

County of Solano  
Office of the Auditor-Controller



FOLLOW-UP REVIEW ON  
IN-HOME SUPPORT SERVICES (IHSS) INTERNAL CONTROL REVIEW  
REPORT DATED APRIL 27, 2017

May 18, 2018

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**Follow-up Review on In-Home Support Services (IHSS) Internal Control Review Report  
Dated April 27, 2017**

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## **INTRODUCTION / OBJECTIVE / SCOPE OF REVIEW**

Pursuant to the fiscal year 2017/18 audit plan, the Solano County Auditor-Controller's Office Internal Audit Division (Division) conducted a follow-up review of the In-Home Support Services (IHSS) Internal Control Review Report (Report) dated April 27, 2017. The Report focused on evaluating the adequacy and effectiveness of IHSS internal controls, the procedures used to carry out assigned responsibilities, and compliance with applicable policies and standards. The Report identified areas within the IHSS program requiring improvements and offered several recommendations to enhance compliance with program mandates and to better achieve program objectives. This follow-up report is limited to reviewing actions taken as of April 30, 2018, to implement recommendations from the Report.

We conducted our review in accordance with the auditing standards generally accepted in the United States of America as developed by the American Institute of Certified Public Accountants and the *International Standards for the Professional Practice of Internal Auditing* as developed by the Institute of Internal Auditors.

## **BACKGROUND**

IHSS is a statewide program administered at the County level under the direction of the California Department of Social Services (CDSS). The Older and Disabled Adult Services (ODAS) division of the Health and Social Services (H&SS) administers the IHSS Program in Solano County.

The goal of the IHSS program is to allow low income, aged, blind, and disabled persons, who are at risk for out-of-home placement to remain safely in their home by providing payment for care provider services. IHSS Program services include personal care services such as dressing and feeding, paramedical services such as helping with injections and wound care, house cleaning, and accompaniment to and from medical appointments.

IHSS is mandated by California Welfare and Institutions Code (WIC)<sup>1</sup> and United States Code (USC).<sup>2</sup> IHSS is an entitlement program which means interested individuals have the right to apply for IHSS services and are guaranteed services if they meet the financial and functional eligibility criteria.

An individual may apply for IHSS Program services by contacting ODAS. The applicant is required to submit a Health Care Certification Form. A County social worker then conducts a home visit to determine the number of hours and type of services the individual requires. Once eligibility is established, the client selects an IHSS provider to perform the authorized services. The provider may be a friend or relative or may be selected from the IHSS Public Authority (IHSS PA) Registry. The client is considered to be the provider's employer. As such, the client supervises and signs the provider's timesheets. IHSS PA serves as the employer of record for wage negotiation purposes and provides training to providers and administers benefits. IHSS clients are subject to annual reassessments<sup>3</sup> to ensure needs are appropriately met.<sup>4</sup>

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<sup>1</sup> Welfare and Institutions Code §12300.

<sup>2</sup> 42 US 1396t.

<sup>3</sup> Accomplished by performing scheduled home visits.

<sup>4</sup> Clients may request for a reassessment at any time if their needs or circumstances change.

The IHSS Program has a Quality Assurance Unit (QA) and a Program Integrity Unit (PIU) to help improve the quality of service. QA activities include routine desk reviews, home visits, and targeted desk reviews. PIU activities include performing unannounced home visits, directed mailings, and fraud investigations.

IHSS is funded by federal, state, and county funds. Counties are required to share the nonfederal cost of providing IHSS services. During FY 2012/13, counties were required to have the IHSS Maintenance of Effort (MOE) in lieu of paying the nonfederal share of IHSS costs. This MOE was repealed resulting in increased IHSS Program costs to counties. A new MOE was established effective July 1, 2017. The new MOE provides State contributions to partially offset the increase in costs incurred by counties. The new MOE also established an annual inflation factor<sup>5</sup>. The new MOE also redirects 1991 realignment Vehicle License Fee (VLF) growth and sales tax growth from Health and Mental Health to Social Services to further offset increased IHSS costs.

### SUMMARY

Based upon the nine areas identified as needing improvement in the Program, eleven (11) recommendations were noted in our April 27, 2017 Report. Our follow-up indicated the IHSS Program management fully implemented seven (7) recommendations, are in the process of implementing two (2) recommendations, and did not implement two (2) recommendations.

Implementing seven recommendations since our last review is positive progress towards improving compliance with program mandates. The two items that have not been implemented are related to reducing the risk of fraud occurring in the program. As such, they are considered significant recommendations that should be implemented as soon as possible. Because they are significant, we will perform a final six-month follow-up review to determine whether the remaining recommendations have been fully implemented.

The Internal Audit Division would like to acknowledge the time, cooperation, and assistance of the IHSS Program management and staff during our review.

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<sup>5</sup> 5% for FY 2017/18, 7% thereafter.

## **RESULTS**

Based on our follow-up review, the following is the status of the eleven original recommendations:

### **Finding A - The Supervisor's Review and Approval of Intake Cases Should Be Documented.**

**Recommendation:** Develop a process to document the supervisor's review and approval of intake cases.

#### **Current Status: Partially Implemented**

IHSS uses a management information system called *Transformation of Content Management (TACOMA)* to manage and store Program documents. Our review determined IHSS management is working on adding a section in the workflow that will indicate supervisor's review and approval of intake cases. At the time of the writing of this report, creating the section to document a supervisor's review is in the process of being implemented. Based upon the above, we consider this recommendation to be partially implemented.

### **Finding B - Random Sampling of Error-Free Provider Timesheets Should Be Performed**

**Recommendation:** Develop a process to randomly sample provider's timesheets.

#### **Current Status: Not Implemented**

IHSS management asserted CDSS does not currently require their review of error-free provider timesheets<sup>6</sup>. However, there is a pending All County Letter (ACL) that will require the system<sup>7</sup> to automatically hold one percent (1%) of error-free timesheets for random sampling and verification of signatures by county staff. IHSS management represents it will implement the recommendation after/if the ACL is released. Based upon IHSS management's decision, we consider this recommendation not implemented.

### **Finding C - Re-assessments Were Not Consistently Performed in a Timely Manner**

**Recommendation:** Monitor cases due for reassessments and require staff to perform re-assessments in a timely manner.

#### **Current Status: Not Implemented**

IHSS Social Services Supervisors receive notifications of cases due for re-assessment. IHSS management has plans of developing a strategy to reduce the number of open cases due for re-assessment by two-thirds (2/3). As of April 27, 2018, there were 934 cases due for re-assessment. Although there is a plan to reduce the number of open cases due for re-assessment, there is no

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<sup>6</sup> Error-free timesheets are timesheets received by the State's Timesheet Processing Facility that did not generate a timesheet exception.

<sup>7</sup> Case Management, Information and Payroll System (CMIPS) II

finalized strategy. As such, we consider the above recommendation not implemented because of the high number of cases still not re-assessed in a timely manner.

**Finding D (1) - The Process for Administering Directed Mailings Needs Improvement to Meet the Requirements of the IHSS Uniform Statewide Protocols**

**Recommendation:** Conduct at least one directed mailing to a specific group of IHSS providers per fiscal year and submit the list of providers included in the directed mailing to CDSS.

**Current Status: Fully Implemented**

We obtained a copy of the directed mailing list for FY 2016/17 and the email confirmation from CDSS regarding completion of direct mailing requirements. The directed mailing list for FY 2017/18 was approved by CDSS on April 18, 2018 but is not due until June 30, 2018. Based upon the above, we consider this recommendation fully implemented.

**Finding D (2) - Required Unannounced Home Visits (UHV) Were Not Performed in FY 2015/16**

**Recommendation (1):** Develop procedures to ensure the UHV list is received from CDSS prior to the beginning of the fiscal year. This includes notifying CDSS of any changes in the County's point of contact.

**Current Status: Fully Implemented**

Based upon discussions with the ODAS Administrator, IHSS management added the email addresses of the Project Manager and the Program Integrity Unit (PIU) as recipients/points of contact for UHVs. Based upon the above actions, this item is considered fully implemented.

**Recommendation (2):** IHSS management should monitor the status of cases included in the CDSS UHV list.

**Current Status: Fully Implemented**

The ODAS Administrator now monitors the status of cases in the CDSS UHV list. We obtained the required UHV list and compared it to the IHSS UHV Findings Report for FY 16/17. We confirmed the UHV were completed during FY 16/17. At the time of writing of this report, staff is in the process of completing the required UHV for FY 17/18.

**Finding D (3) - There Can be a Considerable Time-Lag Between the Time of a Fraud Referral to its Initial Investigation.**

**Recommendation (1): Use other available IHSS staff resources, such as having Office Assistants retrieve data such as timesheets, to complete investigations more timely.**

**Current Status: Fully Implemented**

The IHSS Program Integrity Unit trained the Office Assistant to assist with the fraud referral activities. IHSS PIU also now utilizes a spreadsheet to track fraud referrals. We sampled eight (8) fraud referrals for the period January 1 to March 31, 2018 and confirmed the time-lag between referral to investigation appears reasonable. As such, we consider this recommendation fully implemented.

**Recommendation (2): Consider utilizing interns to assist in the Program where appropriate.**

**Current Status: Fully Implemented**

IHSS management chose to only train the Office Assistant to assist with fraud referral activities instead of utilizing interns. This option is acceptable, and as such we are considering this recommendation fully implemented.

**Finding D (4) - Potential Provider Overpayments were not Consistently Referred to the State as Required.**

**Recommendation: Ensure alleged overpayment cases exceeding \$500 are referred to DHCS. IHSS management should also consider requiring a supervisor review of fraud referrals to ensure appropriate procedures are followed.**

**Current Status: Fully Implemented**

We sampled eight (8) fraud referrals for the period January 1 to March 31, 2018. We noted two (2) of the fraud referrals having overpayments exceeding \$500. They were both properly referred to the State. The ODAS Administrator represented she reviews the fraud referral log. As such, we consider the above recommendation fully implemented.

**Finding E (1) – Low Compliance with Required Minimum Desk Reviews and Home Visits**

**Recommendation:** Conduct the required desk reviews and home visits. If required minimum desk reviews and home visits are not anticipated to be completed, submit a timely explanation to CDSS.

**Current Status:** Partially Implemented

We obtained the completed desk reviews and home visits for FY 16/17 and compared it with the required desk reviews and home visits. The percentages of compliance for desk reviews and home visit are 89% and 45%, respectively. This is an increase from the previous fiscal year.<sup>8</sup> However, at the time of writing this report, the fiscal year is about 80% complete, and the QA staff is in the process of attempting to complete the minimum required desk reviews and home visits. As such, this item is considered partially implemented.

**Finding E (2) – The QA/QI Quarterly Activities Report (SOC 824 form) Contained Errors**

**Recommendation:** A supervisor should verify the accuracy of information on the SOC 824 prior to its submission to CDSS.

**Current Status:** Fully Implemented

We obtained three (3) recent SOC 824 submitted to CDSS and confirmed the entries on the form were correct. We also obtained documentation showing the form was reviewed by a supervisor prior to submission to CDSS. As such, we consider this item fully implemented.

We would like to thank the IHSS management and staff for their assistance and cooperation extended to us during this follow-up review.

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<sup>8</sup> Percentages of compliance for FY 2015/16 for desk review and home visits was 27% and 3%, respectively.