.

AUDITEE'S RESPONSE:

ABLE presented no disagreement with this finding and indicated it has made changes to ensure any future audits will receive a 100% outcome.

See Attachment C for the full text of ABLE's response.

ABLE
Billing Finding
Summary of Unsupported and Failure to Bill - Day Programs
July 1, 2006 through June 30, 2007

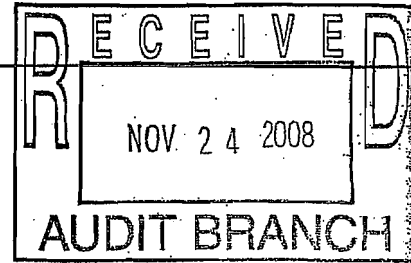
Finding No.	Vendor	Code	Description	A		B		C = A * B		D		E = A * D		F = C + E
				Unit Rate	Unit Type	Units	Amount	Units	Amount	Units	Amount	NET TOTAL Amount		
1	<u>Day Programs</u>													
	H25560	510	Adult Development Program	\$ 45.43	Per Day	10.00	\$ 454.30	(4.00)	(181.72)	\$	272.58			
	H30497	510	Adult Development Program	\$ 50.27	Per Day	2.00	\$ 100.54	(1.00)	(50.27)	\$	50.27			
	HD0023	510	Adult Development Program	\$ 69.22	Per Day	13.00	\$ 899.86	(3.00)	(207.66)	\$	692.20			
	HP3599	510	Adult Development Program	\$ 41.48	Per Day	1.00	\$ 41.48	(7.00)	(290.36)	\$	(248.88)			
	S25154	515	Behavior Management	\$ 72.49	Per Day	3.00	\$ 217.47	(1.00)	(72.49)	\$	144.98			
Total Day Program Over(Under) Billings Finding 1						29.00	\$ 1,713.65	(16.00)	\$ (802.50)	\$	911.15			

ABLE
Staffing Ratio
Schedule of Unsupported Direct Service Hours and Overpayment Amount
For The Audit Period July 1, 2006 Through June 30, 2007

	A	B	C = A*B
	August-06	September-07	Under Provided Direct Service Hours
			Average Salary per Cost Stmt
			Overpayment Amount
ADP - H25660 SC 510			
Required Direct Hours	1,030.00	965.00	
Less: Provided Direct Hours	885.25	1,016.00	
Under Provided Hours	144.75	Met Ratio	144.75 \$ 6.92 \$ 1,001.67
ADP - H30497 SC 510			
Required Direct Hours	1,530.00	1,498.00	
Less: Provided Direct Hours	1,234.50	1,452.50	
Under Provided Hours	295.50	45.50	341.00 \$ 6.60 \$ 2,250.60
ADP - H59187 SC 510			
Required Direct Hours	1,096.00	1,046.00	
Less: Provided Direct Hours	993.46	1,677.25	
Under Provided Hours	102.54	Met Ratio	102.54 \$ 9.92 \$ 1,017.20
COMBINED TOTAL ADP PROGRAMS			
July 1, 2006 through June 30, 2007			\$ 4,269.47

ABLE's Response to Draft Report

Certain documents provided by ABLE as attachments to their response are not included in this report due to the detailed and confidential nature of the information.

A.B.L.E., Inc.

November 18, 2008

Department of Developmental Services
 1600 Ninth Street, Room 230 MA-2-10
 Sacramento, CA 95814

ATTN: Arthur J. Lee

VIA FIRST CLASS MAIL

Dear Mr. Lee,

I am in receipt of the findings concluded in the audit of this company by the Department Of Developmental Services. While I am displeased that we were not able to provide 100% accuracy in our paperwork, I am afraid that we have nothing further to add at this time. Be assured that our documentation has been thoroughly examined and modifications have been set in place that will enable Adult Basic Learning Environment, Inc. to more efficiently show proof of service.

We had several forms of collecting our documentation as backup for our daily services provided to each client. We have since enhanced this documentation as well as have implemented other forms of documentation that we at the corporate office are able to see on a daily basis. As mentioned to the audit team from DDS, we were in the phase of implementing a new time clock system through ADP; we have had this new system working since July 1st, 2008 and are very happy with this system. The system is a hand punch clock in and out system for our staff and we at the corporate office pull this information continually throughout the day to assure that the required amount of staff and hours are being provided on a daily basis. This system through ADP allows online connection to these hand punches to see information within each minute of the day. This system from ADP works on hand recognition which also allows us to know that individual staff has punched in and out for themselves. We track our staff's hours daily and any problems are addressed immediately. We also have implemented an additional staff at every facility to insure that if multiple staff call off we are able to provide the service hours we are contracted for (as well as assure we are following regulations). We not only have implemented the additional staff, but we also have incorporated our lead staff out of ratio as well. Our Data Collections forms have been altered to enable our staff to chart according to each clients objective. Moreover we have made it mandatory that all of our staff document the performance of each of our valuable clients on a daily basis in our 'Case Note' documentation. Both of these documents are checked daily by the centers Lead Instructor and they are checked again on a weekly basis by our Administrators. We have also implemented a transportation log which tracks the drop off times for clients as well as the pick-up times for clients on a daily basis.

We have also implemented monthly audits with the Controller to check all of the above information to billing documents to Regional Centers for services for the validity so that if any information is incomplete or inaccurate an immediate correction can be made. I am pleased to

Adult Basic Learning Environment, Inc.

Corporate Office 515 New Jersey St., Ste D, Redlands, CA 92373 Phone 909 335 3022 Fax 909 798 6582

Facility Locations:

34453 Yucaipa Blvd Yucaipa / 1920 Orange Tree Lane Ste 340 Redlands / 344 S Citrus Ave Covina / 452 W Badillo Ave Covina
 14101 Nelson Ave La Puente / 3255 South Street Ste K202 Long Beach / 1028 Crenshaw Blvd Torrance / 204 N Victory Blvd Burbank / 320 W Colorado Blvd Glendale

let you know that since our audit and implementing these above changes we have improved our service operations and documentation to 100%.

Adult Basic Learning Environment, Inc. has a notable Quality Assurance tool that is conducted internally by our Director semi-annually, keeping our Administration aware of any areas of operation that need improving which is not just limited to documentation but we feel is also a way in which we are able to provide a quality day program for our clients. We pride ourselves at running our programs according to Regulations.

We have always strived for excellence and were very disappointed in the outcome of this audit and believe we have implemented changes that are proven. We value the care of the clients as being our number one goal and feel we need to take any and all actions to assure their safety as well as helping them gain a sense of accomplishment and self worth.

I have included documents that we utilize to assure our ratio's as well as service hours are verifiable at a moment's notice.

In closing, it is hard to see that our audit was not 100% and that this audit has brought to our attention that we needed to implement changes, which we feel that for any future audits we will receive that 100% outcome, we strive for that excellence and I am confident that our procedures will further prove this on an ongoing basis.

Respectfully,



Cynthia J. Raimondi
Executive Director

ENC; Facility Data Collection Worksheet
Client Case Notes
Transportation Tracking Form
Employee Time Card View
Facility Ratio and hours monthly tracking form

Cc: Board of Directors, A.B.L.E., Inc.

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES' (DDS)
EVALUATION OF
ABLE's RESPONSE**

As part of the vendor audit report process, ABLE was afforded the opportunity to respond to the draft audit report and provide a written response to each finding. Upon receipt of ABLE's written response to the draft audit report, DDS evaluated the response and determined that ABLE did not disagree with Findings 1 or 2.