

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES'
AUDIT
OF
SACRAMENTO ADULT DAY PROGRAM, INC.
DBA AIM HIGHER, INC.**

Programs and Services:

Adult Development Center – HA0875 and HA0874

Audit Period: January 1, 2022, through December 31, 2022

Audit Section

Auditors: Hung Bang, Chief of Vendor Audit Unit
Grace Gwarada, Supervisor
Sanjesh Pal, Auditor

**SACRAMENTO ADULT DAY PROGRAM, INC.
DBA AIM HIGHER, INC.**

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Sacramento Adult Day Program, Inc. dba Aim Higher, Inc. (AHI). The audit was performed upon the Adult Development Center (ADC) for the period of January 1, 2022 through December 31, 2022.

The audit disclosed the following issues of non-compliance:

Finding 1: Adult Development Center – Unsupported Staffing Ratio

The initial review of AHI's ADC program, Vendor Numbers HA0875 and HA0874, revealed that AHI did not meet its required direct care staffing hours. This resulted in a shortage of the required direct care staffing of 2,802 hours and overpayments of \$43,824 for services billed to Alta California Regional Center (ACRC). Subsequent to this finding, additional documentation was provided by AHI. Upon further review of additional documentation, DDS will not pursue the \$43,824 unsupported staffing ratio.

However, a review of the additional documentation revealed that AHI had a total of \$22,114 of overbillings to ACRC.

Finding 2: Adult Development Center – Unsupported Billings

The review of AHI's ADC programs, Vendor Number HA0875, revealed that AHI had a total of \$1,252 of unsupported billings to ACRC.

The total of the findings identified in this audit amounts to \$23,366, 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 AHI'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 AHI for the period of January 1, 2022, through December 31, 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 AHI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of AHI'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 AHI 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 services provided to ACRC that utilized AHI's services during the audit period. AHI provided one type of service, which DDS audited. 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.

Adult Development Center

During the audit period, AHI operated two ADC programs. The audit included the review of AHI's ADC programs, Vendor Numbers HA0875 and HA0874, Service Code (SC) 510 and testing was done for the sampled months of March 2022 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.
- Interviewed the vendor's Executive Directors and Chief Financial Officer, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on April 8, 2024. The findings in the report were discussed at a Microsoft Teams exit conference with AHI on April 16, 2024. Subsequent to the exit conference, on May 13, 2024, AHI provided additional source documents to support its billings to the regional center. AHI disagreed with the finding 1 and agreed with finding 2.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Adult Development Center – Unsupported Staffing Ratio

The review of AHI's ADC programs, Vendor Numbers HA0875 and HA0874 for the sampled months of March 2022 and April 2022, revealed that AHI had overpayments of services billed to ACRC. Overpayments occurred due to AHI not meeting the approved staff-to-consumer ratios of 1:3 and 1:4 for the units of service billed to ACRC. Upon further review of additional documentation, DDS will not pursue the \$43,824 unsupported staffing ratio.

Although the additional documentation provided resolved the initial finding, the additional documentation showed that AHI had misclassified Alternative (ALT) services provided to 93 consumers and subsequently billed ACRC for these services at daily rates instead of monthly rates. The review for the sampled months of March 2022 and April 2022, revealed that AHI had overbillings for services billed to ACRC. Overbillings occurred due to AHI billing ACRC at incorrect rates and non-compliance with the CCR, Title 17.

DDS reviewed AHI's consumers' daily session notes and attendance records and noted that AHI provided 93 units of ALT services during the sampled months. The applicable ALT services rates for the two sampled months were \$1,212.23 and \$1,329.35, respectively. AHI should have billed for the 93 units at the monthly rates. Instead, AHI billed ACRC for 1,976 units at the daily rates for the ADC. As a result, AHI had overbillings to ACRC in the amount of \$22,114, 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:

AHI must reimburse to DDS \$22,114 for the overbillings. In addition, AHI 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:

AHI stated in the response, dated May 8, 2024, that AHI disagreed with the finding.

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

Finding 2: Adult Development Center – Unsupported Billings

The review of AHI’s ADC program, Vendor Number HA0875, for the sampled months of March 2022 and April 2022, revealed that AHI had unsupported billings for services billed to ACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to ACRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service units documented on the consumers’ daily attendance and consumers’ session notes and compared those units to the direct care service units billed to ACRC. DDS noted that the direct care service units on the consumers’ daily attendance and session notes were 16 units less than the direct care service units billed to ACRC. AHI was not able to provide appropriate supporting documentation for 16 units of services billed. The lack of documentation resulted in unsupported billings to ACRC in the amount of \$1,252, 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:

AHI must reimburse to DDS \$1,252 for the unsupported billings. In addition, AHI 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:

AHI stated in the response, dated May 8, 2024, that AHI agreed with the finding.

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

ATTACHMENT A

SACRAMENTO ADULT DAY PROGRAM, INC DBA AIM HIGHER, INC.

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

ATTACHMENT B

SACRAMENTO ADULT DAY PROGRAM, INC DBA AIM HIGHER, INC.

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

ATTACHMENT C – VENDOR’S RESPONSE

SACRAMENTO ADULT DAY PROGRAM, INC. DBA AIM HIGHER, INC.

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 AHI’S RESPONSE

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