

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES  
AUDIT  
OF  
EXTEND A HAND, INC.**

**Day Program:**  
Independent Living Program (ILP) – HM0643

(Audit Period: July 1, 2009 through June 30, 2010)

**Audit Branch**

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# **EXTEND A HAND, INC.**

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Extend A Hand, Inc. (EAH). The audit was performed upon EAH's Independent Living Program (ILP) for the period of July 1, 2009, through June 30, 2010.

The last day of fieldwork was April 1, 2011.

The results of the audit disclosed the following issue of noncompliance:

**Finding: Independent Living Program – Unsupported Billing and Failure to Bill**

The review of EAH's Independent Living Program for Vendor Number HM0643 revealed that EAH had both unsupported billings as well as appropriate support for services that it failed to bill the Regional Center of Orange County (RCOC). EAH had a total of \$42,155.97 in unsupported billings and a total of \$1,487.49 for which it failed to bill.

The net total of the unsupported billing discrepancies identified in this audit amounts to \$40,668.48 due back to DDS. A detailed discussion of this finding is contained in the Finding and Recommendation section of this report.

## **BACKGROUND**

The Department of Developmental Services (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. Per Welfare and Institutions Code, Section 4648.1, DDS has the authority to audit those service providers and/or contractors that provide services and supports to the developmentally disabled.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

The audit was conducted to determine whether EAH's Independent Living Program was in compliance with the applicable Welfare and Institutions (W&I) Code, California Code of Regulations Title 17 (CCR, title 17), and RCOC contracts with EAH for the period of July 1, 2009, through June 30, 2010.

The initial review of EAH's ILP consisted of a two-month sample selected from the audit period of July 1, 2009, through June 30, 2010. The audit sample demonstrated a large percentage (about 34%) of unsupported billing. As a result, the audit period was expanded to include all billings for the period of July 1, 2009, through June 30, 2010.

Additionally, EAH was founded by Gilbert Williams (GW), who is also vendored by RCOC to provide Supported Living Service (SLS). Both programs operate concurrently with shared employees. Therefore, the audit of EAH's ILP was performed in conjunction with GW's SLS.

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. The auditors did not review the financial statements of EAH, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of EAH's internal controls to gaining 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 EAH complied with required regulations.

### **Day Programs**

During the audit period, EAH operated one ILP, Vendor Number HM0643, Service Code 520, which was audited:

The procedures performed at RCOC, the vendoring regional center, and EAH included, but were not limited to, the following:

- Reviewed RCOC's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed RCOC's staff for vendor background information and to gain an understanding of the billing processes.
- Interviewed EAH's staff and management to gain an understanding of its accounting procedures and processes for billings.
- Reviewed EAH's service/attendance records to determine if EAH had sufficient and appropriate evidence to support the direct care services billed to the regional centers.
- Performed an analysis of EAH's payroll and attendance/service records to determine if EAH provided the level of staffing required.

## **CONCLUSION**

Based upon items identified in the Finding and Recommendation section, EAH did not comply with the requirements of CCR, title 17.

## **VIEWS OF RESPONSIBLE OFFICIALS**

The DDS issued a draft audit report on October 17, 2011. The finding in the report was discussed at the exit conference with Gilbert William, on October 20, 2011. EAH did not respond to the draft audit report.

## **RESTRICTED USE**

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

## FINDING AND RECOMMENDATION

### **Finding: Independent Living Program– Unsupported Billing and Failure to Bill**

The review of EAH's Independent Living Program, Vendor Number HM0643, for the months of July 1, 2009, through June 30, 2010, revealed that EAH had both unsupported billings as well as appropriate support for services that it failed to bill RCOC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCOC. The failure to bill occurred when EAH had appropriate supporting documentation, but it did not bill RCOC.

EAH was not able to provide appropriate supporting documentation for 1,374.50 hours of services billed. The lack of documentation resulted in unsupported billings to RCOC in the amount of \$42,155.97.

In addition, EAH provided appropriate supporting documentation for 48.50 hours of service, but which was not billed to RCOC. This resulted in an unbilled amount of \$1,487.49.

The net total of the billing discrepancies resulted in \$40,668.48 of unsupported billings due back to DDS. (See Attachment A.)

CCR, title 17, section 54326 states in pertinent part:

“(a) All vendors shall:

(3) Maintain records of service provided to consumers in sufficient detail to verify delivery of the units of service billed...

(B) Records must include for each consumer the information specified in section 50604 (d) (3) (A), (B), (C), (D), (E) or (F), as applicable...

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

Further, CCR, title 17, section 50604 provides in relevant part:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers' billing/invoicing shall include, but not be limited to:

- (1) Information identifying each regional center consumer including the Unique Consumer Identifier and consumer name;
  - (2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center;
  - (3) A record of services provided to each consumer...
- (e) All service providers' records shall be supported by source documentation..."

**Recommendation:**

EAH must reimburse to DDS the \$40,668.48 for the unsupported billings. In addition, EAH should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCOC.

**EAH's Response:**

EAH did not express any disagreement with the audit findings nor did they provide any additional documentation to support any adjustments to the audit findings identified in the report.



**Extend A Hand, Inc  
Summary of Unsupported Billing and Failure to Bill  
Fiscal Year- 2009-10**

Finding #	Vendor	Svc Code	Description	Sample Months	RC #	Rate	B		D	E=A*D		F = C+E Amount Due to DDS
							C=A*B			Failure to Bill		
							Unsupported Billings		Failure to Bill			
							Units	Amount	Units	Amount		
1	<b>Day Program</b>											
	HM0643	520	Independent Living Services		362	\$ 30.67						
				Jul-09			107.50	\$ 3,297.03				
				Aug-09			112.75	3,458.05	(5.00)	\$	(153.35)	
				Sep-09			100.00	3,067.01	(5.00)		(153.35)	
				Oct-09			129.00	3,956.44	(1.00)		(30.67)	
				Nov-09			146.75	4,500.83	(1.00)		(30.67)	
				Dec-09			116.00	3,557.73				
				Jan-10			92.00	2,821.64				
				Feb-10			108.75	3,335.38				
				Mar-10			147.00	4,508.49	(5.50)		(168.68)	
				Apr-10			153.00	4,692.51	(3.00)		(92.01)	
				May-10			90.50	2,775.64	(3.00)		(92.01)	
				Jun-10			71.25	2,185.24	(25.00)	\$	(766.74)	
			<b>Total Independent Living Services</b>				<b>1,374.50</b>	<b>\$42,155.97</b>	<b>(48.50)</b>	<b>\$</b>	<b>(1,487.49)</b>	<b>\$40,668.48</b>
<b>TOTAL UNSUPPORTED BILLINGS:</b>											<b>\$40,668.48</b>	

RC# 362 - Regional Center of Orange County

**DEPARTMENT OF DEVELOPMENTAL SERVICES  
EVALUATION OF  
Extend A Hand, Inc.  
Response to the Draft Audit Report**

As part of the vendor audit report process, Extend A Hand, Inc. (EAH) was afforded the opportunity to respond to the draft audit report and provide a written response to each finding.

However, EAH did not express any disagreement with the audit findings nor did they provide any additional documentation to support any adjustments to the audit findings identified in the report.

DDS will release the draft report as final. The finding identified therein remains unchanged. EAH must reimburse DDS \$40,668.48 for the unsupported billings.