

DEPARTMENT OF DEVELOPMENTAL SERVICES'

AUDIT OF

Tailored Living Choices, LLC

Programs and Services:

Supported Living Services – PN0473, HR0483

Crisis Intervention Facility – HR0457

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

Audit Section

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Tailored Living Choices, LLC

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Tailored Living Choices, LLC (TLC). The audit was performed upon the Supported Living Services (SLS) and Crisis Intervention Facility (CIF) for the period of July 1, 2017, through June 30, 2018.

The audit disclosed the following issue of non-compliance:

Finding 1: Supported Living Services – Unsupported Billings

The review of TLC's SLS programs, Vendor Numbers HR0483 and PN0473, revealed that TLC had a total of \$10,752 of unsupported billings to North Bay Regional Center (NBRC) and Redwood Coast Regional Center (RCRC).

The total unsupported billings amount to \$10,752 which is due back to DDS. A detailed discussion of the 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 TLC's SLS and CIF 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 TLC 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 TLC, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of TLC'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 TLC 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 four regional centers that utilized TLC's services during the audit period. DDS audited services provided to NBRC, RCRC, Golden Gate Regional Center (GGRC), and Alta California Regional Center (ACRC). These four regional centers were chosen due to the large volume of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

TLC provided seven different types of services, of which DDS audited two. Services chosen were based on the amount of POS expenditures invoiced by TLC. 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, TLC operated two SLS programs. The audit included the review of two of TLC's SLS programs, Vendor Numbers HR0483 and PN0473, SC 896 and testing was done for the sampled months of October 2017 and June 2018.

Crisis Intervention Facility

During the audit period, TLC operated one CIF program. The audit included the review of TLC's CIF program, Vendor Number HR0457, SC 090 and testing was done for the sampled months of October 2017 and June 2018.

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 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, TLC had a finding of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on November 1, 2019. The finding in the report was discussed at an exit (telephone) conference with TLC on November 7, 2019. Subsequent to the exit conference, on February 7, 2020, TLC provided a response to the draft report. TLC agreed with the finding. (See Attachment B)

RESTRICTED USE

This report is solely for the information and use of DDS, Department of Health Care Services, NBRC, RCRC, and TLC. 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 TLC's SLS programs, Vendor Numbers HR0483 and PN0473, for the sampled months of October 2017 and June 2018, revealed that TLC had unsupported billings for services billed to NBRC and RCRC.

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

TLC was not able to provide appropriate supporting documentation for 125.29 units of services billed. The lack of documentation resulted in unsupported billings to NBRC and RCRC in the amount of \$10,752 and 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 deliver 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:

TLC must reimburse to DDS \$10,752 for the unsupported billings. In addition, TLC should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NBRC and RCRC.

TLC's Response:

TLC stated in its response dated February 7, 2020, that it agreed with the finding. (See Attachment B)

ATTACHMENT A

TAILORED LIVING CHOICES, LLC

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

TAILORED LIVING CHOICES, LLC

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 TLC's RESPONSE

DDS evaluated Tailored Living Choices, LLC's (TLC) written response to the draft audit report and determined that TLC agreed with the finding. TLC explained that the tier rates that were in place for some consumers during the audit period caused billing issues. TLC further stated that NBRC has since changed the tier rates to hourly rates. (See Attachment B)