

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
DEVELOPMENTAL DISABILITIES SERVICES
ORGANIZATION, INC. (DDSO)**

Day Programs:

Transition for Tomorrow (T2) – H09625
Short Center South (SCS) – H24437
Adult Development Center South (ADC) – H24438
Employment Plus (E+) – HA0056
Community Integration Program (CIP) – H24376

Miscellaneous Services:

Supplemental T2 - P09625
Supplemental ADC - P24438
Supplemental E+ - HA0056
Supplemental CIP - P24376

(Audit Period: July 1, 2004 through June 30, 2005)

Audit Branch

Auditors: Michael Masui, Chiefs of Vendor Audits
Al Kitay, Supervisor
Rachel De Jesus, Lead Auditor
Vi Tran,
Wilfredo Golez,
Manuel Valdez

**DEVELOPMENTAL DISABILITIES SERVICES
ORGANIZATION, INC. (DDSO)**

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Developmental Disabilities Services Organization, Inc. (DDSO). The audit was performed upon the following Day Programs and Miscellaneous Services operated by DDSO: Transition for Tomorrow (T2), Short Center-South (SCS), Adult Development Center-South (ADC), Employment Plus (E+), and Community Integration Program (CIP). The audit was performed during the period of July 1, 2004 through June 30, 2005.

The last day of fieldwork was February 1, 2007.

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

Finding 1: Day and Miscellaneous Programs – Unsupported Staffing Ratio

The review of DDSO's Day and Miscellaneous Programs' staffing ratios for the Vendor Numbers H09625, P09625, H24437, H24438, P24438, HA0056, H24376, and P24376 revealed a lack of supporting documentation for its required direct care staffing hours. This resulted in a shortage of direct care staffing of 3,573.07 hours for a total of \$39,527.34 due back to DDS.

Finding 2: Day and Miscellaneous Programs – Unsupported Billing and Failure to Bill

The review of DDSO's Day and Miscellaneous Programs for the Vendor Numbers H09625, P09625, H24437, HA0056, and H24376 revealed that DDSO had both unsupported billings as well as appropriate support for services that it failed to bill the Alta California Regional Center (ACRC). As a result, DDSO had a total of \$14,447.28 unsupported billings and a total of \$6,799.13 for which it failed to bill. The net amount due to DDS is \$7,648.15.

Finding 3: Day Program – Consumer at Non-Authorized Location

The review of DDSO's Day Program, Employment Plus (E+), Vendor Number HA0056 revealed that for one consumer, the services were authorized and billed at Supported Employment, Vendor Number HA0361, but the attendance documentation indicated that this consumer was at location E+.

Finding 4: Day and Miscellaneous Programs – Maintenance of Source Documentation

The review of DDSO's Day and Miscellaneous Programs, Vendor Numbers H09625, P09625, H24437, H24438, P24438, HA0056, H24376, and P24376 revealed that it did not maintain complete source documentation for its attendance sheets and transportation logs.

The net total for all of the findings identified in this audit is \$47,175.49 due back to DDS. A detailed discussion of these findings is 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 vendors and/or contractors. Per Welfare and Institutions Code, Section 4648.1, 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 whether DDSO's Day and Miscellaneous Programs were compliant with the applicable Welfare and Institution (W&I) Code, California Code of Regulations (Title 17), and Alta California Regional Center's (ACRC) contracts with DDSO for the period of July 1, 2004 through June 30, 2005.

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. The auditors did not review the financial statements of DDSO, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of DDSO internal controls to gaining an understanding of the transaction flow and invoice preparation process as necessary to develop appropriate auditing procedures. The audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance that DDSO complied with Title 17.

Day Programs

During the audit period, DDSO operated eight Day Programs. Our audit included the review of five of DDSO's Day Programs. The programs audited are listed below:

- Transition for Tomorrow, H09625, Service Code 510
- Short Center South, H24437, Service Code 505
- Adult Development Center–South, H24438, Service Code 510
- Employment Plus, HA0056, Service Code 505
- Community Integration Program, H24376, Service Code 510

The procedures performed at ACRC, the vendoring regional center, and DDSO included, but were not limited to, the following:

- Interviewed ACRC staff for vendor background information and to obtain prior vendor audit reports.
- Interviewed DDSO staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewed DDSO service/attendance records to determine if DDSO had sufficient and appropriate evidence to support the direct care services billed to the ACRC.
- Performed an analysis of DDSO payroll and attendance/service records to determine if DDSO provided the level of staffing required.

Miscellaneous Programs

During the audit period, DDSO operated five Miscellaneous Programs. The audit included the review of four of DDSO's Miscellaneous Programs. The programs audited are listed below:

- Transition for Tomorrow, P09625, Service Code 110
- Adult Development Center–South, P24438, Service Code 110
- Employment Plus, HA0056, Service Code 110
- Community Integration Program, P24376, Service Code 110

The procedures performed at ACRC, the vendoring regional center, and DDSO included, but were not limited to, the following:

- Reviewed ACRC's vendor files for contacts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed ACRC staff for vendor background information and obtaining prior vendor audit reports.
- Interviewed DDSO staff and management to gain an understanding of its accounting procedures and processes for ACRC billings.
- Reviewed DDSO service/attendance records to determine if DDSO had sufficient and appropriate evidence to support the direct care services billed to the regional center.
- Performed an analysis of DDSO payroll and attendance/service records to determine if DDSO provided the level of staffing required.

CONCLUSION

Based upon the procedures performed, we have determined that except for the items identified in the Findings and Recommendation section, DDSO complied with requirements of Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

The DDS issued a draft audit report on January 5, 2011. The findings in the report were discussed at an exit conference with Yvonne Soto, Chief Executive Officer of DDSO, on January 14, 2011. In a response dated February 17, 2011, DDSO did not disagree with the draft audit report.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, Alta California Regional Center, and Developmental Disabilities Services Organization, Inc. This 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.

FINDINGS AND RECOMMENDATIONS

Finding 1: Day and Miscellaneous Programs – Unsupported Staffing Ratio

The review of DDSO's Day and Miscellaneous Programs, for the sample months of July 2004 through June 2005, found that DDSO did not meet the required staffing ratio for the following programs:

Vendor Number H09625, Staffing Ratio 1:4

For Vendor Number H09625, "Classroom Activities" for the month of November 2004, DDSO had 107.18 of unsupported direct care staffing hours. For "Community Activities" for the months of September 2004 through June 2005, DDSO had 447.53 of unsupported direct care staffing hours. This resulted in a total of 554.71 of unsupported direct care staffing hours, which amounts to \$5,541.55 due back to DDS.

Vendor Number H24437, Staffing Ratio 1:7

For Vendor Number H24437, "Classroom Activities" for the months of July 2004 through June 2005, DDSO had 1,486.75 of unsupported direct care staffing hours. Due to the absence of source documentation for the "Community Activities," all direct care service provided was classified as "Classroom Activities" since the classroom activities were a major component of this program.

As a result, there were a total of 1,486.75 of unsupported direct care staffing hours, which amounts to \$17,885.60 due back to DDS.

Vendor Number H24438, Staffing Ratio 1:4

For Vendor Number H24438, "Classroom Activities" for the months of August 2004 through November 2004 and March 2005 through June 2005, DDSO had 1,112.13 of unsupported direct care staffing hours. For "Community Activities" for the months of August, November, and December 2004 to June 2005, DDSO had 38.17 of unsupported direct care staffing hours.

As a result, there were a total of 1,150.30 of unsupported direct care staffing hours, which amount to \$11,940.11 due back to DDS.

Vendor Number HA0056, Staffing Ratio 1:6

For Vendor Number HA0056, "Classroom Activities" for the months of July 2004 and January 2005, DDSO had 21.50 of unsupported direct care staffing hours. For "Community Activities" for the month of June 2005, DDSO had 73 of unsupported direct care staffing hours.

As a result, there were a total of 94.5 of unsupported direct care staffing hours, which amount to \$1,277.64 due back to DDS.

Vendor Number H24376, Staffing Ratio 1:4

For Vendor Number H24376, “Classroom Activities” for the months of September and October 2004, and April and May 2005, DDSO had 236.37 of unsupported direct care staffing hours. For “Community Activities” for the months of September 2004 to February 2005, DDSO had 50.44 unsupported direct care staffing hours.

As a result, there were a total of 286.81 of unsupported direct care staffing hours, which amount to \$2,882.44 due back to DDS.

The total for the programs audited amounted to \$39,527.34 due back to DDS. (See Attachment A.)

DDSO’s Day Program – T2, Vendor Number H09625, Services Design, dated March 1999, states that the agreed upon staff-to-client ratio is 1:4.

DDS’ rate letter for Day Program – SCS, Vendor Number H24437, dated December 1, 2000, indicates the agreed upon staff-to-client ratio is 1:7.

DDS’ rate letter for Day Program – ADC, Vendor Number H24438, dated December 1, 2000, indicates the agreed upon staff-to-client ratio is 1:4.

DDS’ rate letter for Day Program – E+, Vendor Number HA0056, dated July 31, 2003, indicates the agreed upon staff-to-client ratio is 1:6.

DDS’ rate letter for Day Program – CIP, Vendor Number H24376, dated December 1, 2000, indicates the agreed upon staff-to-client ratio is 1:4.

Supplemental Services for T2, Vendor Number P09625, had 1:1 and 1:2 staffing ratios. ADC, Vendor Number P24438, had 1:2 staffing ratio. E+, Vendor Number HA0056, had 1:2 staffing ratio. CIP, Vendor Number P24376, had 1:1 and 1:2 staffing ratios.

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:

DDSO should reimburse to DDS the \$39,527.34 for the unsupported direct care staffing hours. DDSO should also develop policies and procedures to ensure it has sufficient staffing to meet the direct care staffing ratios. In addition, DDSO should review records subsequent to Fiscal Year 2004-2005 to determine if adjustments are necessary.

DDSO’s Response:

In responding to the audit report, DDSO did not dispute any issues identified in the course of the audit. DDSO did not disagree with the findings and requested an extended payment plan in order to meet their financial obligations. Additionally, proactively DDSO implemented numerous processes and procedures to strengthen their internal controls. See Attachment D for the full text of DDSO’s response.

Finding 2: Day and Miscellaneous Programs – Unsupported Billing and Failure to Bill

The review of DDSO’s Day and Miscellaneous Programs for the sample period of July 1, 2004 to June 30, 2005 for the Vendor Numbers H09625, P09625, H24437, HA0056, and H24376 revealed that DDSO had both unsupported billings as well as appropriate support for services that it failed to bill ACRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to ACRC. The failure to bill occurred when DDSO had appropriate supporting documentation, but did not bill ACRC. The following are the discrepancies identified:

Transition for Tomorrow – Vendor Numbers H09625 and P09625

For Vendor Number H09625, DDSO was not able to provide appropriate supporting documentation for 10 days of service and provided appropriate supporting documentation for six days of service, for which it failed to bill ACRC. At \$54.71 per day per consumer, the net amount of unsupported billing is \$218.84.

For Vendor Number P09625, DDSO provided appropriate supporting documentation for 258 hours of service, for which it failed to bill ACRC, at \$9.25 per hour or \$2,386.50 for the 1:1 Supplemental Services. For its 1:2 Supplemental Services, DDSO provided appropriate supporting documentation for 90 hours of service, for which it failed to bill ACRC, at \$5.31 per hour or \$477.90. DDSO, also, was not able to provide appropriate supporting documentation for 20 hours of service at \$5.31 per hour or \$106.20. As a result, DDSO under billed for a total of \$2,758.20.

The net total of the billing discrepancies resulted in a \$2,539.36 under payment for Transition for Tomorrow.

Short Center South – Vendor Number H24437

DDSO provided appropriate supporting documentation for 51 days of service, for which it failed to bill ACRC, at \$40.14 per day per consumer, which resulted in a \$2,047.14 under payment. DDSO was not able to provide appropriate supporting documentation for 31.50 days of service at \$40.14 per day, which resulted in an overpayment of \$1,264.41. The net total for the billing discrepancies resulted in a \$782.73 under payment for Short Center South.

Employment Plus – Vendor Number HA0056 (Service Codes 505 and 110)

For Service Code 505, DDSO was not able to provide appropriate supporting documentation for 16 days of service. In addition, DDSO billed for 175 attendance days when the service was conducting phone contacts to consumers to verify reason of absences. The total of 191 days at \$55.11 per day per consumer resulted in over billings of \$10,526.01. DDSO also provided appropriate supporting documentation for three days of service for which it failed to bill ACRC at \$55.11 per day per consumer, which resulted in an amount of \$165.33. The net amount for the billing discrepancies resulted in a \$10,360.68 overpayment.

For Service Code 110, DDSO was not able to provide appropriate supporting documentation for 27.5 hours of service at \$10 per hour per consumer for the 1:2 Supplemental Services for an overpayment of \$275.

The net total for the billing discrepancies resulted in a \$10,635.68 overpayment for Employment Plus.

Community Integration Program – Vendor Number H24376

DDSO was not able to provide appropriate supporting documentation for 31 days of service at \$55.76 per day, which amounted to \$1,728.56. DDSO provided appropriate supporting documentation for 25 days of service at \$55.76 per day, which amounted to \$1,394. This resulted in a net unsupported billing of \$334.56.

For the audit period from July 1, 2004 through June 30, 2005, the total unsupported billings for all the Day Programs and Supplemental Services amounted to \$14,447.28, and the total failure to bill was \$6,799.13. (See Attachment B.)

Title 17, Section 54326 (a) (10) states:

“All vendors shall:

(10) Bill only for services which are actually provided and which have been authorized by the referring regional center.”

Recommendation:

DDSO should reimburse to DDS the \$14,447.28 of unsupported billings. In addition, DDSO should develop and implement policies and procedures to ensure that the amounts billed are only for the services actually provided and that proper documentation is maintained to support the amounts billed to ACRC. DDSO should also discontinue the practice of using phone contacts for attendance billings on its E+ program.

DDSO's Response:

In responding to the audit report, DDSO did not dispute any issues identified in the course of the audit. DDSO did not disagree with the findings and requested an extended payment plan in order to meet their financial obligations. Additionally, proactively DDSO implemented numerous processes and procedures to strengthen their internal controls. See Attachment D for the full text of DDSO's response.

Finding 3: Day Program – Consumer at Non-Authorized Location

The review of DDSO's Day Program, Employment Plus (E+), Vendor Number HA0056 revealed that for one consumer, DDSO billed for services authorized for one location but rendered it at another location. The services were authorized and billed at Supported Employment, Vendor Number HA0361, but the attendance documentation indicated that this consumer was at location E+. The consumer started utilizing the service at Employment Plus (E+) in July 2004, but the authorization was not in effect until May 2005, which resulted in an over billing of \$3,314.40 at Supported Employment.

Title 17, Section 54326 (a) (10) states:

“All vendors shall:

(10) Bill only for services which are actually provided and which have been authorized by the referring regional center.”

Recommendation:

DDSO should coordinate with ACRC for the transfers of consumers to other programs. In addition, DDSO should ensure staff is aware that Purchase of Service authorizations should be approved and issued by the regional center before any changes of services are made for its consumers.

DDSO's Response:

In responding to the audit report, DDSO did not dispute any issues identified in the course of the audit. DDSO did not disagree with the findings and requested an extended payment plan in order to meet their financial obligations. Additionally, proactively DDSO implemented numerous processes and procedures to strengthen their internal controls. See Attachment D for the full text of DDSO's response.

Finding 4: Day and Miscellaneous Programs – Maintenance of Source Documentation

The review of DDSO' Day and Miscellaneous Programs revealed that DDSO did not maintain complete billing source documents to support all billings/invoicing for each consumer in the programs. DDSO did not maintain complete payroll source documents to support direct care hours provided to maintain the required staffing ratio for the following programs: T2 Day Program, Vendor Number H09625; T2 Supplemental Services, Vendor Number P09625; SCS Day Program, Vendor Number H24437; ADC Day Program, Vendor Number H24438; ADC Supplemental Services, Vendor Number P24438; Employment Plus, Vendor Number HA0056; CIP Day Program, Vendor Number H24376; and CIP Supplemental Services, Vendor Number P24376. (See Attachment C.)

Title 17, Section 50604 (d) (3) (C) 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:

(3) A record of services provided to each consumer. The record shall include:

(C)“For community-based day programs, the dates of service, place where service was provided, the start and end times of service provided to the consumer and the daily or hourly units of service provided.”

Also, Title 17, Section 50605 (a) states:

“All service providers’ financial and service records, including source documentation, shall be retained for a minimum of five years from the date of final payment for the State fiscal year in which services were rendered.”

Recommendation:

DDSO should maintain source documents to support all billings/invoicing and direct service hours to support the approved staffing ratio. In addition, source documents should be retained for a minimum of five years from the date of final payment for the State fiscal year in which services were rendered.

DDSO’s Response:

In responding to the audit report, DDSO did not dispute any issues identified in the course of the audit. DDSO did not disagree with the findings and requested an extended payment plan in order to meet their financial obligations. Additionally, proactively DDSO implemented numerous processes and procedures to strengthen their internal controls. See Attachment D for the full text of DDSO’s response.

**Developmental Disabilities Services Organization, Inc. (DDSO)
Staffing Ratio: Provided Vs. Required Direct Care Hours
For the Audit Period: July 1, 2004 through June 30, 2005**

Attachment A

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Under Provided Direct Service Hours	Avg Salary per Cost Stmt	Over - payment Amount
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Day Programs

Transition for Tomorrow (T2) H09625, SC 510, P09625, SC 110

Classroom

Required Direct Hours	1,724.00	1,824.00	1,330.12	1,269.56	1,249.68	1,310.69	1,217.06	1,091.62	1,371.81	1,219.62	1,145.37	1,239.12			
Less: Provided Direct Hours	<u>1,824.00</u>	<u>1,825.50</u>	<u>1,426.50</u>	<u>1,381.50</u>	<u>1,142.50</u>	<u>1,314.00</u>	<u>1,230.25</u>	<u>1,158.75</u>	<u>1,560.25</u>	<u>1,327.25</u>	<u>1,275.75</u>	<u>1,361.25</u>			
Under Provided Hours	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	107.18		
					107.18										

Community

Required Direct Hours	No attendance provided	No attendance provided	388.38	392.94	368.32	349.31	350.94	354.38	462.19	466.38	446.13	476.38			
Less: Provided Direct Hours	<u>-</u>	<u>-</u>	<u>343.38</u>	<u>337.31</u>	<u>328.63</u>	<u>310.25</u>	<u>318.06</u>	<u>311.94</u>	<u>407.50</u>	<u>433.25</u>	<u>392.25</u>	<u>425.25</u>			
Under Provided Hours	-	-	45.00	55.63	39.69	39.06	32.88	42.44	54.69	33.13	53.88	51.13	447.53		
													554.71	\$9.99	\$5,541.55

Short Center South (SCS) H24437, SC 505

Classroom

Required Direct Hours	1,695.43	1,792.29	1,746.00	1,763.57	1,579.71	1,652.14	1,684.29	1,614.00	1,938.86	1,827.43	1,795.71	1,880.57				
Less: Provided Direct Hours	<u>1,618.75</u>	<u>1,657.25</u>	<u>1,589.00</u>	<u>1,562.75</u>	<u>1,412.50</u>	<u>1,618.75</u>	<u>1,560.00</u>	<u>1,426.00</u>	<u>1,862.75</u>	<u>1,711.00</u>	<u>1,682.50</u>	<u>1,782.00</u>				
Under Provided Hours													113.21	1,486.75	\$12.03	\$17,885.60
Note:	76.68	135.04	157.00	200.82	167.21	33.39	124.29	188.00	76.11	116.43		98.57				

For SCS, no transportation logs were made available for the audit period July 2004 through June 2005 hence all services were considered to be in the classroom.

Adult Development Center-South (ADC) H24438, SC 510, P24438, SC 110

Classroom

Required Direct Hours	954.00	870.58	828.62	951.00	729.54	811.14	736.62	758.33	882.12	869.16	862.82	947.14			
Less: Provided Direct Hours	<u>1,033.50</u>	<u>870.58</u>	<u>805.50</u>	<u>815.50</u>	<u>526.75</u>	<u>811.14</u>	<u>736.62</u>	<u>758.33</u>	<u>829.25</u>	<u>780.50</u>	<u>754.00</u>	<u>736.95</u>			
Under Provided Hours	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	1,112.13		
		90.18	223.12	135.50	202.79				52.87	88.66	108.82	210.19			

Community

Required Direct Hours	No attendance provided	176.42	159.88	No attendance provided	132.96	123.36	122.88	108.67	128.88	119.34	101.68	102.86			
Less: Provided Direct Hours	<u>171.04</u>	<u>171.04</u>	<u>159.88</u>	<u>131.33</u>	<u>120.30</u>	<u>116.25</u>	<u>100.04</u>	<u>127.00</u>	<u>116.38</u>	<u>98.62</u>	<u>97.92</u>				
Under Provided Hours		5.38	Met Ratio	1.63	3.06	6.63	8.63	1.88	2.96	3.06	4.94		38.17		
													1,150.30	\$10.38	\$11,940.11

Developmental Disabilities Services Organization, Inc. (DDSO)
Staffing Ratio: Provided Vs. Required Direct Care Hours
For the Audit Period: July 1, 2004 through June 30, 2005

Attachment A

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Under Provided Direct Service Hours	Avg Salary per Cost Stmt	Over - payment Amount
Employment Plus (E+) HA0056, SC 505, 110															
<u>Community/Janitorial and Landscaping</u>															
Required Direct Hours	142.50	151.50	175.00	189.00	162.50	175.50	169.50	185.00	223.00	194.00	231.00	223.00			
Less: Provided Direct Hours	252.00	264.00	252.00	234.00	216.00	246.00	234.00	222.00	276.00	246.00	252.00	150.00			
Under Provided Hours	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	73.00		
<u>Classroom</u>															
Required Direct Hours	160.00	225.50	237.00	193.00	208.50	237.00	233.50	197.00	188.00	215.00	170.00	204.00			
Less: Provided Direct Hours	144.00	258.00	252.00	258.00	228.00	246.00	228.00	222.00	270.00	246.00	252.00	258.00			
Under Provided Hours	16.00	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	5.50	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio			21.50
<u>Supplemental Services</u>															
Required Direct Hours	111.00	117.00	114.00	111.00	105.00	117.00	96.00	102.00	126.00	111.00	114.00	120.00			
Less: Provided Direct Hours	126.00	132.00	126.00	126.00	114.00	126.00	120.00	102.00	138.00	120.00	126.00	132.00			
Under Provided Hours	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio		
													94.50	\$13.52	\$1,277.64
Community Integration Program (CIP) H24376, SC 510, P24376, SC 110															
<u>Staff to Client Ratio 1:4</u>															
<u>Classroom</u>															
Required Direct Hours	925.50	969.00	627.62	653.87	671.06	624.50	600.69	558.94	948.00	861.00	837.00	858.00			
Less: Provided Direct Hours	1,092.50	1,022.00	493.25	836.25	889.25	753.63	680.50	669.63	1,159.00	858.00	744.00	872.00			
Under Provided Hours	Met Ratio	Met Ratio	134.37	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	3.00	93.00	Met Ratio			230.37
<u>Supplemental Services</u>															
<u>Staff to Client Ratio 1:1</u>															
<u>Classroom</u>															
Required Direct Hours	No attendance provided	96.00	84.25	86.75	86.00	91.00	98.25	81.75	240.00	252.00	240.00	264.00			
Less: Provided Direct Hours	provided	96.00	84.25	80.75	86.00	97.00	98.25	81.75	240.00	252.00	240.00	264.00			
Under Provided Hours	-	Met Ratio	Met Ratio	6.00	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio			6.00
<u>Staff to Client Ratio 1:2</u>															
<u>Classroom</u>															
Required Direct Hours	57.00	66.00	60.00	60.00	39.00	62.37	105.00	100.87	102.00	120.00	96.00	129.00			
Less: Provided Direct Hours	114.00	132.00	120.00	120.00	78.00	125.38	204.00	199.88	204.00	240.00	192.00	258.00			
Under Provided Hours	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio	Met Ratio			Met Ratio
<u>Community</u>															
Required Direct Hours	No attendance provided	No attendance provided	338.13	310.88	165.44	293.13	261.06	243.94	No attendance provided	No attendance provided	No attendance provided	No attendance provided			
Less: Provided Direct Hours	provided	provided	327.69	300.57	159.69	280.19	250.31	243.69	provided	provided	provided	provided			
Under Provided Hours			10.44	10.31	5.75	12.94	10.75	0.25							50.44
													286.81	\$10.05	\$2,882.44
Combined Total													3,573.07		\$39,527.34

**Developmental Disabilities Services Organization, Inc. (DDSO)
 Unsupported Billing and Failure to Bill for Day Program Services
 For the Audit Period: July 1, 2004 through June 30, 2005**

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings ¹		Failed to Bill ²		NET TOTAL
						Units	Amount	Units	Amount	Amount
Day Programs										
Finding 2	Transition for Tomorrow (T2)									
	H09625	510	Adult Development Program	Day	\$ 54.71	10.00	\$ 547.10	6.00	\$ (328.26)	\$ 218.84
	P09625	110	Supplemental	Hour	various	20.00	106.20	348.00	(2,864.40)	<u>(2,758.20)</u>
								(258 + 90)		\$(2,539.36)
	Short Center South (SCS)									
	H24437	505	Activity Center	Day	\$ 40.14	31.50	1,264.41	51.00	(2,047.14)	\$ (782.73)
	Employment Plus (E+)									
	HA0056	505	Activity Center	Day	\$ 55.11	191.00	10,526.01	3.00	(165.33)	\$10,360.68
	HA0056	110	Supplemental	Hour	\$ 10.00	27.50	275.00	-	-	<u>275.00</u>
										\$10,635.68
	Community Integration Center (CIP)									
	H24376	510	Adult Development Program	Day	\$ 55.76	31.00	<u>1,728.56</u>	25.00	<u>(1,394.00)</u>	<u>\$ 334.56</u>
			<i>Total Day Program</i>				\$ 14,447.28		\$ (6,799.13)	\$ 7,648.15
NET TOTAL UNSUPPORTED BILLINGS:										<u>\$ 7,648.15</u>

¹These payments were authorized by the RC(s) and paid to the vendor but the vendor failed to provide supported documents

²These payments were authorized by the RC(s), services were documented by the vendor but the vendor failed to bill.

Developmental Disabilities Services Organization, Inc. (DDSO)
Schedule of Lack of Source Documentation
For the Audit Period: June 1, 2004 through June 30, 2005

<u>Day Programs</u>	<u>Attendance Sheets</u>	<u>Billing</u>	<u>Transportation Logs</u>
<u>Transition for Tomorrow (T2)</u> H09625, SC 510, P09625, SC 110	May 2005 and June 2005		July 2004 and August 2004
<u>Short Center South (SCS)</u> H24437, SC 505	none missing		July 2004 to June 2005
<u>Adult Development Center-South</u> H24438, SC 505, P24438, SC 110	July & Aug. 2004; Oct. 2004 to June 2005		July 2004 and October 2004
<u>Employment Plus (E+)</u> HA0056, SC 505, 110	July 2004 to June 2005		Not applicable
<u>Community Integration Program</u> H24376, SC 510, P24376, SC 110	none missing		July 2004 and August 2004 March 2005 to June 2005

Note:

Alternative audit procedures were used to verify attendance in cases where the source documents are absent.

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES' (DDS)
EVALUATION OF DEVELOPMENTAL DISABILITIES SERVICES
ORGANIZATION (DDSO), INC.'S RESPONSE**

As part of the vendor audit report process, Developmental Disabilities Services Organization, Inc. was afforded the opportunity to respond to the draft audit report and provide a written response to the findings. On February 17, 2011, DDSO submitted a response to the draft audit report. DDS evaluated the response and determined that DDSO did not disagree with the draft audit report findings and requested an extended payment plan to meet their financial obligations. Additionally, in its response, DDSO listed processes and procedures that they have implemented to strengthen their internal controls.



DDSO Administration Office
 3463 Ramona Ave., Ste. #18
 Sacramento, CA 95826
 916.456.5166 - phone
 916.456.5227 - fax

Attachment D

Alan Short Center
 Alan Short Community Access Program
 928 E. Rose Street
 Stockton, CA 95202

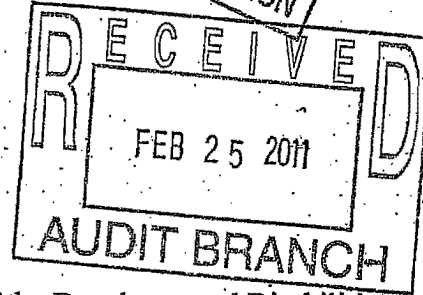
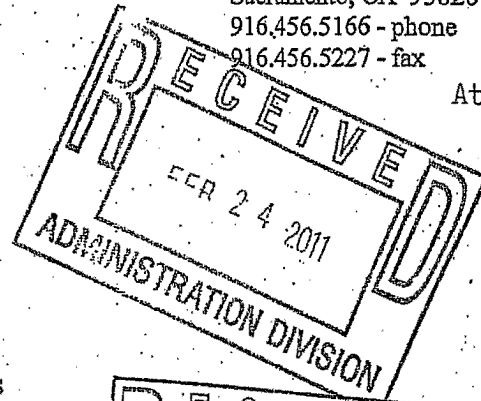
Achievement, Development & Care
 Short Center South
 1250 Sutterville Road, Ste.1
 Sacramento, CA 95822

Community Integration Program
 Employment +
 Short Center North
 Transitions for Tomorrow
 2331 St. Marks Way
 Sacramento, CA 95864

Capitol Books & Gifts
 State Capitol Basement
 Sacramento, CA 95814

February 17, 2011

Edward Yan, Manager
 Department of Developmental Services
 Audit Branch
 1600 Ninth Street, Room 230, MS 2-10
 Sacramento, CA 95814



Dear Mr. Yan:

We received the results of the audit review of the Developmental Disabilities Services Organization (DDSO) on January 10, 2011, and met with the Auditors on January 14, 2011 to discuss the draft report. The period of review was from July 1, 2004 through June 30th, 2005 for the Day Programs and Supplemental Services operated by DDSO as follows: Adult Developmental Center (ADC), Community Integration Program (CIP), Employment Plus (E+), Short Center South (SCS), and Transitions for Tomorrow (T2).

We presented the following response to the draft audit review at the audit review meeting on January 14, 2010: The Executive Management Team in place during the Fiscal year reviewed (July 1, 2004 through June 30th, 2005), retired in August of 2006. The new Management team came on board on September 1, 2006, only a few weeks prior to the beginning of the Department of Developmental Services (DDS) FY 04-05 audit.

As the DDS audit began, the new DDSO Management team also began their due diligence reviewing all existing DDSO Operations protocols and procedures. In conjunction with our own research and through the DDS auditing process it became immediately apparent that several changes needed to be made in our payroll, program attendance and billing procedures. DDSO quickly took the following Proactive steps to ensure that new and stronger checks and balances were implemented:

February 2007 to July 2007

- Reviewed, restructures and implemented new policies and procedures for program attendance, billing and payroll.
- Standardized all raw data attendance, billing and payroll forms for all programs.

- Centralized all program attendance, billing and payroll forms on a “secure, shared access server” for all programs to use.
- Required all programs to turn in, on a monthly basis, their original billing, attendance, transportation, and payroll documentation.
- Assigned Administration staff to compile, review, and retain this documentation for all programs.
- Provided staff training on the new policies and standardized forms and procedures.

July 2007 to September 2007

- Designed and developed an automated process for program attendance, billing, and payroll that would cross check all raw data submitted, and act as a secondary set of checks and balances.
- Implemented the automated process and again assigned an administrative staff person to input the raw data, cross check and monitor all data submitted by the programs.

September 2007

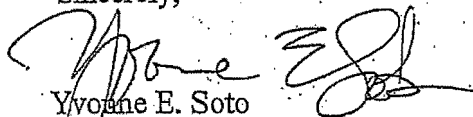
- Introduced the new automated process to the program staff responsible for compiling their programs attendance, billing and payroll information.
- Conducted staff in-service trainings on the new automated processes.
- Implemented the Salesforce software platform that allows us to add POS tracking and alerts when a POS is added in, changed and/or due to expire. Again ensuring a secondary set of checks and balances within this workflow.
- Implemented a program policy and procedure to manage daily ratios and protocol to manage staff and/or clients when the ratios cannot be met due to absences.

We have also changed program management staff at two of the audited programs (SCS & E+), and one additional program to ensure that all DDSO policies and procedures are being monitored, met and implemented.

While we feel that DDSO has proactively made changes to the areas identified in the audit review that will eliminate future problems with locating original source documents, we understand that this does not ameliorate the issue from the audit review, of missing information from July 1, 2004 to June 30, 2005.

More so because of recent revenue reductions and pending new cuts, we would like to request an extended payment plan in order to meet our financial obligation.

Sincerely,



Yvonne E. Soto
Chief Executive Officer
DDSO, Inc

Cc: Phil Bonnet, ACRC
Evie Correa, DHCS
Karyn Meyreles DDS
Rita Walker, DDS
Julia Mullen, DDS
Greg Saul, DDS
Michael Masui, DDS
Alton Kitay, DDS