

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES'
AUDIT
OF
INTEGRATED RESOURCES INSTITUTE**

Programs and Services:

Community Integration Training Program – PL1752 and PM2337

Supplemental Day Services Program Support – P20585

Adult Development Program – HM0021

Independent Living Service – HM1212

Transportation – Additional Component – HM0020

Supported Living Services – PM2332

Audit Period: July 1, 2019, through June 30, 2021

Audit Section

Auditors: Alimou Diallo, Chief, Vendor Audit Unit
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INTEGRATED RESOURCES INSTITUTE
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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Integrated Resources Institute (IRI). The audit was performed upon the Community Integration Training Program (CITP), Supplemental Day Services Program Support (SDSPS), Adult Development Center (ADC), Independent Living Service (ILS), Transportation – Additional Component (TAC) and Supported Living Service (SLS) for the period of July 1, 2019, through June 30, 2021.

The audit disclosed the following issues of non-compliance:

Finding 1: Community Integration Training Program – Unsupported Billings

The review of IRI's CITP, Vendor Number PM2337, revealed that IRI had a total of \$7,731 of unsupported billings to RCOC.

Finding 2: Adult Development Center – Unsupported Billings

The review of IRI's ADC program, Vendor Number HM0021, revealed that IRI had a total of \$2,650 of unsupported billings to RCOC.

Finding 3: Independent Living Service – Unsupported Billings

The review of IRI's ILS program, Vendor Number HM1212, revealed that IRI had a total of \$553 of unsupported billings to RCOC.

The total of the findings identified in this audit amounts to \$10,934, 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 IRI'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 IRI for the period of July 1, 2019, 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 IRI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of IRI'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 IRI 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 five regional centers that utilized IRI's services during the audit period. DDS audited services provided to Frank D. Lanterman Regional Center (FDLRC), Inland Regional Center (IRC), North Los Angeles County Regional Center (NLACRC), Regional Center of Orange County (RCOC) and Westside Regional Center (WRC). These five regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

IRI provided six different types of services, of which DDS audited six. Services chosen were based on the amount of POS expenditures invoiced by IRI. 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, IRI operated two CITPs. The audit included the review of two of IRI's CITPs, Vendor Numbers PL1752 and PM2337, SC 055 and testing was done for the sampled months of July 2019 and May 2020.

Supplemental Day Services Program Support

During the audit period, IRI operated one SDSPS program. The audit included the review of IRI's SDSPS program, Vendor Number H20585, SC 110 and testing was done for the sampled months of July 2019 and May 2020.

Adult Development Center

During the audit period, IRI operated one ADC program. The audit included the review of IRI's ADC program, Vendor Number HM0021, SC 510 and testing was done for the sampled months of July 2019 and May 2020.

Independent Living Service

During the audit period, IRI operated one ILS program. The audit included the review of IRI's ILS program, Vendor Number HM1212, SC 520 and testing was done for the sampled months of July 2019 and May 2020.

Transportation – Additional Component

During the audit period, IRI provided TAC services to consumers. The audit included the review of IRI's TAC services, Vendor Number HM0020, SC 880 and testing was done for the sampled months of July 2019 and May 2020.

Supported Living Service

During the audit period, IRI operated one SLS program. The audit included the review of IRI's SLS program, Vendor Number PM2322, SC 896 and testing was done for the sampled months of July 2019 and May 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.
- 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.
- Reviewed the vendor's general ledger, payroll records and trial balance to determine the vendor's costs.

CONCLUSION

Based upon items identified in the Findings and Recommendations section, IRI had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on November 2, 2022. The findings in the report were discussed at an exit conference via Microsoft Teams with IRI on November 7, 2022. Subsequent to the exit conference, on December 6, 2022, IRI submitted a response to the draft agreeing with all the findings via email.

RESTRICTED USE

This report is solely for the information and use of DDS, Department of Health Care Services, FDLRC, IRC, NLACRC, RCOC, WRC and IRI. This restriction is not intended to limit distribution of this report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Community Integration Training Program – Unsupported Billings

The review of IRI's CITP program, Vendor Number PM2337 for the sampled months of July 2019 and May 2020, revealed that IRI had unsupported billings for services to RCOC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCOC and non-compliance with the CCR, Title 17 .

DDS reviewed the direct care service hours documented on the consumer visit report, care notes and employee timesheets and compared those hours to the direct care service hours billed to RCOC. DDS noted that the direct care service hours on the consumer visit report and employee timesheets, which were reconciled to payroll were 286 hours less than the direct care service hours billed to RCOC. IRI was not able to provide appropriate supporting documentation for 286 hours of services billed. The lack of documentation resulted in unsupported billings to RCOC in the amount of \$7,731, which 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.”

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:

IRI must reimburse to DDS \$7,731 for the unsupported billings. In addition, IRI should comply with the W&I Code and CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCOC.

Vendor's Response:

IRI stated in the response dated December 6, 2022, that IRI agreed with the finding. See Attachment B for the full text of IRI's response to the draft report and Attachment C for DDS' evaluation of IRI's response.

Finding 2: Adult Development Center – Unsupported Billings

The review of IRI's ADC program, Vendor Number HM0021 for the sampled month of May 2020, revealed that IRI had unsupported billings for services to RCOC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCOC and non-compliance with the CCR, Title 17 .

DDS reviewed the service days documented on the consumer visit report, care notes and employee timesheets and compared those hours to the service days billed to RCOC. DDS noted that the direct care service days on the consumer visit report and employee timesheets, which were reconciled to payroll were 32 days less than the service days billed to RCOC. IRI was not able to provide appropriate supporting documentation for 32 days of service days billed. The lack of documentation resulted in unsupported billings to RCOC in the amount of \$2,650, which 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.”

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:

IRI must reimburse to DDS \$2,650 for the unsupported billings. In addition, IRI should comply with the W&I Code and CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCOC.

Vendor’s Response:

IRI stated in the response dated December 6, 2022, that IRI agreed with the finding. See Attachment B for the full text of IRI’s response to the draft report and Attachment C for DDS’ evaluation of IRI’s response.

Finding 3: Independent Living Service – Unsupported Billings

The review of IRI’s ILS program, Vendor Number HM1212 for the sampled months of July 2019 and May 2020, revealed that IRI had unsupported billings for services to RCOC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCOC and non-compliance with the CCR, Title 17 .

DDS reviewed the direct care service hours documented on the consumer visit report, care notes and employee timesheets and compared those hours to the direct care service hours billed to RCOC. DDS noted that the direct care service hours on the consumer visit report and employee timesheets, which were reconciled to payroll were 15 hours less than the direct care service hours billed to RCOC. IRI was not able to provide appropriate supporting documentation for 15 hours of services billed. The lack of documentation resulted in unsupported billings to RCOC in the amount of \$553, which 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.”

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:

IRI must reimburse to DDS \$553 for the unsupported billings. In addition, IRI should ensure that the number of hours billed are consistent with the number of hours reported on the consumer visit report and employee timesheet.

Vendor’s Response:

IRI stated in the response dated December 6, 2022, that IRI agreed with the finding. See Attachment B for the full text of IRI’s response to the draft report and Attachment C for DDS’ evaluation of IRI’s response.

ATTACHMENT A

INTEGRATED RESOURCES INSTITUTE

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

INTEGRATED RESOURCES INSTITUTE

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

ATTACHMENT C – DDS' EVALUATION OF IRI's RESPONSE

DDS evaluated IRI's written response to the draft audit report, dated December 6, 2022, and determined that IRI agreed with the findings.