

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
QOL SERVICES, INC. dba QUALITY OF LIFE ACADEMY

Program:

Behavior Management Program – HX0687

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

Audit Section

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QOL SERVICES, INC. dba QUALITY OF LIFE ACADEMY

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited QOL Services, Inc. dba Quality of Life Academy (QLA). The audit was performed upon the Behavior Management Program (BMP) for the period of July 1, 2019, through June 30, 2020.

The audit disclosed the following issues of non-compliance:

Finding 1: Behavior Management Program – Unsupported Staffing Ratio

The review of QLA's BMP, Vendor Number HX0687, revealed that QLA did not meet its required direct care staffing hours. This resulted in a shortage of the required direct care staffing of 809 hours and overpayments of \$10,678 for services billed to South Central Los Angeles Regional Center (SCLARC).

Finding 2: Behavior Management Program – Overbillings

The review of QLA's BMP, Vendor Number HX0687, revealed that QLA had a total of \$3,013 of overbillings to SCALRC.

Finding 3: Behavior Management Program – Unsupported Billings

The review of QLA's BMP, Vendor Number HX0687, revealed that QLA had a total of \$634 of unsupported billings to SCLARC.

The total of the findings identified in this audit amounts to \$14,325, which 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 QLA 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 QLA 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 QLA, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of QLA'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 QLA 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 SCLARC that utilized QLA's services during the audit period. QLA provided two different types of services, of which DDS audited one. Services chosen by DDS were based on the amount of POS expenditures invoiced by QLA. 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, QLA operated one BMP. The audit included the review of QLA's BMP, Vendor Number HX0687, SC 515 and testing was done for the sampled months of August 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 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.
- 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.
- 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 for vendor background information and to gain understanding of accounting procedures, processes for regional center billing and financial reporting process.

CONCLUSION

Based upon items identified in the Findings and Recommendations section, QLA had findings 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 QLA on March 13, 2024. Subsequent to the exit conference, on March 14, 2024, Quality of Life Academy agreed with the findings.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Behavior Management Program – Unsupported Staffing Ratio

The review of QLA's BMP, Vendor Number HX0687 for the sampled months of August 2019 and February 2020, revealed that QLA had overpayments of services billed to SCLARC. Overpayments occurred due to QLA not meeting the approved staff-to-consumer ratio of 1:3 for the units of service billed to SCLARC.

DDS reviewed the direct care service hours documented on the employee timesheets and working schedules and reconciled those hours to the payroll.

DDS found that the actual direct care service hours were 809 hours less than the required hours to meet the approved staff-to-consumer ratio of 1:3 hours billed to RC. The total unsupported direct care staffing hours of 809 multiplied by the average salary of \$13.20, amounts to \$10,678, 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:

QLA must reimburse to DDS \$10,678 for the overpayment of services for the unsupported direct care staffing hours. In addition, QLA should ensure that the approved staff-to-consumer ratio is met.

Vendor's Response:

QLA stated in the response, dated March 14, 2024, that QLA agreed with the audit findings.

See Attachment D for the full text of QLA's response to the draft audit report and Attachment E for DDS' evaluation of QLA's response.

Finding 2: Behavior Management Program – Overbillings

The review of QLA's BMP, Vendor Number HX0687 for the sampled months of August 2019 and February 2020, revealed that QLA had overbillings for services billed to SCLARC.

Overbillings occurred due to billing for a full day of service when the consumers attended less than 65 percent of the declared and approved program day.

DDS reviewed the direct care service hours documented on the consumer daily attendance and supporting documentation notes and compared the days in daily attendance and supporting documentation notes to the days billed to SCLARC. For the two sampled months, DDS noted that QLA billed 74 days in which the consumer's attendance does not meet the criteria for billing for a full day of service. QLA indicated a unit of "1.00" for a full day of service for the 74 days instead of a unit of "0.50" which indicates "half day of service" in the attendance/units of service section of the claim form submitted to SCLARC, resulting in 37 days overbilled. This resulted in an overbilled amount of \$3,013 and is due back to DDS. (See Attachment B)

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.”

W&I Code, Section 4690.6 (a)(b)(1)(2) states:

“(a) Activity centers, adult development centers, behavior management programs, and other look-alike day programs with a daily rate shall bill regional centers for services provided to consumers in terms of half days of service and full days of service.

- (1) “Full day of service” means a day in which the consumer’s attendance is at least 65 percent of the declared and approved program day.
- (2) “Half day of service” means any day in which the consumer’s attendance does not meet the criteria for billing for a full day of service.”

CCR, Title 17, Section 54326(a)(10) states:

“(a) All vendors shall: ...

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

Recommendation:

QLA must reimburse to DDS \$3,013 for the overbillings. In addition, QLA should comply with the W&I Code and CCR, Title 17 as stated above to ensure that billings to SCLARC are only for services which are actually provided to consumers and full day–half day services are billed accordingly.

Vendor’s Response:

QLA stated in the response, dated March 14, 2024, that QLA agreed with the audit findings.

See Attachment D for the full text of QLA’s response to the draft audit report and Attachment E for DDS’ evaluation of QLA’s response.

Finding 3: Behavior Management Program – Unsupported Billings

The review of QLA’s BMP, Vendor Number HX0687, for the sampled months of August 2019 and February 2020, revealed that QLA had unsupported billings for services billed to SCLARC. Unsupported billings occurred due to a lack of supporting documentation for the units of service billed to SCLARC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service days documented on the consumer daily attendance and supporting documentation notes and compared those days to the direct care service days billed to SCLARC. DDS noted that the direct care service days on the consumer daily attendance and supporting documentation notes were 8 days less than the direct care service days billed to SCLARC. QLA was not able to provide appropriate supporting documentation for 8 days of services billed. The lack of documentation resulted in unsupported billings to SCLARC in the amount of \$634, which is due back to DDS. (See Attachment C)

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:

QLA must reimburse to DDS \$634 for the unsupported billings. In addition, QLA should ensure that the number of days billed are consistent with the number of days reported on the consumer daily attendance sheet and supporting documentation notes.

Vendor's Response:

QLA stated in the response, dated March 14, 2024, that QLA agreed with the audit findings.

See Attachment D for the full text of QLA's response to the draft audit report and Attachment E for DDS' evaluation of QLA's response.

ATTACHMENTS A-C
QUALITY OF LIFE ACADEMY

To request a copy of the attachments for this audit report, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT D – VENDOR’S RESPONSE

QUALITY OF LIFE ACADEMY

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

ATTACHMENT E – DDS’ EVALUATION OF QLA’S RESPONSE

DDS evaluated Quality of Life Academy’s written response to the draft audit report, dated March 14, 2024, and determined that Quality of Life Academy agreed with the audit findings.