

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES'  
AUDIT  
OF  
CONNECTIONS LIVING SERVICES**

**Program:**

Supported Living Services – HR0383

Audit Period: July 1, 2011, through June 30, 2013

**Audit Section**

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# CONNECTIONS LIVING SERVICES

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Connections Living Services (CLS). The audit was performed upon the Supported Living Services (SLS) program for the period of July 1, 2011, through June 30, 2013. The audit disclosed the following issue of non-compliance:

**Finding: Supported Living Services – Unsupported Billings and Failure to Bill**

The review of CLS' SLS program, Vendor Number HR0383, Service Code 896 revealed that CLS had both unsupported billings, as well as appropriate support for services that it failed to bill Redwood Coast Regional Center (RCRC). As a result, CLS had a total of \$659 of unsupported billings and a total of \$99 for which it failed to bill.

The net total of unsupported billings identified in this audit amounts to \$560 and is due back to DDS. A detailed discussion of this finding is contained in the Finding and Recommendation 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 integrated 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 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 CLS' SLS program was compliant with the W&I Code, California Code of Regulations (CCR), Title 17, and the regional center's contract with CLS for the period of July 1, 2011, 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 CLS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CLS' 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 CLS complied with the W&I Code and CCR, Title 17. Also, any complaints that the Audit Section of DDS 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 RCRC, which utilized CLS' services during the audit period.

In addition, CLS provided one type of service, which DDS audited. By 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 four-month sample period would be sufficient to fulfill the audit objectives.

### **Supported Living Services**

During the audit period, CLS operated one SLS program. The audit included the review of CLS' SLS program, Vendor Number HR0383, Service Code 896, and testing was done for the months of December 2011, January and October 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 finding and conclusion 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, purchase of service 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 center.
- Analysis of the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Review of the vendor's general ledger, payroll records, and trial balance to determine the vendor's costs.
- Interview of the vendor's Certified Public Accountant, Executive Director, Administrator, and Program Coordinators, for vendor background information and to gain understanding of their accounting procedures and financial reporting process.

## **CONCLUSION**

Based upon items identified in the Finding and Recommendation section, CLS had a finding of non-compliance with the requirements of CCR, Title 17.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on July 22, 2015. The finding in the report was discussed during a telephone exit conference with Jenna Kilby, CLS' Executive Director, on August 6, 2015. DDS subsequently received CLS' response to the draft audit report dated August 15, 2015, on November 9, 2015. CLS stated that it will not contest the draft audit report and waived its right to appeal the report finding.

## **RESTRICTED USE**

This audit report is solely for the information and use of DDS, the Department of Health Care Services, RCRC, and CLS. This restriction is not intended to limit distribution of this audit report, which is a matter of public record.

## FINDING AND RECOMMENDATION

### Finding: Supported Living Services – Unsupported Billings and Failure to Bill

The review of CLS' SLS program, Vendor Number HR0383, for the sample months of December 2011, January and October 2012, and June 2013, revealed that CLS had unsupported billings, which occurred due to a lack of appropriate documentation to support the units of service billed. CLS also had appropriate supporting documentation for services provided, but not billed.

CLS was not able to provide appropriate supporting documentation for 27 hours of service billed. The lack of documentation resulted in unsupported billings to RCRC in the amount of \$659. In addition, CLS provided appropriate supporting documentation for four hours of service that was not billed to RCRC. This resulted in an unbilled amount of \$99, therefore, the net amount of \$560 is due back to DDS for 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:**

CLS must reimburse DDS \$560 for unsupported billings. In addition, CLS should ensure that proper documentation is maintained to support the amounts billed to RCRC.

**CLS' Response:**

Jenna Kilby, CLS' Executive Director, submitted CLS' response to the draft audit report dated August 15, 2015, stating CLS will not contest the draft audit report and will waive its right to dispute the finding.

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



**Connections Living Services  
 Summary of Over and (Under) Billing  
 Audit Period: July 1, 2011 through June 30, 2013**

Attachment A

<i>Finding #</i>	<i>Vendor</i>	<i>Svc Code</i>	<i>Description</i>	<i>Unit Type</i>	<i>Unit Rate</i>	<u>Unsupported Billings</u>		<u>Failed to Bill</u>		<u>Net Total</u>
						<i>Hours</i>	<i>Amount</i>	<i>Hours</i>	<i>Amount</i>	<i>Amount</i>
<b><u>Supported Living Services</u></b>										
Sample months: December 2011, January 2012, October 2012, and June 2013										
	HR0383	896	Supported Living Services	Hours	\$ 23.94	10.00	\$ 239	-	\$ -	\$ 239
				Hours	\$ 24.69	17.00	\$ 420	4.00	\$ (99)	\$ 321
<b>FINDING:</b>	<b>Total - Supported Living Services</b>					<b>27.00</b>	<b>\$ 659</b>	<b>4.00</b>	<b>\$ (99)</b>	<b>\$ 560</b>
<b>Grand Total of Unsupported Billings</b>										<b>\$ 560</b>

## **Connections Living Services' Response to Draft Report**

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As part of the audit report process, CLS was afforded the opportunity to respond to the draft audit report and provide a written response to the finding identified. On August 15, 2015, CLS submitted a response to the draft audit report, which was received by DDS on November 9, 2015. Jenna Kilby, Director/Owner stated that CLS will not contest the draft audit report and will waive the right to dispute the finding.

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

CLS' response, dated August 15, 2015, to the draft audit report stated that it will not contest the audit report. Therefore, DDS will issue the report as final.