

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
Community Access – Supported Living

Programs and Services:

Supported Living Service – H38395
Independent Living Program – HB0878

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

Audit Section

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

Community Access – Supported Living

TABLE OF CONTENTS

	Page(s)
EXECUTIVE SUMMARY	1
BACKGROUND.....	2
OBJECTIVE, SCOPE AND METHODOLOGY	2
CONCLUSION.....	4
VIEWS OF RESPONSIBLE OFFICIALS	4
RESTRICTED USE	4
FINDING AND RECOMMENDATION	5
ATTACHMENT A.....	7
ATTACHMENT B – VENDOR’S RESPONSE	8
ATTACHMENT C – DDS’ EVALUATION OF CASL’s RESPONSE.....	9

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Community Access – Supported Living (CASL). CASL is one of two companies operated by [REDACTED]. This report is an audit of only CASL, although Bay Area Support Services (BASS) was audited simultaneously. A separate audit report will be issued for BASS. The audit was performed upon the Supported Living Service (SLS), Independent Living Program (ILP) for the period of July 1, 2017, through June 30, 2018.

The audit disclosed the following issue of non-compliance:

Finding 1: Supported Living Service – Unsupported Billings

The review of CASL's SLS program, Vendor Number H38395, revealed that CASL had a total of \$4,849 of unsupported billings to the Regional Center of the East Bay (RCEB).

The total of the finding identified in this audit amounts to \$4,849, 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 CASL's SLS and ILP 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 CASL 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 CASL, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CASL'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 CASL 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 RCEB that utilized CASL's services during the audit period. CASL provided two different types of services, of which DDS audited two. Services chosen by DDS were based on the amount of purchase of service (POS) expenditures invoiced by CASL. 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 one-month sample period would be sufficient to fulfill the audit objectives.

Supported Living Service

During the audit period, CASL operated one SLS program. The audit included the review of CASL's SLS program, Vendor Numbers H38395, SC 896 and testing was done for the sampled month of August 2017.

Independent Living Program

During the audit period, CASL operated one ILP program. The audit included the review of CASL's ILP program, Vendor Numbers HB0878, SC 510 and testing was done for the sampled month of August 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 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 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 Certified Public Accountant, Executive Director, Administrator and Program Coordinators, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on March 18, 2021. The finding in the report was discussed at an exit conference via ZOOM with CASL on March 29, 2021. Subsequent to the exit conference, on April 6, 2021, CASL provided consumers' schedules, timesheets and payroll journals for direct care staff. CASL requested for a review of the submitted documents.

RESTRICTED USE

This report is solely for the information and use of DDS, Department of Health Care Services, RCEB and CASL. 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 CASL’s SLS program, Vendor Number H38395, for the sampled month of August 2017, revealed that CASL had unsupported billings for services billed to RCEB and non-compliance with CCR, Title 17.

CASL’s contract with RCEB provided for individual consumer authorizations at a monthly billing rate based on each consumer’s required level of support with a specific number of hours of support to be provided each month. However, CASL billed RCEB for the full monthly rate for the authorized hours even when the minimum number of required support hours were not provided to the consumer.

For the one sampled month, DDS noted that the direct service hours on the employee time sheets, which were reconciled to payroll registers, were 168 hours less than the required number of support service hours. The amount for 168 hours of service not provided was calculated by a reduction in the monthly billing rate to the lower amount commensurate with the service hours actually provided. The calculation results in a total amount of unsupported billings of \$4,849 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:

CASL must reimburse to DDS \$4,849 for the unsupported billings. In addition, CASL should comply with the CCR, Title 17 as stated above to ensure that they only bill for services which are actually provided to consumers.

Vendor’s Response:

CASL stated in the response, dated April 6, 2021, that CASL disagreed with the finding.

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

ATTACHMENT A

COMMUNITY ACCESS - SUPPORTED LIVING

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

COMMUNITY ACCESS - SUPPORTED LIVING

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’ EVALUATION OF CASL’S RESPONSE

DDS evaluated CASL’s written response to the draft audit report and determined that CASL did not expressly disagree with Finding 1 but provided additional documentation to support three consumers’ billings for the sample month of August 2017. Below is a summary of the vendor’s response as well as DDS’ evaluation of the vendor’s response.

Finding 1: Supported Living Service – Unsupported Billings

CASL stated in their response, *“Attached you will find schedules, time sheets and payroll journals for [consumers’ names redacted].... Please review the attached and let us know.... We have made changes to our operations as a result of your visit. We now complete monthly attendance records which assist us to bill, and Administrative Staff also are recording direct hours with clients on their timesheets consistently.”*

DDS reviewed the additional documentation to support three consumers’ billings for the sample month of August 2017. Based on the review of the additional documents, DDS determined that CASL supported an additional 92 hours of service that were previously classified as unsupported during the audit fieldwork.

Conclusion:

As a result, an adjustment of \$2,174 was made and reflected in the final audit report. DDS is requesting reimbursement of \$4,849 (\$7,203 - \$2,174) for the unsupported billings identified in this audit.