

DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
OPARC

Day Program(s):
Adult Development Programs – H25844, H25907, H25908, and H25909
Behavior Management Program – H62653

Transportation Program:
Transportation Additional Component – V38836

Habilitation Program(s):
Work Activity Program – HJ0529
Supported Employment Program – HJ0531

(Audit Period: July 1, 2005 through June 30, 2006)

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
Armando Parra, Supervisor
Rupal Engineer, Lead Auditor
Monica Preciado, Auditor
Joyce Li, Auditor

Assignment # 07-2-VN-008

OPARC

TABLE OF CONTENTS

AUDIT REPORT

	Page
Executive Summary	1
Background.....	1
Objective, Scope, and Methodology	2-4
Conclusion.....	4
Views of Responsible Officials	5
Restricted Use.....	5
Findings and Recommendations.....	6-8
Attachment A – Unsupported and Failure to Bill – Day Programs	9
Attachment B – Unsupported and Failure to Bill – WAP.....	10
Attachment C - Incorrect Billing – WAP	11

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited OPARC. The audit was performed upon the Day, Transportation and Habilitation programs for the period of July 1, 2005 through June 30, 2006.

The last day of fieldwork was June 7, 2007.

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

Day Program

1. OPARC could not provide supporting documentation for services billed and failed to bill for services provided in its Adult Development and Behavior Management programs. The net effect of over and underbillings is an overpayment to OPARC of \$1,354.72.

Habilitation Program

2. OPARC could not provide supporting documentation for services billed and failed to bill for services provided in the Habilitation Work Activity Program (WAP). The net effect of over and underbillings is an overpayment to OPARC of \$398.35.
3. OPARC incorrectly billed WAP services for full days when a consumer's attendance in the program was less than a full day. The net effect of the incorrect billings is \$141.35 overpaid to OPARC.

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

The net total of the findings identified by this audit is \$1,894.42 overpaid to OPARC.

BACKGROUND

The Department of Developmental Services 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 OPARC's Day, Transportation and Habilitation programs were compliant with the Welfare and Institutions (W&I) Code, California Code of Regulations Title 17 (Title 17), and the regional center's contract(s) with OPARC for the period of July 1, 2005 through June 30, 2006.

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 OPARC, nor was this audit intended to express an opinion of the financial statements. The auditors limited the review of OPARC's internal controls to gaining an understanding of the transaction flow and invoice preparation process as necessary to develop appropriate auditing procedures.

DAY PROGRAMS

During the audit period, OPARC operated five Day Programs. Our audit included all five of OPARC's Day Programs. The program(s) are listed below:

- Adult Development Programs, H25844, H25907, H25908, and H25909, Service Code 510
- Behavior Management Program, H62653, 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 OPARC staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing OPARC service/attendance records to determine if OPARC had sufficient, competent and relevant evidence to support the direct care services billed to the regional center(s).
- Performing an analysis of OPARC's payroll and attendance/service records to determine if OPARC provided the level of staffing required.

TRANSPORTATION PROGRAM

During the audit period, OPARC operated one Transportation Program. The program is listed below:

- Transportation Additional Component, V38836, Service Code 880

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 OPARC staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing OPARC service/attendance records and mileage logs to determine if OPARC had sufficient, competent and relevant evidence to support the services billed to the regional center(s).

HABILITATION PROGRAMS

Work Activity Program (WAP)

During the audit period, OPARC operated one WAP. The program is listed below:

- WAP, HJ0529, Service Code 954

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 OPARC staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing OPARC’s consumer attendance records to determine if OPARC had sufficient, competent and relevant evidence to support the services billed to the regional center(s).

Supported Employment Program (SEP)

During the audit period, OPARC operated two Supported Employment Programs (SEP). Our audit included one of OPARC’s SEPs. The program is listed below:

- SEP, HJ0531, Service Code 950

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 OPARC staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing OPARC's consumer and staff service/attendance records to determine if OPARC had sufficient, competent and relevant evidence to support the services billed to the regional center(s).
- Confirming that job coach hours used for calculating monthly billing were accurate and the allocation for services was in accordance with regulations.

CONCLUSION

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

Day Programs

OPARC 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 \$1,354.72.

Habilitation Programs

OPARC could not provide supporting documentation for services billed and failed to bill for services provided in the WAP. This resulted in a net overpayment of \$398.35.

OPARC incorrectly billed the regional center(s) for full days of program service when the consumer's attendance in the WAP was less than a full day. This resulted in a net overpayment of \$141.35.

VIEWS OF RESPONSIBLE OFFICIALS

As part of the vendor audit process, OPARC is afforded the opportunity to respond to the draft audit report by providing a written response. The DDS issued a draft audit report on January 25, 2008. At the formal exit conference on February 14, 2008, OPARC indicated they waive their opportunity to respond to the audit report.

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 OPARC. Additionally, two user regional centers that referred consumers to OPARC and were affected by the audit results will be sent a copy of the report. This report is not intended and should not be used by anyone other than those specified above. 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 OPARC for the sample months of January and February 2006, it was found that OPARC both over and under billed the regional center(s) for services provided. Overbillings occurred as a result of source documentation not supporting units of service paid. Underbillings occurred as a result of OPARC failing to bill for services authorized and provided. The improper billings consisted of the following items:

- OPARC was not able to provide supporting documentation for 23.00 units of service in the Adult Development and Behavior Management programs. The lack of supporting documentation resulted in overbillings to the regional center(s) of \$1,434.27.
- OPARC provided one unit of service in the Behavior Management Program which was not billed to the regional center. The services were properly authorized by the regional center and provided to consumers. This resulted in an underbilling of \$79.55.

The combined improper billings identified above resulted in a net total overpaid to OPARC for \$1,354.72. (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:

OPARC should repay DDS \$1,354.72, the net total overbilled for Adult Development and Behavior Management Services. In addition, OPARC should develop policies and procedures to ensure that supporting documentation is maintained for all billing invoices and only bill for actual services provided.

FINDING 2: Unsupported and Failure to Bill – Habilitation (WAP)

From the testing of documentation that supports the Habilitation WAP services billed by OPARC for the sample months of October and November 2005, it was found that OPARC both over and underbilled the regional center(s) for services provided. Overbillings occurred as a result of source documentation not supporting units of service paid. Underbillings occurred as a result of OPARC failing to bill for services authorized and provided. The improper billings consisted of the following items:

- OPARC was not able to provide supporting documentation for 27.5 units of WAP services. The lack of supporting documentation resulted in overbillings to the regional center(s) for \$706.75.
- OPARC provided 12 units of WAP services but did not bill the regional center(s). The services were properly authorized by the regional centers and provided to consumers. This resulted in underbillings of \$308.40.

The combined improper billings identified above resulted in a net total overpaid to OPARC for \$398.35. (See Attachment B.)

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:

OPARC should repay DDS \$398.35, the net total overbilled for WAP services. In addition, OPARC should develop policies and procedures to ensure that supporting documentation is maintained for all billing invoices and only bill for actual services provided.

FINDING 3: Incorrect Billing – Habilitation (WAP)

From the testing of documentation that supports the Habilitation WAP services billed by OPARC for the sample months of October and November 2005, it was found that OPARC incorrectly billed for 11 full days of service when regulation requires a half day of service be billed. This resulted in 5.5 days for \$141.35 that was overpaid to OPARC for WAP services. (See Attachment C.)

Title 17, Section 58880(b) states:

“The regional center shall make payment for services using a daily rate as follows:

- (1) A Work Activity Program may bill for a full day of service when the Work Activity Program has written documentation that the consumer has received allowable Work Activity Program services as specified in Section 4851(h) of the Welfare and Institutions Code;
- (2) A Work Activity Program may bill for a half-day of service when the Work Activity Program has written documentation that the consumer has received services as specified in Section 4851(i) of the Welfare and Institutions Code;
- (3) A Work Activity Program may not bill for a consumer who is absent or who receives services for less than two hours, excluding the lunch period, except that the Department may authorize payment for absences which are the direct result of situations or occurrences for which a state of emergency has been declared.”

W&I Code, Section 4851 states:

- (h) “ ‘Full day of service’ means, for purposes of billing, a day in which the consumer attends a minimum of the declared and approved work activity program day, less 30 minutes, excluding the lunch period.”
- (i) “ ‘Half day of service’ means, for purposes of billing, any day in which the consumer’s attendance does not meet the criteria for billing for a full day of service as defined in subdivision (g), and the consumer attends the work activity program not less than two hours, excluding the lunch period.”

RECOMMENDATION:

OPARC should repay DDS \$141.35, the total WAP services incorrectly billed to the regional center(s). In addition, OPARC should develop policies and procedures to ensure compliance with Title 17 Regulations and the W&I Code.

OPARC
Summary of Unsupported and Failure to Bill - Day Programs
July 1, 2005 through June 30, 2006

<i>Finding #</i>	<i>Vendor</i>	<i>Svc Code</i>	<i>Description</i>	<i>Unit Rate</i>	<i>Unit Type</i>	<u>Unsupported Billings</u>		<u>Failed to Bill</u>		<u>NET TOTAL</u>
						<i>Units</i>	<i>Amount</i>	<i>Units</i>	<i>Amount</i>	<i>Amount</i>
1	<u>Day Programs</u>									
	H25844	510	Adult Development Program	\$ 62.74	Per Day	9.00	\$ 564.66	-	-	\$ 564.66
	H25907	510	Adult Development Program	\$ 58.32	Per Day	7.00	\$ 408.24	-	-	\$ 408.24
	H25907	510	Adult Development Program	\$ 31.81	Per Day	2.00	\$ 63.62	-	-	\$ 63.62
	H62653	515	Behavior Management	\$ 79.55	Per Day	5.00	\$ 397.75	(1.00)	\$ (79.55)	\$ 318.20
	<i>Total Day Program Over(Under) Billings Finding 1</i>					23.00	\$ 1,434.27	(1.00)	\$ (79.55)	<u>\$ 1,354.72</u>

OPARC
Summary of Unsupported and Failure to Bill - Habilitation Program
July 1, 2005 through June 30, 2006

<i>Finding #</i>	<i>Vendor</i>	<i>Svc Code</i>	<i>Description</i>	<i>Unit Type</i>	<i>Unit Rate</i>	<u>Unsupported Billings</u>		<u>Failed to Bill</u>		<u>NET TOTAL</u>
						<i>Units</i>	<i>Amount</i>	<i>Units</i>	<i>Amount</i>	<i>Amount</i>
2	<u>Work Activity Program (WAP)</u>									
	HJ0529	954	WAP	Day	\$ 25.70	27.50	\$ 706.75	(12.00)	\$ (308.40)	\$ 398.35
	Total Habilitation Program Over(Under) Billings Finding 2					27.50	\$ 706.75	(12.00)	\$ (308.40)	\$ 398.35

OPARC
Summary of Incorrect Billing - Habilitation Program
July 1, 2005 through June 30, 2006

<i>Finding #</i>	<i>Vendor</i>	<i>Svc Code</i>	<i>Description</i>	<i>Unit Type</i>	<i>Unit Rate</i>	<u>Incorrect Billing</u>		<u>NET TOTAL</u>
						<i>Units</i>	<i>Amount</i>	<i>Amount</i>
3	<u>Work Activity Program (WAP)</u>							
	HJ0529	954	WAP	Day	\$ 25.70	5.50	\$ 141.35	\$ 141.35
	Total Habilitation Program Finding 3						\$ 141.35	\$ 141.35