

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
ALBACRUZ INVESTMENTS, LLC

Programs and Services:

Adult Residential Facilities for Persons with Special Health Care Needs – H89060, PG1013

Transportation – Additional Component – H89060, PG1013

Audit Period: July 1, 2018, through June 30, 2019

Audit Section

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ALBACRUZ INVESTMENTS, LLC

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Albacruz Investments (AI), LLC. The audit was performed upon the Adult Residential Facility for Persons with Special Health Care Needs (ARFPSHN) and the Transportation – Additional Component (TAC) programs for the period of July 1, 2018, through June 30, 2019.

The audit disclosed the following issues of non-compliance:

Finding 1: Adult Residential Facility for Persons with Special Health Care Needs – Unsupported Staffing Hours

The review of AI's ARFPSHN program, Vendor Number H89060 and PG1013, revealed that AI had a total 114 of unsupported staffing hours to Golden Gate Regional Center (GGRC). Adjustments were to the Draft Audit report finding because of the additional documentation received. Therefore, the total amount in Finding 1 was reduced to \$3,158 (\$20,670 - \$17,512).

Finding 2: Adult Residential Facility for Persons with Special Health Care Needs – Unsupported Consultant Services

AI provided additional source documentation to support Finding 2, as a result, Finding 2 is resolved.

The total findings identified in this audit amounts to \$3,158, 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. 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 AI'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 center's contracts with AI for the period of July 1, 2018, through June 30, 2019.

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 AI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of AI'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 AI 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 GGRC that utilized AI's services during the audit period. AI provided two different types of services, of which DDS audited two. Services chosen by DDS were based on the amount of POS expenditures invoiced by AI. 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.

Adult Residential Facility for Persons with Special Health Care Needs (Service Code 113)

During the audit period, AI operated two ARFPSHN programs. The audit included the review of two of AI's ARFPSHN programs, Vendor Numbers H89060 (St. Francis Home) and PG1013 (St. Cloud Home), SC 113 and testing was done for the sampled months of August 2018 and June 2019.

Transportation – Additional Component (Service Code 880)

During the audit period, AI provided TAC services to consumers. The audit included the review of AI's TAC services, Vendor Numbers H89060 and PG1013, SC 880 and testing was done for the sampled months of August 2018 and June 2019.

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.
- 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.
- Obtained and reviewed vendor's consultant invoices to determine if the vendor had sufficient and appropriate evidence to support the consultant services billed to the regional center.

CONCLUSION

Based upon items identified in the Findings and Recommendations section, AI had findings of non-compliance with the requirements of W&I code and its contract with GGRC.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on August 4, 2021. The findings in the report were discussed at an exit telephone conference with AI on August 10, 2021. Subsequent to the exit conference, on September 29, 2021, AI provided additional source documentation and did not agree or disagree with the findings.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Adult Residential Facility for Persons with Special Health Care Needs – Unsupported Staffing Hours

The review of AI's ARFPSHN programs, Vendor Numbers H89060 and PG1013, for the sampled months of August 2018 and June 2019, revealed that AI did not meet the required licensed staffing requirements per the W&I code and AI's contract with GGRC.

Per statute, AI was required to have licensed personnel awake and on duty 24 hours per day. Further, AI's contract with GGRC required 136 hours per week of Licensed Vocational Nurse (LVN), 32 hours per week of Registered Nurse (RN), and 20 hours per week of Administrator staffing.

For the two sampled months of August 2018 and June 2019, DDS' review of timesheets and payroll documentation found a total of 114 hours unsupported.

AI provided supporting documentation for the total number of required weekly Administrator and RN level staffing hours. However, there was no supporting documentation for 114 LVN staffing level hours. As a result, the total unsupported LVN hours of 114, multiplied by its respective hourly rate of \$27.68, amounts to \$3,158 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.”

W&I Code, Section 4684.63(a)(1) and (3) states:

“(a) Each ARFPSHN shall do all of the following:

- (1) Meet the minimum requirements for a Residential Facility Service Level 4-i pursuant to Sections 56004 and 56013 of Title 17 of the California Code of Regulations and ensure that all of the following conditions are met: (A) That a licensed registered nurse, licensed vocational nurse, or licensed psychiatric technician, is awake and on duty 24-hours per day, seven days per week. (B) That a licensed registered nurse is awake and on duty at least eight hours per person, per week. (C) That at least two staff on the premises are

awake and on duty when providing care for four or more consumers...

- (3) Ensure that an administrator is on duty at least 20 hours per week to ensure the effective operation of the ARFPSHN.”

“SB 962: Modeled Cost for an Adult Residential Facility for Persons with Special Health Care Needs (ARFPSHN)” incorporated with AI’s contract with GGRC (Page 4.2) requires AI to provide:

- a. “Administrator (Assume Registered Nurse (RN)) = 20 hours per week
- b. Registered Nurse (RN) – 8 hrs. x 4 consumers = 32 hours per week
- c. Other Licensed Staff (Assume Licensed Vocational Nurses (LVN)) – (24 hrs. x 7 days – 32 for RN) = 136 hours per week
- d. Unlicensed Staff (Assume Nursing Aides, Orderlies & Attendants) – Total CCF Level 4i Direct Care Staff Hours – (312 – (32 RN + 136 LVN)) = 144”

St. Francis Home’s and St. Cloud Home’s Program Designs (page 30), states:

- “A licensed registered nurse, licensed vocational nurse or licensed psychiatric technician awake and on duty 24 hours a day, 7 days a week.
- A licensed registered nurse, awake and on duty at least 8 hours per person, per week...
- In addition to the provision of daily nursing care, St. Francis Home/St. Cloud Home will also employ an administrator on duty at least 20 hours per week to ensure the effective operation of the program.”

Recommendation:

AI must reimburse to DDS, \$3,158 for the unsupported LVN hours. In addition, AI should comply with the W&I Code and its contract with GGRC to ensure that the required staffing levels are met.

AI’s Response:

AI stated in the response dated September 20, 2021, that “Based on the conclusion of the report, we are addressing the deficiencies by submitting the missing hours not found during the audit...We are therefore submitting the missing hours to show compliance to the staffing regulations for ARFPSHN Homes”. (See Attachment C)

Finding 2: Adult Residential Facility for Persons with Special Health Care Needs – Unsupported Consultant Services

AI provided additional source documentation to support Finding 2. Based on the review of the additional documents, DDS determined that AI supported an additional 197 hours of service that were previously classified as unsupported billings during the audit fieldwork. As a result, Finding 2 is resolved.
(See Attachment C)

ATTACHMENT A

ALBACRUZ INVESTMENTS, LLC

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

ALBACRUZ INVESTMENTS, LLC

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 AI’S RESPONSE

DDS evaluated AI’s written response to the draft audit report. In AI’s response, AI did not agree or disagree with Finding 1 and 2 but submitted additional documentation to address the findings. Below is a summary of the vendor’s response as well as the DDS’ evaluation of the vendor’s response.

Finding 1: Adult Residential Facility for Persons with Special Health Care Needs – Unsupported Staffing Hours

“Based on the conclusion of the report, we are addressing the deficiencies by submitting the missing hours not found during the audit...We are therefore submitting the missing hours to show compliance to the staffing regulations for ARFPSHN Homes”

Based on the review of the additional documents, DDS determined that:

1. AI supported an additional 349 hours of service (\$14,661) that were previously classified as unsupported staffing hours for Administrator during the audit fieldwork.
2. AI supported an additional 103 hours of service (\$2,851) that were previously classified as unsupported staffing hours for the LVN during the audit fieldwork.

As a result of the additional documentation received, AI was allowed credit for \$17,512. Therefore, the total amount in Finding 1 was reduced to \$3,158 (\$20,670 - \$17,512).

Finding 2: Adult Residential Facility for Persons with Special Health Care Needs – Unsupported Consultant Services

“Based on the conclusion of the report, we are addressing the deficiencies by submitting the missing hours not found during the audit...We are therefore submitting the missing hours to show compliance to the staffing regulations for ARFPSHN Homes”

Based on the review of the additional documents, DDS determined that AI supported an additional 197 hours of service that were previously classified as unsupported Consultant Services during the audit fieldwork. As a result, AI was allowed credit for \$19,149. Therefore, the total amount in Finding 2 was reduced to zero (\$19,149 - \$19,149). Finding 2 is resolved.

ATTACHMENT C – DDS’ EVALUATION OF AI’S RESPONSE

Conclusion:

DDS amended its audit report to reflect the additional documentation received. Based on the evaluation of AI’s additional documents, DDS allowed an additional 649 hours of service. As a result, an adjustment of \$36,661 was made and reflected in the final audit report. DDS is requesting reimbursement of \$3,158 (\$39,819 - \$36,661) for the unsupported staffing hours.