

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
ARC SAN JOAQUIN

Programs and Services:

Adult Development Center (ADC)– SC 520; HV0014

Behavior Management Program (BMP) – SC 515; HV0061

Supported Employment Habilitation Group (SEHG) – SC 950; HV0199

Habilitation Individual Placement (HIP) – SC 952; HV0191

Transportation – SC 880; H15976

Audit Period: July 1, 2019, through June 30, 2020

Audit Section

Auditors: Alimou Diallo, Chief of Vendor Audit Unit
Ermias Tecele, Supervisor
Paul Huang, Auditor

ARC SAN JOAQUIN
TABLE OF CONTENTS

	Page(s)
EXECUTIVE SUMMARY	1
BACKGROUND.....	2
OBJECTIVE, SCOPE AND METHODOLOGY	2
CONCLUSION.....	4
VIEWS OF RESPONSIBLE OFFICIALS	4
RESTRICTED USE	4
FINDING AND RECOMMENDATION	5
ATTACHMENT A.....	7
ATTACHMENT B – VENDOR’S RESPONSE	8
ATTACHMENT C – DDS’ EVALUATION OF ARCSJ’s RESPONSE	9

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited ARC San Joaquin (ARCSJ). The audit was performed upon the Adult Development Center (ADC), Behavior Management Program (BMP), and Supported Employment Habilitation Group (SEHG) for the period of July 1, 2019, through June 30, 2020.

The audit disclosed the following issue of non-compliance:

Finding 1: Mobility Assistant – Unsupported Staffing Ratio

The review of ARCSJ's Mobility Assistant services, Vendor Number HV0014 and HV0061, revealed that ARCSJ did not meet its required direct care staffing hours. This resulted in a shortage of 395 required direct care staffing and overpayments of \$651 for services billed to Valley Mountain Regional Center (VMRC).

The total of the finding identified in this audit amounts to \$651, which is due back to DDS. A detailed discussion of this finding is contained in the Finding and Recommendation 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 ARCSJ'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 ARCSJ for the period of July 1, 2019, through June 30, 2020.

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 ARCSJ, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of ARCSJ'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 ARCSJ 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 VMRC that utilized ARCSJ's services during the audit period. ARCSJ provided five different types of services, of which DDS audited three. Services chosen by DDS were based on the amount of POS expenditures invoiced by ARCSJ. 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, ARCSJ operated one BMP program. The audit included the review of ARCSJ's BMP program, Vendor Numbers HV0061, SC 515 and testing was done for the sampled months of October 2019 and January 2020.

Adult Development Center

During the audit period, ARCSJ operated one ADC program. The audit included the review of ARCSJ's ADC program, Vendor Numbers HV0014, SC 510 and testing was done for the sampled months of October 2019 and January 2020.

Supported Employment Habilitation Group

During the audit period, ARCSJ operated one SEHG program. The audit included the review of ARCSJ's SEHG program, Vendor Numbers HV0199, SC 950 and testing was done for the sampled months of October 2019 and January 2020.

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.
- Reviewed information from 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.

CONCLUSION

Based upon items identified in the Finding and Recommendation section, ARCSJ had a finding of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on September 2, 2022. The finding in the report was discussed at an exit Zoom conference with ARCSJ on September 6, 2022. During the meeting, ARCSJ did not dispute with the finding. Subsequent to the exit conference, on September 7, 2022, ARCSJ submitted a response to the draft audit report and stated that ARCSJ agreed with Finding1.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Mobility Assistant – Unsupported Staffing Ratio

The review of ARCSJ's Mobility Assistant services, Vendor Numbers HV0014 and HV0061 for the sampled months of October 2019 and January 2020, revealed that ARCSJ had overpayments of services billed to VMRC. Overpayments occurred due to ARCSJ not meeting the approved staff-to-consumer ratio of 1:10 for the units of service billed to VMRC.

DDS reviewed the direct care service hours documented on the consumer attendance records and reconciled those hours to employee timecards. DDS found that the actual direct care service hours were 395 hours less than the required hours to meet the approved staff-to-consumer ratio of 1:10 hours billed to VMRC. The total unsupported direct care staffing hours of 395 multiplied by the applicable hourly rate for the Mobility Assistant for the sampled months, amounts to \$651, 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 56756 (i) (2) states:

- (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:
 - (2) Sufficient supervision for each subgroup to protect the health and safety of the consumers.

ARC SAN JOAQUIN APPROVED PROGRAM DESIGN (Service Code 510, p.15) state in part that:

VI. Staffing:

“Starting Out will have one (1) supplemental staff (Mobility Assistant), not included in the ratio, six hours per day, for every 10 non-mobile consumers attending.”

Recommendation:

ARCSJ must reimburse to DDS \$651 for the overpayment of services for the unsupported direct care staffing hours. In addition, ARCSJ should ensure that additional mobility assistant staff be on duty, six hours per day, for every 10 non-mobile consumers attending and the staff's hours should be supported by proper service records.

Vendor's Response:

ARCSJ stated in the response, dated September 7, 2022, that ARCSJ agreed with the finding.

See Attachment B for the full text of ARCSJ's response to the draft audit report and Attachment C for DDS' evaluation of ARCSJ's response.

ATTACHMENT A

ARC SAN JOAQUIN

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

ARC SAN JOAQUIN

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

ATTACHMENT C – DDS’ EVALUATION OF ARCSJ’s RESPONSE

DDS evaluated Arc San Joaquin’s written response to the draft audit report, dated September 7, 2022, and determined that Arc San Joaquin agreed with the finding.

Finding 1: Mobility Assistant - Unsupported Staffing Ratio

ARCSJ agreed with this finding to maintain sufficient staff for non-mobile services. In addition, ARCSJ stated that appropriate action will be taken to rectify the deficiencies and revisions to billing protocol for non-mobile services to ensure that the billing is accurate at all times.

Conclusion:

Based on ARCSJ’s response to the draft audit report, they agreed to pay the full amount due back to DDS.