

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
UNITED CEREBRAL PALSY**

Day Programs:

Adult Development Program – HV0009, HV0159, HV0160, and H29232
Activity Center - H04028

Respite Program:

In-Home Respite Services – H29413

Supported Living Services:

Supported Living Services – S29405

Other Programs:

Community Integration Training – HV0264
Early Start Specialized Therapeutic – H29312
Purchase Reimbursement – S64355

(Audit Period: July 1, 2006, through June 30, 2007)

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
Alton Kitay, Supervisor
Kenneth Rading, Lead Auditor
Charlotte Chigbu
Treisa Muhammad

Assignment # 08-VN-1-003

UNITED CEREBRAL PALSY

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited United Cerebral Palsy (UCP). The audit was performed upon the following programs: Day, In-Home Respite, Supported Living Services, Community Integration Training, Early Start Specialized Therapeutic, and Purchase Reimbursement for the period of July 1, 2006, through June 30, 2007.

The last day of fieldwork was December 21, 2007.

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

Finding 1: Supported Living Services (SLS) – Unsupported Billing and Failure to Bill

The review of UCP's SLS Program, for the sample period, revealed that UCP had both unsupported billings as well as appropriate support for services that it failed to bill the Valley Mountain Regional Center (VMRC). As a result, UCP had a total of \$842.23 of unsupported billings and a total of \$3,735.81 for which it failed to bill.

Finding 2: Day Programs - Unsupported Staffing Ratio

The review of UCP's Day Programs staffing ratios revealed a lack of supporting documentation for its required direct care staffing hours. This resulted in a shortage of direct care staffing of 117.50 hours for a total of \$851.88 due back to DDS.

Finding 3: Day Programs – Maintenance of Source Documentation

The review of UCP's Day Programs revealed it did not maintain its source documentation for one of its Adult Development Programs, Vendor Number H29232, Service Code 510.

The total of the unsupported billing discrepancies identified in this audit amounts to \$1,694.11 due back to DDS. 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, 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 UCP's Day, Activity Center, In-Home Respite, Supported Living Services, Community Integration Training, Early Start Specialized, Therapeutic, and Purchase Reimbursement programs were compliant with the Welfare and Institutions (W&I) Code, California Code of Regulations (Title 17), and the VMRC contracts with UCP for the period of July 1, 2006, through June 30, 2007.

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 UCP, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of UCP's 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 UCP complied with Title 17.

Supported Living Services

During the audit period, UCP operated one Supported Living Service program, Vendor Number S29405, Service Code 896, which was audited.

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

- Reviewed VMRC vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed VMRC staff for vendor background information and to obtain prior vendor audit reports.
- Interviewed UCP staff and management to gain an understanding of its accounting procedures and processes for regional center billings.

- Reviewed UCP service/attendance records to determine if UCP had sufficient and appropriate evidence to support the direct care services billed to the regional centers.

Day Programs

During the audit period, UCP operated five Day Programs. The audit included the review of all five of UCP's Day Programs. The programs audited are listed below:

- Benjamin Holt Dr., Vendor Number HV0159, Service Code 510
- Benjamin Holt Dr., Vendor Number HV0160, Service Code 510
- Benjamin Holt Dr., Vendor Number H04028, Service Code 505
- Hammer Ranch, Vendor Number HV0009, Service Code 510
- Pacific Rd. Manteca, Vendor Number H29232, Service Code 510

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

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

In-Home Respite Program:

During the audit period, UCP operated one In-Home Respite Program, Vendor Number H29413, Service Code 896 which was audited.

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

- Reviewed VMRC's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.

- Interviewed VMRC staff for vendor background information and to obtain prior vendor audit reports.
- Interviewed UCP staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewed UCP respite workers' attendance records to determine whether UCP has sufficient and appropriate evidence to support the services billed to the regional center.
- Reviewed the UCP respite workers' payroll to determine if the workers provided the number of hours billed by UCP.

Miscellaneous Programs:

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

- Community Integration Training, Vendor Number HV0264, Service Code 055
- Early Start Specialized Therapeutic, Vendor Number H29312, Service Code 116
- Purchase Reimbursement, Vendor Number S64355, Service Code 024/773

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

- Reviewed VMRC's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed VMRC staff for vendor background information and obtaining prior vendor audit reports.
- Interviewed UCP staff and management to gain an understanding of its accounting procedures and processes for VMRC billings.
- Reviewed UCP service/attendance records to determine whether UCP has sufficient and appropriate evidence to support the direct care services billed to the regional centers.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

The DDS issued a draft audit report on October 13, 2009. The findings in the report were discussed at an exit conference with Ray Call on October 15, 2009. In a response dated November 4, 2009, United Cerebral Palsy accepted our audit draft report as accurate.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, Valley Mountain Regional Center, and United Cerebral Palsy. 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: Supported Living Service (SLS) - Unsupported Billing and Failure to Bill

The review of UCP's SLS program, Vendor Number S29405, for the sample period of July 2006 to June 2007, revealed that UCP had both unsupported billings as well as appropriate support for services that it failed to bill VMRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to VMRC. The failure to bill occurred when UCP had appropriate supporting documentation, but it did not bill VMRC. The following are the discrepancies identified:

UCP was not able to provide appropriate supporting documentation for 31.45 hours of services billed. The lack of documentation resulted in unsupported billings to VMRC in the amount of \$842.23.

In addition, UCP provided appropriate supporting documentation for 139.50 hours of service, but which were not billed to VMRC. This resulted in an unbilled amount of \$3,735.81.

As a result, \$842.23 is due back to DDS for the unsupported billings. UCP will need to contact VMRC for the services it failed to bill. (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.”

Also, Title 17, Sections 50604(d) 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:

UCP should reimburse to DDS the \$842.23 for the unsupported billings and discuss with VMRC the amount it failed to bill. In addition, UCP should develop and implement policies and procedures to ensure that proper documentation are maintained to support the amounts billed to VMRC.

United Cerebral Palsy's Response:

In responding to the audit report, United Cerebral Palsy accepted our findings as accurate.

See Attachment C for the full text of United Cerebral Palsy's response.

Finding 2: Day Programs - Unsupported Staffing Ratio

The review of UCP's Day Programs for the sample months of January and February 2007 showed that UCP did not meet the required staffing ratio for one of its programs, Vendor Number H04028, 1:6 Staffing Ratio.

The total direct care hours required for the sample month of January 2007 were 2,512 hours. The hours UCP actually provided were 2,437.25 hours. This resulted in 74.75 hours of unsupported direct care staffing.

The total direct care hours required for the sample month of February 2007 were 2,274 hours. The hours UCP actually provided were 2,231.25 hours. This resulted in 42.75 hours of unsupported direct care staffing.

The total unsupported direct care staffing hours of 117.50 hours multiplied by the average salary of \$7.25 amounts to \$851.88 due back to DDS. (See Attachment B.)

UCP's program design for H04028 - Activity Center states:

“In order to stay in compliance with Community Care Licensing, the program maintains at least a 6:1 consumer to staff person ratio.”

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. 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”

Also, 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 overpayments 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. or (A)2.;
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:

UCP should reimburse to DDS the \$851.88 for the unsupported direct care staffing hours. In addition, UCP should develop policies and procedures to ensure it has sufficient staffing to meet the direct care staffing ratio. UCP should review records subsequent to Fiscal Year 06-07 to determine if adjustments are necessary.

United Cerebral Palsy's Response:

In responding to the audit report, United Cerebral Palsy accepted our findings as accurate.

See Attachment C for the full text of United Cerebral Palsy's response.

Finding 3: Day Programs - Maintenance of Source Documentation

For the audit period of July 1, 2006 through June 30, 2007, UCP failed to maintain source documentation to support billings for one of its Adult Development Programs, Vendor Number H29232, Service Code 510. It was found that UCP entered attendance data from its source documents to an electronic spreadsheet, but then disposed of the source documents after the inputting of the data.

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.”

Also Title 17, Sections 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 to the consumer and the daily or hourly units of service provided....

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

Recommendation:

UCP should maintain appropriate source documents to support all billing/invoicing and direct service hours provided to maintain the approved staffing ratio. In addition, source documents should be retained for a minimum of five years from the date of final payment for the State fiscal year in which services were provided.

United Cerebral Palsy's Response:

In responding to the audit report, United Cerebral Palsy accepted our findings as accurate.

See Attachment C for the full text of United Cerebral Palsy's response.

**United Cerebral Palsy
Summary of Unsupported Billing and Failure to Bill - SLS
Fiscal Year- 2006-07**

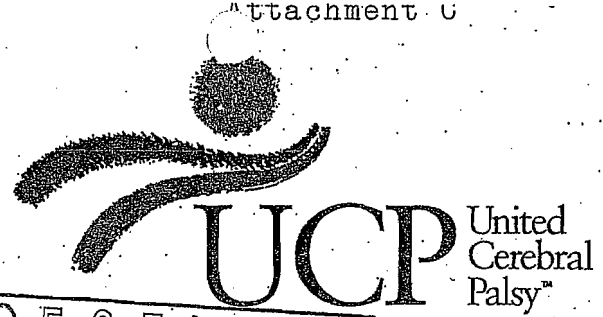
<i>Finding #</i>	<i>Vendor</i>	<i>Svc Code</i>	<i>Description</i>	<i>Unit Type</i>	<i>A</i>	<i>B</i>	<i>C=A*B</i>	<i>D</i>	<i>E=A*D</i>
					<i>Rate</i>	Unsupported Billings		Failure to Bill	
						<i>Units</i>	<i>Amount</i>	<i>Units</i>	<i>Amount</i>
1	S29405	896	Supported Living Program	Hour	\$ 26.78	31.45	\$842.23	\$ (139.50)	\$ (3,735.81)

**United Cerebral Palsy
Unsupported Staffing Ratio and Overpayment Amounts
For the Audit Period July 1, 2006 through June 30, 2007**

ADC	Jan-07	Feb-07	A Unsupported Direct Service Hours	B Average Salary per Cost Stmt	C = A * B Overpayment Amount
HV0159, HV0160, H04028					
Required Direct Hours	2,512.00	2,274.00			
Less: Provided Direct Hours	2,437.25	2,231.25			
Unsupported Hours	74.75	42.75	117.50	\$7.25	\$851.88
COMBINED TOTAL ADC PROGRAMS			117.50		\$851.88

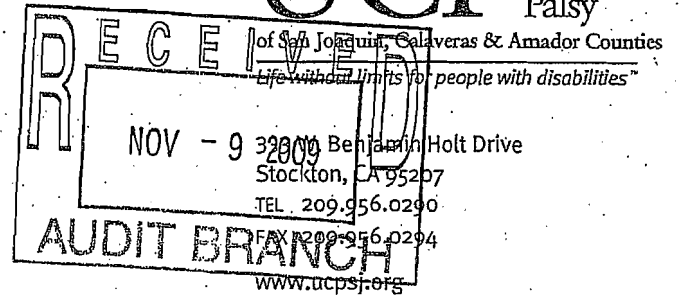
United Cerebral Palsy's Response to the Draft Report

In response to the draft audit report dated November 4, 2009, United Cerebral Palsy agreed that the findings were accurate.



November 4, 2009

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



Dear Mr. Yan,

United Cerebral Palsy has reviewed your audit documentation and finds that the findings are accurate. We have administered policies and procedures that are designed to correct these types of inaccuracies on UCP's part in the future. We appreciate your excellent customer service while conducting the audit. We look forward to working with you in the future. Any further questions or concerns regarding this audit can be addressed to me at the attached address and phone number.

Sincerely,

Ray Call
Chief Executive Director

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES' (DDS)
EVALUATION OF UNITED CEREBRAL PALSY'S RESPONSE**

As part of the vendor audit report process, United Cerebral Palsy was afforded the opportunity to respond to the draft audit report and provide a written response to the finding. Upon receipt of United Cerebral Palsy's written response to the draft audit report, DDS evaluated the written response and United Cerebral Palsy has indicated that they accept the draft audit report as accurate.