

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**COLBY CARE HOME HEALTH, INC. (CCHH)**

**Program:**

Homemaker Program – HL0651

Audit Period: July 1, 2017, through June 30, 2018

**Audit Section**

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# COLBY CARE HOME HEALTH, INC.

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## **EXECUTIVE SUMMARY**

The Department of Developmental Services (DDS) has audited Colby Care Home Health, Inc. (CCHH). The audit was performed upon the Homemaker Program (HP) provided to South Central Los Angeles Regional Center (SCLARC) and Westside Regional Center (WRC) for the period of July 1, 2017, through June 30, 2018.

The result of the audit disclosed no issues of non-compliance.

## **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 CCHH's HP program was 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 CCHH for the period of July 1, 2017, through June 30, 2018.

### **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 CCHH, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CCHH'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 CCHH 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 program provided to SCLARC and WRC that utilized CCHH's services during the audit period. CCHH provided one type of service, which DDS audited. 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.

## **Homemaker Program**

During the audit period, CCHH operated one HP program. The audit included the review of CCHH's HP program, HL0651, SC 860 and testing was done for the months of September 2017 and December 2017.

### **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.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Interviewed the vendor's President and Program Coordinator for vendor background information and to gain understanding of accounting procedures and financial reporting process.

## **CONCLUSION**

The audit of CCHH revealed that this vendor maintained its records in accordance to the requirements of CCR, Title 17. For the sampled months tested, DDS was able to obtain the evidence necessary to achieve the audit objectives. The billing for the HP audited were found to have sufficient, competent, and relevant evidence to support the direct-care hours billed.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on December 7, 2020. The conclusion in the report was discussed at an exit telephone conference with CCHH on December 21, 2020. Subsequent to the exit conference, on January 27, 2021, DDS received CCHH's response to the draft audit report via mail. CCHH agreed to the conclusion of the report.

## **RESTRICTED USE**

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

## **ATTACHMENT A – VENDOR’S RESPONSE**

### **COLBY CARE HOME HEALTH, INC.**

**The vendor agrees with the contents of the audit report. There were no audit findings. To request a copy of this document, please contact the DDS Audit Section at (916) 654-3695.**

**ATTACHMENT B – DDS’ EVALUATION OF CCHH’S RESPONSE**

CCHH submitted a response dated January 19, 2021 for two companies operated by the same owner: CCHH and QualKare Assisted Living. The part of the response that pertains to CCHH is highlighted in yellow in Attachment A. DDS evaluated CCHH’s written response to the draft audit report and determined that CCHH did not disagree with the draft audit report.