

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
SOCIAL VOCATIONAL SERVICES, INC. (SVS)**

Miscellaneous Programs:

Individual or Family Training – H19674
Community Integration Training – PH1076, PH0717, PH0303, and PH0694

Day Programs:

Independent Living Program (ILP) – H19674
Adult Development Center (ADC) – H66976 and H07918

Habilitation Program:

Supported Employment Program (SEP)
Group Services – HH0762

Transportation Program:

Additional Component – H17125

(Audit Period: July 1, 2007 through June 30, 2008)

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
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Assignment # 09-VN-2-005

SOCIAL VOCATIONAL SERVICES, INC. (SVS)

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Social Vocational Services, Inc. (SVS). The audit was performed upon the following programs: Miscellaneous (Individual or Family Training and Community Integration Training), Day (Independent Living and Adult Development Center), Habilitation and Transportation for the period of July 1, 2007 through June 30, 2008.

The last day of fieldwork was April 23, 2009.

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

Finding 1: Miscellaneous Program (Individual or Family Training Program) – Unsupported Billing

The review of SVS' Miscellaneous Program, Vendor Number H19674, revealed that SVS could not provide supporting documentation for services billed. The total unsupported billing was \$4,001.16.

Finding 2: Miscellaneous Program (Community Integration Training Program) – Unsupported Staffing Ratio

The review of SVS' Miscellaneous Programs, Vendor Numbers PH1076 and PH0717, revealed that SVS did not provide the required direct care staffing to meet its staff-to-consumer ratio for two of its five audited Miscellaneous Programs. This resulted in a shortage of 167.83 direct care staffing hours for a total of \$1,741.33 due back to DDS.

Finding 3: Miscellaneous Program (Community Integration Training Program) – Failure to Bill

The review of SVS' Miscellaneous Program, Vendor Number PH0303, revealed that SVS had appropriate support for the services it failed to bill the Harbor Regional Center (HRC). As a result, SVS had a total of \$722.07 for which it failed to bill.

The total of the unsupported billing discrepancies identified in this audit amounts to \$5,742.49 due back to DDS. A detailed discussion of these findings is included 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, 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 SVS' Miscellaneous (Individual or Family Training Program and Community Integration Training Program), Day (Independent Living Program and Adult Development Program), Habilitation, and Transportation Programs were compliant with the Welfare and Institutions Code (W&I), California Code of Regulations Title 17 (Title 17), and HRC's contracts with SVS for the period of July 1, 2007 through June 30, 2008.

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 SVS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of SVS' 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 SVS complied with the required regulations.

Miscellaneous Programs

During the audit period, SVS operated 13 Miscellaneous Programs. The audit included the review of five of SVS' Miscellaneous Programs. The programs audited are listed below:

- Individual or Family Training Program, H19674, Service Code 102
- Community Integration Training Program, PH1076, PH0717, PH0303, and PH0694, Service Code 055

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

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

Day Programs

During the audit period, SVS operated 62 Day Programs. The audit included the review of three of SVS' Day Programs. The programs audited are listed below:

- Independent Living Program, H19674, Service Code 520
- Adult Development Center, H66976 and H07918, Service Code 510

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

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

Habilitation Program

During the audit period, SVS operated 36 Habilitation Programs. The audit included the review of one of SVS' Habilitation Programs. The program audited was Supported Employment - Group, HH0762, Service Code 950.

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

- Reviewed HRC vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondences pertinent to the review.
- Interviewed HRC staff for vendor background information and to obtain prior vendor audit reports.
- Interviewed SVS management and staff to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewed SVS consumer and job coach attendance records to determine whether SVS had sufficient, competent, and relevant evidence to support the services billed to the regional centers.

Transportation Programs

During the audit period, SVS operated 32 Transportation Programs. The audit included the review of one of SVS' Transportation Programs. The program audited was Transportation Additional Component, H17125, Service Code 880.

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

- Reviewed HRC vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed HRC staff for vendor background information and to obtain prior vendor audit reports.
- Interviewed SVS staff and management to gain an understanding of its accounting procedures and processes.
- Reviewed SVS service/attendance records and mileage logs to determine whether SVS had sufficient, competent, and relevant evidence to support the services billed to HRC.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

The DDS issued a draft audit report on March 9, 2010. The findings in the report were discussed at an exit teleconference with [REDACTED], SVS's Director of Finance on March 18, 2010. At the exit conference, we stated the final report will incorporate the views of responsible officials. In SVS's response to the draft audit report, [REDACTED] stated, "We are in agreement with the findings in your report."

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, Harbor Regional Center, and Social Vocational Services, 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: Miscellaneous Program (Individual or Family Training Program) – Unsupported Billing

The review of SVS' Individual or Family Training Program, Vendor Number H19674, for the sample months of September and October 2007, revealed a lack of supporting documentation for services billed to HRC. SVS was not able to provide appropriate supporting documentation for 13 occurrences where the minimum number of consumer contacts was not met. This lack of documentation resulted in unsupported billings to HRC in the amount of \$4,001.16. (See Attachment A.)

Title 17, Section 54326(a)(3) and (10) state:

“All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of 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.”

Also, Title 17, Sections 50604(d) and (e) state:

(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.”

Recommendation:

SVS should reimburse to DDS the \$4,001.16 for the unsupported billings. In addition, SVS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to HRC.

SVS' Response:

In responding to the audit report, SVS agreed with the finding. The response indicated that they have modified their procedures to ensure accurate billing to the regional center.

See Attachment C for the full text of SVS' response.

Finding 2: Miscellaneous Programs (Community Integration Training Program) – Unsupported Staffing Ratio

The review of SVS' Miscellaneous Program for the audit sample months of September and October 2007, found that SVS did not meet the required 1:3 staffing ratio for two of its programs, Vendor Numbers PH1076 and PH0717. Although the program design for vendor, PH0717 has two staffing ratios, the 1:3 staffing ratio was used in the staffing computations because the consumer's authorizations did not specify the 2:3 staffing ratio. The staffing ratios for the programs were calculated using a 5.5 and a 6 hours operational day, respectively, as outlined in the program designs. This resulted in 167.83 unsupported direct care staffing hours which equates to an over billing of \$1,741.33 due back to DDS. (See Attachment B.)

SVS' program design for PH0176 – Community Integration Training Program states in part:

“The staff to client ratio for the Inclusion Center is to be maintained at an average of 1:3.”

SVS' program design for PH0717 – Community Integration Training Program states in part:

“The staff to client ratio offered at The Link will either be 1:3 or 2:3 in response to the individual participants need.”

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

“(b) Audits shall be performed to accomplish any or all of the following objectives as applicable to the specific provider:

(4) Verification through analysis of payroll and consumer service records that staff-to-consumer ratios required by regulation, contract or agreement are met.”

(A) 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
 - c. Compare the number of direct care staff hours actually provided during the approved program hours for each month with the number

of direct care staff hours required for each month computed pursuant to b.

(B) If a determination is made that the approved staff-to-consumer ratio has not been met, the amount of any over payments 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:

SVS should reimburse to DDS the \$1,741.33 for the unsupported direct care staffing hours. In addition, SVS should develop policies and procedures to ensure it has sufficient staffing to meet the direct care staffing ratio.

SVS' Response:

In responding to the audit report, SVS agreed with the finding. The response indicated that they have modified their procedures to ensure accurate tracking of employee time and sufficient staffing to comply with the staffing ratio.

See Attachment C for the full text of SVS' response.

Finding 3: Miscellaneous Program (Community Integration Training Program) – Failure to Bill

The review of SVS' Miscellaneous Program, Vendor Number PH0303, for the sample months of September and October 2007, revealed that SVS failed to bill for nine authorized days of services it provided. The failure to bill occurred when SVS had appropriate supporting documentation, but did not bill HRC. This resulted in an unbilled amount of \$722.07. (See attachment A.)

Title 17, Section 54326(a) states:

“All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of 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.”

Also, Title 17, Sections 50604(d) and (e) state:

(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...”

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

Recommendation:

SVS should contact HRC to discuss the unbilled amount. In addition, SVS should develop and implement policies and procedures to ensure all authorized services provided are properly recorded and documented before payment invoicing.

SVS’ Response:

In responding to the audit report, SVS agreed with all findings. SVS had no specific response to Finding 3.

Social Vocational Services, Inc. (SVS)
Summary of Unsupported Billing and Failure to Bill
Audit Period: July 1, 2007 through June 30, 2008

<i>Finding Number</i>	<i>Vendor</i>	<i>Svc Code</i>	<i>Description</i>	<i>Unit Type</i>	<i>Unit Rate</i>	<u>Unsupported Billings¹</u>		<u>Failed to Bill²</u>	
						<i>Units</i>	<i>Amount</i>	<i>Units</i>	<i>Amount</i>
<u>Individual or Family Training</u>									
1	H19674	102	Individual or Family Training	Mo.	various	13.00	\$ 4,001.16	-	\$ -
<u>Community Integration Program</u>									
3	PH0303	055	Community Integration Prg.	Days	\$ 80.23	-	-	9.00	722.07
						13.00	\$ 4,001.16	9.00	\$ 722.07

¹These payments were authorized by the RC(s), were paid to the vendor but were not provided by the vendor.

²These payments were authorized by the RC(s), were provided by the vendor but the vendor failed to bill.
 Will be returned by the regional center directly to the vendor.

**Social Vocational Services, Inc. (SVS)
Unsupported Staffing Ratio and Overpayment Amounts
Audit Period: July 1, 2007 through June 30, 2008**

Finding Number	Description	September 2007	October 2007	A	B	C = A * B
				Under Provided Direct Care Hours	Average Salary	Overpayment Amount
2	PH1076, SC 055 Community Integration Program					
	Required Direct					
	Less: Provided Direct Hours	<u>1,474.00</u>	<u>1,756.33</u>			
	Under Provided	<u>1,436.25</u>	<u>1,639.00</u>	155.08	\$ 10.19	\$ 1,580.30
	PH0717, SC 055 Community Integration Program					
		37.75	17.33			
	Required Direct					
	Less: Provided Direct Hours	<u> </u>	<u> </u>			
	Under Provided	<u>34.00</u>	<u>50.00</u>	12.75	\$ 12.63	\$ 161.03
		26.50	44.75			
		7.50	5.25			
					Total	<u>\$ 1,741.33</u>

Masui, Mike@DDS

n: [REDACTED]
Sent: Thursday, March 18, 2010 2:46 PM
To: Masui, Mike@DDS; [REDACTED]
Subject: SVS Audit Response

Dear Mr. Masui,

This is in response to the exit conference we had this morning via telephone. We are in agreement with the findings in your audit report. We would also like to take this opportunity to give you some additional information:

Finding 1: Retraining has been done on this issue and we now have a system of checks and balances in place to make sure we meet the minimum requirements before billing. In addition, we get together with the Regional Center during each client's annual IRP to make sure we are meeting their expectations. This has resulted on occasion in our providing services free of charge. For instance, if a client requires 5 meetings and we only were able to provide 4, we are not billing for any of those 4 meetings since the minimum of 5 was not met.

Finding 2: We will be adding secondary codes to our timeclocks to track when an hourly admin employee works as direct service. This will make it more clear when looking at a timesheet to determine where the individual worked on that day.

Thank you,

[REDACTED]
Director of Finance
Social Vocational Services, Inc.
35 Torrance Blvd
Torrance, CA 90503

[REDACTED]
www.svsinc.org

HIPAA NOTICE: The documents accompanying this electronic transmission, or this transmission itself, may contain Protected Health Information. This information belongs to the sender and is legally privileged. The information is intended only for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that you may not disclose, copy, distribute or take action on the information in these documents. All such activities are strictly prohibited. If you have received this e-mail in error, delete the e-mail immediately and empty your deleted items folder or take any steps necessary to ensure permanent deletion. Thank you.