

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
COMMUNITY HOUSING OPTIONS, INTEGRATED COMMUNITY,
EMPLOYMENT AND SOCIAL SERVICES, INC.**

Programs and Services:

Supported Living Services – H24069, H25237

Community Integration Training Program – PP3050

Audit Period: July 1, 2012, through June 30, 2013

Audit Branch

Auditors: Mike Masui, Chief of Vendor Audits
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COMMUNITY HOUSING OPTIONS, INTEGRATED COMMUNITY, EMPLOYMENT AND SOCIAL SERVICES, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Community Housing Options, Integrated Community, Employment and Social Services, Inc. (CHOICCESS). The audit was performed upon the Supported Living Service (SLS) and Community Integration Training (CIT) Program for the period of July 1, 2012, through June 30, 2013.

The audit disclosed the following issues of non-compliance:

Finding 1: Supported Living Services – Unsupported Billings and Failures to Bill

The review of CHOICCESS' SLS program, Vendor Numbers H24069 and H25237, revealed that CHOICCESS had both unsupported billings for services that it billed Eastern Los Angeles Regional Center (ELARC), Frank D. Lanterman Regional Center (FDLRC), and San Gabriel/Pomona Regional Center (SG/PRC), as well as appropriate support for services that it failed to bill ELARC and FDLRC. As a result, CHOICCESS had a total of \$10,244 of unsupported billings and a total of \$1,269 for which it failed to bill.

Finding 2: Community Integration Training Program – Unsupported Billings and Failures to Bill

The review of CHOICCESS' CIT program, Vendor Number PP3050, revealed that CHOICCESS had both unsupported billings for services that it billed ELARC, Harbor Regional Center (HRC), and SG/PRC, as well as appropriate support for services that it failed to bill ELARC and SG/PRC. As a result, CHOICCESS had a total of \$3,086 of unsupported billings and a total of \$1,226 for which it failed to bill.

The net total of unsupported billings identified in this audit amounts to \$10,835 and is due back to DDS. A detailed discussion of these findings is contained in the Findings and Recommendations section of this audit report.

BACKGROUND

DDS is responsible, under the Lanterman Developmental Disabilities Services Act, for ensuring that persons with developmental disabilities receive the services and supports they need to lead more independent, productive, and normal lives. DDS contracts with 21 private, nonprofit regional centers that provide fixed points of contact in the community for serving eligible individuals with developmental disabilities and their families in California. In order for regional centers to fulfill their objectives, they secure services and supports from qualified service providers and/or contractors. Pursuant to the California Welfare and Institutions (W&I) Code, Section 4648.1, DDS has the authority to audit those service providers and/or contractors that provide services and supports to persons with developmental disabilities.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The audit was conducted to determine whether CHOICESS' SLS and CIT programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, and the regional centers' contract with CHOICESS for the period of July 1, 2012, through June 30, 2013.

Scope

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. The auditors did not review the financial statements of CHOICESS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CHOICESS' internal controls to gain an understanding of the transaction flow and invoice preparation process as necessary to develop appropriate auditing procedures. The audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance that CHOICESS complied with W&I Code and CCR, Title 17. Also, any complaints that DDS' Audit Branch was aware of regarding non-compliance with laws and regulations were reviewed and addressed during the course of the audit. The audit scope was determined by reviewing the programs and services provided to ELARC, FDLRC, HRC, Regional Center of the East Bay (RCEB), and SG/PRC, which utilized CHOICESS' services during the audit period.

In addition, CHOICESS provided two types of services which DDS audited. The two services were chosen based on the amount of Purchase of Service (POS) expenditures invoiced. Analyzing the information received during a pre-audit meeting with the vendor, an internal control questionnaire and a risk analysis, it was determined that a two-month sample period would be sufficient to fulfill the audit objectives.

Supported Living Services

During the audit period, CHOICESS operated two SLS programs. The audit included the review of CHOICESS' SLS program, Vendor Numbers H24069 and H25237, Service Code 896, and testing was done for the months of November 2012 and June 2013.

Community Integration Training Program (CIT)

During the audit period, CHOICESS operated one CIT program. The audit included the review of CHOICESS' CIT program, Vendor Number PP3050, Service Code 055, and testing was done for the months of November 2012 and June 2013.

Methodology

The following methodology was used by DDS to ensure the audit objectives were met. The methodology was designed to obtain a reasonable assurance that the evidence provided was sufficient and appropriate to support the findings and conclusions in relation to the audit objectives. The procedures performed included, but were not limited to, the following:

- Review of vendor files for contracts, rate letters, program designs, POS authorizations, and correspondence pertinent to the review.
- Interview of regional center staff for vendor background information and to obtain insight into the vendor's operations.
- Interview of vendor staff and management to gain an understanding of its accounting procedures and processes for regional center billing.
- Review of vendor service/attendance records to determine if the vendor had sufficient and appropriate evidence to support the direct care services billed to the regional centers.
- Analysis of the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Interview of the vendor's Executive Director, Administrator, and Program Coordinators, for vendor background information and to gain an understanding of accounting procedures and financial reporting process.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft report on October 28, 2015. The findings in the report were discussed during a telephone exit conference with Joseph Donofrio, CHOICESS' Executive Director, on November 5, 2015. DDS subsequently received CHOICESS' response to the draft report on December 15, 2015. CHOICESS stated that it will not contest the dollar findings identified in the draft report.

RESTRICTED USE

This audit report is solely for the information and use of DDS, Department of Health Care Services, ELARC, FDLRC, HRC, RCEB, SG/PRC, and CHOICESS. This restriction is not intended to limit distribution of this audit report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Supported Living Services – Unsupported Billings and Failures to Bill

The review of CHOICESSE' SLS program, Vendor Numbers H24069 and H25237, for the sample months of November 2012 and June 2013, revealed that CHOICESSE had unsupported billings, which occurred due to a lack of appropriate documentation to support the units of service billed. CHOICESSE also had appropriate supporting documentation for services provided, but failed to bill.

CHOICESSE was not able to provide appropriate supporting documentation for 419.80 hours of services billed. The lack of documentation resulted in unsupported billings to ELARC, FDLRC, and SG/PRC in the amount of \$10,244. In addition, CHOICESSE provided appropriate supporting documentation for 45.50 hours of service that was not billed to ELARC and FDLRC. This resulted in an unbilled amount of \$1,269. As a result, \$8,975 is due back to DDS for the unsupported billings. (See Attachment A)

W&I Code, Section 4648.1(e)(1) states:

“(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines either of the following has occurred:

- (1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

“(a) All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed:
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center . . .”

CCR, Title 17, Section 50604(d) and (e) states:

- (d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program . . .
- (e) All service providers' records shall be supported by source documentation.”

Recommendation:

CHOICES must reimburse to DDS \$8,975 for the unsupported billings. In addition, CHOICES should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to ELARC, FDLRC, and SG/PRC.

CHOICES' Response:

Joseph Donofrio, CHOICES' Executive Director submitted an email response on December 15, 2015, stating that CHOICES will not dispute the dollar findings identified in the draft audit report.

See Attachment B for the full text of CHOICES' email response to the draft audit report and Attachment C for DDS' evaluation of CHOICES' response.

Finding 2: Community Integration Training Program (CIT) – Unsupported Billings and Failures to Bill

The review of CHOICES' CIT program, Vendor Number PP3050, for the sample months of November 2012 and June 2013, revealed that CHOICES had unsupported billings, which occurred due to a lack of appropriate documentation to support the units of service billed. CHOICES also had appropriate supporting documentation for services provided, but failed to bill.

CHOICES was not able to provide appropriate supporting documentation for 109.45 hours of services billed. The lack of documentation resulted in unsupported billings to ELARC, HRC, and SG/PRC in the amount of \$3,086. In addition, CHOICES provided appropriate supporting documentation for 43.50 hours of service that was not billed to ELARC and SG/PRC. This resulted in an unbilled amount of \$1,226. As a result, \$1,860 is due back to DDS for the unsupported billings. (See Attachment A)

W&I Code, Section 4648.1(e)(1) states:

- “(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines either of the following has occurred:
 - (1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations.”

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- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center . . .”

CCR, Title 17, Section 50604(d) and (e) states:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program . . .

(e) All service providers’ records shall be supported by source documentation.”

Recommendation:

CHOICISS must reimburse to DDS \$1,860 for the unsupported billings. In addition, CHOICISS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to ELARC and SG/PRC.

CHOICISS’ Response:

Joseph Donofrio, CHOICISS’ Executive Director, submitted an email response on December 15, 2015, stating that CHOICISS will not dispute the dollar findings identified in the draft audit report.

See Attachment B for the full text of CHOICISS’ email response to the draft audit report and Attachment C for DDS’ evaluation of CHOICISS’ response.

CHOICISS
Summary of Over and Under Billing
Audit Period: July 1, 2012, through June 30, 2013

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings		Failed to Bill		Net Total
						Hours	Amount	Hours	Amount	Amount
1	<u>Supported Living Services</u>									
	Sample months: November 2012 & June 2013									
	H24069	896	Supported Living Services ELARC	Hours	various	178.30	\$ 5,829	28.00	\$ (915)	\$ 4,914
			Sub-Total			178.30	\$ 5,829	28.00	\$ (915)	\$ 4,914
	H24069	896	Supported Living Services SG/PRC	Hours	various	181.75	\$ 3,207	-	\$ -	\$ 3,207
			Sub-Total			181.75	\$ 3,207	-	\$ -	\$ 3,207
	H25237	896	Supported Living Services FDLRC	Hours	various	59.75	\$ 1,208	17.50	\$ (354)	\$ 854
			Sub-Total			59.75	\$ 1,208	17.50	\$ (354)	\$ 854
FINDING 1: Total - Supported Living Services						419.80	\$ 10,244	45.50	\$ (1,269)	\$ 8,975
2	<u>Community Integration Training Program</u>									
	Sample months: November 2012 & June 2013									
	PP3050	055	Community Integration Training Program ELARC	Hours	various	39.50	\$ 1,114	6.50	\$ (183)	\$ 931
			Sub-Total			39.50	\$ 1,114	6.50	\$ (183)	\$ 931
	PP3050	055	Community Integration Training Program SG/PRC	Hours	various	38.45	\$ 1,084	37.00	\$ (1,043)	\$ 41
			Sub-Total			38.45	\$ 1,084	37.00	\$ (1,043)	\$ 41
	PP3050	055	Community Integration Training Program HRC	Hours	various	31.50	\$ 888	-	\$ -	\$ 888
			Sub-Total			31.50	\$ 888	-	\$ -	\$ 888
FINDING 2: Total - Community Integration Training Program						109.45	\$ 3,086	43.50	\$ (1,226)	\$ 1,860
Grand Total of Unsupported Billings										\$ 10,835

CHOICISS' Response to Draft Report

As part of the audit report process, CHOICISS was afforded the opportunity to respond to the draft audit report and provide a written response to the findings identified.

CHOICISS did not formally respond to the draft audit report within the agreed upon 30-day response period. However, on December 15, 2015, CHOICISS' Executive Director submitted an email response that it was not going to dispute the dollar findings.

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES'
EVALUATION OF CHOICESS' RESPONSE**

CHOICESS stated that it will not contest the draft audit report nor dispute the findings. Therefore, DDS will issue the report as final.