

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
LYNN & DARLA SUPPORTED LIVING**

Programs and Services:

Supported Living Service – PD1326

Audit Period: July 1, 2009 through June 30, 2013

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
Alimou Diallo, Supervisor
Wilfredo Golez, Auditor

LYNN & DARLA SUPPORTED LIVING

TABLE OF CONTENTS

	Page(s)
Executive Summary.....	1
Background	2
Objective, Scope, and Methodology.....	2-3
Conclusion	4
Views of Responsible Officials.....	4
Restricted Use	4
Finding and Recommendation	5-6
Attachment A- Summary of Unsupported Billings and Failure to Bill	7
Attachment B - Lynn & Darla’s response.....	8-9
Attachment C - Evaluation of Lynn & Darla’s response.....	10-11
Attachment D - Unsupported Billings and Failure to Bill Adjustments	12

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Lynn & Darla Supported Living (Lynn & Darla). The audit was performed upon the Supported Living Service (SLS) for the period of July 1, 2009, through June 30, 2013.

The results of the audit disclosed the following issue of non-compliance:

Finding 1: Supported Living Service – Unsupported Billings and Failure to Bill

The review of Lynn & Darla's SLS, Vendor Number PD1326, revealed that Lynn & Darla had both unsupported billings, as well as appropriate support for services that it failed to bill the Eastern Los Angeles Regional Center (ELARC) and Frank D. Lanterman Regional Center (FDLRC). As a result, Lynn & Darla had a total of \$8,894.11 of unsupported billings and a total of \$442.36 for which it failed to bill.

The net total of unsupported billing discrepancies identified in this audit amounts to \$8,451.75 and is due back to DDS. A detailed discussion of the finding is contained in the Finding and Recommendation section of this 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 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 Lynn & Darla's SLS was compliant with the W&I Code, California Code of Regulations, (CCR, title 17), and the regional centers' contracts with Lynn & Darla for the period of July 1, 2009, 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 Lynn & Darla, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of Lynn & Darla's 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 Lynn & Darla complied with W&I Code and CCR, title 17. Also, any complaints that DDS' Audit Branch was aware of regarding non-compliance of laws and regulations were reviewed and followed-up during the course of the audit.

The audit scope was determined by reviewing Lynn & Darla's SLS provided to three regional centers: ELARC, FDLRC and San Diego Regional Center (SDRC) during the audit period. Of the three regional centers, DDS audited services provided to the following two regional centers: ELARC and FDLRC. These regional centers were chosen due to the large amount of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

In addition, 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 Service

During the audit period, Lynn & Darla operated two SLS. The audit included the review of Lynn & Darla's SLS, Vendor Number PD1326, Service Code 896. Testing was done for the months of January and February 2011.

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 center(s).
- Analysis of the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft report on May 1, 2014. The findings in the report were discussed at the exit conference with Lynn & Darla's President/CEO, Renee Fannin, on May 9, 2014. The Audit Branch received Lynn & Darla's response to the draft report via mail on May 29, 2014. Lynn & Darla requested that the services provided by its salaried staff be considered.

RESTRICTED USE

This report is solely for the information and use of DDS, Department of Health Care Services, ELARC, FDLRC, SDRC and Lynn & Darla. This restriction is not intended to limit distribution of this report, which is a matter of public record.

FINDING AND RECOMMENDATION

Finding 1: Supported Living Service – Unsupported Billings and Failure to Bill

The review of Lynn & Darla’s SLS, Vendor Number PD1326, for the sample months of January and February 2011, revealed that Lynn & Darla had both unsupported billings, as well as appropriate support for services that it failed to bill to the regional centers.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of services billed to the regional centers. The failure to bill occurred when Lynn & Darla had appropriate supporting documentation, but it did not bill the regional centers. The following are the discrepancies identified:

Lynn & Darla was not able to provide appropriate supporting documentation for 352.95 direct care hours billed. The lack of documentation resulted in unsupported billings to the regional centers in the amount of \$8,894.11.

In addition, Lynn & Darla provided appropriate supporting documentation for 16.50 direct care hours that was not billed to the regional center. This resulted in an unbilled amount of \$442.36.

The net total of the billing discrepancies resulted in \$8,451.75 of unsupported billings. (See Attachment A.)

W&I Code, section 4648.1 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 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...”

Also, 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:

Lynn & Darla must reimburse to DDS the \$8,451.75 for the unsupported billings. In addition, Lynn & Darla should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to the regional centers.

Lynn & Darla’s Response:

Lynn & Darla indicated that “any gaps in hours that are reflected in the time keeping records were direct service hours that were provided by salaried staff...”

See Attachment C for the full text of Lynn & Darla’s response to the draft report and Attachment D for DDS’ Evaluation of Lynn & Darla’s response.

**Lynn & Darla Supported Living
Summary of Unsupported Billings and Failure to Bill
Audit Period: July 1, 2009 through June 30, 2013**

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings		Failed to Bill		Net Due to DDS
						Units	Amount A	Units	Amount B	Amount = A - B
<u>Supported Living Service</u>										
1	PD1326	896	Sample Months - January and February 2011							
			<u>ELARC</u>							
			Sub Service Code - DIR (January 2011)	Hours	\$ 26.81	62.75	\$ 1,682.33	-	\$ -	\$ 1,682.33
			<u>FDLRC</u>							
			Sub Service Code - DIR (January 2011)	Hours	26.81	51.20	1,372.67	16.50	\$ 442.36	930.31
			<u>ELARC</u>							
			Sub Service Code - DIR (February 2011)	Hours	26.81	10.00	268.10	-	-	268.10
			<u>FDLRC</u>							
			Sub Service Code - DIR (February 2011)	Hours	26.81	185.00	4,959.85	-	-	4,959.85
			Sub - Total			308.95	\$ 8,282.95	16.50	\$ 442.36	\$ 7,840.59
			<u>FDLRC</u>							
			Sub Service Code - OVN (January 2011)	Hours	\$ 13.89	23.00	\$ 319.47	-	\$ -	\$ 319.47
			Sub Service Code - OVN (February 2011)	Hours	13.89	21.00	291.69	-	-	291.69
			Sub - Total			44.00	\$ 611.16	-	\$ -	\$ 611.16
			Total			352.95	\$ 8,894.11	16.50	\$ 442.36	\$ 8,451.75
			Grand Total							\$ 8,451.75



LYNN & DARLA
SUPPORTED LIVING

May 23, 2014

Edward Yan, Manager
Department of Developmental Services
Audit Branch
1600 Ninth Street, Room 230, MS 2-10
Sacramento, CA 95814



Dear Mr. Yan,

I am responding to the findings of the audit conducted on Lynn & Darla Supported Living.

Per my discussions with Mr. Alimou Diallo, I am offering this letter as further documentation regarding the hours that you found as "undocumented."

Per the planning notes and personal records of Director Rhonda Fisher, 88 of those hours were Psychiatric Hospitalizations during which many direct services were still in need of being performed. Services include: mail retrieval, facilitation of bill payment by visiting client in the psychiatric unit. Daily visits to provide clothing, personal items etc. Maintenance of personal affairs, maintenance of IHSS, and fielding calls from the hospitalized client that went to our emergency line as well as liaison with Regional Center, Psychiatric team and discharge planning.

As for the remaining hours, those hours were direct support hours that were provided by salaried staff such as Directors or Coordinators and billed accordingly. During the time period in question, salaried staff were Rhonda Fischer, Tim Medeiros and Mireya Alonso. These positions are salaried and responsible for ultimate oversight of the customers whom we serve. Their duties include working direct support hours when support coaches are unavailable (e.g. call out sick, car trouble, family emergencies, abrupt resignation, etc.). During the time period in question, the support hours served by Directors and Coordinators were not documented via timesheets, as they were salaried. This practice has since been changed to ensure thorough documentation of every support hour served.

We serve a high need population that receives 24 hour care, most of whom previously resided at Developmental Centers. Those clients cannot be left alone for any length of time or they would be running down the street, causing disruption to themselves, neighbors and/or community members. Had they been unattended for even 1 hour, it is highly likely that incidents would have occurred. The audit findings suggest over 300 hours of unsupported customers - that just could not occur given their needs and behaviors. Had our customers truly been left unattended for this number of hours, there certainly would have been incidents which was not the case.

As stated, any gaps in hours that are reflected in the time keeping records were direct service hours that were provided by salaried staff Rhonda Fisher, Tim Medeiros and Mireya Alonso.

While experiencing this audit has given me many ideas for more auditable record keeping, and salaried employee coding systems, we did not ask salaried employees to code timesheets to specific consumers in 2010 and 2011. Therefore service records did not reflect specifically when salaried labor performed direct support.

The absence of time sheets coded to a specific person is not a reflection of services not provided, it is an absence of a coding system to track those specific hours that were provided by salaried labor.

We provided you with payroll records for the salaried employees who performed the service and we provided you with SLP and IPP that show that those clients receive 24 hour supports. Further proof that

those supports were provided is the absence of SIRs showing them running in the streets or harming themselves, which is what would have happened if they had ever been left unattended. Furthermore, we provided you with quarterly reports that reflect services were provided for the quarter.

Providing Supported Living to dually diagnosed adults is a very complex service delivery and many, many direct service hours end up performed by salaried labor due to direct support call-outs as well as frequent responses to on call reports and behavioral emergencies that necessitate back up support. Physician appointments for the population we serve frequently require two people and our salaried coordinators and directors are the ones whom provide this back-up role.

These are among the many areas where salaried Coordinators and Directors provide direct supports to the customers we serve, and while we acknowledge these hours were not coded on the time sheets, they were provided.

Please consider this and should you have any further questions, please do not hesitate to contact me.

Sincerely,



Renee Fannin
Lynn & Darla Supported Living
707-287-4465

Cc: Alimou Diallo, DDS

THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF LYNN & DARLA'S RESPONSE

As part of the vendor audit report process, Lynn & Darla was afforded the opportunity to respond to the draft audit report and provide a written response to the finding identified therein. The draft report was issued on May 1, 2014. The Audit Branch received Lynn & Darla's response on May 29, 2014.

DDS evaluated the response and determined that Lynn & Darla did not expressly agree or disagree with the audit finding. However, Lynn & Darla contended that "The absence of time sheets coded to a specific person is not a reflection of services not provided; it is an absence of a coding system to track those specific hours that were provided by salaried labor."

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

Finding 1: Supported Living Service – Unsupported Billings and Failure to Bill

Lynn & Darla argue the following in response to this finding:

Lynn & Darla indicated that out of the 398.70 hours of service identified in the draft audit report, 88 of those hours were provided by Director Rhonda Fisher and the remaining hours were direct support hours that were provided by salaried staff such as Directors or Coordinators and billed accordingly.

After a thorough review of the auditor's work papers, DDS determined that there was support for 45.75 hours of services provided, as recorded in the planning notes of Director Rhonda Fisher. However, there was no indication from the planning notes or any other source documentation that the remaining 42.25 hours were direct service hours. Based on the review, it was deemed necessary for DDS to allow an additional 45.75 hours of service, which were not considered during the audit fieldwork.

...any gaps in hours that are reflected in the time keeping records were direct service hours that were provided by salaried staff...

Lynn & Darla were allowed credit for all the verifiable hours identified through the use of time sheets, log/session notes, and staff shift schedules. The use of the employee's time sheets and log/session notes as the support for the Lynn & Darla's billing was more appropriate than payroll records because it documented the actual time the Lynn & Darla's employees spent with the consumers.

Simply providing payroll records for the salaried staff does not validate that services were performed as claimed. Payroll hours include time for administration functions, which are not considered direct care services and are not billable to the regional center.

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES'
EVALUATION OF LYNN & DARLA'S RESPONSE**

Furthermore, DDS will only allow salaried staff hours to be considered as billable hours when the salaried personnel are directly involved in delivering hands-on training in accordance with the requirements of the consumer's Individual Program Plan.

Lynn & Darla did not submit sufficient, detailed 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.

DDS' Conclusion:

Lynn & Darla did not submit additional source documentation that meets the criteria set forth in CCR, title 17, for each consumer served during the audit period. No additional source documentations were provided by Lynn & Darla to support their exceptions.

However, based on the review of the work papers, it was deemed necessary for DDS to allow an additional 45.75 hours of service, which were not considered during the audit fieldwork. As a result, an adjustment of \$1,226.56 was made to the draft audit report and will be reflected in the final audit report. Lynn & Darla must reimburse DDS \$8,451.75 (\$9,678.31 – \$1,227.56) for the unsupported billings. (See Attachment D.)

**Lynn & Darla Supported Living
 Unsupported Billings and Failure to Bill Adjustments
 Audit Period: July 1, 2009 through June 30, 2013**

Attachment D

Finding #	Vendor	Svc Code	Sub Service Code	Audited Months	Unit Type	Unit Rate	<u>A</u>	<u>B</u>	<u>C</u>	<u>D = A - C</u>	<u>E</u>	<u>F = B - E</u>
							Hrs Per Initial Draft Report	Amount Per Initial Draft Report	Additional Hrs Allowed	Adjusted Hours	Adjusted Amount (C x Unit Rate)	Amount Due DDS (Final Audit Report)
<u>Supported Living Service</u>												
1	PD1326	896										
		<u>ELARC</u>										
		DIR	January 2011	Hours	\$ 26.81	84.75	\$ 2,272.15	22.00	62.75	\$ 589.82	\$ 1,682.33	
		<u>FDLRC</u>										
		DIR	January 2011	Hours	26.81	51.20	930.31	-	51.20	-	930.31	
		<u>ELARC</u>										
		DIR	February 2011	Hours	26.81	33.75	904.84	23.75	10.00	636.74	268.10	
		<u>FDLRC</u>										
		DIR	February 2011	Hours	26.81	185.00	4,959.85	-	185.00	-	4,959.85	
			Sub - Total			354.70	\$ 9,067.15	45.75	308.95	\$ 1,226.56	\$ 7,840.59	
		<u>FDLRC</u>										
		OVN	January 2011	Hours	\$ 13.89	23.00	\$ 319.47	-	23.00	\$ -	\$ 319.47	
		OVN	February 2011	Hours	13.89	21.00	291.69	-	21.00	-	291.69	
			Sub - Total			44.00	\$ 611.16	-	44.00	\$ -	\$ 611.16	
			Total			398.70	\$ 9,678.31	45.75	352.95	\$ 1,226.56	\$ 8,451.75	
			Grand Total								\$ 8,451.75	