

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
WORK CREATION PROGRAM, INC.

Programs and Services:

Behavior Management Program – H13675

Adult Development Center – H13866

Transportation - Additional Component – H13685

Audit Period: July 1, 2011 through June 30, 2013

Audit Section

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WORK CREATION PROGRAM, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Work Creation Program, Inc. (WCP). WCP is one of two companies owned by [REDACTED] and [REDACTED] i. This report is an audit of only WCP, although Work Creation Training, Inc. (WCT) was audited simultaneously. A separate audit report will be issued for WCT. The audit was performed upon the Behavior Management Program (BMP), Adult Development Center (ADC), and Transportation-Additional Component (TAC) for the period of July 1, 2011 through June 30, 2013.

The audit disclosed the following issues of non-compliance:

Finding 1: Adult Development Center – Unsupported Billings

The review of WCP's ADC, Vendor Number H13866, revealed that WCP had a total of \$3,932 of unsupported billings to Regional Center of Orange County (RCOC).

Finding 2: Behavior Management Program – Unsupported Billings

The review of WCP's BMP, Vendor Number H13675, revealed that WCP had a total of \$2,534 of unsupported billings to RCOC.

Finding 3: Behavior Management Program and Adult Developmental Center – Program Designs and Service Delivery

The review of WCP's BMP, Vendor Number H13675, and ADC, Vendor Number H13866 for the two sampled fiscal years (FY) of July 1, 2011 through June 30, 2013, revealed that WCP had program designs that did not differentiate between the service delivery for the two services.

The total findings identified in this audit amounts to \$6,466 and 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 WCP's BMP, ADC, and TAC programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, and the regional centers' contracts with WCP for the period of July 1, 2011 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 WCP, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of WCP'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 WCP 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 two regional centers that utilized WCP's services during the audit period. DDS audited services provided to RCOC. RCOC was chosen due to the large volume of services utilized by the center as measured by Purchase of Service (POS) expenditures.

WCP provided three different types of services, of which that DDS audited all three. Services were chosen based on the amount of POS expenditures invoiced by WCP. 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.

Behavior Management Program

During the audit period, WCP operated one BMP. The audit included the review of WCP's BMP, Vendor Number H13675, Service Code (SC) 515 and testing was done for the sampled months of October 2011 and May 2012. However, the two sampled months demonstrated an unusual amount of billing issues and non-compliance with staff-to-consumer ratios. Therefore, the testing was expanded to include a two-fiscal year sample of July 1, 2011 through June 30, 2013

Adult Development Center

During the audit period, WCP operated one ADC program. The audit included the review of WCP's ADC program, Vendor Number H13866, SC 510 and testing was done for the sampled months of October 2011 and May 2012. However, the testing was expanded to include a two-fiscal year audit sample of July 1, 2011 through June 30, 2013 in order to test the compliance of staff-to-consumer ratios for services that were provided simultaneously to groups of consumers within the ADC program and the BMP.

Transportation – Additional Component

During the audit period, WCP operated one TAC program. The audit included the review of WCP's TAC program, Vendor Number H13685, SC 880 and testing was done for the sampled months of October 2011 and May 2012.

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 its 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.

- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on October 8, 2020. The areas of review and conclusion of the audit was discussed in an exit conference via ZOOM meeting with WCP on October 22, 2020. Subsequent to the exit conference, on October 28, 2020, WCP submitted a response via e-mail to the draft report. WCP agreed with the Findings 1, 2, and 3.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Adult Development Center – Unsupported Billings

The review of WCP's ADC program, Vendor Number H13866, for the two sampled FYs of July 1 2011 through June 30, 2013, revealed that WCP had unsupported billings of service to RCOC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCOC.

WCP was not able to provide appropriate supporting documentation for 63 units of services billed. The lack of documentation resulted in unsupported billings to RCOC in the amount of \$3,932 and 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 deliver 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:

WCP must reimburse to DDS \$3,932 for the unsupported billings. In addition, WCP should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCOC.

Vendor's Response:

WCP stated in the response, dated October 28, 2020, that WCP agreed with the finding.

See Attachment B for full text of WCP's response and Attachment C for DDS' Evaluation of WCP's response.

Finding 2: Behavior Management Program – Unsupported Billings

The review of WCP's BMP, Vendor Number H13675, for the two sampled FYs of July 1, 2011 through June 30, 2013, revealed that WCP had unsupported billings to RCOC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCOC.

WCP was not able to provide appropriate supporting documentation for 32 units of services billed. The lack of documentation resulted in unsupported billings to RCOC in the amount of \$2,534 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.”

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“(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:

WCP must reimburse to DDS \$2,534 for the unsupported billings. In addition, WCP should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCOC.

Vendor’s Response:

WCP stated in the response, dated October 28, 2020, that WCP agreed with the finding.

See Attachment B for full text of WCP’s response and Attachment C for DDS’ Evaluation of WCP’s response.

Finding 3: Behavior Management Program and Adult Developmental Center – Program Designs and Service Delivery

The review of WCP’s BMP, Vendor Number H13675, and ADC, Vendor Number H13866 for the two sampled FYs of July 1, 2011 through June 30, 2013, revealed that WCP had program designs that did not differentiate between the service delivery for the two services.

WCP was authorized by RCOC to provide two services, BMP with a daily rate of \$86.66 and staffing ratio of 1:3 and ADC with a daily rate of \$64.96 and staffing ratio of 1:4. However, the program designs for both the BMP and ADC services submitted by WCT and approved by RCOC were identical. In many cases consumers authorized for BMP and consumers authorized for ADC services were placed in the same group with three or four consumers on a daily basis being supported by the same direct service professional. Therefore, it was not possible to determine any difference in the service consumers received or the rationale for why some consumers authorized for ADC services and others were authorized to receive BMP services.

CCR, Title 17, Section 56742(d) states:

“(d) The curriculum for all programs shall describe:

- (1) The schedule of consumer training activities which is designed to ensure that the entire direct services time is focused toward the achievement of the individual objectives contained in the IPP;
- (2) Consumer training activities;
- (3) Age appropriate materials and activities which shall be used; and
- (4) Specific consumer outcomes which are anticipated from participation in each training component.”

CCR, Title 17, Section 56714(a) states:

“(a) The vendor shall have written entrance and exit criteria that shall be used by a consumer's ID Team to determine the appropriateness of the vendor's program for meeting the objective(s) of an individual consumer's IPP. The criteria shall include all of the following:

- (1) Ages of consumers to be served;
- (2) Any other prerequisites required for participation in the program; and
- (3) The level of skills and ability development which would indicate that placement in the vendor's program may no longer meet the consumer's needs.”

CCR, Title 17, Section 56746(a) states:

“(a) In addition to the criteria specified in section 56714 of these regulations, adult day program vendor entrance and exit criteria shall also include a description of the level of all of the following attributes required for participation in the vendor's program:

- (1) Self-care skills;
- (2) Physical and medical conditions; and
- (3) Behavioral characteristics.”

Recommendation:

WCP should work with RCOC to determine if the ADC and BMP program designs align with applicable regulations and modify the programs designs as necessary. Included in the modified designs should be clear entrance/exit criteria, for each program, used by the consumers' planning teams to determine the appropriateness

of the service for meeting the consumers' individual program plan objectives. The entrance criteria should be distinct and differentiated for each program such that differences in the programs are discernable. Also, WCP should maintain service records that accurately document the service being provided to the consumer with adequate differentiation between the BMP and ADC services.

Vendor's Response:

WCP stated in the response, dated October 28, 2020, that WCP agreed with the finding.

See Attachment B for full text of WCP's response and Attachment C for DDS' Evaluation of WCP's response.

ATTACHMENT A

WORK CREATION PROGRAM, INC.

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

ATTACHMENT B – VENDOR’S RESPONSE

WORK CREATION PROGRAM, INC.

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

ATTACHMENT C – DDS' EVALUATION OF WCP's RESPONSE

DDS evaluated WCP's response, dated October 28, 2020. WCP agreed with the findings identified in the draft audit report.