

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**COMMUNITY CONNECTIONS**

**Program:**

Supported Living Services – P21003

Audit Period: July 1, 2013, through June 30, 2014

**Audit Section**

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# COMMUNITY CONNECTIONS

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Community Connections (CC). The audit was performed upon the Supported Living Services (SLS) for the period of July 1, 2013, through June 30, 2014.

The audit disclosed the following issue of non-compliance:

### **Finding 1: Supported Living Services – Unsupported Billings**

The review of CC's SLS program, Vendor Number P21003, revealed that CC had a total of \$2,470 of unsupported billings to North Bay Regional Center (NBRC).

The total of the finding identified in this audit amounts to \$2,470 and is due back to DDS. A detailed discussion of these findings 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 CC's SLS program was compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State and Federal laws and regulations and the regional center's contract with CC for the period of July 1, 2013, through June 30, 2014.

### **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 CC, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CC'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 CC complied with the 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 NBRC that utilized CC's services during the audit period. CC 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.

## **Supported Living Services**

During the audit period, CC operated one SLS program. The audit included the review of CC's SLS program, Vendor Number P21003, Service Code 896 and testing was done for the sampled months of October 2013 and May 2014.

### **Methodology**

The following methodology was used by DDS to ensure the audit objectives were met. The methodology was designed to obtain 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, 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 Executive Director, Case Manager/Supervisor and Bookkeeper for vendor background information and to gain an understanding of the accounting procedures and financial reporting process.

## **CONCLUSION**

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

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on September 17, 2019. The finding in the report was discussed at the exit conference with [REDACTED], CC's Owner/Director; [REDACTED], Case Manager/Supervisor; and [REDACTED], Q.A. Manager on September 18, 2019.

Subsequent to the exit conference, on October 29, 2019, DDS received CC's response to the report. CC agrees with finding.

## **RESTRICTED USE**

This report is solely for the information and use of DDS, Department of Health Care Services, NBRC and CC. 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 Services – Unsupported Billings

The review of CC's SLS program, Vendor Number P21003, for the sampled months of October 2013 and May 2014 revealed that CC had unsupported billings for services that it billed to NBRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of services billed to NBRC and non-compliance with CCR, Title 17.

The individual consumers' authorizations were a monthly tier rate with a specific minimum number of hours (i.e. 240/month) that consumers were required to receive from CC for each tier. However, CC billed NBRC for the full amount applicable to each tier but did not provide the minimum corresponding required hours for the amount billed. In those instances where CC did not provide the minimum hours required per the tier, the amount billed to NBRC was prorated to calculate the unsupported number of hours billed.. The total unsupported hours billed in October 2013 and May 2014 was 91 hours which resulted in an overbilling of \$2,470 that is due back to DDS. (See Attachment A)

In addition, CC did not maintain the historical data documenting the actual delivery of service to consumers for which CC has claimed payments. Specifically, the employee's time sheets that are used to record the direct care hours of services provided do not include the place where the services were provided, and a record of services provided to each consumer. This is not in compliance with Title 17 regulations, which require that vendors maintain complete service records to support billings for each regional center consumer in sufficient detail to verify the delivery of units of service billed.

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:

“(e) All service providers’ records shall be supported by source documentation.”

**Recommendation:**

CC must reimburse to DDS \$2,470 for the unsupported billings and ensure that the number of hours billed to NBRC are consistent with the number of hours provided. In addition, CC must maintain service records documenting the actual delivery of services to consumers including the place where the services were provided and a record of services provided to each consumer.

**Vendor’s Response:**

CC stated in the response dated October 29, 2019 that CC agrees with the finding. (See Attachment B)

# **ATTACHMENT A**

## **COMMUNITY CONNECTIONS**

**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 CONNECTIONS**

**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 CC’S RESPONSE**

DDS evaluated CC’s text message response to the draft audit report and determined that CC agreed with the finding. Below is the vendor’s response as well as DDS’ evaluation of the vendor’s response.

### **Finding 1: Supported Living Services – Unsupported Billings**

CC stated via a text message that:

*“Yes, I agree with the findings. Thank you.”*

DDS response and conclusion:

Since there are no disagreements between DDS and CC regarding the audit finding, DDS made no adjustments to the draft audit report. DDS is requesting CC to reimburse \$2,470 for the unsupported billings in the final audit report.