

OFFICE OF AUDITS & ADVISORY SERVICES



IN-HOME SUPPORTIVE SERVICES PROGRAM FOLLOW-UP AUDIT

FINAL REPORT

Chief of Audits: Juan R. Perez
Senior Audit Manager: Laura R. Flores, CIA, CFE, CGAP
Auditor II: Jenny Chen

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County of San Diego

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JUAN R. PEREZ
CHIEF OF AUDITS

June 3, 2014

TO: Ellen Schmeding, Director
HSA – Aging & Independence Services

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: IN-HOME SUPPORTIVE SERVICES PROGRAM FOLLOW-UP AUDIT

Enclosed is our report on the In-Home Supportive Services Program Follow-up Audit. We have reviewed your response to our recommendations and have attached them to the audit report.

The actions taken and/or planned, in general, are responsive to the recommendations in the report. As required under Board of Supervisors Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations. The Office of Audits & Advisory Services will contact you or your designee near the end of each quarter to request your response.

Also attached is an example of the quarterly report that is required until all actions have been implemented. To obtain an electronic copy of this template, please contact Laura Flores at (858) 495-5654.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ
Chief of Audits

AUD:JLC:aps

Enclosure

c: Nick N. Macchione, Director, Health & Human Services Agency
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller
Andrew Pease, Executive Finance Director, Health & Human Services Agency

INTRODUCTION

Audit Objective

The Office of Audits & Advisory Services (OAAS) completed a follow-up audit of the In-Home Supportive Services (IHSS) Program audit conducted in FY 2008-09. The objective of the follow-up audit was to verify whether prior recommendations have been implemented and actions taken effectively addressed prior findings.

Background

IHSS is a mandated and regulated program by the State of California (State) operated at the county level in accordance with the California Welfare Institutions Code (WIC).¹ IHSS provides personal care and domestic services to aged, blind, or disabled individuals to remain safely in their own home. The California Department of Social Services (CDSS) and counties share administrative responsibilities for the program. CDSS oversees the IHSS data and payroll system known as Case Management, Information and Payroll System (CMIPS). Counties are responsible for day-to-day administration and determination of program eligibility, the number of hours and the type of services needed.

In the County of San Diego (County), the IHSS Program is administered by the Aging & Independence Services, Division of the Health and Human Services Agency (HHSA). The IHSS Program is funded by Federal, State, and local government.

OAAS conducted an IHSS Program audit in FY 2008-09 and issued the audit report in June 2009 (A09-005). The objective of the audit was to assess management controls to ensure compliance with State mandates. The audit identified 5 findings and provided 12 recommendations (see Appendix for further detail).

The IHSS Program has experienced numerous changes since the FY 2008-09 audit. For example, the establishment of the Program Integrity Unit (PIU) in 2010 and the development of Fraud Referral Tracking System (FRTS) in March 2012. The PIU and the FRTS enhanced fraud detection and investigation process and improved the reporting and tracking of fraudulent cases. Further, County of San Diego was one of the pilot groups first to implement CMIPS-II in September 2012. The updated system provides modern web-based case management functionality and replaces old data transfers with over 50 interfaces for much more timely verifications and interactions.

Audit Scope & Limitations

The scope of the audit included a review and verification of the implementation of the 12 recommendations identified in audit report A09-005. OAAS evaluated data from FY 2012-13 to present.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed

¹ California Welfare and Institutions Code Section 12300-12330 outlines legal mandates in regards to the IHSS program.

by the Institute of Internal Auditors as required by California Government Code, Section 1236.

Methodology

OAAS performed the audit using the following methods:

- Reviewed all findings and recommendations included in the June 2009 audit report.
- Interviewed IHSS staff responsible for the management of the program and the implementation of audit recommendations.
- Examined State mandates, codes, regulations, and IHSS policies and procedures.
- On a sample basis, conducted specific audit procedures, such as document inspection, direct observation, data analysis, and review related to:
 - Fraud investigation process and related activities.
 - Quality Assurance (QA) activities and reports.
 - Case management and program operations.
 - Training records.
 - Overpayment collections trust fund activities.

AUDIT RESULTS

Summary

Within the scope of the audit, IHSS has fully implemented 9 of 12 recommendations and the actions taken effectively addressed prior findings. However, OAAS found that the three remaining recommendations have been partially implemented and the actions taken do not fully address prior findings. See Appendix for further detail.

To improve the effectiveness of the program and strengthen current controls, OAAS has the following findings and recommendations.

Finding I:

Response and Correction of Quality Assurance Review Findings

WIC Section 12305.71 requires that counties establish a specialized unit to ensure quality assurance and program integrity, including fraud detection and prevention. The QA unit performs routine reviews to ensure that IHSS rules for assessing recipients' benefits are applied consistently and accurately. These reviews also evaluate completeness of required paper work and overall compliance with IHSS Program regulations.

To ensure adequate and timely correction of errors and observations noted during QA reviews, departmental policies and procedures require social workers to resolve QA findings and respond to the QA unit within 45 days of receipt. OAAS found that responses are not monitored to ensure timeliness and no follow-up is conducted when a response is not received.

OAAS tested a judgmental sample of 34 QA reviews and found that 25 of the reviews (71%) were not responded within 45 days. Specifically:

- 20 of 34 (59%) had not been responded as of the completion of audit fieldwork (68 to 118 days after receipt).
- 5 of 34 (15%) were responded within 51 to 104 days after receipt.

According to IHSS, insufficient resources and a high case load per social worker are the main reasons for the delay in correcting and responding to QA review findings. In addition, the position designated to track QA reports was recently eliminated due to restructuring of administrative clerical staff. As a result, monitoring of social worker's response became inconsistent.

Delayed or inadequate response to QA issues could result in an inadequate level of services provided to IHSS recipients. It also increases the risk of misuse of program funds.

Recommendation: To ensure timely response and correction of QA review findings, IHSS should:

1. Continue to provide training and additional guidance to increase awareness of the importance of timely correcting and responding to QA reviews.
2. Provide adequate oversight of the QA process to ensure responses to QA reviews are monitored for timeliness and completeness. For instance, consider sending a reminder to district supervisors for overdue responses.

Finding II:

IHSS Program Application Process

CDSS requires IHSS Program applications to be processed for eligibility within 30 days from the date of application. To determine IHSS eligibility, CDSS also requires counties to review Form SOC873; however, applicants have 45 days to provide this form to counties.² Therefore, OAAS utilized 45 days as the time frame to evaluate the IHSS Program application process.

OAAS' review of IHSS statistics reports from January to July 2013 found application processing delays for both status eligible and income eligible cases,³ as shown in Table 1.

² SOC 873: IHSS Health Care Certification Form (State Health and Human Services Agency).

³ Status eligible: Applicants are qualified for Medi-Cal benefits through the Social Security Administration. Income eligible: Applicants must have eligibility determination completed for Medi-Cal, may be required to pay a share-of-cost before Medi-Cal benefits can be used.

Table 1. IHSS Applications Pending Review

Total Monthly Average Applications	Monthly Average Applications Pending Review Over 45 Days	
	Status Eligible	Income Eligible
918	487	172
	315	172

According to IHSS, the backlog of applications pending review is due to inadequate staffing levels, increased CDSS mandates, and the learning curve for social workers to enter data into CMIPS-II. Management indicated that they had an average caseload of 306 cases per social worker during 2013. In addition, the review of income eligible cases is subject to Medi-Cal approval which is often delayed by Medi-Cal.

Delays in processing IHSS program applications results in not providing services to potential recipients in a timely manner.

Recommendation: To reduce the backlog of program application review, IHSS should:

1. Reassess the number of backlog applications each month and redistribute, as staffing and caseload allow.
2. Provide specific training on case management strategies to enhance social worker's performance, especially for new or less experienced staff. Consider establishing a performance measure for social workers that includes an evaluation of timely application review.
3. Continue to provide technical training and support for social workers to increase proficiency with CMIPS-II.

Finding III: IHSS Overpayment Collections Trust Fund

Counties are required to collect IHSS overpayments and reimburse non-county contributions to the State.⁴ OAAS found that IHSS overpayment collections have not been reimbursed to the State promptly and completely. As of October 2013, the balance in the IHSS Overpayment Collection Trust Fund totaled \$537K, specifically:

- \$78K of \$537K fund balance is the old balance previously identified during the FY 2008-09 audit. This balance was initially recovered from 1997 to 2008 and placed in a suspense account.
- Approximately, \$18K of \$537K fund balance was collected prior to 2011.
- About \$441K of overpayments collected were recovered between July 2011 and October 2013.

⁴ Prior to July 2012, the IHSS Program funding contribution ratio was: County 17.5%, State 32.5%, and Federal 50%.

IHSS management stated that the \$18K collected prior to 2011 was related to cases that have been purged and not entered into CMIPS I (former system); therefore they were unable to process reimbursement to the State. Moreover, on August 2012, CDSS instructed the County to hold payments recovered during the implementation of CMIPS II and process those payments once the system is live. According to IHSS management, CDSS has not provided clear instructions on how to process reimbursements in CMIPS II.

Incomplete and delayed reimbursement of IHSS overpayment collections to the State results in the County not being in full compliance with State requirements. In addition, the increased delay augments the risk of case data being lost, corrupted, or obsolete making it impossible to process reimbursements to the State.

Recommendation: To strengthen controls related to the reimbursement of IHSS overpayment collections, IHSS should:

1. Explore available options to clear the \$78K balance from prior year collections and the \$18K overpayment collections from purged cases not recorded in CMIPS I. Consider transferring these funds to the General Fund with the purpose to offset social services related costs.
2. Continue efforts to contact CDSS and obtain official instructions on processing overpayment reimbursement through CMIPS II.
3. In the interim, ensure that sufficient instructions are provided to staff to enter overpayment information into CMIPS II in preparation for the reimbursement process.
4. Develop updated procedures for overpayment reimbursements process. While there is no strict requirement to reimburse funds back to CDSS within a specific timeframe; IHSS should consider specifying an acceptable internal deadline to avoid large balance of overpayments collection.

Office of Audits & Advisory Services

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APPENDIX

Implementation Status of A09-005 Audit Recommendations

Prior Audit Finding	Prior Audit Recommendation	Implementation Status
I. IHSS Fraud Investigations and Reporting Activities	1. Consider reporting all fraud investigations conducted by the Public Assistance Fraud Division to the State.	Implemented
	2. Actively monitor fraud investigations, prosecutions, and convictions for inclusion in the Suspended and Ineligible IHSS providers list.	Implemented
	3. Implement required fraud awareness training for all IHSS social workers at least annually.	Implemented
II. Quality Assurance/Quality Control Function	4. Consider including specific criteria for targeted reviews as described in the State QA monitoring oversight activities report for FY 2007-08 in addition to the criteria already covered.	Implemented
	5. Ensure that SOC 824 completion instructions are followed.	Implemented
	6. a) Provide training to increase awareness of the importance of timely correcting and responding to QA review findings. b) Modify the QA log book to capture the date responses are received. c) Exercise adequate oversight of the QA process.	Partially Implemented (See Finding I)
	7. Clarify reporting requirements of QA reviews resulting in a change in service authorization. Also, modify the reporting and monitoring process to effectively track changes in authorized services resulting from a QA review.	Implemented
III. Case Management and Program Operations	8. a) Verify data entry to ensure the integrity of records. b) Update paperwork within a reasonable amount of time after a home visit is conducted. c) Conduct a final review of case documents before filing the case.	Implemented
	9. a) Provide specific training on case management strategies to enhance social workers' performance. b) Establish a performance measure for social workers that includes a timely case intake assessment.	Partially Implemented (See Finding II)
	10. Provide training and guidance to social workers to ensure that report review and investigation is conducted efficiently and effectively.	Implemented
IV. Social Worker Training Academy	11. Require all social workers to attend and complete the training on a timely basis.	Implemented
V. IHSS Overpayment Collections Trust Fund	12. a) Consider specifying an acceptable internal deadline for returning funds back to the State. b) Establish adequate internal controls to ensure that IHSS overpayment collections reports are actively monitored and reconciled for timely return of funds to the State. c) Ensure that outstanding trust fund balance of \$78K is sent to the State.	Partially Implemented (See Finding III)

DEPARTMENT'S RESPONSE



County of San Diego

NICK MACCHIONE, FACHE
DIRECTOR

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ELLEN SCHMEDING, M.S., MFT
AIS DIRECTOR
PUBLIC ADMINISTRATOR
PUBLIC GUARDIAN
PUBLIC CONSERVATOR

May 29, 2014

RECEIVED

JUN 02 2014

TO: Juan R. Perez
Chief of Audits

FROM: Ellen Schmeding, Director
Aging & Independence Services

OFFICE OF AUDITS &
ADVISORY SERVICES

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: IN-HOME SUPPORTIVE SERVICES PROGRAM FOLLOW-UP AUDIT

Finding I: Response and Correction of Quality Assurance (QA) Review Findings

OAAS Recommendation: To ensure timely response and correction of QA review findings, IHSS should:

1. Continue to provide training and additional guidance to increase awareness of the importance of timely correcting and responding to QA reviews.
2. Provide adequate oversight of the QA process to ensure responses to QA reviews are monitored for timeliness and completeness. For instance, consider sending a reminder to district supervisors for overdue responses.

Action Plan: We agree and believe these corrective actions are feasible.

We are currently working on a process for training and guidance as addressed in the first recommendation and final procedures will be issued to staff in the near future. In addition, we have implemented the following:

- The QA tracking log is being monitored by an assigned Human Services Control Specialist. Reminders are now sent when a response has not been received within the required timeline. A process for elevating ongoing issues to the IHSS supervisor and management has been identified and will be added to our internal procedures.
- QA Social Workers are responsible for verifying that corrections have been made before the response is considered complete.

Juan R. Perez
May 29, 2014
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Planned Implementation / Completion Date: February 2014

Contact Information for Implementation: Mary Harrison, Program Support Manager

Finding II: IHSS Program Application Process

OAAS Recommendation: To reduce the backlog of program application review, IHSS should:

1. Reassess the number of backlog applications each month and redistribute, as staffing and caseload allow.
2. Provide specific training on case management strategies to enhance social worker's performance, especially for new or less experienced staff. Consider establishing a performance measure for social workers that includes an evaluation of timely application review.
3. Continue to provide technical training and support for social workers to increase proficiency with CMIPS II.

Action Plan: We agree and believe these corrective actions are feasible.

The following actions have been implemented:

- We have determined a way to identify pending applications using the electronic CMIPS AdHoc tool to sort monthly data and identify those that are overdue (a 'point in time' report).
- A Change Request has been submitted to the State requesting a report that identifies all applications in pending status longer than 45 days.
- A corrective action plan will be created to address problem areas for individual social workers once identified.
- We will consider performance measures as we analyze monthly CMIPS II data for challenges in meeting timelines.
- CMIPS II training is ongoing as the system is updated and revised. This aligns with CDSS' efforts to continuously update as regulations change. The Program Support team has CMIPS II guides and tipsheets that are available to all staff via the shared drive.

Juan R. Perez
May 29, 2014
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- Current case management strategies include desk aids, discussions during unit meetings, and sharing experienced workers' best practices with new staff. This is ongoing.

It is important to note that the 45-day timeline to submit the SOC 873 *Health Care Certification* form begins when the applicant receives the form. Since our standard process is to mail this form at the time of application, the true 45-day clock will begin three to four days after the actual date of application. As a result, we will have applications pending past 45 days from the date of application as we wait for the SOC 873. In addition, a number of overdue applications remain pending while waiting a Medi-Cal determination.

In addition, we were informed during the State's CMIPS II Change Advisory Board Meeting on 5/12/14 that our Change Request has been placed on hold for policy clarification related to the 30 day deadline to process an application versus 45 days. Because it is unknown when the policy change will take effect, there will be a delay in obtaining this report using the CMIPS II report function.

Planned Implementation / Completion Date: This has been something that we have monitored in the past, but it has been done manually. With the CMIPS AdHoc tool, we will be able to accomplish this task more accurately. We have requested that our IT contractor provide this report on a monthly basis beginning in June 2014. The electronic CMIPS AdHoc tool report will be distributed to each district office for action and follow-up.

Contact Information for Implementation: Mary Harrison, Program Support Manager

Finding III: IHSS Overpayment Collections Trust Fund

OAAS Recommendation: To strengthen controls related to the reimbursement of IHSS overpayment collections, IHSS should:

1. Explore available options to clear the \$78K balance from prior year collections and the \$18K overpayment collections from purged cases not recorded in CMIPS I. Consider transferring these funds to the General Fund with the purpose to offset social services related costs.
2. Continue efforts to contact CDSS and obtain official instructions on processing overpayment reimbursement through CMIPS II.
3. In the interim, ensure that sufficient instructions are provided to staff to enter overpayment information into CMIPS II in preparation for the reimbursement process.

Juan R. Perez
May 29, 2014
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4. Develop updated procedures for overpayment reimbursements process. While there is no strict requirement to reimburse funds back to CDSS within a specific timeframe; IHSS should consider specifying an acceptable internal deadline to avoid large balance overpayments collection.

Action Plan: We agree and believe these corrective actions are feasible.

We will continue to contact the State for official instructions. This issue has been brought up at monthly meetings in Sacramento between county IHSS representatives and CDSS including myself. We are clear on how to capture the information in CMIPS II; however, we don't have a mechanism for returning the money. An All County Letter has not been issued on this topic and, without clear guidelines from CDSS, we will not be able to return funds to the State.

In addition, we do not have anything official in writing that instructs and/or provides counties with the authority to keep the money collected for an IHSS overpayment. We have sent a formal request for instructions to the State and will transfer money collected to date to our General Fund to offset social service related costs if a response from CDSS is not received within 30 days from the date of the letter.

Planned Implementation / Completion Date: Letter sent to the Adult Programs Deputy Director on 5/27/14; copy attached.

Contact Information for Implementation: Mary Harrison, Program Support Manager

We would like to thank Jenny Chen for her work on this audit and her careful attention to detail. We appreciate the opportunity to make these necessary program modifications. If you have any questions, please contact me at (858) 495-5858.

Sincerely,



ELLEN SCHMEDING, Director
Aging & Independence Services

ES:vm



County of San Diego

NICK MACCHIONE, FACHE
DIRECTOR

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ELLEN SCHMEDING, M.S., MF
AIS DIRECTOR
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May 27, 2014

Eileen Carroll
Deputy Director, Adult Programs
744 P Street, MS 8-17-12
Sacramento, CA 95814

Dear Ms. Carroll,

In August 2012, the California Department of Social Services instructed the County of San Diego to discontinue mailing recovered overpayments (via SOC 312 and checks) by the In-Home Supportive Services program prior to the implementation of CMIPS II, and to process these payments once the system went live in September 2012. To date, the County has not been given clear instructions on how to process these overpayment collections in CMIPS II. Currently, the County has over \$480,000 of recovered IHSS overpayments waiting to be processed. The County had previously requested instructions on how to process IHSS overpayment collections; however, the County was not given clear guidance on how to proceed. Currently, there is approximately \$96,000 from the prior IHSS overpayment collections related to purged cases that were not transferred or migrated in Legacy CMIPS.

This letter is a final request for instructions on how to process this overpayment. If the County of San Diego, Aging & Independence Services does not hear from CDSS within 30 days from the date of this letter, the County will transfer this amount to its General Fund to offset social services related costs. If you have questions, please have your staff member contact our Fiscal Officer, Owen Ligayon at 858-495-5881, or by email at Owen.ligayon@sdcounty.ca.gov.

Sincerely,

ELLEN SCHMEDING, Director
Aging & Independence Services
County of San Diego