

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**IMPACT CENTER, INC.**

**Programs and Services:**

Behavior Management Program – H83799

Community Integration Training Program – PN0035

Supplemental Day Services Program Support– PN0032

Transportation – Additional Component – P83800

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

**Audit Section**

**Auditors:** Alimou Diallo, Chief of Vendor Audit Unit  
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# IMPACT CENTER, INC.

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Impact Center, Inc. (IMPACT). The audit was performed upon the Behavior Management Program (BMP), Community Integration Training Program (CITP), Supplemental Day Services Program Support (SDSPS), and Transportation – Additional Component (TAC) for the period of July 1, 2019, through June 30, 2020.

The audit disclosed the following issue of non-compliance:

**Finding 1: Behavior Management Program, Community Integration Training Program, and Supplemental Day Services Program Support – Unsupported Staffing Ratio**

The review of IMPACT's BMP, CITP and SDSPS programs, Vendor Numbers H83799, PN0035 and PN0032, revealed that IMPACT did not meet its required direct care staffing hours. This resulted in a shortage of the required direct care staffing of 343 hours and overpayments of \$4,613 for services billed to Alta California Regional Center (ACRC) and North Bay Regional Center (NBRC).

The total of the finding identified in this audit amounts to \$4,613, which is due back to DDS. A detailed discussion of the 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 IMPACT'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 IMPACT 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 [IMPACT], nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of IMPACT'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 IMPACT 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 two regional centers that utilized IMPACT's services during the audit period. DDS audited services provided to ACRC and NBRC. These two regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

IMPACT provided four different types of services, of which DDS audited four. Services chosen were based on the amount of POS expenditures invoiced by IMPACT. 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, IMPACT operated one BMP. The audit included the review of the BMP, Vendor Number H83799, SC 515 and testing was done for the sampled months of September 2019 and February 2020.

## **Community Integration Training Program**

During the audit period, IMPACT operated one CITP. The audit included the review of the CITP, Vendor Numbers PN0035, SC 055 and testing was done for the sampled months of September 2019 and February 2020.

## **Program Support Group-Day Service**

During the audit period, IMPACT operated one SDSPS programs. The audit included the review of the SDSPS program, Vendor Numbers PN0032, SC 110 and testing was done for the sampled months of September 2019 and February 2020.

## **Transportation – Additional Component**

During the audit period, IMPACT operated one TAC program. The audit included the review of the TAC program, Vendor Numbers P83800, SC 880 and testing was done for the sampled months of September 2019 and February 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 finding and conclusion 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.

## **CONCLUSION**

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

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on April 21, 2023. The finding in the report was discussed at a Microsoft Teams exit conference with IMPACT on April 26, 2023. Subsequent to the exit conference, on April 26, 2023, IMPACT sent an e-mail stating that IMPACT accepted the finding.

## **RESTRICTED USE**

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

## FINDING AND RECOMMENDATION

### Finding 1: Behavior Management Program, Community Integration Training Program, and Supplemental Day Services Program Support – Unsupported Staffing Ratio

The review of IMPACT's BMP, CITP and SDSPS programs, Vendor Numbers H83799, PN0035 and PN0032, for the sampled month of September 2019, revealed that IMPACT had overpayments of services billed to ACRC and NBRC. Overpayments occurred due to IMPACT not meeting the approved staff-to-consumer ratios of 1:3 and 1:1 for the units of service billed to ACRC and NBRC.

DDS reviewed the direct care service hours documented on the Consumer Attendance Sheets, Consumer Daily Notes, and employee Timesheets and reconciled those to payroll records and noted the following:

DDS found that the global actual direct care service hours for the BMP, CITP and SDSPS were 343 hours less than the required hours to meet the approved staff-to-consumer ratios of 1:3 and 1:1 for the hours billed to ACRC and NBRC. DDS allocated the underprovided hours based on the billed hours and determined that the BMP hours were less by 207, the CITP hours were less by 97 and the SDSPS hours were less by 43. The total unsupported direct care staffing hours of 343, multiplied by the average salary of the staff for the BMP, CITP and SDSPS for September 2019, amounts to \$4,613, which is due back to DDS. (See Attachment A)

CCR, Title 17, Section 56756 (a), (f), and (i), (1) and (2) 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.
- (f) Behavior management programs shall provide a direct care staff-to-consumer ratio of 1:3.
- (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:
  - (1) The ratio of staff on duty to consumers in attendance during all service hours which shall be determined by a numerical comparison of the number of individuals on duty as direct care staff with the number of consumers in attendance. If the numerical comparison



results in a fraction, more than one-half of a staff person shall be rounded up to the next whole number. Less than one-half of a staff person shall be rounded up to the next one-half of a whole number. One-half of a staff person shall not be rounded.

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

**Recommendation:**

IMPACT must reimburse to DDS \$4,613 for the overpayment of services for the unsupported direct care staffing hours. In addition, IMPACT should ensure that the approved staff-to-consumer ratio is met.

**Vendor's Response:**

IMPACT stated in its response dated April 27, 2023, that IMPACT accepted the finding. See Attachment B for the full text of IMPACT's response to the draft audit report and Attachment C for DDS' evaluation of IMPACT's response.

**ATTACHMENT A**  
**IMPACT CENTER, 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**

### **IMPACT CENTER, INC.**

**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 IMPACT’S RESPONSE**

DDS evaluated IMPACT’s written response to the draft audit report dated April 26, 2023 and determined that IMPACT accepted the finding. DDS further noted that IMPACT was *“prepared to pay the amount owed back to DDS.*