

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
STEPPING UP, LLC**

Program and Service:

Community Integration Training Program – HC0237, HC0980

Audit Period: July 1, 2012, through June 30, 2013

Audit Branch

Auditors: Mike Masui, Chief of Vendor Audits
Alimou Diallo, Supervisor
Pardeep Deol, Lead Auditor
Thai Vang, Auditor

STEPPING UP, LLC

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Stepping Up, LLC (SU). The audit was performed upon the Community Integration Training Program for the period of July 1, 2012, through June 30, 2013.

The audit disclosed the following issue of non-compliance:

Finding 1: Community Integration Training Program – Unsupported Billings

The review of SU's Community Integration Training Program, Vendor Numbers HC0237 and HC0980, revealed that SU had unsupported billings. As a result, SU had a total of \$1,801 of unsupported billings.

The total of unsupported billings identified in this audit amounts to \$1,801 and is due back to DDS. A detailed discussion of this finding is contained in the Finding and Recommendation section of this audit report.

BACKGROUND

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. Pursuant to the Welfare and Institutions (W&I) Code, Section 4648.1, DDS has the authority to audit those service providers and/or contractors that provide services and supports to persons with developmental disabilities.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The audit was conducted to determine whether SU's Community Integration Training Program was compliant with the W&I Code, California Code of Regulations (CCR), Title 17, and the regional centers' contracts with SU for the period of July 1, 2012, through June 30, 2013.

Scope

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 SU, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of SU's internal controls to gain 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 SU complied with W&I Code and CCR, Title 17. Also, any complaints that DDS' Audit Branch was aware of regarding non-compliance with laws and regulations were reviewed and followed-up on during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to Central Valley Regional Center (CVRC), which was the only center utilizing SU's services. SU provided two different types of services to CVRC, for which, DDS audited only one. Analyzing the information received during a pre-audit meeting with the vendor, an internal control questionnaire and a risk analysis, it was determined that a two month sample period would be sufficient to fulfill the audit objectives.

Community Integration Training Program

During the audit period, SU operated one Community Integration Training Program. The audit included the review of SU's Community Integration Training Program, Vendor Numbers HC0237 and HC0980, Service Code 055, and testing was done for the months of July 2012 and June 2013.

Methodology

The following methodology was used by DDS to ensure the audit objectives were met. The methodology was designed to obtain a reasonable assurance that the evidence provided was sufficient and appropriate to support the findings and conclusions in relation to the audit objectives. The procedures performed included, but were not limited to, the following:

- Review of vendor files for contracts, rate letters, program designs, Purchase of Service (POS) authorizations, and correspondence pertinent to the review.
- Interview of regional center staff for vendor background information and to obtain insight into the vendor's operations.
- Interview of vendor staff and management to gain an understanding of its accounting procedures and processes for regional center billing.
- Review of vendor's consumer service log records to determine if the vendor had sufficient and appropriate evidence to support the direct care services billed to the regional center(s).
- Analysis of the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

CONCLUSION

Based upon the item identified in the Finding and Recommendation section, SU had a finding of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on November 3, 2015. The finding in the draft audit report was discussed at a formal exit conference with Connie Weber, SU's Administrative Manager on November 12, 2015. DDS subsequently received SU's response on November 25, 2015. Ms. Weber stated that SU has no objections to the finding and agrees to refund DDS.

RESTRICTED USE

This audit report is solely for the information and use of the DDS, Department of Health Care Services, CVRC, and SU. This restriction is not intended to limit distribution of this audit report, which is a matter of public record.

FINDING AND RECOMMENDATION

Finding 1: Community Integration Training Program – Unsupported Billings

The review of SU's Community Integration Training Program, Vendor Numbers HC0237 and HC0980, for the sample months of July 2012 and June 2013, revealed that SU had unsupported billings.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to CVRC. The following are the discrepancies identified:

SU was not able to provide appropriate supporting documentation for 74 hours of services billed. The lack of documentation resulted in unsupported billings to CVRC in the amount of \$1,801.

As a result, \$1,801 is due back to DDS for the unsupported billings.
(See Attachment A)

W&I Code, Section 4648.1 states:

- “(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines either the following has occurred:
 - (1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations.”

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

- “(a) 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 . . .”

CCR, 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 . . .
- (e) All service providers' records shall be supported by source documentation.”

Recommendation:

SU must reimburse to DDS the \$1,801 for the unsupported billings. In addition, SU should ensure that proper documentation is maintained to support the amounts billed to CVRC.

SU's Response:

Ms. Weber stated that SU has no objections to the finding and agrees to refund DDS. See Attachment B for the full text of SU's response and Attachment C for DDS' evaluation of SU's response.

Stepping Up, LLC
Summary of Unsupported Billings
Audit Period: July 1, 2012, through June 30, 2013

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	<u>Unsupported Billings</u>		<u>Failed to Bill</u>		<u>Net Total</u>
						Units	Amount ¹	Units	Amount	Amount
						A		B	= A - B	
1	<u>Community Integration Training Program</u>									
	<u>July 2012</u>									
	HC0237	055	Community Integration Training Program (\$15)	Hours	\$ 15.85	-	-	-	-	-
			Community Integration Training Program (\$24)	Hours	25.35	13.50	342	-	-	342
			Community Integration Training Program (SP1:1)	Hours	20.36	4.00	81	-	-	81
			<u>Sub-Total July 2012</u>			<u>17.50</u>	<u>\$ 424</u>	-	-	<u>\$ 424</u>
	<u>June 2013</u>									
	HC0980	055	Community Integration Training Program (1:1)	Hours	\$ 25.35	45.50	\$ 1,153	-	-	\$ 1,153
			Community Integration Training Program (1:2)	Hours	15.85	-	-	-	-	-
			Community Integration Training Program (SP1:1)	Hours	20.36	11.00	224	-	-	224
			<u>Sub-Total June 2013</u>			<u>56.50</u>	<u>\$ 1,377</u>	-	-	<u>\$ 1,377</u>
FINDING 1: Total - Community Integration Training Program						<u>74.00</u>	<u>\$ 1,801</u>	-	-	<u>\$ 1,801</u>

Note:

1. Rounded up to the nearest dollar.

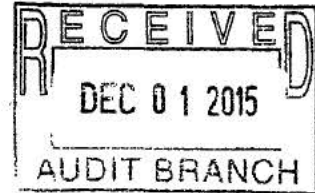
Stepping Up's Response to Draft Report

As part of the audit report process, Stepping Up, LLC (SU) was afforded the opportunity to respond to the draft audit report and provide a written response to the finding identified. On November 25, 2015, SU submitted a response to the draft audit report. This was within the agreed upon 30 day response period.

STEPPING UP LLC

1441 N. Harrison
Fresno, CA 93728
(559) 441-7011

Attachment B



November 25, 2015

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

Attention: Edward Yan, Manager

Subject: DDS Audit - Stepping Up, LLC
Audit Period: July 1, 2012 thru June 30, 2013
Community Integration Training Program

Dear Mr. Yan,

Stepping Up LLC, represented by Connie Weber, discussed the Audit conclusions with Pardeep Deol, Lead Auditor on November 12, 2015 and we fully understand the findings. We have no objections to the findings and agree to refund DDS \$1,801.00 for unsupported billings.

Please give special thanks to Alimou Diallo, Pardeep Deol and Thai Vang for walking us through the Audit and answering all our questions.

Please forward Invoice for \$1,801.00 so we may refund DDS.

Thank you,

A handwritten signature in cursive script that reads "Connie Weber".

Connie Weber
Administrative Manager

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES'
EVALUATION OF STEPPING UP, LLC'S RESPONSE**

On November 25, 2015, SU submitted a response to DDS, stating that SU has no objections to the finding and agrees to refund DDS.