DEPARTMENT OF DEVELOPMENTAL SERVICES'

AUDIT OF

THE INSTITUTE FOR THE REDESIGN OF LEARNING

Program:

Adult Development Center – H26288

Audit Period: January 1, 2022, through December 31, 2022

Audit Section

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited The Institute for the Redesign of Learning (IRL). The audit was performed upon the Adult Development Center (ADC) for the period of January 1, 2022, through December 31, 2022.

The audit disclosed the following issue of non-compliance:

Finding 1: <u>Adult Development Center – Unsupported Staffing Ratio</u>

The review of IRL's ADC program, Vendor Number H26288, revealed that IRL did not meet its required staffing ratio. This resulted in a shortage of the required staffing of 111 hours and overpayments of $1,877 for services billed to Eastern Los Angeles Regional Center (ELARC), Frank D. Lanterman Regional Center (FDLRC), and San Gabriel Pomona Regional Center (SGPRC).

The total of the finding identified in this audit amounts to $1,877, 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 IRL 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 IRL for the period of January 1, 2022, through December 31, 2022.

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 IRL, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of IRL'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 IRL 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 three regional centers that utilized IRL's services during the audit period. DDS audited services provided to ELARC, FDLRC, and SGPRC. These three regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

IRL provided nine different types of services, of which DDS audited one. Services chosen were based on the amount of POS expenditures invoiced by IRL. By analyzing the information received from 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 DEVELOPMENT CENTER

During the audit period, IRL operated one ADC program. The audit included the review of one of IRL's ADC program, Vendor Number H26288, SC 510 and testing was done for the sampled months of March 2022 and April 2022.

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 item identified in the Finding and Recommendation section, IRL had finding of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on November 1, 2023. The finding in the report was discussed at an exit Zoom conference with The Institute for the Redesign of Learning on November 17, 2023. Subsequent to the exit conference, on December 15, 2023, The Institute for the Redesign provided its response to the draft audit report via email and stated it did not have issues with the audit.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: <u>Adult Development Center – Unsupported Staffing Ratio</u>

The review of IRL's ADC program, Vendor Number H26288 for the sampled months of March 2022 and April 2022, revealed that IRL had overpayments of services billed to ELARC, FDLRC, and SGPRC. Overpayments occurred due to IRL not meeting the approved staff-to-consumer ratio of 1:3 for the units of service billed to ELARC, FDLRC, and SGPRC.

DDS reviewed the service hours documented on the Consumer Attendance Sheets and Employee Timesheets.

DDS found that the actual service hours were 111 hours less than the required hours to meet the approved staff-to-consumer ratio of 1:3 hours billed to RCs. The total unsupported staffing hours of 111 multiplied by the average salary of the staff for the ADC for the sampled months, amounts to $1,877 which is due back to DDS. (See Attachment A)

CCR, Title 17, Section 56756 (a), (e), 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.

(e) Adult development centers shall provide a direct care staff to-consumer ratio of 1:4.

(1) The vendor is authorized to request Department approval for modification of the staffing for an Adult Development Center to an overall direct care staff-to-consumer ratio of 1:3. 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. The regional center shall consider whether the Adult Development Center meets the following criteria for modification of the direct care staffing ratio of 1:4.

(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."

ELARC Rate Letter, dated May 12, 2020, states:

"Vendor Number: H26288
Service Code: 510
Staffing Ratio: 1:3"

Recommendation:

IRL must reimburse to DDS $1,877 for the overpayment of services for the unsupported staffing ratio. In addition, IRL should ensure that the approved staff-to-consumer ratio is met.

VENDOR'S Response:

IRL stated in the response, dated December 15, 2023, that it did not have issues with the audit.

ATTACHMENT A

THE INSTITUTE FOR THE REDESIGN OF LEARNING

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

THE INSTITUTE FOR THE REDESIGN OF LEARNING

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 IRL's RESPONSE

DDS evaluated The Institute for the Redesign of Learning's written response to the draft audit report, dated December 15, 2023, and determined that The Institute for the Redesign of Learning had no issues with the audit.