

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
ELK GROVE ADULT COMMUNITY TRAINING

Programs and Services:

Community Integration Training Program – Vendor Numbers PA0033, PA0269 and PA1932

Adult Development Center – Vendor Number H02123

Transportation - Additional Component – Vendor Number H02123

Activity Center – Vendor Number H02123

Supplemental Day Services Program Support – Vendor Number PA0033

Audit Period: July 1, 2017, through June 30, 2018

Audit Section

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ELK GROVE ADULT COMMUNITY TRAINING

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Elk Grove Adult Community Training (EGACT). The audit was performed upon the Community Integration Training Program (CITP), Adult Development Center (ADC), Transportation - Additional Component (TAC), Activity Center (AC) and Supplemental Day Services Program Support (SDSPS) for the period of July 1, 2017, through June 30, 2018.

The audit disclosed the following issues of non-compliance:

Finding 1: Community Integration Training Program – Unsupported Billings

The review of EGACT's CITP, Vendor Numbers PA0033, PA0269 and PA1932, revealed that EGACT had a total of \$10,646 of unsupported billings to Alta California Regional Center (ACRC).

Finding 2: Programs and Services – Unsupported Staffing Ratio

The review of EGACT's combined programs and services for CITP, Vendor Numbers PA0033, PA0269 and PA1932; ADC, Vendor Number H02123; AC, Vendor Number H02123; and SDSPS, Vendor Number PA0033, revealed a lack of supporting documentation for its required direct care staffing hours. This resulted in a shortage of 456 required direct care staffing hours and an unsupported total of \$7,269 for services billed to ACRC and Valley Mountain Regional Center (VMRC).

Finding 3: Adult Development Center – Unsupported Billings

The review of EGACT's ADC program, Vendor Number H02123, revealed that EGACT had a total of \$703 of unsupported billings to ACRC.

Finding 4: Transportation - Additional Component – Unsupported Billings

The review of EGACT's TAC service, Vendor Number H02123, revealed that EGACT had a total of \$548 of unsupported billings to ACRC.

The total of the findings identified in this audit amounts to \$19,166, 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 EGACT'S 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 EGACT for the period of July 1, 2017, through June 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 EGACT, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of EGACT'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 EGACT complied with W&I Code and CCR, Title 17. Any complaints that DDS' Audit Section was aware of regarding non-compliance with laws and regulations were also reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to two regional centers that utilized EGACT's services during the audit period. DDS audited services provided to ACRC and VMRC. These two regional centers were chosen due to the large volume of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

DDS audited all five types of programs and services that EGACT provided. Services were selected for audit based on the amount of POS expenditures invoiced by EGACT. 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, EGACT operated three CIT programs. The audit included the review of all three – Vendor Numbers PA0033, PA0269 and PA1932, Service Code 055 – and testing was done for the sampled months of October 2017 and March 2018.

Adult Development Center

During the audit period, EGACT operated one ADC program. The audit included the review of EGACT's ADC program, Vendor Number H02123, Service Code 510, and testing was done for the sampled months of October 2017 and March 2018.

Transportation - Additional Component

During the audit period, EGACT operated one TAC program. The audit included the review of EGACT's TAC program, Vendor Number H02123, Service Code 880, and testing was done for the sampled months of October 2017 and March 2018.

Activity Center

During the audit period, EGACT operated one AC program. The audit included the review of EGACT's AC program, Vendor Number H02123, Service Code 505, and testing was done for the sampled months of October 2017 and March 2018.

Supplemental Day Services Program Support

During the audit period, EGACT operated one SDSPS program. The audit included the review of EGACT's SDSPS program, Vendor Number PA0033, Service Code 110, and testing was done for the sampled months of October 2017 and March 2018.

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 centers.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Reviewed the vendor's general ledger, payroll records, and trial balance to determine the vendor's costs.
- Interviewed the vendor's Executive Director, and Creative Director for vendor background information and to gain an understanding of accounting procedures and financial reporting process.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on October 6, 2020. The findings in the report were discussed at an exit telephone conference with EGACT on October 15, 2020. Subsequent to the exit conference, on November 30, 2020, EGACT provided an email response to the draft report agreeing with all the audit findings.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Community Integration Training Program – Unsupported Billings

The review of EGACT's CITP, Vendor Numbers PA0033, PA0269 and PA1932, for the sampled months of October 2017 and March 2018 revealed that EGACT had unsupported billings for services billed to ACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to ACRC and non-compliance with the CCR, Title 17.

DDS reviewed the daily and weekly attendance sheets as well as the sign-in and-out timecards and noted that EGACT was not able to provide appropriate supporting documentation for 96 days of services billed. The lack of documentation resulted in unsupported billings to ACRC in the amount of \$10,646, 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)(3) and (10) states:

- “(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, Section 50604(d) and (e) 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:

EGACT must reimburse to DDS \$10,646 for the unsupported billings. In addition, EGACT should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to ACRC.

EGACT's Response:

EGACT stated in its response dated November 30, 2020, that it agreed with the finding. See Attachment C for the full text of EGACT's response to the draft audit report and Attachment D for DDS' evaluation of EGACT's response.

Finding 2: Programs and Services – Unsupported Staffing Ratio

The review of EGACT's CITP, ADC, AC and SDSPS programs for the sampled months of October 2017 and March 2018 revealed that EGACT had overpayments of services billed to ACRC and VMRC. Overpayments occurred due to EGACT not meeting the approved staff-to-consumer ratios of 1:2, 1:6, 1:3, 1:8 and 1:1 for the units of service billed to ACRC and VMRC.

For the CITP, Vendor Numbers PA0033 and PA1932, Service Code 055 with a 1:2 staffing ratio, 5,961 total direct care hours were required for the month of October 2017, but EGACT provided 5,658 hours. This resulted in 303 unsupported direct care staffing hours. The total unsupported direct care staffing hours of 303 multiplied by the average hourly wage rate of \$15.93 amounts to \$4,827. For March 2018, EGACT was required to provide 5,865 direct care hours but only provided 5,833 hours. This resulted in 32 unsupported direct care staffing hours. The total unsupported direct care staffing hours of 32 multiplied by the average hourly wage rate of \$16.02 amounts to \$513. The total unsupported amount for the two months is \$5,340. (See Attachment B)

For the CITP, Vendor Number PA0269, Service Code 055 with a 1:6 staffing ratio, 419 total direct care hours were required for the month of October 2017, but EGACT provided 398 hours. This resulted in 21 unsupported direct care staffing hours. The total unsupported direct care staffing hours of 21 multiplied by the average hourly wage rate of \$15.93 amounts to \$335. For March 2018, EGACT was required to provide 442 direct hours but only provided 440 hours. This resulted in two unsupported direct care staffing hours. The total unsupported direct care staffing hours of two multiplied by the average hourly wage rate of \$16.02 amounts to \$32. The total unsupported amount for the two months is \$367. The total unsupported amount of \$5,707 for the two months is due back to DDS. (See Attachment B)

For the ADC program, Vendor Number H02123, Service Code 510, with a 1:3 staffing ratio, 1,432 total direct care hours were required for the month of October 2017, but EGACT provided 1,359 hours. This resulted in 73 unsupported direct care staffing hours. The total unsupported direct care staffing hours of 73 multiplied by the average hourly wage rate of \$15.93 amounts to \$1,163. For March 2018, EGACT was required to provide 1,404 direct hours but only provided 1,396 hours. This resulted in eight unsupported direct care staffing hours. The total unsupported direct care staffing hours of eight multiplied by the average hourly wage rate of \$16.02 amounts to \$128. The total unsupported amounts of \$1,291 for the two months is due back to DDS. (See Attachment B)

For the AC program, Vendor Number H02123, Service Code 505, with a 1:8 staffing ratio, 155 total direct hours were required for the month of October 2017, but EGACT provided 147 hours. This resulted in eight unsupported direct care staffing hours. The total unsupported direct care staffing hours of eight multiplied by the average hourly wage rate of \$15.93 amounts to \$127. For March 2018, EGACT was required to provide 159 direct hours but it only provided 158 hours. This resulted in one unsupported direct care staffing hour. The total unsupported direct care staffing hour of one multiplied by the average hourly wage rate of \$16.02 amounts to \$16. The total unsupported amount of \$143 for the two months is due back to DDS. (See Attachment B)

For the SDSPS, Vendor Number PA0033, Service Code 110, with a 1:1 staffing ratio, 132 total direct care hours were required for the month of October 2017, but EGACT provided 125 hours. This resulted in seven unsupported direct care staffing hours. The total unsupported direct care staffing hours of seven multiplied by the average hourly wage rate of \$15.93 amounts to \$112. For March 2018, EGACT was required to provide 132 direct hours but only provided 131 hours. This resulted in one unsupported direct care staffing hour. The unsupported direct care staffing hour multiplied by the average hourly wage rate of \$16.02 amounts to \$16. The total unsupported amount of \$128 for the two months is due back to DDS. (See Attachment B)

CCR, Title 17, Section 56756(a) (d) (1), (e) (1) and (i) (1) and (2) states:

- “(a) A staffing ratio shall be approved for each adult day program by the Department pursuant to this section. This ratio shall be based on the program design, the curriculum as vendored, the characteristics and needs of the consumers to be served, and the number of consumers enrolled.

- (d) Activity centers shall provide a direct care staff-to-consumer ratio of 1:8.

- (1) The vendor is authorized to request Department approval for modification of the staffing for an Activity Center to an overall direct care staff-to-consumer ratio of 1:7 or 1:6. A written request and justification shall be submitted to the Department by the regional center which documents the findings pursuant to the criteria listed below. The overall direct care staffing ratio shall be determined by averaging the specific staff-to-consumer ratio needed for each individual consumer.
- (e) Adult development centers shall provide a direct care staff to-consumer ratio of 1:4.
- (1) The vendor is authorized to request Department approval for modification of the staffing for an Adult Development Center to an overall direct care staff-to-consumer ratio of 1:3. A written request and justification shall be submitted to the Department by the regional center which documents the findings pursuant to the criteria listed below. The overall direct care staffing ratio shall be determined by averaging the specific staff-to-consumer ratio needed for each individual consumer. The regional center shall consider whether the Adult Development Center meets the following criteria for modification of the direct care staffing ratio of 1:4.
- (i) The vendor shall maintain the approved staffing ratio during its direct service hours. The vendor shall not be required to schedule the ratio with each subgroup of consumers at all times, but shall maintain both:
- (1) The ratio of staff on duty to consumers in attendance during all 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. If the numerical comparison results in a fraction, more than one-half of a staff person shall be rounded up to the next whole number. Less than one-half of a staff person shall be rounded up to the next one-half of a whole number. One-half of a staff person shall not be rounded.
 - (2) Sufficient supervision for each subgroup to protect the health and safety of the consumers.

Recommendation:

EGACT must reimburse to DDS \$7,269 for the overpayment of services for the unsupported direct care staffing hours. In addition, EGACT should ensure that the approved staff to consumer ratio is met.

EGACT's Response:

EGACT stated in its response dated November 30, 2020, that it agreed with the finding. See Attachment C for the full text of EGACT's response to the draft audit report and Attachment D for DDS' evaluation of EGACT's response.

Finding 3: Adult Development Center – Unsupported Billings

The review of EGACT's ADC program, Vendor Number H02123, for the sampled months of October 2017 and March 2018 revealed that EGACT had unsupported billings for services billed to ACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to ACRC and non-compliance with the CCR, Title 17.

DDS reviewed daily and weekly attendance sheets as well as sign-in and sign-out timecards and noted that EGACT was not able to provide appropriate supporting documentation for 13 days of services billed. The lack of documentation resulted in unsupported billings to ACRC in the amount of \$703, 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)(3) and (10) states:

“(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, Section 50604(d) and (e) 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:

EGACT must reimburse to DDS \$703 for the unsupported billings. In addition, EGACT should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to ACRC.

EGACT's Response:

EGACT stated in its response dated November 30, 2020, that it agreed with the finding. See Attachment C for the full text of EGACT's response to the draft audit report and Attachment D for DDS' evaluation of EGACT's response.

Finding 4: Transportation - Additional Component – Unsupported Billings

The review of EGACT's TAC service, Vendor Number H02123, for the sampled months of October 2017 and March 2018, revealed that EGACT had unsupported billings for services billed to ACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to ACRC and non-compliance with the CCR, Title 17.

DDS reviewed daily run attendance sheets and sign-in and sign-out timecards and noted that EGACT was not able to provide appropriate supporting documentation for 32 days of services billed. The lack of documentation resulted in unsupported billings to ACRC in the amount of \$548 and 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)(3) and (10) states:

"(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, Section 50604(d) and (e) 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:

EGACT must reimburse to DDS \$548 for the unsupported billings. In addition, EGACT should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to ACRC.

EGACT’s Response:

EGACT stated in its response dated November 30, 2020, that it agreed with the finding. See Attachment C for the full text of EGACT’s response to the draft audit report and Attachment D for DDS’ evaluation of EGACT’s response.

ATTACHMENTS A-B

ELK GROVE ADULT COMMUNITY TRAINING

To request a copy of the attachments for this audit report, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT C – VENDOR’S RESPONSE

ELK GROVE ADULT COMMUNITY TRAINING

To request a copy of the vendor’s response to the audit findings, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT D – DDS’ EVALUATION OF EGACT’S RESPONSE

DDS evaluated Elk Grove Adult Training’s (EGACT) written response to the draft audit report and determined that EGACT did not disagree with all the findings. EGACT explained that the findings were due to lack of a system to accurately document the services that were provided. EGACT further stated that it has corrected this by bringing into use an “e-doc system called *Therap*” it now uses to maintain all service records. (See Attachment C)