

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
PEOPLE'S CARE/SAILS GROUP

Programs and Services:

DSS Licensed – Specialized Residential Facility (Habilitation) – PK4020 and PK6225

Residential Facility Serving Adults – Staff Operated – HK6640

Audit Period: July 1, 2021, through June 30, 2022

Audit Section

Auditors: Hung Bang, Chief of Vendor Audit Unit
Grace Gwarada, Supervisor
Thai Vang, Auditor

PEOPLE’S CARE/ SAILS GROUP

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited People's Care/SAILS Group (PC/SG). The audit was performed upon the DSS Licensed – Specialized Residential Facility (Habilitation) (SRF) and Residential Facility Serving Adults – Staff Operated (RFSASO) for the period of July 1, 2021, through June 30, 2022.

The audit disclosed the following issues of non-compliance:

Finding 1: Residential Facility Serving Adults – Staff Operated – Unsupported Staffing Hours

The review of PC/SG's RFSASO program, Vendor Number HK6640, revealed that PC/SG had unsupported staffing levels, which resulted in a total of \$4,726 of overpayments of services billed to Kern Regional Center (KRC).

Finding 2: Failure to Provide Consultation Services

The review of PC/SG's SRF and RFSASO programs, Vendor Number, PK4020, PK6225 and HK6640, revealed that PC/SG did not provide consultation services to its consumer as required by Title 17 Regulations. This failure to provide the required services resulted in overbillings of \$17,958 for consultation services to KRC.

The total of the findings identified in this audit amounts to \$22,684, 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 PC/SG'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 PC/SG for the period of July 1, 2021, through June 30, 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 PC/SG, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of PC/SG'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 PC/SG 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 KRC that utilized PC/SG's services during the audit period. PC/SG provided six 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 PC/SG. 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.

DSS Licensed – Specialized Residential Facility (Habilitation)

During the audit period, PC/SG operated nine SRF programs. The audit included the review of two of PC/SG's SRF programs, Vendor Numbers PK4020 and PK6225, SC 113 and testing was done for the sampled months of September 2021 and April 2022.

Residential Facility Serving Adults – Staff Operated

During the audit period, PC/SG operated two RSFSASO programs. The audit included the review of one of PC/SG's RSFSASO programs, Vendor Number HK6640, SC 915 and testing was done for the sampled months of September 2021 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 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.
- 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 items identified in the Findings and Recommendations section, PC/SG had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on September 14, 2023. The findings in the report were discussed at an exit video conference with PC/SG on September 25, 2023. Subsequent to the exit conference, on October 18, 2023, PC/SG provided additional source documentation. A formal response to the Draft Audit Report was received on October 24, 2023.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Residential Facility Serving Adults – Staff Operated – Unsupported Staffing Hours

The review of PC/SG's RFSASO program, Vendor Number HK6640, for the sampled months of September 2021 and April 2022, revealed that PC/SG did not meet the required Direct Care Staff (DCS) staffing requirements per Title 17 Regulations.

PC/SG's SAILS VI facility has five residents and operates at a Level 4I. Per CCR Title 17, PC/SG is required to provide a minimum of 366 hours of Direct Care Staff (DCS) hours per week. For September 2021 and April 2022, PC/SG was required to provide a total of 3,103 DCS for the two months. However, PC/SG was not able to provide 220 of the required hours of services billed to KRC. The underprovided DCS hours resulted in overpayments of services billed to KRC in the amount of \$4,726, 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.”

CCR, Title 17, Section 56004 (c)(2)(D) and (d) states:

“(c) Service Level 2, 3, and 4 facilities shall provide:

(2) A basic staffing level of no less than one direct care staff person at all times when consumers are under the supervision of facility staff. This basic staffing level shall be the total direct supervision and special services required of the facility up to a maximum number of consumers as follows:

(D) For Service Level 4F, 4G, 4H, and 4I, one direct care staff person for the first consumer in the facility.

(d) In addition to the basic level of staffing described in subsection (c)(2)(A) through (D) above, facilities providing residential services to a greater number of consumers shall provide a cumulative number of additional weekly direct care staff hours for consumers based upon the facility’s service level, as specified in the table below:

ADDITIONAL DIRECT CARE STAFF HOURS BY SERVICE LEVEL							
Service Level	Number of Additional Weekly Hours for Each Additional Consumer						
	1*	2*	3*	4*	5*	6*	7 or more*
2	Basic Staffing Level						12
3							19
4A							21
4B							24
4C							27
4D							30
4E							34
4F	4	38	38	38	38	38	38
4G	12	42	42	42	42	42	42
4H	22	47	47	47	47	47	47
4I	36	54	54	54	54	54	54

*Consumer(s)

(1) A facility with seven or more consumers shall provide the number of weekly direct care staff hours for each additional consumer as specified in the table above.”

Recommendation:

PC/SG must reimburse to DDS \$4,726 for the unsupported billings. In addition, PC/SG should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to KRC. Furthermore, PC/SG must maintain records of services provided to consumers in sufficient detail to verify delivery of the units billed to KRC.

VENDOR'S Response:

PC/SG did not provide a response addressing Finding 1.

See Attachment C for the full text of PC/SG's response to the draft audit report and Attachment D for DDS' evaluation of PC/SG's response

Finding 2: Failure to Provide Consultation Services

The review of PC/SG's SRF and RFSASO programs, Vendor Numbers PK4020, PK6225 and HK6640, for the audit period of July 1, 2021, through June 30, 2022, revealed that PC/SG failed to provide all the required hours of consultation services per Title 17 Regulations.

DDS reviewed PC/SG's program designs, contracts, consultant logs, bank statements, copies of paid checks, and other source documents and noted that PC/SG did not provide any consultation services during the sampled months. As a result, PC/SG did not have supporting documentation for 416 hours of consultation services that were required to be provided. The monetary value for the unprovided services was \$17,958 and is due back to DDS. (See Attachment B)

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 56004(f) states:

“(f) In addition to the above direct care staff hours requirements, Service Level 4 facilities shall provide a cumulative number of consultant hours consisting of no less than the number of hours indicated below during each consecutive six-month period after the effective date of these regulations based upon the number of consumers in the facility.

<i>CONSULTANT HOURS BY SERVICE LEVEL</i>	
<i>Service Level</i>	<i>Number of Hours for Each Consumer</i>
4A	8
4B	8
4C	8
4D	12
4E	12
4F	12
4G	16
4H	16
4I	16

Recommendation:

PC/SG must maintain records of services provided to consumers in sufficient detail to verify delivery of the units billed to KRC. In addition, PC/SG should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to KRC.

VENDOR’S Response:

PC/SG, stated in the response, on October 24, 2023, that PC/SG was able to provide additional documentation for review.

See Attachment C for the full text of PC/SG’s response to the draft audit report and Attachment D for DDS’ evaluation of PC/SG’s response

ATTACHMENTS A-B
PEOPLE'S CARE/SAILS GROUP

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

ATTACHMENT C – VENDOR’S RESPONSE

PEOPLE’S CARE/SAILS GROUP

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

ATTACHMENT D – DDS’ EVALUATION OF PC/SG’s RESPONSE

DDS evaluated PC/SG’s written response to the draft audit report and determined that PC/SG did not state whether it agreed or disagreed with the findings. However, PC/SG submitted additional documentation to refute Finding 2. Below is a summary of the vendor’s response as well as the DDS’ evaluation of the vendor’s response.

Finding 2: Non-Compliance with Record Maintenance and Record Retention Requirements

PC/SG stated, “*After reviewing the draft audit report, we were able to provide the following:*

1. *HK6640 SAILS VI: Consultants logs from July 2021 to April 2022*
 - a. *Missing May and June in the amount of \$1,010*
2. *PK4060 Chandler: Consultant logs from July 2021 to June 2022*
3. *PK6225 Appletree: Consultant logs from July 2021 to June 2022”*

DDS reviewed the additional documentation that PC/SG submitted as part of their response to the Draft Audit Report and determined that the submitted documentation does not substantiate the hours billed for consultation service. PC/SG provided progress reports (quarterly and semi-annual) and consumer individual service plans, which did not provide support for the consultation services.

Conclusion:

PC/SG did not state whether it agreed or disagreed with Finding 1. However, PC/SG submitted additional source documents to refute Finding 2. DDS reviewed those documents and determined that they did not support the consultation services provided. Therefore, DDS did not make any adjustments to the Draft Audit Report.