

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
SPECIAL CARE SUPPORTED LIVING SERVICES, LLC

Programs and Services:

Purchase Reimbursement – PN1065

Licensed Vocational Nurse – PN1065

Registered Nurse – PN1065

Supported Living Services – PN1065

Audit Period: July 1, 2019, through June 30, 2020

Audit Section

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SPECIAL CARE SUPPORTED LIVING SERVICES, LLC

TABLE OF CONTENTS

	Page(s)
EXECUTIVE SUMMARY	1
BACKGROUND.....	2
OBJECTIVE, SCOPE AND METHODOLOGY	2
CONCLUSION.....	5
VIEWS OF RESPONSIBLE OFFICIALS	5
RESTRICTED USE	5
FINDING AND RECOMMENDATION	6
ATTACHMENT A.....	8
ATTACHMENT B – VENDOR’S RESPONSE	9
ATTACHMENT C – DDS’S EVALUATION OF SCCLS’S RESPONSE.....	10

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Special Care Supported Living Services, LLC (SCSLS). The audit was performed upon the Purchase Reimbursement (PR), Licensed Vocational Nurse (LVN), Registered Nurse (RN) and Supported Living Service (SLS) program for the period of July 1, 2019, through June 30, 2020.

The audit disclosed the following issue of non-compliance:

Finding 1: Supported Living Service – Unsupported Billings

The review of SCSLS' SLS program, Vendor Number PN1065, revealed that SCSLS had a total of \$4,515 of unsupported billings to North Bay Regional Center (NBRC).

The total of the finding identified in this audit amounts to \$4,515, which is due back to DDS. A detailed discussion of this 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 SCSLS' programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State and Federal laws and regulations and the regional centers' contracts with SCSLS for the period of July 1, 2019, through June 30, 2020.

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 SCSLS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of SCSLS' 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 SCSLS complied with W&I Code and CCR, Title 17. Any complaints that DDS' Audit Section was aware of regarding non-compliance with laws and regulations were also reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to NBRC that utilized SCSLS' services during the audit period. SCSLS provided four different types of services, of which DDS audited four. Services chosen by DDS were based on the amount of POS expenditures invoiced by SCSLS. 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 two-month sample period would be sufficient to fulfill the audit objectives.

Purchase Reimbursement

During the audit period, SCSLS operated one PR program. The audit included a review of SCSLS' PR program, Vendor Number PN1065, SC 024 and testing was done for the sampled months of July 2019 and June 2020.

Licensed Vocation Nurse

During the audit period, SCSLS operated one LVN program. The audit included a review of SCSLS' LVN program, Vendor Number PN1065, SC 742 and testing was done for the sampled months of July 2019 and June 2020.

Registered Nurse

During the audit period, SCSLS operated one RN program. The audit included a review of SCSLS' RN program, Vendor Number PN1065, SC 744 and testing was done for the sampled months of July 2019 and June 2020.

Supported Living Service

During the audit period, SCSLS operated one SLS program. The audit included a review of SCSLS' SLS program, Vendor Number PN1065, SC 896 and testing was done for the sampled months of July 2019 and June 2020.

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:

- Reviewed vendor files for contracts, rate letters, program designs, POS authorizations and correspondence pertinent to the review.
- Interviewed vendor staff and management to gain an understanding of the vendor's accounting procedures and processes for regional center billing.
- Obtained and reviewed the vendor's internal control questionnaire.
- Reviewed 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.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

- Reviewed the vendor's general ledger, payroll records and trial balance to determine the vendor's costs.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on September 21, 2022. The finding in the report was discussed at an exit conference via Zoom with SCSLS on September 28, 2022. Subsequent to the exit conference, on October 12, 2022, SCSLS submitted a response via email, stating that SCSLS agreed with the finding.

RESTRICTED USE

This report is solely for the information and use of DDS, Department of Health Care Services, NBRC and SCSLS. 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

The review of SCSLS' SLS program, Vendor Number PN1065, for the sampled months of July 2019 and June 2020, revealed that SCSLS had unsupported billings for services billed to NBRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NBRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the Consumer Progress Notes, Employee Timesheet and Payroll Records and compared those hours to the direct care service hours billed to NBRC. DDS noted that the direct care service hours on the Employee Timesheet, which were reconciled to payroll were 145 hours less than the direct care service hours billed to NBRC. SCSLS was not able to provide appropriate supporting documentation for 145 hours of services billed. The lack of documentation resulted in unsupported billings to NBRC in the amount of \$4,515, which is due back to DDS. (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 that 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:

SCSLs must reimburse to DDS \$4,515 for the unsupported billings. In addition, SCSLS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NBRC.

Vendor's Response:

SCSLs stated in the response, dated October 3, 2022 that SCSLS agreed with the finding.

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

ATTACHMENT A

SPECIAL CARE SUPPORTED LIVING SERVICES

To request a copy of the attachment for this audit report, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT B – VENDOR’S RESPONSE
SPECIAL CARE SUPPORTED LIVING SERVICES

To request a copy of the vendor’s response to the audit finding, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT C – DDS’s EVALUATION OF SCSLS’s RESPONSE

DDS evaluated SCSLS’ written response to the draft audit report, dated September 21, 2022, and determined that SCSLS agreed with the finding.