

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES'
AUDIT
OF
THE CAMPBELL CENTER**

Programs and Services:

Community Integration Training Program – PD0629
Residential Facility Serving Adults – Staff Operated – PD2828
Supported Employment Program – Group Services – HD0365
Supported Employment Program – Individual Services – HD0361
Work Activity Program – HD0142

Audit Period: July 1, 2016, through September 30, 2018

Audit Section

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THE CAMPBELL CENTER

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited The Campbell Center (TCC). The audit was performed upon the Community Integration Training Program (CITP), Residential Facility Serving Adults – Staff Operated (RFSA), Supported Employment Program – Group Services (SEP– Group Services), Supported Employment Program – Individual Services (SEP– Individual Services) and Work Activity Program (WAP) for the period of July 1, 2016, through September 30, 2018.

The audit disclosed the following issues of non-compliance:

Finding 1: Supported Employment Program – Group Services – Overbillings

The review of TCC's SEP – Group Services program, Vendor Number HD0365, revealed that TCC had a total of \$117,216 of overbillings to Eastern Los Angeles Regional Center (ELARC) and North Los Angeles County Regional Center (NLACRC).

Finding 2: Work Activity Program – Overbillings

The review of TCC's WAP program, Vendor Number HD0142, revealed that TCC had a total of \$2,164 of overbillings to Frank D. Lanterman Regional Center (FDLRC).

The total of the findings identified in this audit is \$119,380, which is due back to DDS. A detailed discussion of these findings is contained in the Findings and Recommendations section of this 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 TCC's CITP, RFSA – Staff Operated, SEP– Group Services, SEP– Individual Services and WAP programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State and Federal laws and regulations and the regional centers' contracts with TCC for the period of July 1, 2016, through September 30, 2018.

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

The audit scope was determined by reviewing the programs and services provided to four regional centers that utilized TCC's services during the audit period. DDS audited services provided to ELARC, FDLRC, NLACRC and Tri-Counties Regional Center (TCRC). These four regional centers were chosen due to the large volume of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

TCC provided six different types of services, of which DDS audited five. Services chosen were based on the amount of POS expenditures invoiced by TCC. By 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, TCC operated one CITP program. The audit included the review of TCC's CITP program, Vendor Number PD0629, SC 055 and testing was done for the sampled months of April 2017 and May 2017.

Residential Facility Serving Adults – Staff Operated

During the audit period, TCC operated three RFSA- Staff Operated programs. The audit included the review of one of TCC's RFSA – Staff Operated program, Vendor Number H25244, SC 915 and testing was done for the sampled months of April 2017 and May 2017.

Supported Employment Program – Group Services

During the audit period, TCC operated one SEP – Group Services program. The audit included the review of TCC's SEP – Group Services program, Vendor Number HD0365, SC 950 and testing was initially done for the sampled months of April 2017 and May 2017. However, the two sample months testing demonstrated a significant amount of overbilling. As a result, the testing sample was expanded to include Fiscal Years 2016-17, 2017-18, and July 2018, August 2018, and September 2018.

Supported Employment Program – Individual Services

During the audit period, TCC operated one SEP – Individual Services program. The audit included the review of TCC's SEP – Individual Services program, Vendor Number HD0361, SC 950 and testing was done for the sampled months of April 2017 and May 2017.

Work Activity Program

During the audit period, TCC operated one WAP program. The audit included the review of TCC's WAP program, Vendor Number HD0142, SC 954 and testing was done for the sampled months of April 2017 and May 2017.

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:

- Reviewed vendor files for contracts, rate letters, program designs, POS authorizations and correspondence pertinent to the review.
- Interviewed regional center staff for vendor background information and to obtain insight into the vendor's operations.
- Interviewed vendor staff and management to gain an understanding of the vendor's accounting procedures and processes for regional center billing.
- Obtained and reviewed the vendor's internal control questionnaire.
- Reviewed vendor service/attendance records to determine if the vendor had sufficient and appropriate evidence to support the direct care services billed to the regional center(s).
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Interviewed the vendor's Chief Executive Director and management staff, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

CONCLUSION

Based upon items identified in the Findings and Recommendations section, TCC had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on February 21, 2020. The findings in the report were discussed at an exit conference with TCC on March 5, 2020. Subsequent to the exit conference, on March 26, 2020, TCC provided their response to the draft audit report. TCC agreed to all of the findings.

RESTRICTED USE

This report is solely for the information and use of DDS, Department of Health Care Services, ELARC, FDLRC, NLACRC, TCRC and TCC. This restriction is not intended to limit distribution of this report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Supported Employment Program – Group Services – Overbillings

The review of TCC's SEP – Group Services program, Vendor Number HD0365, for FYs 2016-17 and 2017-18 and July 2018, August 2018 and September 2018, revealed that TCC had overbillings for services billed to ELARC and NLACRC

Overbillings occurred due to TCC billing the same job coaching hours twice.

There was documentation to support 3,213 job coaching hours. However, TCC billed both ELARC and NLACRC using the same amount of job coaching hours. This resulted in an overbilled amount of \$117,216, which is due back to DDS. (See Attachment A)

W&I Code, Section 4648.1(e)(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 that either of 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, Section 54326(a) (10) states:

“(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:

TCC must reimburse to DDS \$117,216 for the overbillings. In addition, TCC should comply with the CCR, Title 17 as stated above to ensure that job coaches' hours are accurately billed to ELARC and NLACRC.

Vendor's Response:

TCC stated in its response, dated March 26, 2020, that it agreed with the finding. (See Attachment B)

Finding 2: Work Activity Program – Overbillings

The review of TCC’s WAP program, Vendor Number HD0142, for the sampled months of April 2017 and May 2017, revealed that TCC had overbillings for services billed to FDLRC.

Overbillings occurred due to TCC billing for a full day of service when the consumers worked less than two hours per day.

TCC overbilled the regional centers for a total of 48 days. This resulted in an overbilled amount of \$2,164 and is due back to DDS. (See Attachment A)

CCR, Title 17, Section 58880(b)(3) states:

“(b) The regional center shall make payments for services using a daily rate as follows:...

- (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....”

Recommendation:

TCC must reimburse to DDS \$2,164 for the overbillings. In addition, TCC should comply with the CCR, Title 17 as stated above to ensure that absences or services for less than two hours, excluding the lunch period, are not billed to the referring regional center.

Vendor’s Response:

TCC stated in its response, dated March 26, 2020, that it agreed with the finding. (See Attachment B)