

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
SUPPORTING HANDS SERVICES, INC.

Programs:

Supported Living Services – HX0456, HP4914

Independent Living Program – HX0624, HP6049

Money Management – PP6102

Audit Period: July 1, 2014, through June 30, 2015

Audit Section

Auditors: Michael Masui, Chief of Vendor Audit Unit
Alimou Diallo, Supervisor
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SUPPORTING HANDS SERVICES INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Supporting Hands Services, Inc. (SHS). The audit was performed upon the Money Management, Independent Living Program (ILP) and Supported Living Services (SLS) for the period of July 1, 2014 through June 30, 2015.

The audit disclosed the following issues of non-compliance:

Finding 1: Supported Living Services – Unsupported Billings

The review of SHS' SLS program, Vendor Numbers HX0456 and HP4914, revealed that SHS had a total of \$3,623 of unsupported billings to South Central Los Angeles Regional Center (SCLARC) and San Gabriel Pomona Regional Center (SG/PRC).

Finding 2: Independent Living Program – Unsupported Billings

The review of SHS' ILP, Vendor Numbers HX0624 and HP6049, revealed that SHS had a total of \$672 of unsupported billings to SCLARC and SG/PRC.

The total of unsupported billings identified in this audit amounts to \$4,295 and is due back to DDS. A detailed discussion of these findings is contained in the Findings and Recommendations 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 SHS' ILP, SLS and Money Management 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 SHS for the period of July 1, 2014 through June 30, 2015.

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 SHS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of SHS' 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 SHS complied with W&I Code and CCR, Title 17. Also, any complaints that DDS' Audit Section 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 two regional centers that utilized SHS services during the audit period. DDS audited services provided to SCLARC and SG/PRC. The two regional centers were chosen due to the large volume of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

SHS provided three different types of services, of which DDS audited all three. Services chosen were based on the amount of POS expenditures invoiced by SHS. 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.

Independent Living Program

During the audit period SHS operated two ILPs. The audit included the review of two of SHS' ILPs, Vendor Numbers HX0624 and HP6049, Service Code (SC) 520 and testing was done for the sampled months of November 2014 and March 2015.

Supported Living Services

During the audit period, SHS operated two SLS programs. The audit included the review of two of SHS' SLS programs, Vendor Numbers HX0456 and HP4914, SC 896 and testing was done for the sampled months of November 2014 and March 2015.

Money Management

During the audit period, SHS operated one Money Management program. The audit included the review of SHS' Money Management program, Vendor Number PP6102, SC 034 and testing was done for the sampled months of November 2014 and March 2015.

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:

- Reviewed vendor files for contracts, rate letters, program designs, POS authorizations and correspondence pertinent to the review.
- Interviewed regional center staff for vendor background information and to obtain insight into the vendor's operations.
- 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(s).
- 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.
- Interviewed the vendor's Bookkeeper, Administrator, and Program Coordinators, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

CONCLUSION

Based upon items identified in the Findings and Recommendations section, SHS had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on July 1, 2019. The findings in the report were discussed at an exit telephone conference with SHS on July 3, 2019. Subsequent to the exit conference, on July 11, 2019, SHS provided an email response to the draft report. SHS agrees with the findings.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Supported Living Services – Unsupported Billings

The review of SHS' SLS program, Vendor Numbers HX0456 and HP4914, for the sampled months of November 2014 and March 2015 revealed that SHS had unsupported billings for services billed to SCLARC and SG/PRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to SCLARC and SG/PRC and non-compliance with the CCR, Title 17.

SHS was not able to provide appropriate supporting documentation for 166 hours of services billed. The lack of documentation resulted in unsupported billings to SCLARC and SG/PRC in the amount of \$3,623 that 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:

SHS must reimburse to DDS \$3,623 for the unsupported billings. In addition, SHS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to SCLARC and SG/PRC.

SHS' Response:

SHS accepts the audit finding and has agreed to reimburse DDS the total amount identified in the draft audit report. See Attachment B for the full text of SHS' response to the draft audit report.

Finding 2: Independent Living Program – Unsupported Billings

The review of SHS' ILP, Vendor Numbers HX0624 and HP6049 for the sampled months of November 2014 and March 2015 revealed that SHS had unsupported billings to SCLARC and SG/PRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to SCLARC and SG/PRC and non-compliance with the CCR, Title 17.

SHS was not able to provide appropriate supporting documentation for 22 hours of services billed. The lack of documentation resulted in unsupported billings to SCLARC in the amount of \$672 that 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:

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(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:

SHS must reimburse to DDS \$672 for the unsupported billings. In addition, SHS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to SCLARC and SG/PRC.

SHS’ Response:

SHS accepts the audit finding and has agreed to reimburse DDS the total amount identified in the draft audit report. See Attachment B for the full text of SHS’ response to the draft audit report.

ATTACHMENT A

SUPPORTING HANDS SERVICES, INC.

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

SUPPORTING HANDS SERVICES, INC.

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

ATTACHMENT C – DDS’ EVALUATION OF SHS’s RESPONSE

On July 11, 2019, Supporting Hands Services, Inc. (SHS) submitted a response to DDS. DDS evaluated SHS’ written response to the draft audit report and determined that SHS did not disagree with the draft audit report finding. SHS agrees to refund DDS the amount identified in the draft audit report.