



County of San Diego, California

Auditor and Controller

*Final
Report*

In-Home Supportive Services Program Audit

Office of **A**udits & **A**dvisory **S**ervices

June 2009
Report No. A09-005



COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

June 23, 2009

TO: Nick Macchione, Director
Health and Human Services Agency

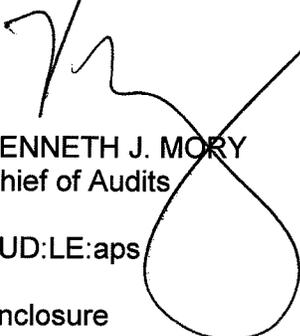
FROM: Kenneth J. Mory
Chief of Audits

FINAL REPORT: IN-HOME SUPPORTIVE SERVICES PROGRAM AUDIT

Enclosed is our report on the In-Home Supportive Services Program Audit. The report includes various audit findings and recommendations.

We have reviewed your responses and have attached them to the audit report. The actions taken and planned, in general, are responsive to the findings and recommendations in the report. As required under Board Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations.

If you have any immediate concerns about the report, please contact me at (858) 495-5662.


KENNETH J. MORY
Chief of Audits

AUD:LE:aps

Enclosure

c: Donald F. Steuer, Chief Financial Officer
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller
Pamela B. Smith, Deputy Director, Health and Human Services Agency
Terry Hogan, Group Finance Director, Health and Human Services Agency

EXECUTIVE SUMMARY

The Office of Audits & Advisory Services (OAAS) completed an audit of the In-Home Supportive Services (IHSS) program in accordance with the County's approved FY 2008-09 audit plan. The objective of the audit was to assess whether the management controls implemented by the program ensure compliance with State of California (State) mandates.

Audit work determined that, within the scope of the audit, the IHSS program was generally compliant in fulfilling the legal and regulatory requirements as established by State mandates and that adequate management controls were in place for the achievement of program objectives. However, OAAS identified opportunities for improving and strengthening of management controls provided in the following findings.

IHSS Fraud Investigation and Reporting Activities

- IHSS reports fraud convictions to the State but does not report suspected fraud for investigation as required;
- Oversight of the fraud investigation contract with the Public Assistance Fraud Division (PAFD) needs improvement; and
- Fraud awareness training provided to IHSS social workers should be improved.

Quality Assurance/Quality Control Function

- During FY 2008-09, targeted review criteria did not differ from scheduled desk reviews;
- Errors found on all quality assurance (QA) reports sent to the State during FY 2007-08;
- Responses to QA findings are not timely and not effectively monitored; and
- Changes in authorized hours from QA reviews are not accurately reported to the State.

Case Management and Program Operations

- 13 (43%) of the 30 case files reviewed contained errors;
- During FY 2007-08, the monthly average of status eligible cases pending over 30 days totaled 116 (22%) of the 530 monthly average status eligible intakes; and
- 12 (36%) of the 33 social workers interviewed stated that no review of IHSS program reports is conducted; and 8 (24%) indicated that while they review some program reports, the review was not consistent, timely, or structured.

Social Worker Training Academy

- State Training Academy has not been completed by all IHSS staff.

IHSS Collections Trust Fund

- IHSS overpayment collections of almost \$78k recovered from 1997 to 2008 were not returned to the State timely.

Recommendations – OAAS recommends that IHSS management take the following actions:

- Report all fraud investigations conducted by the PAFD at State budget hearings on the implementation of program integrity initiatives; ensure that fraud investigations are properly monitored and reported; and provide focus training on fraud detection and high risk profiles;
- Consider including specific criteria for targeted reviews that address areas susceptible to fraud and overall program improvement as reported by the State 2008 QA monitoring activities report; properly follow instructions to complete the QA reports; provide specific training to increase staff's awareness on the importance of timely correcting QA findings; modify the reporting and monitoring process that allow QA staff to track changes in authorized services; require further review and verification of case documents to ensure data integrity and timely completion of required forms; provide detailed training on case management strategies to expedite case intake process; and ensure that IHSS staff is aware of their roles and responsibilities in regards to IHSS reports;
- Require all social workers to attend and complete State required training on a timely basis; and
- Actively monitor IHSS overpayment collections reports to ensure timely return of funds to the State. Also, ensure that outstanding fund balance is properly returned to the State.

INTRODUCTION

The Office of Audits & Advisory Services (OAAS) completed an audit of the In-Home Supportive Services (IHSS) program, in accordance with our FY 2008-09 audit work plan. The objective of the audit was to assess management controls to ensure compliance with the State of California (State) mandates.

AUDIT SCOPE AND LIMITATIONS

OAAS' audit was limited to IHSS' processes and services performed by the County, mandated by the State, and regulated by the California Welfare and Institutions Code (WIC).¹ While the audit primarily covered activities performed during FY 2007-08, OAAS also considered activities conducted during FY 2008-09.

This audit was conducted in accordance with auditing standards prescribed by the Institute of Internal Auditors, Inc., as required by California Government Code, Section 1236.

METHODOLOGY

OAAS implemented a multi-faceted methodology to audit the IHSS program. The following briefly highlight the methods used:

- Identified and reviewed program mandates, codes, and regulations established by legislation, the State, and the County of San Diego (the County);
- Evaluated available reviews, studies, and audits related to the IHSS program;
- Conducted interviews with IHSS staff and Public Authority's (PA) personnel;
- Obtained and evaluated County reviews conducted on PA's activities;
- Contacted State IHSS program representatives to obtain further clarification of State requirements;
- Reviewed policies, procedures, special notices, and desk manuals to understand program requirements;
- Identified management controls through inquiries, observations, and detail testing; and
- Determined compliance with program mandates by conducting the following audit procedures:
 - Selected a judgmental sample of IHSS cases and conducted detail testing for conformance with mandates;
 - Evaluated QA activities to determine completeness and accuracy;
 - Determined whether fraud mandated activities were fulfilled; and
 - Established whether State mandated training had been completed by IHSS staff.

OVERVIEW OF THE COUNTY'S IHSS PROGRAM

IHSS is a State mandated and regulated program operated at the county level in accordance with the WIC. It provides in-home care services for those with limited income who are disabled, blind, or over the age of 65 to help them remain safely in their own homes. Both Federal and

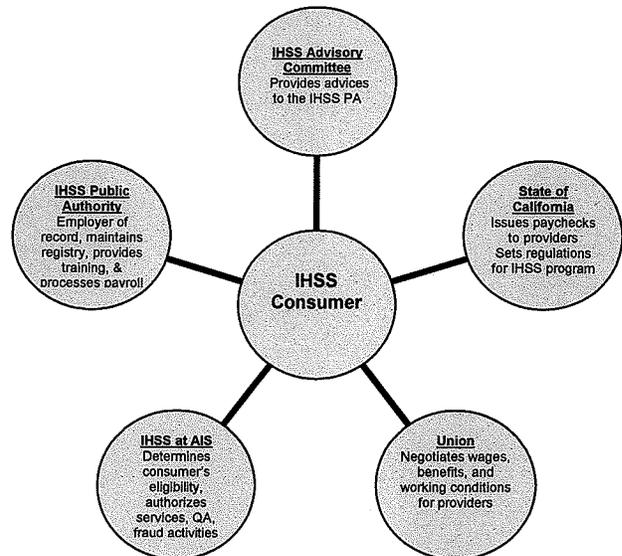
¹ Welfare and Institutions Code Section 12300-12317.2 outlines legal mandates in regards to the IHSS program. It specifies responsibilities for State agencies and counties.

State laws serve to make IHSS an entitlement program. Interested individuals have the right to apply for IHSS services and are guaranteed services if they meet the financial and functional eligibility criteria.

Chart 1 illustrates IHSS program structure. The California State Department of Social Services (CDSS) and the counties share administrative responsibilities for the IHSS program. CDSS oversees the IHSS data and payroll system known as CMIPS (Case Management and Information and Payroll System). According to the Welfare and Institutions Code, Section 12300 – 12317.2, responsibility for the day to day administration of the IHSS program and determination of consumer's program eligibility, the number of hours and type of services each consumer needs has been delegated to counties.

Chart 1 – IHSS Program Structure

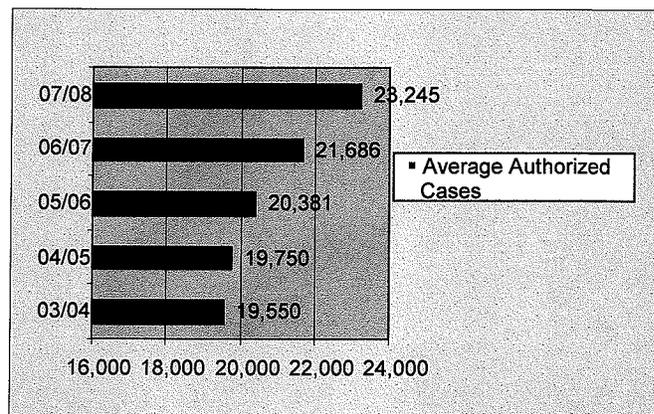
In San Diego County, the IHSS program is administered by the Aging & Independence Services Division of the Health and Human Services Agency (HHS). The Agency has established a Public Authority (PA) to improve the delivery of IHSS services. The PA is an independent entity governed by the Board of Supervisors that serves as the employer of record for IHSS caregivers for the purpose of collective bargaining over wages, benefits, and other conditions of employment. It is responsible for maintaining a provider registry, conducting criminal background screening, orientation, and training to potential providers, and processing payroll timesheets for all active providers.



The IHSS program is funded by Federal (50%), State (33%), and County (17%) dollars subsidized by the Social Services Realignment Fund. During FY 2007-08, total program expenditures totaled over \$237.3M and total revenues from all sources were approximately \$234.8M.

Chart 2 – IHSS Average Authorized Cases

IHSS annual caseload, as illustrated in Chart 2, experienced a steadily increase at an average of 7%. As the population ages and individuals become less able to care for themselves, the demand for personal care services will continue to increase.



FINDINGS

Audit work determined that, within the scope of the audit, the IHSS program was generally compliant in fulfilling the legal and regulatory requirements as established by State mandates and that adequate management controls were in place for the achievement of program objectives. However, OAAS identified opportunities for improving and strengthening of management controls provided in the following findings.

Finding I: IHSS Fraud Investigations and Reporting Activities

IHSS Fraud Investigations Process – Legislation requires that counties refer all instances of suspected fraud of over \$500 to the Department of Healthcare Services (DHS) for investigation. IHSS management explained that DHS does not have the necessary resources to investigate all fraud and that there is currently a backlog of fraud referral awaiting investigation at DHS. In an effort to actively pursue fraud, HHSA management has a contract with the District Attorney's Public Assistance Fraud Division (PAFD) for the investigation and prosecution of IHSS fraud. IHSS staff refers all fraud investigations of \$1,500 and over to the PAFD, a threshold established by the PAFD. However, instances of suspected fraud were not always referred to DHS. By not doing so, the County is not in full compliance with the Welfare and Institutions Code.² Further, State fraud statistical data is incomplete and does not provide legislators with adequate information about the integrity of the IHSS program.

Recommendation: In addition to the existing protocol for the investigation and prosecution of fraud, IHSS management should consider reporting all fraud investigations conducted by the PAFD at State budget hearings on the implementation of program integrity initiatives. Further, IHSS management should consider seeking a change in legislation to ensure that requirements related to IHSS fraud investigations are efficient and effective.

Oversight of Fraud Investigation Contract Activities Needs Improvement – Fraud convictions resulting from PAFD investigations have not always been communicated to IHSS management. For instance, OAAS identified two cases that took over two years before IHSS management was notified of a fraud conviction.

OAAS also noted that no update had been provided on 30 cases referred to prosecution from 2003 to 2008. Further audit research determined that about 12 of those cases had been convicted of fraud. As a result, timely notification of fraud convictions to be included in the Suspended and Ineligible IHSS providers list did not occur. According to the contract with the PAFD, sentencing reports of fraud convictions and quarterly status reports of fraud prosecutions

² Welfare and Institutions Code, Section 12305.82. (a) In addition to its existing authority under the Medi-Cal program, the State Department of Health Care Services shall have the authority to investigate fraud in the provision or receipt of supportive services. Except as provided in subdivision (c), a county shall refer instances of suspected fraud in the provision or receipt of supportive services to the State Department of Health Care Services, which shall investigate all suspected fraud. (b) If the State Department of Health Care Services concludes that there is reliable evidence that a supportive services provider has engaged in fraud in connection with the provision or receipt of supportive services, the State Department of Health Care Services shall notify the department, the county, and the county's public authority or nonprofit consortium, if any, of that conclusion. (c) Notwithstanding any other provision of law, a county may investigate suspected fraud in connection with the provision or receipt of supportive services, with respect to an overpayment of five hundred dollars (\$500) or less.

should be provided to IHSS. IHSS management indicated that fraud investigation results were not actively pursued by their staff because they relied on the reports received by PAFD.

Recommendation: Ensure that fraud investigations, prosecutions, and convictions are actively monitored by IHSS staff to facilitate a timely notification to the State of fraud convictions to be included in the Suspended and Ineligible IHSS providers list.

Insufficient Fraud Awareness Training Provided to Social Workers – OAS determined that specific training for better detection, prevention, and reporting of IHSS fraud has not been provided recently to IHSS staff. Specifically, during our interviews with 12 social workers, 11 indicated that they did not recall receiving IHSS fraud awareness training and indicated that they would benefit from such training. IHSS management stated that while they have provided fraud awareness training in the past, not all social workers had attended. As a result, social workers may not be able to properly identify fraud indicators and process follow-up activities.

Recommendation: Implement required fraud awareness training for all IHSS social workers at least annually; and monitor that training is attended. This training will ensure that IHSS social workers will retain their important role in the reporting of fraud activities.

Finding II: Quality Assurance/Quality Control Function

Areas Identified for Targeted Reviews During FY 2008-09 did not Materially Differ from Scheduled Desk Reviews – WIC Section 12305.71(d) requires that counties perform targeted quality assurance (QA) reviews in addition to the mandated desk reviews and home visits.³ The QA Procedures Manual published by the State provides additional guidance for the completion of targeted reviews.⁴ The purpose of such reviews is to look more closely at individuals and situations that raise concerns about the delivery of IHSS services rather than verification of completeness and accuracy of required forms, calculation of hours, and sufficient documentation. OAS found that criteria used to conduct targeted reviews in FY 2008-09 focused on areas related to completeness and correctness of required forms. While these are critical issues, these criteria are already covered during the desk review procedures. IHSS staff indicated that requirement to conduct targeted case reviews was recently implemented and formal procedures were still in development. Meanwhile, IHSS staff utilizes targeted reviews results as a training tool for social workers and not necessarily to identify problematic program areas. As a result, additional program issues that could potentially result in fraud are not being evaluated effectively.

Recommendation: To further optimize the use of QA resources, targeted reviews should also focus on single issues that lead to overall program improvement rather than limited to activities performed by social workers. IHSS management should consider including specific criteria for

³ Welfare and Institutions Code, Section 12305.71 (d) Develop a schedule, beginning July 1, 2005, under which county quality assurance staff shall periodically perform targeted quality assurance studies.

⁴ 2006 State Quality Assurance/Quality Improvement Procedures Manual, Section V – Targeted reviews provide opportunities to look at key populations, problematic program issues, or other specific program elements. Targeted case reviews differ from routine schedule reviews because the focus is limited to a single issue rather than the focus being on the consumer receiving the correct services at a level which allows him/her to remain safely in his/her home. Activities do not have to be limited to actions performed by social workers, but should address activities performed by all levels of staff involved in the supportive services programs at the county level.

targeted reviews as described in the State QA monitoring oversight activities report for FY 2007-08 in addition to the criteria already covered.

Top three targeted reviews conducted statewide:⁵

- Authorization of services for children;
- Timely case intake process and timely re-assessment; and
- Recipient advised of availability of fingerprinting of providers.

Other types of targeted reviews included "ending date within 12 months from face to face" and "no timesheet activity for 60 days". IHSS staff should consider including investigation in these areas as well as the following CMIPS reports as targeted reviews:

- Supplemental Security Income/State Supplemental Payment (SSI/SSP) Terminations;
- Application/Approval/ Denial/Terminations Listing; and
- Residual Recipient Cases.

These reports provide significant information regarding the program to detect and prevent potential fraud. Currently, review of some of these reports is the responsibility of the social workers; however, examination of these reports is not always completed.

Errors Found on Quarterly QA Reports – The State requires that all counties submit quarterly QA reports (State of California - SOC 824) for monitoring of the QA function and statistical analysis. OAAS audited QA reports sent to the State during FY 2007-08 and during the review, numerous errors were identified. Specifically, OAAS found that home visits were not excluded from desk reviews resulting in double reporting the number of total reviews conducted by QA staff. Further, there were six calculation errors resulting from overriding two predetermined formulas within the excel template. Last, reconciliation of data and checksum techniques provided in the completion of report instructions were not utilized. IHSS management stated that the instructions provided by the State were not clear and consistent. OAAS contacted State IHSS program representatives to clarify the instructions provided and determined that while home visits are a subset of the number of desk reviews, they should be excluded from the number of desk reviews reported.

Recommendation: Ensure that SOC 824 completion instructions are followed. Avoid overriding formulas built into the report templates and ensure data included in the report is reconciled. Last, IHSS staff should make sure that adequate communication with State IHSS program representatives is established for clarification of State directive purposes.

Responses to QA Findings are Not Timely and Not Effectively Monitored – To ensure adequate and timely corrections of errors and observations noted during the QA reviews, social workers and their supervisors are required to resolve QA findings and provide a response to QA staff within 45 days of receipt. We found that while QA staff maintains a log book to record responses received from social workers, timely response is not monitored nor enforced when no

⁵ State QA Monitoring Activities Report May 2008 Targeted Reviews - There were 19,875 targeted reviews. The top three focuses were: a) 1,495 Authorization of Services for Children b) 1,335 combined statewide total of Timely Initial/Re-assessments c) 1,187 Recipient Advised of Availability of Fingerprinting of Providers. Thirty-nine counties reported cases that fell into the "Other Types of Target Reviews" category. The top categories include "ending date within 12 months from face to face date," "emergency contact," "no timesheet activity for 60 days," and "paramedical reviews."

response is received. OAAS conducted detail testing on a judgmental sample of 30 QA reviews and supporting documents and found the following exceptions:

- Eight of the 30 (26%) QA reviews were resolved by the social worker within 52 to 79 days after receipt. However, this information was not captured in the log book; and
- Seven of the 30 (23%) QA reviews were never resolved and returned to QA staff.

Additional audit review of the QA log book found that out of the 871 total QA reviews performed in FY 2007-08 that required further action, 132 (15%) received no response. IHSS staff indicated that this could have been caused by QA personnel turnover and unclear expectations from staff. Delayed or lack of response to issues identified during a QA review could result in significant action items being ignored and uncorrected.

Recommendation: Increase social workers' and supervisors' awareness of the importance of timely correcting and responding to QA review findings by providing training or additional guidance. QA staff should also ensure that review responses are monitored for timeliness and completeness by modifying the QA log book to properly capture the date that response is received. Last, adequate oversight of the QA process should be exercised by QA management.

QA Reviews Resulting in a Change in Service Authorization Not Reported to the State –

The State requires that counties report the total number of QA reviews resulting in a change in service authorization. During testing of 30 QA reviews, OAAS found three instances of a change in the number of authorized hours resulting from an action item identified during the QA review. Since QA staff does not monitor action taken by the social worker when addressing QA findings, the changes in service authorizations were not reported to the State. Based on discussions with IHSS management, they have interpreted the reporting requirement as a measure of social workers' errors directly found during the QA review. However, OAAS contacted State officials to further understand the requirement and found that the directive's intent is to report on the beneficial impact of having a staffed and functional QA section in place. According to the State staff, changes in services authorizations resulting from QA review may be because of a misinterpretation, an error, or simply the result of some change in circumstances not reported to the social worker. Failure to actively monitor and report changes in authorized services resulting from QA reviews results in inaccurate and incomplete performance data being sent to the State.

Recommendation: IHSS management should contact the State to further clarify reporting requirements of QA reviews resulting in a change in service authorization. In addition, IHSS management should modify the reporting and monitoring process that allows QA staff to effectively track changes in authorized services resulting from a QA review.

Finding III: Case Management and Program Operations

Several Errors Found on Case Files Reviewed – OAAS conducted detail testing in a judgmental sample of 30 case files to determine whether required forms by the State were completed and filed appropriately. OAAS found the following exceptions:

- Five (16%) of the 30 cases reviewed contained clerical errors – contradictory program information between the SOC 293 (Needs Assessment Form) and the SOC 311 (computer generated form that confirms type of program eligible); and

- Eight (26%) of the 30 cases reviewed had other type of errors, in some cases more than one error per case.⁶

IHSS social workers indicated that clerical errors could result when the information is entered into CMIPS by the clerical staff. OAAS determined that the cause for other errors found was social worker mistake or omission. IHSS staff indicated that contradictory information between forms could result in payroll errors or the inability to verify and validate service authorization levels.

Recommendation: Data entry made by clerks should be verified to ensure accuracy and integrity of records. Further, updated paperwork should be completed within a reasonable amount of time after a home visit is conducted. Last, before the case is filed away, a final review of case documents should be conducted to ensure completeness and accuracy of forms.

Backlog of Case Intake – According to State guidelines and internal IHSS program policies and procedures, all case intakes must be approved or denied within 30 calendar days. During OAAS' review and analysis of IHSS program statistics reports for FY 2007-08, OAAS found that there is a significant delay of eligibility determination for status eligible cases.⁷ Specifically, OAAS found that during FY 2007-08, the monthly average of status eligible cases pending over 30 days totaled 116 (22%) of the 530 monthly average status eligible intakes.

IHSS management indicated that in recent years the State has placed more focus on compliance with case reassessment deadlines making reassessments more of a priority than timely case intake process. The intake is the first opportunity for new recipients to be assessed by a social worker for the services they will be authorized to receive. Excessive delays on processing case intakes results in potential recipients not getting the services and care needed in order to remain safely in their homes.

Recommendation: Given the impact that late intake assessment have upon recipients, IHSS management should recognize the importance of establishing IHSS services for new recipients as quickly as possible. IHSS management should provide specific training on case management strategies that would allow social workers enhance their performance and prioritize task, especially for new or less experienced social workers. Moreover, management should establish a performance measure for IHSS that includes a timely case intake assessment.

IHSS Program Reports are Not Reviewed and Researched Timely – The State system used to process IHSS data generates monthly reports intended to alert staff about irregular program activities. IHSS program policies and procedures require that social workers review and investigate these reports to detect and prevent potential fraud and enhance program integrity. OAAS interviewed 33 social workers from all IHSS district offices and found that 12 (36%) were

⁶ Type of errors found include: incorrect effective date on the budget worksheet, incorrect face to face date in CMIPS, dollar amount missing on recipient responsibility form, social worker and/or recipient's signature missing on application form, signature missing on language needs determination form, updated forms missing (Meds screen prints, notice of action, SOC 311), paperwork not completed and filed after recent home visit (narratives, recipient responsibilities, provider responsibilities, notice of action, and Meds screen prints).

⁷ A status eligible applicant/recipient is an individual currently receiving SSI/SSP. A status eligible applicant/recipient is eligible for IHSS if the Social Worker assesses a need for IHSS services.

not aware of specific requirements in regards to researching CMIPS reports and therefore were not conducting reports reviews. While OAAS also found that eight (24%) of the social workers interviewed indicated that some CMIPS reports are reviewed; the review was not consistent, timely, or structured. OAAS found that there is no formal process in place for adequate management, monitoring, and communication related to timely review and research of IHSS reports. Also, the roles and responsibilities of social workers and their supervisors in regards to these reports have not been clearly defined. The lack of adequate controls to ensure that significant IHSS reports are researched promptly could result in failure to identify ineligible recipients, overpayments processed, and detect possible fraud.

Recommendation: IHSS management should provide training to ensure that IHSS staff is aware of their roles and responsibilities in regards to IHSS reports. Adequate guidance should be given to social workers to ensure that report review and investigation is conducted efficiently and effectively. Last, a formal and consistent process should be established for supervisors to evaluate social worker's performance in regards to IHSS reports reviews.

Finding IV: Social Worker Training Academy

State Training Academy Has Not Been Completed By All IHSS Staff – CDSS is required to provide a statewide training program for counties' IHSS social workers, managers, and QA staff. Based on discussions with staff and OAAS' review of internal training records provided, OAAS found that 27 (24%) of the 112 IHSS social workers and supervisors have not completed the State Social Worker Training Academy. IHSS management indicated that since the training academy is offered once a year, certain staff may not have been able to participate, either because they were absent or had not been hired prior to the academy being offered. Insufficient training for social workers results in inconsistent case assessment and authorization of IHSS services.

Recommendation: The purpose of the training is to promote uniformity and enhance program integrity, and as such IHSS management should require all social workers to attend and complete the training on a timely basis. Attendance and completion of the State Training Academy should be assessed on the individual's performance evaluation.

Finding V: IHSS Overpayment Collections Trust Fund

IHSS Overpayment Collections Were Not Returned to the State Timely – Legislation requires that counties collect IHSS overpayments and return the State contribution back to the State. Audit work found that the IHSS overpayment collections trust fund had a balance of almost \$78K recovered from 1997 to 2008 that had been placed in a suspense account. IHSS fiscal management indicated that they discovered this old balance approximately five years ago and they were in the process of reimbursing these monies to the State. They also indicated that IHSS overpayments collected were partially returned to the State by former fiscal staff but were unsure why these monies were not returned timely. Failure to properly return IHSS overpayment collections back to the State results in the County not being in full compliance with State requirements.

Recommendation: While there is no strict requirement to return funds back to the State within a specific timeframe, IHSS policies and procedures should consider specifying an acceptable

internal deadline for doing so. In addition, IHSS fiscal management should establish adequate internal controls to ensure that IHSS overpayment collections reports are actively monitored and reconciled for timely return of funds to the State. Last, IHSS should ensure that the outstanding trust fund balance is properly sent to the State.

COMMENDATION

The Office of Audits & Advisory Services commends and sincerely appreciates the courtesousness and cooperation extended by District Attorney's Office staff (PAFD), and IHSS officers and staff, particularly the Quality Assurance Division staff throughout this audit.

AUDIT TEAM

Laura Flores, Senior Auditor, CIA, CGAP (Project Lead)
Angela Chen, Auditor I, CPA

DEPARTMENT RESPONSE



County of San Diego

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NICK MACCHIONE, FACHE
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PAULA S. LANDAU-COX
DIRECTOR OF OPERATIONS

June 17, 2009

TO: Kenneth J. Mory
Chief of Audits

FROM: Nick Macchione, Director
Health and Human Services Agency

A handwritten signature in black ink, appearing to read "Nick Macchione".

RESPONSE TO FINAL DRAFT REPORT: IN-HOME SUPPORTIVE SERVICES PROGRAM AUDIT

Attached is the Health and Human Services Agency's response to the Auditor's draft report on the In-Home Supportive Services Program audit dated April 2009.

Should you have any questions, please contact Ellen Schmeding, Assistant Deputy Director, Aging and Independence Services, at (858) 505-6329.

cc: Donald F. Steuer, Chief Financial Officer
Tracy M. Sandoval, Assistant Chief Financial/Auditor and Controller
Pamela B. Smith, Director, Aging & Independence Services
Terry Hogan, Group Finance Director, Health and Human Services Agency

In-Home Supportive Services Program Audit
Health & Human Services Agency Response to Findings

Finding I: Recommendation 1: In addition to the existing protocol for the investigation and prosecution of fraud, IHSS management should consider reporting all fraud investigations conducted by the PAFD at State budget hearings on the implementation of program integrity initiatives. Further, IHSS management should consider seeking a change in legislation to ensure that requirements related to fraud investigations are efficient and effective.

Response: The Agency agrees with this recommendation and plans to implement during FY 09/10.

Currently, IHSS formally notifies the Department of Health Services (DHS) in writing of each IHSS fraud referral that is sent to the District Attorney's office.

All-County Information Notice (copy attached) also indicates "if fraud is suspected during the QA monitoring process and/or in other instances, counties that already have protocols in place to work with DHS regarding appropriate follow-up on suspected fraud may continue to do so under the direction of DHS. Counties who do not have established protocols in place to work with DHS may choose to discuss options for more extensive coordinative work by contacting them directly."

San Diego County has an extensive history of working with the Public Assistance Fraud Division (District Attorney's (DA) office) to investigate and refer cases for prosecution. County IHSS management met with DHS at the time the Quality Assurance legislation which governs this section was passed. At that time, we agreed that, due to the severe shortage of investigators in DHS, San Diego County would continue to refer all suspected fraud to the District Attorney's office.

The issue of follow-up on IHSS Fraud referrals was one of the subjects of a recent report by the Senate Committee on Oversight and Outcomes. The committee noted that DHS investigators have a backlog of more than 1,000 cases. The County Welfare Director's Association (CWDA) has also tried to work with the California Department of Social Services (CDSS) (governing IHSS) and DHS to access regular reports in order to receive regular status updates on fraud investigations.

San Diego County agrees with the recommendation to share information about fraud investigations at a statewide level, via State budget hearings or using other opportunities and will look for opportunities to do so during the FY 09/10 fiscal year.

As part of the Agency's efforts to identify meaningful reform for IHSS, we are looking at the issue of fraud prevention. We will also continue discussions with CWDA and CDSS in an attempt to further clarify fraud investigation procedures and will look for legislative opportunities to enhance fraud prevention efforts during the FY 09/10 fiscal year.

Finding I: Recommendation 2: Ensure that fraud investigations, prosecutions, and convictions are actively monitored by IHSS staff to facilitate a timely notification to the State of fraud convictions to be included in the Suspended and Ineligible IHSS providers list.

Response: The Agency agrees with this and implemented this recommendation during the past two months.

6/16/2009

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In-Home Supportive Services Program Audit
Health & Human Services Agency Response to Findings

Currently, there is an agreement (MOU) between HHSA and the DA that governs the investigation and prosecution of IHSS fraud. This agreement requires the DA to provide sentencing reports to IHSS Management for perpetrators of IHSS fraud and requires that the DA provide quarterly reports indicating prosecutions of fraud, as noted by the Auditor. IHSS Management relies on the DA to provide timely reports, and will continue to forward lists of 'pending' referrals in an attempt to gather regular status updates. We believe that two of the cases reviewed by the auditor were for individuals convicted of fraud in 2004, but not officially sentenced until the end of 2005. We were notified in August of 2006. We believe we are now getting more current information on sentencing as a result of including this requirement as part of our MOU, as we now receive a monthly report from the DA that lists all actions taken for welfare fraud (including IHSS). We will continue to forward lists of 'pending' referrals to the DA in an attempt to gather regular status updates. Additionally, we have requested another change to the MOU that will require the DA to forward additional documentation to be used in formally excluding home care workers who have been perpetrators of IHSS fraud from providing service in this program.

Finding I: Recommendation 3: Implement required fraud awareness training for all IHSS social workers at least annually; and monitor that training is attended. This training will ensure that the IHSS social workers will retain their important role in the reporting of fraud activities.

The Agency agrees with this recommendation and will now require training on fraud for all staff at least annually.

Fraud training has been provided as part of the State mandated training and 84% (92/109) of IHSS staff have attended this training. We have and will continue to monitor compliance with this training. Additionally, IHSS Fraud training was offered at the all-staff meetings in 2007 and 2008. The DA has recently agreed to prepare a training video for IHSS that can be shown regularly to all staff. Additionally, we will continue requesting that the DA attend IHSS all-staff meetings and initial staff training workshops.

Finding II: Recommendation 1: To further optimize the use of QA resources, targeted reviews should focus on single issues that lead to overall program improvement rather than limited to activities performed by social workers. IHSS management should consider including specific criteria for targeted reviews as described in State QA monitoring oversight activities report for FY 2007-2008.

Response: We agree with this finding. The Agency appreciates the Auditor's identification of appropriate areas for targeted reviews. The State allows the counties latitude in identifying areas for targeted reviews. State policy (as noted in All-County Letter 06-35) allows counties to "address any area which the county determines may lead to overall improvement of the quality of the supportive services program."

San Diego County reviewed a number of different areas using targeted reviews during FY 07-08 including review of closed cases to ensure that timely notice was provided and denied cases to ensure that the denials were performed appropriately. Additionally, targeted reviews were utilized to ensure that staff were properly documenting the number of hours assessed using the "Hourly Task Guidelines" and had sufficient justification for hours that exceeded the guidelines.

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During the past year (FY 08-09), targeted reviews included review of closed cases to ensure payments were not made. This was seen as a fraud prevention measure, and came as a direct result of the recommendations made by an internal 2007 fraud workgroup. Quality Assurance (QA) staff have also reviewed areas that were problematic as noted by the State during their last visit to San Diego one year ago. IHSS Management plan to engage in a "Management Controls Initiative" workgroup on IHSS and will use fraud prevention as the subject matter. We hope to identify other ways in which we can effectively use QA and targeted reviews as controls to deter fraud and will take into consideration the areas suggested by the Auditor as a result of reviewing the top targeted reviews statewide.

Finding II: Recommendation 2: Ensure that the SOC 824 completion instructions are followed. Avoid overriding formulas built into the report templates and ensure data included in the report is reconciled. Last, IHSS staff should make sure that adequate communication with State IHSS program representatives is established for clarification of State directive purposes.

Response: The Agency agrees with this recommendation and staff implemented the necessary changes immediately for the State report covering the period of 1/1/09-3/31/09. San Diego County works closely with the State QA representative to ensure that State reports are correct and timely and will continue this practice. Reports that had errors for FY 07-08 were corrected and resubmitted to the State's satisfaction. The SOC 824 form has been revised several times to try and clarify instructions. At this time, the current form has been adjusted to prevent these types of errors from happening again.

Finding II: Recommendation 3: Increase social workers' and supervisors' awareness of the importance of timely correcting and responding to QA review findings by providing training or additional guidance. QA staff should also ensure that review responses are monitored for timeliness and completeness by modifying the QA log book to properly capture the date that the response is received. Last, adequate oversight of the QA process should be exercised by QA management.

Response: The Agency agrees with this recommendation and changes in policy have already been made to ensure QA responses are returned promptly. Effective July 1, 2008, QA procedures were modified and now include a requirement that supervisors sign off and review QA reports to ensure compliance and timeliness. These reports are now sent electronically and the supervisors are included which has enhanced their ability to monitor follow-up. Both QA Management as well as IHSS Management will take on the responsibility to ensure timely compliance with QA findings.

Finding II: Recommendation 4: IHSS management should contact the State to further clarify reporting requirements of QA reviews resulting in a change in service authorization. In addition, IHSS management should modify the reporting and monitoring process that allows QA staff to effectively track changes in authorized services resulting from a QA review.

Response: The Agency agrees with the first part of this recommendation and clarification was received from the State on April 11, 2009. At this time we believe we are correctly reporting changes in authorized services and do not plan to track changes that may have been made as a result of our review, but which were not documented as needing action during the review.

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Finding III: Recommendation 1: Data entry made by clerks should be verified to ensure accuracy and integrity of records. Further, updated paperwork should be completed within a reasonable amount of time after a home visit is conducted. Last, before the case is filed away, a final review of case documents should be conducted to ensure completeness and accuracy of forms.

Response: The Agency agrees with the finding, but proposes an alternative solution. While we believe that data entry should be accurate at all times, unfortunately, workload in the IHSS program has climbed to an all-time with almost 25,000 recipients now receiving service. Additionally, there are close to 22,000 IHSS home care workers. A significant amount of paperwork is required to enter data for all these individuals into the State's IHSS computer system.

While the long-term solution will be replacing the IHSS computer system within a year, in the meantime management proposes an alternate solution to the one recommended by OAAS..

Effective immediately, management will instruct social workers to complete paperwork as soon as possible after a home visit is conducted and to review case documents to ensure completeness and accuracy of forms and data entry. In addition, the State has provided San Diego with data readiness reports indicating errors that must be corrected prior to implementation of the new computer system. Staff are using the reports as a detective control to enable errors to be corrected during the interim period.

With the implementation of the new computer system, San Diego, as a pilot county, will be among the first to have staff use the new application. We will require social workers to enter data directly into the system which we expect will reduce error, because data will be handled by fewer people and because of the more sophisticated system that will provide immediate feedback upon data entry and will include enhanced reporting capabilities.

Finding III: Recommendation 2: Given the impact that late intake assessments have upon recipients, IHSS management should recognize the importance of establishing IHSS services for new recipients as quickly as possible. IHSS management should provide specific training on case management strategies that would allow social workers to enhance their performance and prioritize tasks, especially for new or less experienced social workers. Moreover, management should establish a performance measure for IHSS that includes a timely case intake assessment.

Response: The Agency agrees with this recommendation and desk aids and supervisory/peer training have been provided to assist staff with improving their timeliness with granting intakes. More than 21 desk aids have been issued from July 1, 2008 to present to provide assistance to staff in managing the IHSS workload. This area of compliance has been measured monthly by IHSS management for many years as it was previously a Quality First goal.

The State does not measure compliance with intake timelines, but does measure compliance with recertification (annual) visits; San Diego is at the top of the State (98%) in meeting this requirement. Given the workload challenges associated with IHSS, management made a determination to focus more energy on meeting the requirement the State monitors.

Unfortunately, during FY 07-08, IHSS had a number of position vacancies that could not be filled. Additionally, with the rapid increase in caseload and the inability to add new positions, the

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social worker caseloads continue to climb. Additionally, IHSS sustained a 5% administrative reduction this fiscal year which necessitated a reduction in staffing.

Currently, there are corrective action plans in place for each of the units not meeting the 30 day intake deadline and the expectation remains in place that staff will do all they can to meet this requirement.

Finding III: Recommendation 3: IHSS management should provide training to ensure that IHSS staff is aware of their roles and responsibilities in regards to IHSS reports. Adequate guidance should be given to social workers to ensure that report review and investigation is conducted efficiently and effectively. Last, a formal and consistent process should be established for supervisors to evaluate social worker's performance in regards to IHSS report reviews.

Response: The Agency agrees with this recommendation and social workers regularly receive training and guidance in how to use the on-line reports as part of the initial social worker training. The requirement to complete a review of available reports is also addressed when written expectations for social workers are reviewed by supervisors. Written instruction has also been provided in the form of Special Notices published in 2009, 2007 and 2005.

Unfortunately, given the workload for the program, report review has a lower priority than meeting with clients to complete intake and recertification assessments and completing the associated paperwork. IHSS Management will continue to stress the importance of reviewing reports and will require that supervisors take a more active role in ensuring that reports are reviewed and that necessary follow-up action is taken. A formal process will be developed within the next months to document that reports are being reviewed and necessary follow-up is occurring.

Finding IV: Recommendation 1: The purpose of the IHSS (state-mandated) training is to promote uniformity and enhance program integrity, and as such IHSS management should require all social workers to attend and complete the training on a timely basis. Attendance and completion of the State Training Academy should be assessed in the individual's performance evaluation.

Response: The Agency agrees with the recommendation. IHSS Management will continue to stress the requirement that all staff attend these training and will monitor attendance to ensure that this occurs. A separate log indicating compliance will be kept in lieu of including this information in performance reports.

Finding V: Recommendation 1: While there is no strict requirement to return funds back to the State within a specific timeframe, IHSS policies and procedures should consider specifying an acceptable internal deadline for doing so. In addition, IHSS fiscal management should establish adequate internal controls to ensure that IHSS overpayment collections reports are actively monitored and reconciled for timely return of funds to the State. Last, IHSS should ensure that the outstanding trust fund balance is properly sent to the State.

Response: The Agency agrees with and implemented this recommendation in June 2008. Written instructions were issued July 23, 2008. Agency Fiscal has already established adequate internal controls and procedures on the monthly monitoring and reconciliation of

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overpayment collections. IHSS overpayment collections are now sent promptly to the State on a monthly basis. We are awaiting instructions from the State on how to refund the \$78,000 owed to the State for prior years.

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