

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
SHASCADE COMMUNITY SERVICES, INC.**

Day Programs:

Adult Development Center–HF0006, HF0051, HF0054, HF0055, HF0137, HF0138, & H30959
Independent Living Services Program–H04168

Transportation Programs:

Transportation Additional Component–HF0215, HF0226, H04168, & H30959

Respite Program:

In-Home Respite Program–H04168

Habilitation Program:

Supported Employment Group Program–HF0186

Miscellaneous Programs:

Community Integration Training Program–PF0676 & PF1679
In-Home Mobile Day Program–P04168, P68380, P68502, PF0822, & P68614

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

Audit Branch

Michael Masui, Chief of Vendor Audits
Alton Kitay, Supervisor
Charlotte Chigbu, Lead Auditor
Wilfredo Golez
Kenneth Rading
Kula Sirleaf

Assignment # 07-VN-1-007

SHASCADE COMMUNITY SERVICES, INC.

TABLE OF CONTENTS

	Page
Executive Summary.....	1
Background.....	2
Objective, Scope, and Methodology.....	2-5
Conclusion.....	6
Views of Responsible Officials	7
Restricted Use	7
Findings and Recommendations	8-12
Attachment A – Unsupported Staffing Ratio	13
Attachment B – Summary of Over/Under and Incorrect Billing	14

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Shascade Community Services, Inc. (Shascade). The audit was performed upon the Day Programs, Transportation Programs, Respite Program, Habilitation Program, and Miscellaneous Programs for the period of July 1, 2005 through June 30, 2006.

The last day of fieldwork was April 13, 2007.

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

Day Programs

1. Shascade was unable to provide supporting documentation to show that the agreed upon staff to consumer ratio of one-to-three was met for three of its Day Programs. This resulted in a combined shortage of 377 direct staff hours or \$3,159.26 overpaid.
2. During the audit period, Shascade did not maintain source documents to support four out of seven Day Program billings audited. Shascade shredded the source documents after inputting the attendance into its computer system.
3. Shascade incorrectly billed 68.75 hours of administrative functions as Independent Living Program (ILP) direct care hours. Time spent upon administrative functions is not billable to the ILP. As a result, Shascade was overpaid \$1,564.06.

Transportation

4. Shascade could not provide supporting documentation for services billed and failed to bill for services provided in its Transportation Program, which resulted in over and under billings. The net effect of the billing discrepancies is \$2,544.61 in overpayments.

The net total of the findings identified above is \$7,267.93 overpaid to Shascade.

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 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 Shascade's Day Programs, Transportation Programs, Respite Program, Habilitation Program, and Miscellaneous Programs were compliant with the Welfare and Institutions (W&I) Code, California Code of Regulations (Title 17), and the regional center's contract(s) for the period of July 1, 2005 through June 30, 2006.

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 Shascade, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of Shascade'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 our audit period, Shascade operated eight Day Programs. Our audit included all eight Day Programs, which are listed below:

- Skill Center, HF0051 and HF0138, Service Code 510
- [REDACTED], HF0006 and HF0055, Service Code 510
- [REDACTED], HF0137 and HF0054, Service Code 510
- [REDACTED], H30959, Service Code 510
- Independent Living Services, H04168, Service Code 520

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 this review.
- Interviewing the regional center's staffs for vendor background information and to obtain vendor audit reports.

- Interviewing Shascade staff and management to gain an understanding of its accounting procedures and processes.
- Reviewing Shascade service/attendance records to determine whether Shascade has sufficient, competent, and relevant evidence to support the direct care services billed to Far Northern Regional Center (FNRC).
- Performing an analysis of Shascade payroll and attendance/service records to determine if Shascade provided the level of staffing required.
- Verifying that only direct care service hours are billed for each consumer in the Independent Living Service Program.

Although the source documentation was not maintained by Shascade to support the consumer attendance days billed for four Day Programs (HF0006, HF0051, HF0055, and HF0138) for the audit period, it was identified that procedures at Shascade are to input the attendance information into their computer systems. During the audit fieldwork, it was identified that Shascade did have source documentation to support the days of attendance billed for the month of April 2007. As an alternate procedure, we tested the computer summaries and attendance days billed for the month of April 2007. From this testing, we determined that Shascade properly input the source documentation into their computer system.

Therefore, to determine if Shascade properly billed for Day Program attendance days for the audit period, we traced the billing invoices to the information maintained in the Shascade computer system.

Transportation Programs

During our audit period, Shascade operated four Transportation Programs. Our audit included all four Transportation Programs which are listed below:

- Transportation Additional Component, HF0215, HF0226, H04168, and H30959, 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 the regional center's staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing Shascade staff and management to gain an understanding of its accounting procedures and processes.
- Reviewing Shascade service/attendance records and mileage logs to determine whether Shascade had sufficient, competent, and relevant evidence to support the services billed to FNRC.

Respite Programs

During our audit period, Shascade operated one In-Home Respite Program. Our audit included the In-Home Respite Program which is listed below:

- In-Home Respite, H04168, Service Code 862

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 services authorizations, and correspondence pertinent to the review.
- Interviewing the regional center's staff for vendor background information and to obtain prior audit reports.
- Interviewing Shascade staff and management to gain an understanding of its accounting procedures and processes.
- Reviewing Shascade respite workers' timesheets to determine whether Shascade has sufficient, competent, and relevant evidence to support the direct care service hours billed to FNRC.
- Reviewing Shascade respite workers' payroll to determine if the worker provided the number of hours billed by Shascade.

Habilitation Programs

During our audit period, Shascade operated two Habilitation Programs. Our audit included one of the two Habilitation Programs, which is listed below:

- Habilitation, HF0186, Service Code 950

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

- Reviewing the regional center's vendor files for contract, rate letters, program designs, purchase of service authorizations, and other correspondence pertinent to the review.
- Interviewing the regional center's staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing Shascade staff and management to gain an understanding of its accounting procedures and processes.
- Reviewing Shascade consumer attendance records to determine whether Shascade had sufficient, competent, and relevant evidence to support the services billed to FNRC.

Miscellaneous Programs

During the audit period, Shascade operated two Community Integration Training Programs. Our audit included the two Community Integration Training Programs, which are listed below:

- Community Integration Training, PF0676 and PF1679, Service Code 055

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

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and other correspondence pertinent to the review.
- Interviewing the regional center's staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing Shascade staff and management to gain an understanding of its accounting procedures and processes.
- Reviewing Shascade service/attendance records to determine whether Shascade had sufficient, competent, and relevant evidence to support the direct care services billed to FNRC.

In-Home Mobile Day Program

During our audit period, Shascade operated five In-Home Mobile Day Programs. Our audit included all five In-Home Mobile Day Programs which are listed below:

- In-Home Mobile, P04168, P68380, P68502, PF0822, and P68614, Service Code 091

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 other correspondence pertinent to the review.
- Interviewing the regional center's staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing Shascade staff and management to gain an understanding of its accounting procedures and processes.
- Reviewing Shascade service/attendance records to determine whether Shascade had sufficient, competent, and relevant evidence to support the direct care services billed to the FNRC.

CONCLUSION

Based upon the procedures we have performed, with the exception of the following findings, Shascade Community Services Inc. has complied with Title 17:

Day Programs

Staffing

Shascade did not meet the required staffing levels for three Adult Development Programs. This resulted in a shortage of 377 direct care staff hours and \$3,159.26 over payment.

Shredding of Source Documentation

For the audited sample period, Shascade did not comply with Title 17 Service Provider Record Retention Requirements for four of its Adult Development Programs. Daily attendance records were converted to electronic data and shredded after three months.

Incorrect Billing

Shascade incorrectly billed 68.75 hours of administrative time as Independent Living Program direct care hours. This resulted in an over payment of \$1,564.06.

Transportation Programs

Billing

Shascade could not provide supporting documentation for services billed and failed to bill for services provided in its Transportation Program. This resulted in a net over payment of \$2,544.61.

The net total of the findings identified by this audit is \$7,267.93 overpaid to Shascade.

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

VIEWS OF RESPONSIBLE OFFICIALS

The Department of Developmental Services issued a draft audit report on May 18, 2009. The findings in the report were discussed at an exit conference with Gina Gallien, Executive Director, on May 27, 2009.

On July 9, 2009, Ms. Gallien was contacted by telephone and indicated that Shascade does not disagree with the audit draft results. No written response will be forthcoming.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, Far Northern Regional Center, and Shascade Community Services, Inc. It 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 Direct Care Service Hours – Day Programs

For the audit sample months of May and June 2006, Shascade did not meet the required staffing ratio of one-to-three for the following three Day Programs:

Adult Development Program HF0006

Shascade did not provide sufficient direct care staff hours to meet the required staffing ratio. As a result, there was a shortage of 297 staff hours equal to an over payment of \$2,488.86.

Adult Development Program HF0137

Shascade did not provide sufficient direct care staff hours to meet the required staffing ratio. As a result, there was a shortage of 62.50 staff hours equal to an over payment of \$523.75.

Adult Development Program HF0138

Shascade did not provide sufficient direct care staff hours to meet the required staffing ratio. As a result, there was a shortage of 17.50 staff hours equal to an over payment of \$146.65.

The total shortage of required direct care staff needed to meet the required staffing ratio identified in the sample months for the three Day Programs is 377 hours, which results in an over payment of \$3,159.26. (See Attachment A.)

Shascade's Program Design for Vendor Numbers HF006, HF0137, and HF0138 states in part:

“The staff-to-consumer ratio for the Adult Development Program is 1:3, with supplemental staff for non-mobile aide as authorized by the Department of Developmental Services and the appropriate Regional Center.”

Title 17, Section 56772 (c) states in part that:

“Vendor shall maintain the approved staffing ratio during its direct service hours, which shall be determined by a numerical comparison of the number of individuals on duty as direct care staff with the number of consumers in attendance...”

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. 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....”

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 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:

Shascade should reimburse DDS, \$3,159.26 that has resulted from not meeting the required staffing ratio. In addition, Shascade should develop policies and procedures to track the direct care hours provided on a regular basis and monitor the hours provided to ensure that the required staffing ratios are being met.

FINDING 2: Shredding of Source Documents

For the audit period July 1, 2005 through June 30, 2006, Shascade did not keep source documentation to support billing for four Adult Development Programs (HF0138, HF0051, HF0006, and HF0055). Instead Shascade shredded the source documents after inputting the data into its computer system. Consumers’ daily attendance was converted to electronic data, which was used to support Shascade’s billings to FNRC. However, the electronic data or computerized monthly summary schedule is not a source document sufficient to support its billing, as required by Title 17 regulation.

The auditors reviewed current supporting documents and traced those to supporting computer generated schedules to test the validity of the computer generated schedules. Based upon this review, it was determined that the summary schedules would be relied upon to test Shascade billings to the regional center.

Title 17, Section 54326 (a) states:

“All vendors shall:

(3) Maintain records of services provided to consumer in sufficient detail to verify delivery of units of service billed.

(A) Such records shall be maintained for a minimum of five years from the date of final payment for the State fiscal year in which services were rendered or until audit findings have been resolved, whichever is longer.”

Title 17, Section 50604 (d) states:

“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 programs, the dates of service, place where service was provided, the start and end times of service provided....”

Title 17, Section 50604 (e) states:

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

RECOMMENDATION:

Shascade should develop and implement policies and procedures to ensure source documentation is maintained to support consumer attendance days billed for the Day Programs for a minimum of five years, as required by Title 17.

FINDING 3: Incorrect Billing – Independent Living Program

For the sample period May and June 2006, 68.75 hours for administrative functions were incorrectly billed by Shascade as direct service hours. As a result, Shascade billed FNRC \$1,564.06 for services not provided to consumers. (See Attachment B.) Direct service hours means directly delivering individual and group learning experiences to assist each consumer served in attaining his/her IPP objective(s) for which the vendor is responsible. Administrative duties, including clerical, janitorial, and bookkeeping or accounting, are performed, but they do not enhance consumer IPP objectives. Therefore, these administrative hours are not billable to the regional center.

Title 17, Section 54302 (a) (26) states:

“Direct Care Staff means staff who personally provide direct services to consumers. Personnel who are responsible for other staff functions may be considered direct care staff only during that time when they are providing direct services to consumers or are involved in program preparation functions.”

Title 17, Section 54302 (a) (27) states:

“Direct Services means hands-on training provided by the vendor in accordance with the requirements of the consumer's Individual Program Plan and the provisions of Section 56720 of these regulations.”

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

General Requirements for Vendors and Regional Centers:

“(a) All vendors shall:

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

RECOMMENDATION:

Shascade should reimburse DDS the overpaid amount of \$1,564.06 for the 68.75 of administrative hours billed as direct care. In addition, Shascade should develop and implement policies and procedures to ensure that only direct service hours provided to consumers are billed to the regional center, as required by Title 17.

FINDING 4: Unsupported Billing and Failure to Bill - Transportation Program

From the sample months of May and June 2006, the review of supporting documentation maintained by Shascade revealed that Shascade did not properly bill for transportation services. Shascade could not provide documentation to support the services billed for transportation services provided under the following vendor numbers:

- Vendor Number H30959: 37 miles not supported by documentation resulting in an over payment of \$44.77.
- Vendor Number HF0215: 1,371 miles not supported by documentation resulting in an over payment of \$2,550.06.
- For vendor number HF0226, Shascade failed to bill for transportation services for 27 miles, resulting in under payment of \$50.22.

The net total for the identified under and over billing is \$2,544.61. (See Attachment B.)

Title 17, Section 54326 (a) states:

“All vendors shall:

(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 (d) states:

“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:

(B) For transportation services, the dates of service, city or county where services was provided, and the number of miles driven or trips provided ...”

Title 17, Section 50604 (e) states:

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

RECOMMENDATION:

Shascade should reimburse to DDS \$2,544.61 in over payment for the transportation services. In addition, Shascade should develop and implement policies and procedures to ensure that supporting documentation is maintained for all billing invoices and that billing invoices submitted to FNRC are for actual services provided.

**Shascade Community Services, Inc.
 Adult Developmental Center (ADC)
 Unsupported Staffing Ratio and Overpayment Amounts
 For the Audit Period July 1, 2005 through June 30, 2006**

	May-06	Jun-06	A	B	C = A * B
			Unsupported Direct Service Hours	Average Salary per Cost Stmt	Overpayment Amount
HF0006					
Required Direct Hours	1,236.00	1,210.00			
Less: Provided Direct Hours	1,131.00	1,018.00			
Unsupported Hours	105.00	192.00	297.00	\$8.38	\$2,488.86
HF0137					
Required Direct Hours	636.00	Met			
Less: Provided Direct Hours	573.50	Staffing			
Unsupported Hours	62.50	Ratio	62.50	\$8.38	\$523.75
HF0138					
Required Direct Hours	858.00	Met			
Less: Provided Direct Hours	840.50	Staffing			
Unsupported Hours	17.50	Ratio	17.50	\$8.38	\$146.65
COMBINED TOTAL ADC PROGRAMS			377.00		\$3,159.26

SHASCADE COMMUNITY SERVICES, INC.
Summary of Over/Under and Incorrect Billings
Audit Period: July 1, 2005 through June 30, 2006

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	C=A*B		E=A*D		G=A*F		H = C + E + G
						Units	Amount	Units	Amount	Units	Amount	NET TOTAL
						Unsupported Billings		Failure to Bill		Incorrect Billing		Amount
3	Day Programs											
	H04168	520	Indep. Living Program	Hour	\$ 22.75					68.75	1,564.06	1,564.06
	<i>Total Day Programs</i>									68.75	\$ 1,564.06	\$ 1,564.06
4	Transportation											
	H30959	880	Trans. Additional Component	Mile	\$ 1.21	37.00	44.77					44.77
	HF0215	880	Trans. Additional Component	Mile	\$ 1.86	1,371.00	2,550.06					2,550.06
	HF0226	880	Trans. Additional Component	Mile	\$ 1.86			(27.00)	(50.22)			(50.22)
	<i>Total Transportation</i>					37.00	\$ 2,594.83	(27.00)	\$ (50.22)	68.75	\$ 1,564.06	\$ 2,544.61