

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
INCLUSIVE EMPLOYMENT SERVICES

Program:

Community Integration Training Program – PX0879

Audit Period: July 1, 2018, through June 30, 2021

Audit Section

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INCLUSIVE EMPLOYMENT SERVICES

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Inclusive Employment Services (IES). The audit was performed upon the Community Integration Training Program (CITP) for the period of July 1, 2018, through June 30, 2021.

The audit disclosed the following issue of non-compliance:

Finding: Community Integration Training Program – Unsupported Billings

The review of IES' CITP program, Vendor Number PX0879, revealed that IES had a total of \$28,240 of unsupported billings to South Central Los Angeles Regional Center (SCLARC).

The total of the finding identified in this audit amounts to \$28,240, 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 IES' program was 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 IES for the period of July 1, 2018, through June 30, 2021.

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 IES, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of IES' 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 IES 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 program provided to SCLARC that utilized IES' services during the audit period. IES provided one type of service, which DDS audited. 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.

Community Integration Training Program

During the audit period, IES operated one CITP program. The audit included the review of Vendor Number PX0879, SC 055 and testing was done for the months of August 2019, February 2020, November 2020, and March 2021.

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.
- Interviewed the vendor's Executive Director, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on March 11, 2024. The finding in the report was discussed at an exit conference with Inclusive Employment Services on March 13, 2024. Subsequent to the exit conference, on March 14, 2024, Inclusive Employment Services agreed with the finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding: Community Integration Training Program – Unsupported Billings

The review of IES' CITP program, Vendor Number PX0879, for the months of August 2019, February 2020, November 2020 and March 2021, revealed that IES had unsupported billings for services billed to SCLARC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to SCLARC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the Daily Activity Reports/Time Logs and compared those hours to the direct care service hours billed to SCLARC. DDS noted that the direct care service hours on the Daily Activity Reports/Time Logs which were reconciled to payroll were less than the direct care service hours billed to SCLARC. IES was not able to provide appropriate supporting documentation for 1,118 hours of services billed. The lack of documentation resulted in unsupported billings to SCLARC in the amount of \$28,240, 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 54326(a)(3) and (10) states:

- “(a) All vendors shall:
 - (3) Maintain records of services provided to consumers in sufficient detail to verify delivery 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:

IES must reimburse to DDS \$28,240 for the unsupported billings. In addition, IES should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to SCLARC.

Inclusive Employment Services' Response:

IES, stated in the response, dated March 14, 2024, that IES agreed with the finding.

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

ATTACHMENT A
INCLUSIVE EMPLOYMENT SERVICES

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
INCLUSIVE EMPLOYMENT SERVICES

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 IES’S RESPONSE

DDS evaluated Inclusive Employment Services written response to the draft audit report, dated March 14, 2024, and determined that Inclusive Employment Services agreed with the finding.