

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

Programs and Services:

Behavior Management Program – HW0441

Adult Development Center – HW0442

Transportation - Additional Component – HW0444

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

Audit Section

Auditors: Michael Masui, Chief of Vendor Audit Unit
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WORK CREATION TRAINING, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Work Creation Training, Inc. (WCT). WCT is one of two companies owned by [REDACTED] and [REDACTED]. This report is an audit of only WCT, although Work Creation Program, Inc. (WCP) was audited simultaneously. A separate audit report will be issued for WCP. 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: Behavior Management Program – Unsupported Billings

The review of WCT's BMP, Vendor Number HW0441, revealed that WCT had a total of \$24,762 of unsupported billings to Westside Regional Center (WRC).

Finding 2: Adult Development Center – Unsupported Billings

The review of WCT's ADC program, Vendor Number HW0442, revealed that WCT had a total of \$4,724 of unsupported billings to WRC.

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

The review of WCT's BMP, Vendor Number HW0441, and ADC, Vendor Number HW0442, for the two sampled fiscal years (FY) of July 1, 2011 through June 30, 2013, revealed that WCT had program designs that did not differentiate between the service delivery for the two services.

The total findings identified in this audit amounts to \$29,486 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 WCT's BMP, ADC, and TAC programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, and the regional centers' contract with WCT 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 WCT, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of WCT'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 WCT 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 three regional centers that utilized WCT's services during the audit period. DDS audited services provided to WRC. WRC was chosen due to the large volume of services utilized by the center as measured by Purchase of Service (POS) expenditures.

WCT provided three different types of services, of which DDS audited all three. Services chosen were based on the amount of POS expenditures invoiced by WCT. 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, WCT operated one BMP. The audit included the review of WCT's BMP, Vendor Number HW0441, Service Code (SC) 515 and testing was done for the sampled months of January and June 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, WCT operated one ADC program. The audit included the review of WCT's ADC program, Vendor Number HW0442, SC 510 and testing was done for the sampled months of January and June 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, WCT operated one TAC program. The audit included the review of WCT's TAC program, Vendor Number HW0444, SC 880 and testing was done for the sampled months of January and June 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 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.

- 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, WCT 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 WCT on October 22, 2020. Subsequent to the exit conference, on October 28, 2020, WCT submitted a response via e-mail to the draft report. WCT 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, WRC, and WCT. This restriction is not intended to limit distribution of this report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Behavior Management Program – Unsupported Billings

The review of WCT's BMP, Vendor Number HW0441, for the two sampled FYs of July 1, 2011 through June 30, 2013, revealed that WCT had unsupported billings for services to WRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to WRC.

WCT was not able to provide appropriate supporting documentation for 294 units of services billed. The lack of documentation resulted in unsupported billings to WRC in the amount of \$24,762 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 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:

WCT must reimburse to DDS \$24,762 for the unsupported billings. In addition, WCT should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to WRC.

Vendor's Response:

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

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

Finding 2: Adult Development Center – Unsupported Billings

The review of WCT's ADC program, Vendor Number HW0442, for the two sampled FYs of July 1, 2011 through June 30, 2013, revealed that WCT had unsupported billings of service to WRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to WRC.

WCT was not able to provide appropriate supporting documentation for 91 units of services billed. The lack of documentation resulted in unsupported billings to WRC in the amount of \$4,724 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:

WCT must reimburse to DDS \$4,724 for the unsupported billings. In addition, WCT should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to WRC.

Vendor’s Response:

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

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

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

The review of WCT’s BMP, Vendor Number HW0441, and ADC, Vendor Number HW0442, for the two sampled FYs of July 1, 2011 through June 30, 2013, revealed that WCT had program designs that did not differentiate between the service delivery for the two services.

WCT was authorized by WRC to provide two services, BMP with a daily rate of \$86.66 and staffing ratio of 1:3 and ADC Program 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 WRC 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:

WCT should work with WRC 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, WCT 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:

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

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

ATTACHMENT A

WORK CREATION TRAINING, 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 TRAINING, 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 WCT’S RESPONSE

DDS evaluated WCT’s response, dated October 28, 2020, to the draft audit report. WCT agreed to the findings identified in the draft audit report.