

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
STEPPING STONES GROWTH CENTER

Programs and Services:

Supported Employment Program–Group Services – HB0358

Activity Center – HB0384, HB0396, HB0482

Supported Employment Program–Individual Services – HB0357

Independent Living Program – H14413

Supplemental Day Services Program Support – PB1848

Audit Period: July 1, 2016, through June 30, 2017

Audit Section

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STEPPING STONES GROWTH CENTER

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Stepping Stones Growth Center (SSGC). The audit was performed upon the Supported Employment Program-Group (SEP-Group) Services, Supported Employment Program-Individual (SEP-Individual) Services, Independent Living Program (ILP), Activity Center (AC) and Supplemental Day Services Program Support (SDSPS), for the period of July 1, 2016, through June 30, 2017.

The audit disclosed the following issues of non-compliance:

Finding 1: Supported Employment Program-Group Services – Unsupported Billings

The review of SSGC's SEP-Group Services, Vendor Number HB0358, revealed that SSGC had a total of \$6,715 of unsupported billings to Regional Center of East Bay (RCEB).

Finding 2: Activity Center – Underprovided Staff-to-Consumer Ratio

The review of SSGC's AC, Vendor Number HB0482, revealed that SSGC had an unsupported staffing ratio, which resulted in a total of \$3,161 of overpayments of services billed to RCEB.

Finding 3: Supported Employment Program-Individual Services – Unsupported Billings

The review of SSGC's SEP-Individual Services, Vendor Number HB0357, revealed that SSGC had a total of \$3,063 of unsupported billings to RCEB.

Finding 4: Independent Living Program – Unsupported Billings

The review of SSGC's ILP, Vendor Number H14413, revealed that SSGC had a total of \$1,757 of unsupported billings to RCEB.

Finding 5: Activity Center – Unsupported Billings

The review of SSGC's AC program, Vendor Numbers HB0384 and HB0396, revealed that SSGC had a total of \$1,444 of unsupported billings to RCEB.

The total of the findings identified in this audit amounts to \$16,140 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 SSGC's programs and services were compliant with the W&I Code, California Code of Regulations (CCR), Title 17 and the regional centers' contracts with SSGC for the period of July 1, 2016, through June 30, 2017.

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 SSGC, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of SSGC'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 SSGC 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, RCEB and North Bay Regional Center (NBRC), that utilized SSGC's services during the audit period. Of the two regional centers, DDS audited services provided to RCEB. This regional center was chosen due to the large volume of services utilized by the center as measured by Purchase of Service (POS) expenditures.

SSGC provided eight different types of services, of which DDS audited five. Services chosen were based on the amount of POS expenditures invoiced by SSGC. 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.

Supported Employment Program-Group Services

During the audit period, SSGC operated one SEP-Group Services program. The audit included the review of SSGC's SEP-Group Services, Vendor Number HB0358, SC 950 and testing was done for the sampled months of May and June 2017.

Supported Employment Program-Individual Services

During the audit period, SSGC operated one SEP-Individual Services program. The audit included the review of SSGC's SEP-Individual Services, Vendor Number HB0357, SC 952 and testing was done for the sampled months of July and August 2016.

Independent Living Program

During the audit period, SSGC operated one ILP. The audit included the review of SSGC's ILP, Vendor Number H14413, SC 520 and testing was done for the sampled months of July and August 2016.

Activity Center

During the audit period, SSGC operated three AC programs. The audit included the review of three of SSGC's AC programs, Vendor Numbers HB0384, HB0396 and HB0482, SC 505 and testing was done for the sampled months of July 2016, August 2016, May 2017 and June 2017.

Supplemental Day Services Program Support

During the audit period, SSGC operated one SDSPPS program. The audit included the review of SSGC's SDSPPS program, Vendor Number PB1848, SC 110 and testing was done for the sampled months of July and August 2016.

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(s).
- 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, Administrator and Program Coordinators, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on November 10, 2020. The finding in the report was discussed during an exit conference with SSGC, on November 13, 2020. DDS received SSGC's response on December 30, 2020. SSGC accepts the draft audit finding.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Supported Employment Program–Group Services – Unsupported Billings

The review of SSGC's SEP-Group Services, Vendor Number HB0358, for the sampled months of May 2017 and June 2017, revealed that SSGC had unsupported billings for services billed to RCEB. Unsupported billings occurred due to a lack of appropriate documentation and compliance with the CCR, Title 17 to support the units of service billed to RCEB.

DDS reviewed the employee timesheets and the job coaching hours documented on the DS1964 form and compared those hours to the job coaching hours billed to RCEB. SSGC was not able to provide appropriate supporting documentation for 184 job coaching hours that was billed to RCEB because SSGC billed for staggered time without RCEB's approval. The lack of documentation resulted in unsupported billings to RCEB in the amount of \$6,715 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:

SSGC must reimburse to DDS \$6,715 for the unsupported billings. Also, SSGC should ensure that for each SEP-Group, the job coach hours reported on the DS1964 form should not exceed consumer worked hours for the day unless the consumer has approved staggered time. In addition, SSGC should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCEB.

SSGC's Response:

In the response dated December 30, 2020, SSGC accepted the finding.
(See Attachment C)

Finding 2: Activity Center – Underprovided Staff-to-Consumer Ratio

The review of SSGC's AC program, Vendor Number HB0482 for the sampled months of July 2016 and August 2016, revealed that SSGC had overpayments of services billed to RCEB. Overpayments occurred due to SSGC not meeting the approved staff-to-consumer ratio of 1:6 for the units of service billed to RCEB.

DDS reviewed the Weekly Attendance sheets for the AC program, Vendor Number HB0482 and compared those to the Employee Payroll Timesheets that were associated specifically to Vendor Number HB0482. It was revealed that the SSGC did not comply with the approved staff-to-consumer ratio of 1:6.

The total direct care hours required for the sampled months of July 2016 and August 2016 were 623 and 787, respectively. The hours SSGC actually provided were 477 for the sampled months of July 2016 and 710 for August 2016.

The total unsupported direct care staffing hours for July 2016 was 146 and 77 for August 2016, multiplied by the average salary of \$14 and \$14.50, amounts to \$2,044 and \$1,117, respectively. The underprovided staff-to-consumer ratio resulted in an overpayment of \$3,161 and is due back to DDS.
(See Attachment B)

CCR, Title 17, Section 56756 (a) and (d) (1) 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.”

Recommendation:

SSGC must reimburse to DDS \$3,161 for the overpayment of services for the unsupported direct care staffing hours. In addition, SSGC should comply with the CCR, Title 17 as stated above, and the agreed upon program design to ensure it has sufficient staffing to meet the direct care staffing ratio.

SSGC’s Response:

In the response dated December 30, 2020, SSGC accepted the finding. (See Attachment C)

Finding 3: Supported Employment Program–Individual Services – Unsupported Billings

The review of SSGC’s SEP-Individual Services, Vendor Number HB0357, for the sampled months of July 2016 and August 2016, revealed that SSGC had unsupported billings for services billed to RCEB. Unsupported billings occurred due to a lack of appropriate documentation and compliance with the CCR, Title 17 to support the units of service billed to RCEB.

DDS reviewed the employee timesheets and the job coaching hours documented on the Employment Services Monthly Timesheet (ESMT) and compared those hours to the job coaching hours billed to RCEB. SSGC was not able to provide appropriate supporting documentation for 84 job coaching hours that was billed to RCEB. The lack of documentation resulted in unsupported billings to RCEB in the amount of \$3,063 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:

SSGC must reimburse to DDS \$3,063 for the unsupported billings. In addition, SSGC should comply with the CCR, Title 17 as stated above to ensure that the Employment Services Monthly Timesheet is consistent to the number of job coaching hours billed to RCEB.

SSGC's Response:

In the response dated December 30, 2020, SSGC accepted the finding. (See Attachment C)

Finding 4: Independent Living Program – Unsupported Billings

The review of SSGC's ILP, Vendor Number H14413, for the sampled months of July 2016 and August 2016, revealed that SSGC had unsupported billings for services billed to RCEB. Unsupported billings occurred due to a lack of appropriate documentation and compliance with the CCR, Title 17 to support the units of service billed to RCEB.

DDS reviewed the employee timesheets and the direct care service hours documented on the Monthly Program Hours (MPH) sheet and compared those hours to the direct care service hours billed to RCEB. SSGC was not able to provide appropriate supporting documentation for 41 hours of direct care

services billed. The lack of documentation resulted in unsupported billings to RCEB in the amount of \$1,757 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:

SSGC must reimburse to DDS \$1,757 for the unsupported billings. In addition, SSGC should comply with the CCR, Title 17 as stated above to ensure that the consumers’ and staff’s Monthly Program Hours are consistent to support the hours billed to RCEB.

SSGC’s Response:

In the response dated December 30, 2020, SSGC accepted the finding. (See Attachment C)

Finding 5: Activity Center – Unsupported Billings

The review of SSGC’s AC, Vendor Numbers HB0384 and HB0396, for the sampled months of July 2016, May 2017 and June 2017, revealed that SSGC had unsupported billings for services billed to RCEB. Unsupported billings occurred due to a lack of appropriate documentation and compliance with the CCR, Title 17 to support the units of service billed to RCEB.

DDS reviewed the direct care service days documented on the monthly attendance sheet, weekly attendance sheet, the daily sign-in and sign-out sheet and the employee timesheets and compared those days to the service days billed to RCEB. SSGC was not able to provide appropriate supporting documentation for 29 days of direct care services billed. The lack of documentation resulted in unsupported billings to RCEB in the amount of \$1,444 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:

SSGC must reimburse to DDS \$1,444 for the unsupported billings. In addition, SSGC should comply with the CCR, Title 17 as stated above to ensure that the monthly attendance sheet, and the sign-in and sign-out sheet are consistent to support the amounts billed to RCEB.

SSGC's Response:

In the response dated December 30, 2020, SSGC accepted the finding.
(See Attachment C)

ATTACHMENTS A-B

STEPPING STONES GROWTH CENTER

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

STEPPING STONES GROWTH CENTER

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 SSGC’S RESPONSE

DDS evaluated SSGC’s response dated December 30, 2020 to the draft audit report and determined that SSGC accepted all the draft audit report findings.