

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
FARM TO FORK

Programs:

Activity Center – HA0837

Supplemental Day Services Program Support – HA0837

Audit Period: January 1, 2023, through December 31, 2023

Audit Section

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FARM TO FORK

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Farm to Fork (F2F). The audit was performed upon the Activity Center (AC) and Supplemental Day Services Program Support (SDSPS) for the period of January 1, 2023, through December 31, 2023.

The audit disclosed the following issue of non-compliance:

Finding 1: Supplemental Day Services Program Support – Unsupported Billings

The review of F2F's SDSPS program, Vendor Number HA0837, revealed that F2F had a total of \$8,654 of unsupported billings to Alta California Regional Center (ACRC).

The total of the finding identified in this audit amounts to \$8,654, 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 F2F'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 F2F for the period of January 1, 2023, through December 31, 2023.

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 F2F, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of F2F'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 F2F 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 ACRC that utilized F2F's services during the audit period. F2F provided two different types of services, of which DDS audited two. Services chosen by DDS were based on the amount of purchase of service (POS) expenditures invoiced by F2F. 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. However, the two-month sample period demonstrated a significant number of unsupported billings. As a result, the testing was extended to include full calendar years 2023.

Activity Center

During the audit period, F2F operated one AC program. The audit included the review F2F's AC programs, Vendor Numbers HA0837, SC 505 and testing was done for the sampled months of calendar year 2023.

Supplemental Day Services Program Support

During the audit period, F2F operated one SDSPS program. The audit included the review F2F's SDSPS programs, Vendor Numbers HA0837, SC 110 and testing was done for the sampled months of calendar year 2023.

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 summary report and attendance/service records to determine if the appropriate level of staffing was provided.
- Obtained and reviewed the In-Home Supportive Services (IHSS) worker's time sheets and payroll records.

CONCLUSION

Based upon items identified in the Finding and Recommendation section, F2F had finding of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on May 23, 2024. The findings in the report were discussed at an exit Microsoft Teams conference with F2F on May 29, 2024. Subsequent to the exit conference, on June 3, 2024, F2F provided additional source documentation to resolve the Finding 2. A formal email response was provided on June 28, 2024, and F2F did not dispute the entire amount associated with Finding 1.

RESTRICTED USE

This report is solely for the information and use of DDS, Department of Health Care Services, ACRC and F2F. This restriction is not intended to limit distribution of this report, which is a matter of public record.

FINDING AND RECOMMENDATION

Finding 1: Supplemental Day Services Program Support – Unsupported Billings

The review of F2F's SDSPS program, Vendor Number HA0837, for the sampled months of calendar year of 2023, revealed that F2F had unsupported billings for services billed to ACRC. Unsupported billings occurred due to insufficient payroll hours to support the hours of service billed to ACRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care payroll hours and compared those hours to the direct care service hours billed to ACRC. DDS noted that the direct care payroll hours documented in the payroll summary report were 524 hours less than the direct care service hours billed to ACRC. F2F billed for 524 hours of service not supported by payroll summary report. The lack of documentation resulted in unsupported billings to ACRC in the amount of \$8,654, which is due back to DDS. (See Attachment A)

In addition, DDS identified volunteer hours that should not be factored into the staff-to-consumer ratio to substitute direct care hours.

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."

CCR, Title 17, Section 56722(d) states:

"(d) Volunteers shall not be used to replace paid staff, but may be used to augment such staff, pursuant to Section 56724 of these regulations.

Recommendation:

F2F must reimburse to DDS \$8,654 for the unsupported billings. In addition, F2F should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to ACRC.

VENDOR'S Response:

Stated in the response dated June 28, 2024, F2F did not dispute with the Finding 1 with exception of [REDACTED] payroll hours. The change is reflected in this final report.

See Attachment B for the full text of F2F's response to the draft audit report and Attachment C for DDS' evaluation of F2F's response.

Finding 2: Activity Center – Overbillings

In response to DDS' draft audit report, F2F submitted additional documentation to support the billings and therefore the finding was resolved. DDS will not pursue Finding 2 of this audit.

ATTACHMENT A

FARM TO FORK

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

FARM TO FORK

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 F2F’S RESPONSE

DDS evaluated Farm to Fork’s written response to the draft audit report and determined that Farm to Fork disagreed with Finding 1 and did not disagree with Finding 2. Below is a summary of the vendor’s response as well as the DDS’ evaluation of the vendor’s response.

Finding 1: Supplemental Day Services Program Support – Unsupported Billings

Farm to Fork states, “In response to the audit of Farm to Fork Activity Day Program HA0837. With regards to Finding one, We understand the unsupported billings with the exception of ██████ payroll hours. Which we were told in an email on June 4, 2024 by Mr. Huang “After my conversation with the management team, we will add back the 50% of ██████ payroll hours (from 3 hours to 6 hours per program day), which were previously disallowed in the Finding 1. This change will be reflected in the final audit report.”

I would like to add that we have suffered a major loss to our program and it did take a while to build our team of employees back. In our local area it is very difficult to find staff that are dependable and can pass the background check. For this I would like to take this opportunity to ask for grace as we are a small program trying to do the very best we can for the clients we serve.”

DDS evaluated Farm to Fork’s written response to the draft audit report and determined that Farm to Fork agreed with this finding contingent upon the adjustment of the 50% of ██████ payroll hours being made. In addition, F2F did not provide any additional supporting documentation for Finding 1.

DDS acknowledges F2F’s request for forgiveness of the Finding 1, citing the challenges of operating as a small business. While DDS understands the situation, it is essential for F2F to maintain compliance with the regional center’s contract agreements and Title 17 regulations, which apply uniformly to all vendors regardless of size. Furthermore, F2F should only bill the ACRC for services which were provided. Therefore, Finding 1 cannot be forgiven, but encourages F2F to utilize the available resources and guidance to achieve compliance.

Finding 2: Activity Center – Overbillings

Farm to Fork states, “With regards to Finding two; We do not accept the overbilling as ALTA has allowed this for years as part of the clients IPP. We also received confirmation on June 3, 2024, via email from Mr. Huang that ‘Thank you for providing the IPP and we noted that the SLS can be provided at the same time as day program.’”

In response to DDS' draft audit report, F2F submitted additional documentation to support the billings. Therefore, the finding is resolved and DDS will not pursue Finding 2 of this audit.

Conclusion:

DDS made adjustments to the Final Audit Report to reflect the additional documentation received and allowed the Program Manager's payroll hours. As a result, the finding was reduced from \$23,245 to \$8,654 for January 2023 through December 2023.