

FOSTER CARE GROUP HOME PROGRAM COMPLIANCE AUDIT PROTOCOLS May 2011

The purpose of a Foster Care (FC) Group Home (GH) provisional rate and non-provisional program audit is to determine whether the GH provided the level of services and maintained the documentation for the hours and weightings to support the paid Rate Classification Level (RCL) projected on the rate application for the audit period.

I. PREPARATION AND PLANNING

Pre-field planning and preparation is crucial to an efficient and professional audit. The more thorough and comprehensive the planning, the more smoothly the audit will proceed.

A. Audit scheduling will be performed by the Audit Manager.

1. Provisional Rate Program Audits

Provisional rate audits are two-month audits of a new provider, an existing provider requesting a rate for a new program, or an existing provider requesting a RCL increase. The first six months of operation after the effective date of the provisional rate are not audited. Therefore, provisional rate audits can be scheduled in the 9th, 10th, 11th, 12th, or 13th month, after the effective date of the provisional rate or date of first placement. The audit period will be the two months immediately preceding the month in which the audit will be conducted.

2. Non-Provisional Program Audits

For non-provisional program audits of existing group home providers with on-going programs, CDSS has the authority to conduct these audits for less than a one-year audit period, pursuant to Assembly Bill X4 4 (Chapter 4, Statutes of 2009). These non-provisional program audits will include GH programs that have been referred or randomly selected for audit, and be scheduled as follows:

- a. The auditors will review one quarter (three months) in the provider's last completed fiscal year (FY). The quarter to be audited will include the same three months in the provider's prior FY as the quarter in which the audit will be conducted. For example, if an audit is to be

conducted in May 2011 (April-June quarter), the months to be audited will be April through June 2010.

- b. If the provider's audited RCL for the three-month audit period is **more than three levels** below the paid RCL, CDSS will then perform a non-provisional program audit in accordance with existing state law, pursuant to Welfare and Institutions Code section 11466.2(a)(1)-(3), which is a 12-month audit period plus the most recent current month of operation.

B. Preliminary Audit Planning

Upon receipt of the audit assignment, the Auditor-In-Charge (AIC) will do the following:

1. Request the Rate file from the Rates Consultant. Make copies of the GH Program Rate Application (SR 1), the Program Classification Report (SR 2), duty statements, rate approval letters, licensing information, such as copies of facility licenses, program statements, and any other pertinent documentation. Discuss the GH program with the Rates Consultant.
2. Contact the provider by phone to schedule the audit. This phone call needs to occur in enough time so that the scheduling letter can be mailed within the 30-day limit for both non-provisional program audits and provisional rate audits. During the phone call, the AIC will:
 - a. Explain the purpose, scope, and methodology.
 - b. Identify specific records to be reviewed and time frames.
 - c. Confirm date(s), time(s), and place of audit.
 - d. Ask whether the audit will be conducted at the GH facility or at a separate administrative office.
 - e. Explain that it is the provider's responsibility to have all the necessary documents available at the agreed upon location.
 - f. Explain that you will send a written scheduling letter.
 - g. Instruct the provider to submit Child Care and Supervision (CCS) Component Program Worksheets (SR 2As); Social Work (SW) Component Program

be maintained in separate manila files. At a minimum, establish the following files:

- a. Preliminary Audit Planning-includes Planning Memorandum, Audit Checklist (FC 1 ACKLIST), Correspondence/Audit Contact Log (FC 2 CL), Scheduling Letter, and provider's SR 2As, 2Bs, 2Cs, client list (FC5-CLIST) and employee lists.
- b. Preliminary Audit/CCL Review-includes all information received from CCL, including Licensing Information System (LIS) records.
- c. Preliminary FCRB-includes the program statement, applicable rate application(s), and copies of any pertinent Rates correspondence.
- d. Entrance Conference-includes Entrance Questionnaire (SR 2-WP), Organization chart, and any other records received at the entrance conference.
- e. Child Care and Supervision (CCS)-includes SR 2A WPs for all CCS staff, Paid Hours Verification Worksheets (SR 2A PHV), copies of time sheets and payroll records, and any other documentation related to CCS point determination.
- f. Training-includes copies of provider's training logs and training records, as needed, and an analysis of training.
- g. Social Work (SW)-includes SR 2B WPs for all SW staff and contracted social workers, Paid Hours Verification Worksheets (SR 2B PHV), copies of time sheets and payroll records, billings, written contracts, and any other documentation related to SW point determination.
- h. Mental Health (MH) Treatment Services-includes SR 2C WPs, billings, written contracts, MH Verification forms (SR 2C MHV), and any other documentation related to MH point determination.
- i. Current Month-includes all of the above documentation related to the audit of the current month **(only for a 12 month non-provisional program audit)**.
- j. Actual Occupancy Information-includes actual occupancy worksheets (SR 2J), and other records related to occupancy **(only for a 12 month non-provisional program audit)**.

- k. Preliminary Audit Results-includes copies of completed audit spreadsheets and point sheets for each audit finding.
 - l. Exit Conference-includes Summary of Exit Conference (FC 9-EXIT) and any other records related to the Exit Conference.
 - m. Final Audit Report (FAR) Draft and Quality Control (QC)- Includes the final draft of the FAR and spreadsheets and the QC review notes.
 - n. Final Audit Report-includes copy of the signed FAR, spreadsheets, and other documents issued to the provider.
 - o. Post Audit Results-includes records related to Corrective Action, informal hearing, formal hearing, and revised calculation(s) resulting from these hearings, **if applicable**.
5. Contact CCL's LPA to discuss the provider and any pertinent information regarding the GH program to be audited, such as pending licensing actions, incidents, investigations, or issues involving health and safety of children placed. Invite the LPA to the entrance conference. Ask the LPA to fax the following documents for the period to be audited, if applicable:
 - a. Copies of any records that relate to staffing problems: e.g., complaints, Temporary Suspension Orders, Complaint Investigation Forms (LIC 9099), or complaint form (LIC 809).
 6. Obtain all fingerprint clearance, Child Abuse Central Index (CACI), and association information available from the LIS. At a minimum, obtain Screen 9 (Facility Profile Report), Screen 11 (Facility Personnel Summary), and Screen 7 (Individual Personal Histories).
 7. Upon receipt of the provider's records, input the data into the automated worksheets. Brief the audit team on pre-audit planning, travel arrangements, and assignments for individual team members.
 8. Prior to the field audit, contact the provider again to ensure that the necessary records are available. Answer any questions the provider may have concerning the audit.
 9. Meet with the Audit Manager to discuss pre-audit planning, preliminary findings, audit risk, and obtain approval for budgeted hours.

II. PERFORMING THE FIELD WORK

A. Entrance Conference

The AIC and Audit staff will conduct a formal entrance conference with provider's staff. During the entrance conference, the AIC will do the following:

1. Introduce audit staff. Establish a professional working relationship with the provider.
2. Discuss the purpose of the Entrance Conference and audit, as well as, the scope, methodology, and work schedule.
3. Discuss the specific months to be audited and procedures for conducting the audit.
4. Complete the Entrance Questionnaire (SR 2-WP). At a minimum, the following information should be obtained from the provider during the Entrance and documented on the SR 2-WP:
 - a. The number(s) and type(s) of program(s) operated by the provider.
 - b. The primary activities or services provided by each program.
 - c. The sources of funding for placements. **Note: Funding from a source other than the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program requires an allocation methodology which accounts for eligible and ineligible AFDC-FC paid-awake hours, unless the non-AFDC-FC funds are specifically being used as a wage supplement.**
 - d. A full description of the organization and the management structure.
 - e. A list of any staff performing multiple functions and the functions they perform.
 - f. Information regarding the payroll system: who prepares the payroll, how often staff are paid, the basis on which staff are paid, the standard workweek, whether there is in-kind payment(s) involved, or whether there is a shift differential.

- g. The methodology for documenting staff time, particularly CCS and SW.
 - h. The personnel procedures used to ensure that employees are fingerprint cleared, CACI, and associated before employment and how weightings are verified.
 - i. A description of training provided, list of trainers, and the methodology for documenting training hours.
 - j. Description of services provided by social workers and mental health professionals reported by the provider, the manner of payment for each, and the types of services provided.
5. Ensure that the provider understands the basis for allowable hours and weightings and that all documentation will be reviewed to support hours and weightings reported. Initial and date the Entrance Questionnaire.

B. Documentation Review

The AIC and audit staff will review provider's records as follows:

1. Child Care and Supervision (CCS)

a. Personnel Files

Review the CCS personnel files to obtain verification of fingerprint clearance, CACI, and association and reported weightings. There should be written documentation supporting education and experience, such as, transcripts, diplomas, and employment verification forms prepared by prior employers. **Note: Information given by the employee on the application or via telephone is not proof that the weightings are accurate.**

The information for each individual CCS employee must be fully documented on a CCS Program Audit Working Paper (SR 2A - WP). Make copies of any records necessary to support findings and attach the copies to the back of the SR 2A - WP. Complete a separate SR 2A - WP for each CCS employee; each form must be completely filled-out. Initial and date each WP.

b. Time Records/Payroll

Review the provider's documentation to support the paid-awake hours worked. In most cases, this will be time sheets or time cards. However, review all documentation of time worked, as the provider may have acceptable alternative documentation. Schedules alone are not proof of actual time worked, but may be used in conjunction with other documentation. Make copies of any records needed to support audit findings.

Review the provider's payroll records to ensure that there is proof of payment for the hours verified. Complete the Paid Hours Verification Worksheets based on the payroll records audited. Initial and date each worksheet. Make copies of any records needed to support audit findings.

Important factors to consider when determining allowable CCS hours include:

1. Sufficiency of documentation.
2. 54-hour rule.
3. Minimum wage requirements – (currently \$8.00 per hour)-see Industrial Welfare Commission (IWC) Wage order 5-2001.
4. Paid leave such as sick leave, CTO, or vacation.
5. Compliance with IWC Wage Order 5-2001 regarding overtime.
6. GH staff that perform more than one function.

c. Training

Provisional Rate Program Audits - A 0.10 weighting is automatically allowed for all CCS employees, if the provider has claimed the 0.10 weighting for the audit period.

Non-Provisional Program Audits – The provider is not required to claim the 0.10 training weighting. However, if the weighting is claimed for the audit period, the weighting will be allowed, if the provider

can substantiate that training has been provided during the provider's fiscal year in which the audit period is included.

However, if the provider fails the three-month audit by more than three RCLs, the audit will be expanded to include the remaining 9 months of the provider's FY plus the most recent current month of operation, and the training must be fully supported for the 12-month audit period.

For all program audits, the training records will be reviewed to ascertain whether they meet regulatory requirements and include at least the following specific information, all of which will be documented on the CCS Training Worksheet (SR2A TWS):

1. Date and location of training.
2. Title and short summary of the training subject.
3. Names and signatures of staff attending training.
4. Hours of training.
5. Name(s) of the trainer(s) and their qualifications.
6. Proof that the provider paid the cost of the training and wages to CCS staff attending training.

Complete training weighting calculations worksheet (FC TRWTGCALC), **only for a 12-month non-provisional program audit**, as follows:

Step 1: Divide the total number of eligible CCS hours by 2,080. The result is the number of full-time equivalent (FTE) employees.

Step 2: Multiply the FTEs by 40 hours. The result is the total hours of training needed to support the additional weighting.

2. Social Work (SW)
 - a. Personnel Files

Review the SW personnel files to obtain verification of fingerprint clearance, CACI, and association for SW

staff. Also, obtain verification of professional level weightings reported for each social worker and document on the SW Program Audit Working Paper (SR 2B-WP). Make copies of any documentation needed to support findings. Initial and date each WP.

b. Time Records/Payroll

For social workers employed by the provider, review time records and payroll to support the paid-awake hours worked. **Note: There are specific social work activities that are allowable for the purpose of calculating the points. The activities that cannot be counted for point calculation purposes include supervision of other staff, administrative activities, and training. Social workers employed by the GH must meet the minimum wage requirements.** In cases where the time records do not specify the actual activities performed, interview the social worker concerning the activities performed, document the interview, and sign and date the record. In addition, if necessary for confirmation, review a sample of children's files to confirm the activities reported on the time records.

If the social worker is an independent contractor rather than an employee, review the written contract(s) to determine the type(s) of activities performed and the basis for payment. Make copies, as necessary. **Note: There should be invoices or billings and/or records to provide proof of paid-awake hours for services provided. These records should specify the dates of the activities performed, the specific activities and hours, and the amount of compensation.** Complete the Paid Hours Verification Worksheet (SR 2A PHV). Initial and date each WP.

The social worker hours may be double weighted. A double weighting is given to hours performed by independent contractors who are Licensed Clinical Social Workers or Marriage and Family Therapists performing direct services to clients, with a maximum of 20 hours per week. The provider must document eligibility for this weighting. If applicable, complete the Social Worker Direct Contact Contract Weighting Worksheet (SR 7) to determine the social worker's eligibility for double weighting of hours

provided to children placed in the group home program.
Initial and date WP.

3. Mental Health (MH)

a. MH Professional File Review

Obtain verification of licensure/registration for each mental health professional from provider's files.

b. Eligible MH Hours

Review client files, Medi-Cal billings, and MH Treatment Services Forms (SR 2C-MHV) to determine eligible hours for therapy, counseling, testing, and evaluations.

Note: Evaluations of medications and writing prescriptions are not considered eligible MH hours.
Make copies of any documentation needed to support findings. Initial and date each WP.

If the provider has a Mental Health Day Treatment program, the formula for calculating points is the number of certified children enrolled divided by the program's licensed capacity, multiplied by 30 points. The MH Day Treatment audited points are converted to eligible hours as follows:

Step 1: Multiply the number of points by 90% of licensed capacity. The result is the number of MH Day Treatment weighted hours.

Step 2: Divide the MH Day Treatment weighted hours by 2.5. The result is eligible MH Day Treatment hours.

III. MAKING AUDIT DETERMINATIONS

A. Preliminary

When the field review and appropriate working papers are completed, the AIC will compute the preliminary audited RCL points using automated spreadsheets, SR 2As, SR 2Bs, and SR 2Cs, which are linked to a Group Home Program Classification Report (SR 2G or SR 2P). Then, the AIC will make the following audit determinations:

1. Provisional Rate Program Audits

- a. If the provider has documentation to support the required number of points for the paid RCL for the two-month audit period, the provider passes the audit, and the field work is concluded.
- b. If the provider has not met the required number of points to support the paid RCL for the two-month audit period, and the provider has failed the audit by no more than three (3) levels, the field work is concluded. **However, the provider will be advised that the RCL and rate will be reduced to the audited RCL, effective the first of the month following the date in which the final audit report is issued.**
- c. If the provider has not met the required number of points to support the paid RCL for the two-month audit period, and the provider has failed the audit by more than three (3) levels, the field work is concluded. **However, the provider will be advised that the RCL and rate will be reduced to the audited RCL, effective the first of the month following the date in which the final audit report is issued. In addition, the RCL and rate will be terminated, effective 45 days after the issuance of the final audit report, unless the provider files a timely appeal of the CDSS' RCL determination.**

2. Non-Provisional Program Audits

a. Three-Month Audit

- 1. If the provider has documentation to support the required number of points for the paid RCL for the three-month audit period, the provider passes the audit, and the field work is concluded.
- 2. If the provider has not met the required number of points to support the paid RCL for the three-month audit period, the provider has failed the audit, and the field work is concluded. If the provider has failed the audit by no more than three (3) levels, **the paid RCL and rate will be reduced to the audited RCL effective 60 days from the date of the final audit report**, and the provider will be given the opportunity to bring their program into compliance through corrective action.
- 3. If the provider has not met the required number of points to support the paid RCL for the three-month

audit period, the provider has failed the audit, and the field work is concluded. If the provider failed the audit by more than three (3) levels, the audit will be expanded to include the remainder of the provider's FY and the most recent current month of operation.

b. 12-Month Audit Plus Current Month

1. If the provider has documentation to support the required number of points for the paid RCL for the 12-month audit period and the current month, the provider passes the audit, and the field work is concluded.
2. If the provider has not met the required number of points for the paid RCL for the 12-month audit period and the current month, the provider has failed the audit, and the field work is concluded. An overpayment will be calculated and assessed, unless the group home program passes proportionality. Proportionality is a calculation to determine whether the provider has provided at a minimum, the level of care and services projected on line 16 of the SR 2, for children actually in placement during the 12-month audit period, in each of the three service components (CCS, SW, and MH). **The paid RCL and rate will be reduced to the audited RCL, effective 60 days from the date of the final audit report**, and the provider will be given the opportunity to bring their program into compliance through corrective action.
3. If the provider has not met the required number of points to support the paid RCL for the 12-month audit period, but passed the current month, the field work is concluded and the provider will be advised that **the RCL and rate will not be reduced and corrective action will not be required**. However, an overpayment will be calculated and assessed for the 12-month audit period, unless the group home program passes proportionality. Proportionality is a calculation to determine whether the provider has provided at a minimum, the level of care and services projected on line 16 of the SR 2, for children actually in placement during the 12-month audit period, in each of the three service components (CCS, SW, and MH).

4. If the provider has met the required number of points to support the paid RCL for the 12-month audit period, but failed the current month, the field work is concluded, and no overpayment will be assessed for the 12-month audit period. **However, since the provider failed the current month, the paid RCL and rate will be reduced to the audited RCL, effective 60 days from the date of the final audit report,** and the provider will be given the opportunity to bring their program into compliance through corrective action.

IV. CONCLUDING THE FIELD WORK

A. Exit Conference

The AIC will print out copies of the preliminary worksheets, SR 2As, SR 2Bs, SR 2Cs, SR 2G or SR 2P. Ensure all documentation necessary to support audit findings is included in the audit file and that all workpapers are initialed and dated. Prepare audit finding point sheets, then conduct a formal exit conference. At that time, the AIC and/or Audit Manager will:

1. Present an overview of the audit, preliminary findings, and reasons for each finding. Answer the provider's questions. Explain the possible results, i.e., for non-provisional program audits there may be a rate reduction and/or an overpayment. For provisional rate audits, there will be no overpayment, but there may be a rate reduction and/or rate termination.
2. For non-provisional 12-month program audits resulting in an overpayment, discuss the proportionality and overpayment calculations with the provider, **if applicable**.
3. List any additional documentation that the provider is required to submit and give a specific due date. **Note: For non-provisional program audits only, providers will have 15 days from the date of the exit conference to provide additional documentation.** In most cases, for provisional rate audits, no additional documentation will be accepted after the field work is completed, unless certain conditions are met.
4. Explain the Administrative Review Process available, filing procedures, and timeframes. For both provisional rate audits and three-month non-provisional program audits, only a formal hearing is allowed. For non-provisional program audits, consisting of 12 months plus a current month, an informal hearing is allowed first. If the parties are unable to

agree at the informal hearing, the provider or CDSS may request a formal hearing.

5. Give the provider copies of the automated audit worksheets and point sheets.
6. Complete the Record of Exit Conference form (FC 9-EXIT) and ensure that both the AIC and the provider sign the form to document the Exit Conference discussion.