

**DEPARTMENT**  
**OF**  
**DEVELOPMENTAL SERVICES**  
**AUDIT**  
**OF**  
**GILBERT WILLIAMS**

**Supported Living Service:**  
Supported Living Service – PM0937

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

**Audit Branch**

**Auditors:** Michael Masui, Chief of Vendor Audits  
Alton Kitay, Audit Supervisor  
Alimou Diallo, Audit Supervisor  
Agnieszka Mozdzen, Lead Auditor  
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# GILBERT WILLIAMS

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited the vendor Gilbert Williams (GW). GW, as a proprietorship, provides Supported Living Services (SLS) to the Regional Center of Orange County (RCOC) consumers. Gilbert Williams is also the Chief Executive Officer (CEO) of Extend A Hand, Inc., which also provides Independent Living Services to RCOC consumers. Both entities were audited; as a result, GW and Extend A Hand will each have a separate audit report issued. The audit for GW was conducted to cover 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 non-compliance:

**Finding:      Supported Living Service– Unsupported Billings**

The review of GW's SLS program, Vendor Number PM0937, revealed a lack of supporting documentation for services billed to RCOC. As a result, GW had a total of \$989,840.54 in unsupported billings.

The total of the unsupported billing discrepancies identified in this audit amounts to \$989,840.54 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 the Welfare and Institutions Code (W&I), 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 GW's Supportive Living Service was compliant with the applicable W&I, California Code of Regulations, Title 17 (CCR, title 17), and RCOC's contracts with GW for the period of July 1, 2009, through June 30, 2010.

The initial review of GW's Supportive Living Service consisted of a two-month sample selected from the audit period of July 1, 2009, through June 30, 2010. The audit of the sample months demonstrated a large percentage of unsupported billings. As a result, the audit period was expanded to include all billings for the period of July 1, 2009, through June 30, 2010.

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 GW, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of GW'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 GW complied with required regulations.

### **Supported Living Service**

During the audit period, GW operated one Supported Living Service program, Vendor Number PM0937, Service Code 896, which was audited:

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

- Reviewed RCOC vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed RCOC staff for vendor background information and to gain an understanding of the billing processes.

- Interviewed GW staff and management to gain an understanding of its accounting procedures and processes for billings.
- Reviewed GW service/attendance records to determine if GW had sufficient and appropriate evidence to support the direct care services billed to the regional centers.
- Performed an analysis of GW's payroll and attendance/service records to determine if GW provided the level of staffing required.

## **CONCLUSION**

Based upon items identified in the Finding and Recommendation section, GW 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. The Audit Branch received GW's response to the draft audit report on December 2, 2011. In its written response to the draft audit report, GW disagreed with the finding identified therein.

## **RESTRICTED USE**

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

## FINDING AND RECOMMENDATION

### **Finding: Supported Living Service - Unsupported Billings**

The review of GW's Supported Living Services, Vendor Number PM0937, for the fiscal year of July 1, 2009, through June 30, 2010, revealed that GW had unsupported billing for services billed to RCOC.

Unsupported billing occurred due to a lack of appropriate documentation to support the hours of service billed to RCOC.

GW was unable to provide appropriate supporting documentation for 39,111.42 hours of services billed under the Personal Attendance (PA). This lack of documentation resulted in unsupported billings to RCOC in the amount of \$728,818.60. (See Attachment A.)

GW was also not able to provide appropriate supporting documentation for 7,199.20 hours of services billed under the Program Manager (PM). This lack of documentation resulted in unsupported billings to RCOC in the amount of \$261,021.94. (See Attachment A.)

The total of the billing discrepancies resulted in \$989,840.54 of unsupported billings due back to DDS.

CCR, title 17, section 54326 states in relevant 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.
  - (C) Data, as specified in Section 50604 (d)(3)(A), (B), (C), (D), (E) or (F), as applicable, for the billing period shall be submitted to the regional center with the billings/invoices...
- (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:**

GW must reimburse to DDS the \$989,840.54 for the unsupported billings. In addition, GW should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCOC.

**GW’s Response:**

GW disagreed with the draft audit report finding and provided additional documentation to refute the audit finding.

See Attachment B for the full text of GW’s response and Attachment C for DDS’ Evaluation of GW’s response.



**Gilbert Williams**  
**Summary of Unsupported Billing**  
**Fiscal Year 2009-10**

Finding #	Vendor	Svc Code	Description	RC #	Audited Months	Unsupported Billings		Amount Due to DDS
						Units	Amount	
1	<b>Supported Living Services</b>							
	PM0937	896	Supported Living Service	362	Jul-09	3,524.07	\$ 65,117.59	
					Aug-09	3,789.04	69,964.32	
					Sep-09	2,980.36	55,660.60	
					Oct-09	2,717.91	50,819.00	
					Nov-09	2,905.94	54,273.73	
					Dec-09	3,673.77	69,454.08	
					Jan-10	3,500.01	66,922.69	
					Feb-10	3,844.46	70,855.81	
					Mar-10	3,009.81	56,768.96	
					Apr-10	3,864.63	71,240.62	
					May-10	2,462.07	45,384.78	
					Jun-10	2,839.35	52,356.42	
<b>Sub Total Supported Living Service - Personal Attendance</b>						<b>39,111.42</b>	<b>\$ 728,818.60</b>	<b>\$ 728,818.60 a</b>
					Jul-09	674.20	\$ 24,578.28	
					Aug-09	734.20	25,358.94	
					Sep-09	742.40	27,502.20	
					Oct-09	689.20	24,717.29	
					Nov-09	514.00	18,712.33	
					Dec-09	514.00	18,722.32	
					Jan-10	534.00	19,294.66	
					Feb-10	544.00	20,131.04	
					Mar-10	709.20	26,135.95	
					Apr-10	529.20	19,132.95	
					May-10	525.80	19,359.80	
					Jun-10	489.00	17,376.18	
<b>Sub Total Supported Living Service - Program Manager</b>						<b>7,199.20</b>	<b>\$ 261,021.94</b>	<b>\$ 261,021.94 b</b>
<b>TOTAL UNSUPPORTED BILLINGS:</b>								<b>\$ 989,840.54</b> $\Sigma$ ab

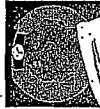
RC# 362 - Regional Center of Orange County

**Gilbert Williams (GW)  
Response to Draft Report**

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This section contains a copy of GW's response to the draft report. However, certain documents provided by GW as "Exhibits" to their response are not included in this report due to the detailed and confidential nature of the information.

**Extend A Hand, Inc.**  
**Supported \ Independent Living Services**



- GW is attaching a copy of the Program Manager Job Description as reference as well. Attachment 5.

GW has developed and is implementing policies and procedures to ensure proper documentation is maintained to support amounts billed to RCOG.

- GW is attaching *Monthly Billing Policy and Procedure*. Attachment 6.

Thank you for your time and consideration in this matter and please do not hesitate to contact me if you have any questions at 949-586-5142 x15.

Best Regards,

Gilbert Williams  
CEO

Enclosures:

- GW Excel Spreadsheet Summary of Personal Attendance Hours
- Justification of a 2 to 1 Ratio
- Justification with Explanation of Budgets/Billed
- Justification Program Manager Summary
- Monthly Billing Policy and Procedure
- Sample Manila Folder

**DEPARTMENT OF DEVELOPMENTAL SERVICES  
EVALUATION OF  
GILBERT WILLIAMS' RESPONSE**

As part of the vendor audit report process, Gilbert Williams (GW) was afforded the opportunity to respond to the draft audit report and provide a written response to the finding. Upon receipt of GW's written response to the draft audit report on December 2, 2011, DDS evaluated the written response and determined that GW disagreed with the audit finding and provided additional boxes of documentation in support of its argument.

The response included a two page letter, six attachments, and three boxes of documents which include: Monthly breakdown spreadsheets, Justification for 2:1 Ratio, Justification with explanation of Budgeted/Billed hours, Justification Program Manager (PM) Summary, Copy of PM Job Description and Monthly Billing Policy and Procedure. The three boxes of documents also contained manila folders for each consumer which included Timesheets, Census Sheets and Management Progress Notes.

Provided below are excerpts from the GW's response and DDS's evaluation of the response. (See attachment B to the final audit report for the full text of the GW's response)

**Finding: Supported Living Services – Unsupported Billing**

Gilbert Williams stated, "*GW has reviewed the documentation for the hours billed per month for **Personal Attendance** 39,111.42 hours and after a comparison GW has found a difference in 31,294.63 hours (see spreadsheet attached) with a difference of \$560,172.93.*"

**Personal Attendance**

In reviewing GW's documentation (Timesheets, Census Sheet and Management Progress Note) provided as additional support to refute DDS' audit finding with regard to Personal Attendance (PA), it was determined that no new supporting documentation was provided. All the documents in the three boxes were already reviewed and analyzed by DDS auditors during the fieldwork.

The discrepancies between the unsupported hours (39,111.42) and GW computed hours (31,294.63), resulted from a difference in the procedure used by the auditors versus GW. GW used timesheets and census sheets to compute the number of hours supported; while the auditors used the number of hours indicated in the progress notes. The use of timesheets would be appropriate documentation to support GW payroll, however it is not sufficient to support the hours of direct care services the employees provided to GW consumers. Payroll hours include time for administration functions which are not considered direct care services and are not billable to the regional center. The use of the employee's progress notes as the support for the GW's billing was more appropriate because it documented the actual time the GW employees spent with the consumers.

**DEPARTMENT OF DEVELOPMENTAL SERVICES  
EVALUATION OF  
GILBERT WILLIAMS' RESPONSE**

The progress notes also documented time that wasn't spent with a consumer, but yet was billed. This included instances where services were cancelled by the consumer or the consumer was not available (See Attachments E and F). If the progress notes are compared to the employee's timesheet, it would show the employee working a full six hour day, but not providing direct care services to the consumers. This exemplifies the inaccuracy in using employee timesheets as support for direct care hours provided.

GW was allowed credit for all the verifiable hours identified through the use of progress notes. CCR, title 17 Section 54326 (a) (10), states, only direct services to the consumers are billable to the regional center. As a result, adjustments were made reducing the hours billed by GW for services that were not provided by its employees.

GW stated that since it was alerted to the audit issue, it has implemented a procedure whereby both staff on shift document their time.

GW disagreed with the auditors' calculation of the budgeted hours required for seven consumers and provided its own calculations (See Attachment G). GW also stated that DDS did not deduct hours budgeted for IHSS in determining the number of hours GW was required to provide.

GW used consumer [REDACTED] budget as an example to clarify how they believed DDS auditors miscalculated the total budgeted hours (See Attachment G).

The monthly budgeted hours are calculated in the following manner:

Step one, add the total service hours per week for each employee position listed. For [REDACTED] budget, these hours are  $(12.5 + 40 + 16 + 16 + 16) = 100.5$  hrs/wk.

Step two, multiple the hours per week by 4.33 to obtain the number of hours per month.  $100.5 \times 4.33 = 435.17$

Step three, 435.17 monthly hours equates to \$6,282.78 in employee wages.

Step four, the approved IHSS hours of 235 is multiplied by \$9.40 per hour (county pay rate) for \$2,209.00 of IHSS dollars. This amount is then added to the \$6,282.78 to document the total support cost for the consumer. However, since the amount of IHSS is paid by the county, the amount is subtracted to calculate the budgeted benefits.

Step five, the \$6,282.78 wages paid to the employees is multiplied by 28% and 12% for Benefits and Administration costs, respectively. The costs for both are then added to the employee wages resulting in a total monthly budget amount of \$8,795.89  $(\$6,282.78 + \$1,759.18 + \$753.93)$ .

**DEPARTMENT OF DEVELOPMENTAL SERVICES  
EVALUATION OF  
GILBERT WILLIAMS' RESPONSE**

GW contends that the auditors should have deducted the 235 hours of IHSS from the hours listed as employee hours. This would result in 200.17 hours (435.17 – 235) GW would be required to provide.

The GW's contention is incorrect. Since the hours are paid by IHSS to the employee directly, those hours have no effect or bearing on the total hours GW's employees were budgeted to provide. GW needed to provide 435.17 hours per month to receive the monthly budgeted payment of \$8,795.89 (\$6,282.78 + \$1,759.18 + \$753.93). Therefore, there will be no adjustments made due to the amount of IHSS hours budgeted.

**Program Manager Hours**

*Gilbert Williams stated, "GW has also reviewed the services billed for **Program Manager Hours** disputing 19,867.50 hours, and after a comparison, GW has found a difference in services."*

To support its argument, GW provided Program Manager (PM) progress notes that were not provided for review during the audit fieldwork. The auditors evaluated the PM progress notes and determined that the progress notes did not comply with the requirements of CCR, title 17. DDS expected to receive sufficient detail documentation to verify delivery of the units of service billed for each consumer served during the audit period; which should have included the consumer name, service date, location, actual time, and nature of services provided.

A majority of the PM progress notes provided did not include the time-in and time-out, thus it was impossible for the auditors to verify the delivery of the units of service billed for each consumer served by the program managers.

However, after GW's payroll records for all PM employees were reviewed, it provided reasonable assurance that some services were provided by the PMs. Since PMs did not document their time worked appropriately, DDS allowed GW program managers 40 hours per week, as long as they were at work during the sample months audited.

The allowance of the 40 hours per week per PM, was based on GW's SLS job description for a full time and/or regular employee, and the Contract Work Hours Standards/Fair Labor Standards Act.

**DEPARTMENT OF DEVELOPMENTAL SERVICES  
EVALUATION OF  
GILBERT WILLIAMS' RESPONSE**

**Conclusion:**

Based on the evaluation of GW's documents, it was deemed necessary for DDS to allow an additional 12,668.30 hours of service, which was disallowed during the audit fieldwork. As a result, an adjustment of \$393,955.65 was made to the draft audit report and will be reflected in the final audit report. GW must reimburse DDS \$989,840.54 (\$1,383,796.19 – \$393,955.65). (See Attachment D.)

**Gilbert Williams**  
**Adjustment to Draft Audit Report**  
**FISCAL YEAR 2009 thru 2010**  
**Supported Living Services - 896**

**Personal Attendance**

		A	B	C	D = A-C	E	F = B-E
Audited Months	Vendor Number	Hrs Per Initial Draft Report	Amount Per Initial Draft Report	Additional Hrs Allowed	Adjusted Hours	Adjusted Amount	Amount Due DDS (Final Audit Report)
Jul-09	PM0937	3,524.07	\$ 65,117.59	-	-	-	\$ 65,117.59
Aug-09		3,789.04	69,964.32	-	-	-	69,964.32
Sep-09		2,980.36	55,660.60	-	-	-	55,660.60
Oct-09		2,717.91	50,819.00	-	-	-	50,819.00
Nov-09		2,905.94	54,273.73	-	-	-	54,273.73
Dec-09		3,673.77	69,454.08	-	-	-	69,454.08
Jan-10		3,500.01	66,922.69	-	-	-	66,922.69
Feb-10		3,844.46	70,855.81	-	-	-	70,855.81
Mar-10		3,009.81	56,768.96	-	-	-	56,768.96
Apr-10		3,864.63	71,240.62	-	-	-	71,240.62
May-10		2,462.07	45,384.78	-	-	-	45,384.78
Jun-10		2,839.35	52,356.42	-	-	-	52,356.42
<b>SubTotal:</b>		<b>39,111.42</b>	<b>\$ 728,818.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 728,818.60 a</b>



**Gilbert Williams**  
**Adjustment to Draft Audit Report**  
**FISCAL YEAR 2009 thru 2010**  
**Supported Living Services - 896**

**Program Manager**

		A	B	C	D = A-C	E	F = B-E
Audited Months	Vendor Number	Hrs Per Initial Draft Report	Amount Per Initial Draft Report	Additional Hrs Allowed	Adjusted Hours	Adjusted Amount	Amount Due DDS (Final Audit Report)
Jul-09	PM0937	1,715.00	\$ 63,247.03	1,040.80	674.20	\$ 38,668.75	\$ 24,578.28
Aug-09		1,715.00	56,702.29	980.80	734.20	\$ 31,343.35	\$ 25,358.94
Sep-09		1,773.50	65,294.19	1,031.10	742.40	\$ 37,791.99	\$ 27,502.20
Oct-09		1,670.00	61,523.20	980.80	689.20	\$ 36,805.91	\$ 24,717.29
Nov-09		1,620.00	59,666.80	1,106.00	514.00	\$ 40,954.47	\$ 18,712.33
Dec-09		1,620.00	59,694.65	1,106.00	514.00	\$ 40,972.33	\$ 18,722.32
Jan-10		1,640.00	47,431.14	1,106.00	534.00	\$ 28,136.48	\$ 19,294.66
Feb-10		1,610.00	47,028.03	1,066.00	544.00	\$ 26,896.99	\$ 20,131.04
Mar-10		1,642.00	47,028.03	932.80	709.20	\$ 20,892.08	\$ 26,135.95
Apr-10		1,632.00	53,578.44	1,102.80	529.20	\$ 34,445.49	\$ 19,132.95
May-10		1,635.00	54,933.61	1,109.20	525.80	\$ 35,573.81	\$ 19,359.80
Jun-10		1,595.00	38,850.18	1,106.00	489.00	\$ 21,474.00	\$ 17,376.18
<b>SubTotal:</b>		<b>19,867.50</b>	<b>\$ 654,977.59</b>	<b>12,668.30</b>	<b>7,199.20</b>	<b>\$ 393,955.65</b>	<b>\$ 261,021.94</b> <i>b</i>
<b>Grand Total Due To DDS:</b>						<b>\$ 989,840.54</b>	<b>Σab</b>

## **Gilbert Williams' Response to the Draft Report**

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Gilbert Williams' response contained confidential Information that is exempt from disclosure under the provisions of the California Public Records Act (Government Code Sections 6250-6265) or other applicable state or federal laws. Therefore their response is not included in this report due to the detailed and confidential nature of the information.