

DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
GRACELYN RESIDENTIAL CARE, INC.

Residential Programs:
Gracelyn Residential Care – H79676
Covenant Care - HR0262

Out-of-Home Respite Programs:
Gracelyn Residential Care – H79676
Covenant Care – HR0262

Miscellaneous:
Supplemental Program Support - HR0075

(Audit Period: July 1, 2003 through December 31, 2005)

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
Alton Kitay, Supervisor
Vi Tran, Lead Auditor
Rachel De Jesus

Assignment # 06-VN-1-010

GRACELYN, INC.

TABLE OF CONTENTS

	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	5-9
Attachment A – Summary of Unsupported Billings – RCRC Consumers	10
Attachment B – Summary of Direct Care Staffing Hours – RCRC Consumers.....	11
Attachment C- Gracelyn’s Response	12-13
Attachment D – The Department of Developmental Services’ Evaluation Of the Vendor’s Response	14-15

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Gracelyn, Inc. Gracelyn operates two residential facilities, Gracelyn Residential Care (GRC) and Covenant Care (CC). Both GRC and CC provided services to RCRC consumers as well as a number of privately funded consumers. The issues noted in the report are applicable to the RCRC consumers. The audit was performed upon the Residential Programs, Out-of-Home Respite Services, and Miscellaneous Program for the period of July 2003 through December 2005.

The last day of fieldwork was Friday, March 24, 2006.

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

Finding 1: Supplemental Program Support (HR0075) – Unsupported Billing

During the audit period, Gracelyn over billed Redwood Coast Regional Center (RCRC) for 15,051.15 hours of unsupported direct care that amounted to \$180,613.80.

Finding 2: Residential Programs (H79676 and HR0262) – Unsupporting Staffing

During the audit period, Gracelyn was unable to support its required residential staffing level. This resulted in a shortage of 863.43 hours.

Finding 3: Out-Of-Home Respite Program (H79676) – Unsupported Staffing

During the audit period, Gracelyn was unable to support its required out-of-home staffing level. This resulted in a shortage of 32.68 direct care hours.

The audit identified \$180,613.80 of unsupported billings by Gracelyn. 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

The audit was conducted to determine whether Gracelyn's Residential and Respite programs were compliant with Title 17 and the regional center's contract(s) for the period of July 1, 2003 through December 31, 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 Gracelyn, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of Gracelyn's internal controls to gaining an understanding of the transaction flow and invoice preparation process as necessary to develop appropriate auditing procedures.

Residential Programs

During the audit period, Gracelyn operated two Residential Programs. Our audit included both of Gracelyn's Residential Programs. The programs audited are listed below:

- Gracelyn Residential Care, H79676, Service Code 915, Level 2
- Covenant Care , HR0262, Service Code 915, Level 2

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

- Reviewing the regional center's vendor files for program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing the regional center's staff for vendor background information and to obtain prior vendor audit reports.
- Determining if Gracelyn had sufficient evidence to support the days of consumer attendance.
- Determining that regulations are appropriately applied for consumer partial month stays.
- Performing an analysis of the vendor's payroll and attendance/service records to determine if the vendor provided the staffing required for its service level.

Out-of-Home Respite Programs

During the audit period, Gracelyn operated two Out-of-Home Respite Programs. Our audit included both of Gracelyn's Out-of-Home Respite Programs. The programs audited are listed below:

- Gracelyn Out-of-Home Respite, H79676, Service Code 868
- Covenant Care Out-of-Home Respite, HR0262, Service Code 868

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

- Reviewing the regional center's vendor files for program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing the regional center's staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing Gracelyn's staff and management to gain an understanding of its accounting procedures and processes for regional center billing.
- Reviewing Gracelyn's respite workers' attendance records to determine if Gracelyn had sufficient, competent, and relevant evidence to support the services billed to the regional center.
- Reviewing Gracelyn's respite workers' payroll to determine if the workers provided the number of hours/days billed by Gracelyn.

Supplemental Program Support

During the audit period, Gracelyn operated one Miscellaneous Program. Our audit included Gracelyn's Supplemental Support Program. The program audited is listed below:

- Gracelyn Supplemental Program Support, HR0075, Service Code 109

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

- Reviewing the regional center's vendor files for program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing the regional center's staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing Gracelyn's staff and management to gain an understanding of its accounting procedures and processes for regional center billing.
- Reviewing Gracelyn's service/attendance records to determine if Gracelyn had sufficient evidence to support direct care services billed to the regional center.
- As a result of Gracelyn's documentation of direct care staffing hours, DDS determined it was necessary to allocate direct care hours to the Residential Program first, Out-of-Home Respite, and then any remaining hours to the Supplemental Program Support. The only exception to this procedure was in the case of sufficient documentation provided specifically for Supplemental Services.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

The Department of Developmental Services issued the draft report on June 22, 2009. On June 22, 2009, Cleo Herington, President of Gracelyn, responded to the draft audit report. Ms. Herington indicated that she and her husband worked many hours that were not included. She also questioned whether she received funds for Supplemental Program Support for Covenant Care. And lastly, she claimed that there were two occasions that she returned funds to the Redwood Coast Regional Center and was not sure the funds were accounted for in the audit.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, Redwood Coast Regional Center, and Gracelyn, 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: Unsupported Billing - Supplemental Program Support (HR0075)

From the testing of documentation that supports the Supplemental Program Support services billed by Gracelyn for the audit period, it was found that Gracelyn had over billings to Redwood Coast Regional Center (RCRC) for services provided. Over billings occurred as a result of billing over the limits authorized and as a result of source documentation not supporting units of service paid. The over billings identified are:

Gracelyn Residential Care Facility:

For the period of July 1, 2003 through June 30, 2004, Gracelyn could not provide supporting documentation for 7,602.07 direct hours billed to RCRC.

For the period of July 1, 2004 through June 30, 2005, Gracelyn could not provide supporting documentation for 6,173.19 direct hours billed to RCRC.

For the period of July 1, 2005 through December 31, 2005, Gracelyn could not provide supporting documentation for 1,133.89 direct hours billed to RCRC.

The combined over billings result in a total of 14,909.15 hours that are not supported by source documentation, which is a total of \$178,909.80 over billed.

Covenant Care Facility:

For the period of July 1, 2004 through June 30, 2005, Gracelyn could not provide supporting documentation for 142.00 direct hours billed to RCRC.

The combined over billings result in a total of 142.00 hours that are not supported by source documentation, which is a total of \$1,704.00 over billed.

The combined findings identified above resulted in a net total of \$180,613.80 overpaid to Gracelyn. (See Attachment A.)

Title 17, Section 54326 (a) states:

“All vendors shall:

(3) Maintain records of service 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.”

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.”

(e) “All service providers’ records shall be supported by source documentation.”

Recommendation:

Gracelyn should reimburse DDS \$180,613.80 for the over payment for the Supplemental Program Support. In addition, Gracelyn should develop and implement policies and procedures to ensure that supporting documentation is maintained for all billing invoices as required by Title 17 and billing invoices submitted to the regional center are only for actual services provided.

Gracelyn’s Response:

Gracelyn claimed that Cleo Herington, the president of Gracelyn, Inc., provided more direct care hours than was allowed in the audit. Gracelyn stated that Ms. Herington and her husband worked many hours providing direct care, however, acknowledge that no documentation of the hours was maintained.

In addition, Gracelyn questioned whether they received any Supplemental Program Support funds for consumers at Covenant House.

Lastly, Gracelyn mentioned that on two previous occasions they returned funds to RCRC due to insufficient staffing. Gracelyn was concerned whether or not DDS took into account the returned funds in calculating the findings.

See Attachment C for the full text of Gracelyn’s response to the draft audit report and Attachment D for DDS’s evaluation of Gracelyn’s response.

Finding 2: Unsupported Staffing – Residential Program (H79676 and HR0262)

For the audit period of July 1, 2003 through December 31, 2005, Gracelyn could not provide documentation to support the direct care hours required for its service level under Title 17, Section 56004 (d) for the Residential Level 2 services. GRC and CC are Level 2 residential facilities that are required to provide 168 hours per week for the first six consumers. An additional 12 hours per week of direct care staffing are required for each consumer thereafter. GRC was licensed for 15 consumers and CC was licensed for 6 consumers.

During the audit period, both facilities provided services to privately funded consumers in addition to the consumers funded by RCRC. The hours required for both privately funded consumers and RCRC consumers were allocated

proportionately. All residents of a residential facility receive the same care and require the same amount of staff time irrespective of their funding source.

Gracelyn Residential Care Facility:

For the audit period of July 1, 2003 through June 30, 2004, Gracelyn was required to provide 12,493.71 direct care staffing hours. Gracelyn provided documentation to support only 11,812.89 direct care staffing hours. This resulted in a shortage of 680.82 direct staffing hours, of which 479.39 hours were applicable to RCRC consumers that Gracelyn was unable to provide support.

For the audit period of July 1, 2004 through June 30, 2005, Gracelyn was required to provide 12,809.19 direct care staffing hours. Gracelyn provided documentation to support only 12,509.19 direct care staffing hours. This resulted in a shortage of 300 direct care staffing hours, of which 217.87 hours were applicable to RCRC consumers that Gracelyn was unable to provide support.

For the combined audit period of July 1, 2003 through December 31, 2005, the unsupported staffing hours for GRC amounted to 980.82 hours. The unsupported staffing hours applicable to RCRC consumers amounted to 697.26 hours.

Covenant Care Facility:

For the audit period of July 1, 2004 through June 30, 2005, Gracelyn was required to provide 8,760.00 direct care staffing hours. Gracelyn provided documentation to support only 8,438.50 direct care staffing hours. This resulted in a shortage of 321.50 direct care staffing hours of which 109.50 hours were applicable to RCRC consumers that Gracelyn was unable to provide support.

For the audit period of July 1, 2005 through December 31, 2005, Gracelyn was required to provide 4,416 direct care staffing hours. Gracelyn provided documentation to support only 4,272.50 direct care staffing hours. This resulted in a shortage of 143.50 direct care staffing hours, of which 56.67 hours were applicable to RCRC consumers that Gracelyn was unable to provide support.

For the combined audit period of July 1, 2003 through December 31, 2005, the shortage of direct care staffing hours for CC amounted to 898.75 hours. The unsupported staffing hours applicable to RCRC consumers amounted to 166.17 hours.

The combined shortage of direct care staffing hours for GRC and CC for Residential services for the audit period of July 1, 2003 through December 31, 2005 was 1,879.57 hours. The shortage applicable to RCRC consumers amounted to 863.43 hours. (See Attachment B.)

Title 17, Section 56004 (d) states:

“In addition to the basic level of staffing described in subsection (c)(2)(A) through (D) . . . , facilities providing residential services to a greater number of consumers shall provide a cumulative number of additional weekly direct care staff hours for consumers based upon the facility's service level.”

Title 17, Section 50604 (c) (2) requires that:

“Staffing schedules in conformance with staffing level requirements, if any, are supported by payroll records and source documents.”

Title 17, Section 56054 (a) (2) states:

“Provision of fewer direct care staff hours than are required by the facility’s approved service level” is considered to be a substantial inadequacy.”

Title 17, Section 56056 (a) states:

“The regional center and the administrator shall meet to develop a written corrective action plan (CAP) within 10 working days of the identification and verification of a substantial inadequacy.”

Recommendation:

Gracelyn should develop and implement policies and procedures to ensure it monitors and maintains the necessary staffing level on an ongoing basis. These policies and procedures should include provisions for maintaining staffing schedules supported by payroll and other supporting documents.

Gracelyn’s Response:

Gracelyn requested that DDS allow some of Ms. Herington and her husband’s personal hours worked at both Gracelyn and Covenant Care during the years audited.

See Attachment C for the full text of Gracelyn’s response to the draft audit report and Attachment D for DDS’s evaluation of Gracelyn’s response.

Finding 3: Unsupported Staffing – Out-of-Home Respite Services (H79676)

For the audit period of July 1, 2003 through December 31, 2005, Gracelyn failed to provide sufficient documentation of direct care hours for Out-of-Home Respite consumers at the GRC facility. The facility’s staffing requirement is based on the license and vendorization level of the facility and the number of residents living in the facility. All residents of a residential facility receive the same care and require the same amount of staff time. Accordingly, Out-of-Home Respite

consumers who live in a residential facility receive the same level of service for which the facility is vendorized.

For the audit period of July 1, 2003 through June 30, 2004, Gracelyn was required to provide 43 direct care staffing hours for Out-of-Home Respite services. Gracelyn provided documentation to support only 32.68 direct care staffing hours. This resulted in a shortage of 10.32 direct staffing hours that Gracelyn was unable to provide support.

For the audit period of July 1, 2004 through June 30, 2005, Gracelyn was required to provide 22.36 direct care staffing hours for Out-of-Home Respite services. Gracelyn provided no supporting documentation for these direct care staffing hours. This resulted in a shortage of 22.36 direct care staffing hours that Gracelyn was unable to provide support.

For the combined audit period of July 1, 2003 through December 31, 2005, the shortage of direct staffing hours for the Out-of-Home Respite services provided by GRC amounted to 32.68 hours. (See Attachment B.)

Title 17, Section 56004 (d) states:

“In addition to the basic level of staffing described in subsection (c)(2)(A) through (D) . . . , facilities providing residential services to a greater number of consumers shall provide a cumulative number of additional weekly direct care staff hours for consumers based upon the facility's service level.”

Recommendation:

Gracelyn should develop and implement policies and procedures to ensure it monitors and maintains the necessary staffing level on an ongoing basis. These policies and procedures should include provisions for maintaining staffing schedules supported by payroll and other supporting documents.

Gracelyn's Response:

Gracelyn requested that DDS allow some of Ms. Herington and her husband's personal hours worked at both Gracelyn and Covenant Care during the years audited.

See Attachment C for the full text of Gracelyn's response to the draft audit report and Attachment D for DDS's evaluation of Gracelyn's response.

GRACELYN RESIDENTIAL CARE AND COVENANT CARE
 Summary of Unsupported Billings
 Vendor Numbers H79676 and HR0262

	A	B	C=A-B	D	E=C*D	
SUPPLEMENTAL PROGRAM SUPPORT						
	Billed	Provided	Unsupported Hours RCRC Consumers	Billing Rate	Total Overpayment	
<u>Gracelyn</u>						
FY 2003-2004	7,992.00	389.93	(7,602.07)	\$12.00	(\$91,224.84)	
FY 2004-2005	7,150.00	976.81	(6,173.19)	\$12.00	(\$74,078.28)	
July-Dec.2005	1,608.00	474.11	(1,133.89)	\$12.00	(\$13,606.68)	
Total	16,750.00	1,840.85	(14,909.15)		(\$178,909.80)	a
<u>Covenant</u>						
FY 2003-2004	0.00	0.00	0.00	\$12.00	\$0.00	
FY 2004-2005	157.50	15.50	(142.00)	\$12.00	(\$1,704.00)	
July-Dec.2005	0.00	0.00	0.00	\$12.00	\$0.00	
Total	157.50	15.50	(142.00)		(\$1,704.00)	b
Total Overpayment	16,907.50	1,856.35	(15,051.15)		(\$180,613.80)	Σ ab

GRACELYN RESIDENTIAL CARE AND COVENANT CARE

Summary Of Underprovided Hours
Vendor Number H79676, HR0262

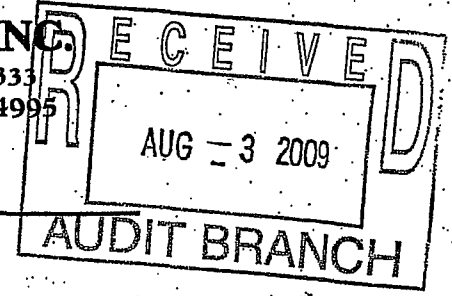
SUMMARY PER FACILITY

	FINDING 2				FINDING 3			
	A	B	C=A-B	D	E	F	G=E-F	
	RESIDENTIAL LEVEL 2				OUT-OF-HOME RESPITE			
	Required	Provided	Unsupported Private and RCRC Consumers	Unsupported RCRC Consumers Only (1)	Required	Provided	Unsupported RCRC Consumers	
<u>Gracelyn</u>								
FY 2003-2004	12,493.71	11,812.89	(680.82)	(479.39)	43.00	32.68	(10.32)	
FY 2004-2005	12,809.19	12,509.19	(300.00)	(217.87)	22.36	0.00	(22.36)	
July-Dec.2005	6,361.71	6,361.71	0.00	0.00	0.00	0.00	0.00	
Total	31,664.61	30,683.79	(980.82)	(697.26)	65.36	32.68	(32.68)	a
<u>Covenant</u>								
FY 2003-2004	1,464.00	1,030.25	(433.75)	0.00	0.00	0.00	0.00	
FY 2004-2005	8,760.00	8,438.50	(321.50)	(109.50)	0.00	0.00	0.00	
July-Dec.2005	4,416.00	4,272.50	(143.50)	(56.67)	0.00	0.00	0.00	
Total	14,640.00	13,741.25	(898.75)	(166.17)	0.00	0.00	0.00	b
Total Unsupported Direct Care Hours	46,304.61	44,425.04	(1,879.57)	(863.43)	65.36	32.68	(32.68)	∑ ab

(1) The "underprovided RCRC consumers only" = total underprovided hours * RCRC consumer attendance / Total consumer attendance.

GRACELYN RESIDENTIAL CARE, INC.

CORPORATE OFFICE ~ #125000726 ~ (541) 247-7333
CLEO B. HERINGTON, PRESIDENT ~ Cell (707)834-4995
P.O. BOX 1049 GOLD BEACH, OR. 97444



129 Higgins Street ~ Eureka, Ca. 95503
Administrator ~ Debra Janney White
Telephone ~ (707) 443-6691

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

Certified Letter #7001-2510-0004-8281-1594

July 13, 2009

Re: Gracelyn, Inc. Audit period 7/1/03 to 102/31/05, 30 day respond date
Please make correction to the spelling of Gracelyn, not Graceland

Dear Mr. Yan

I am so overwhelmed as to the findings of the draft, please forgive me if I can not put on paper what I want to say in a proper form. I am not disputing or even concerned to the accuracy of the audit. I am sure Al, Vi and Rachel were very thorough and complete in all respects. They were a pleasure to work with.

In the loss of my husband of 56 years on April 19, 2009, I can only plead and beg for Mercy. I have no heart to try to go through any of the many boxes of paperwork at this time.

I am asking for your consideration for some personal additional hours I worked in both Gracelyn and Covenant Care during those years. When I open Covenant Care I spent many, many hours there, training doing direct support care with the clients and working between both facilities making the operation run smoothly.

I know this would be impossible for me to prove as there is no time cards or schedules that I can show for proof. Not only did I work hours but my husband also worked direct support hours in both Covenant Care and Gracelyn when someone did not show for work.

One of the hardest responsibility of this business is qualifying staff, fingerprinting clearance and the time it takes, and then to get the response of "not approved for hire". We almost monthly have adds for help in a number of places, The Times Standard, Yahoo Internet, Top Jobs, Tri-City, and Cal-works, we had also adds posted on Humboldt State University and the unemployment office for help wanted.

As to my understanding the Draft period show's my hours allowed in the amount of 463. I can truthfully say in the 2 1/2 years audit period ~ I worked a lot more hours than allowed. I figure I can easily say at the least 2 years direct support care of 30 hours a week, or more. I feel this is a conservative figure, and I affirm that to the best of my knowledge this statement is true.

The Draft also showed Supplemental Program Support pay for Covenant Care Home, to my knowledge I never received any money for "Supplemental Program Support" in my 6 bed home, Gracelyn is the only home I had clients which Redwood Coast Regional paid SPS to, and this is because of staffing.

I looked back on my tax records as to the gross dollar amount received from RCRC, In 2003 I divided the

gross in half as it was 6 months period, also I did not keep track of how many clients were in the our care for these years. I did not break down what was regular funding via Supplemental Support.

There were two times money was returned or paid back to Redwood Coast Regional because of staffing (I hope this was included in the figures), and [REDACTED] received monthly (staff schedule) from my administrator [REDACTED] which she tried desperately to hire and have adequate staffing. We truly never knew or realized we were in this deficiency. It never was our intent to charge for hours we did not care for our clients. I am hoping you will consider my additional hours, the fingerprinting dilemma, and working with [REDACTED] with the scheduling, shows we were trying to be in compliance.

I am wondering if the amount this draft charging back of \$180,613.80 when taken away from my gross income from Regional for the basic provided care for all my clients is uncertain, when the \$180,613.80 is deducted.

2003	\$103,002.00
2004	\$183,946.25
2005	\$196,260.09

I hope this is understandable and I have been able to express my heart, I am so thankful that the draft was mailed to me after the death of my husband, he was such a loving and concerned person as to what responsibility I had. Thank you for your consideration.

Sincerely,



Cleo B. Herington

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES' (DDS)
EVALUATION OF GRACELYN RESIDENTIAL CARE, INC.**

As part of the audit report process, Gracelyn was afforded the opportunity to respond to the draft audit report and provide a written response to each finding. On August 3, 2009, Gracelyn submitted a response to the draft audit report. In responding to the draft report, Cleo Herrington, President of Gracelyn Residential Care, Inc. did not format her response to the findings in-kind. Consequently, Gracelyn's response was used in evaluating more than one finding. DDS's evaluation of the response determined that Gracelyn disagreed with Findings 1, 2 and 3.

Finding 1: Unsupported Billing - Supplemental Program Support (HR0075)

In Gracelyn's response to this finding, Ms. Herrington asks for "consideration for some personal additional hours I worked in both Gracelyn and Covenant during those years." In addition, she goes on to state, "Not only did I work hours but my husband also worked direct support hours in both covenant Care and Gracelyn when someone did not show for work."

However, in making those statements, Gracelyn did not provide any additional documentation to support the number of hours of direct care provided by either Ms. Herrington or her husband. During fieldwork, DDS auditors questioned whether Ms. Herrington's husband provided direct care services and were told he did not provide any direct care for consumers but was responsible for taking care of the property. Without any supporting documentation, DDS is unable to add to the number of hours already computed.

Gracelyn also stated that "The Draft also showed Supplemental Program Support pay for Covenant Care Home, to my knowledge I never received any money for "Supplemental Program Support" in my 6 bed home."

DDS has a Purchase of Service (POS) printout that documents payments made to Gracelyn by the Redwood Coast Regional Center (RCRC) for Supplemental Program Support funds. Funds were paid for support of consumer [REDACTED] a resident of Covenant Care. Therefore, no change to the report will be made regarding payments for Supplemental Program Support.

Lastly, Gracelyn mentioned that on two previous occasions they returned funds to RCRC due to insufficient staffing. Gracelyn questions, whether DDS considered that in the findings. DDS's analysis determined all adjustments to billing for services during the audit period and any returned funds were accounted for in the audit.

Since no additional documentation that was provided to DDS to support Gracelyn's contentions, no adjustments will be made to the report.

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES' (DDS)
EVALUATION OF GRACELYN RESIDENTIAL CARE, INC.**

Finding 2: Unsupported Staffing – Residential Program (H79676 and HR0262)

Gracelyn did not respond directly to this finding. Thus, DDS's used the Gracelyn's full response in evaluating whether or not an adjustment to this finding was warranted. Since this finding involves the lack of support for staffing hours required, DDS expected to receive sufficient supporting documentation to allow additional staffing hours. Gracelyn did not provide any additional documentation. Consequently, no changes will be made to this finding.

Finding 3: Unsupported Staffing – Out-of-Home Respite Services (H79676)

Gracelyn did not respond directly to this finding. Thus, DDS's used the Gracelyn's full response in evaluating whether or not an adjustment to this finding was warranted. Since this finding involves the lack of support for staffing hours required, DDS expected to receive sufficient supporting documentation to allow additional staffing hours. Gracelyn did not provide any additional documentation. Consequently, no changes will be made to this finding.