

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**Burbank Center for the Retarded (BCR)**

**Programs and Services:**

Supplemental Day Services Program Support – PD1395, PD2969

Activity Center – H00324

Child Day Care – H00323

Adult Day Care – H00323, HD0406

Audit Period: July 1, 2017, through June 30, 2019

**Audit Section**

**Auditors:** Mike Masui, Chief of Vendor Audit Unit  
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# Burbank Center for the Retarded

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Burbank Center for the Retarded (BCR). The audit was performed upon the Supplemental Day Services Program Support (SDSPS), Activity Center (AC), Child Day Care (CDC), and Adult Day Care (ADC) for the period of July 1, 2017, through June 30, 2019.

The audit disclosed the following issues of non-compliance:

### **Finding 1: Activity Center – Unsupported Billings**

The review of BCR's AC program, Vendor Number H00324, revealed that BCR had a total of \$4,053 of unsupported billings to Frank D. Lanterman Regional Center (FDLRC) and North Los Angeles County Regional Center (NLACRC).

### **Finding 2: Adult Day Care – Unsupported Billings**

The review of BCR's ADC programs, Vendor Numbers H00323 and HD0406, revealed that BCR had a total of \$976 of unsupported billings to Frank D. Lanterman Regional Center (FDLRC) and North Los Angeles County Regional Center (NLACRC).

The total of the findings identified in this audit amounts to \$5,029, which 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 BCR's 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 BCR for the period of July 1, 2017, through June 30, 2019.

### **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 BCR, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of BCR'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 BCR 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 three regional centers that utilized BCR's services during the audit period. DDS audited services provided to Frank D. Lanterman Regional Center (FDLRC), North Los Angeles County Regional Center (NLACRC), and San Gabriel Pomona Regional Center (SGPRC). These three regional centers were chosen due to the large volume of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

BCR provided five different types of services, of which DDS audited four. Services chosen were based on the amount of POS expenditures invoiced by BCR. 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 three-month sample period would be sufficient to fulfill the audit objectives.

### **Supplemental Day Services Program Support**

During the audit period, BCR operated two SDSPS programs. The audit included the review of two of BCR's SDSPS programs, Vendor Numbers PD1395 and PD2969, SC 110 and testing was done for the sampled months of October 2017, March 2018, and April 2019.

### **Activity Center Program**

During the audit period, BCR operated one AC program. The audit included the review of BCR's AC program, Vendor Number H00324, SC 505 and testing was done for the sampled months of October 2017, March 2018, and April 2019.

### **Child Day Care Program**

During the audit period, BCR operated one CDC program. The audit included the review of BCR's CDC program, Vendor Number H00323, SC 851 and testing was done for the sampled months of October 2017, March 2018, and April 2019.

### **Adult Day Care Program**

During the audit period, BCR operated two ADC programs. The audit included the review of two of BCR's ADC programs, Vendor Numbers H00323 and HD0406, SC 855 and testing was done for the sampled months of October 2017, March 2018, and April 2019.

### **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 centers.
- 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 and Program Supervisor, 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, BCR had findings of non-compliance with the requirements of CCR, Title 17.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on August 9, 2021. The findings in the report were discussed at an exit conference via Microsoft Teams with BCR on August 18, 2021. Subsequent to the exit conference, on August 30, 2021, BCR provided an email response to the draft report agreeing with the audit finding.

## **RESTRICTED USE**

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

## FINDINGS AND RECOMMENDATIONS

### Finding 1: Activity Center – Unsupported Billings

The review of BCR's AC program, Vendor Number H00324, for the sampled months of October 2017, March 2018, and April 2019, revealed that BCR had unsupported billings for services billed to FDLRC and NLACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to FDLRC and NLACRC and non-compliance with the CCR, Title 17.

DDS reviewed the daily and weekly attendance sheets as well as the sign-in and sign-out timesheets and compared the days of service documented on the attendance sheets to those billed to FDLRC and NLACRC. DDS noted that 87 fewer days of service were reflected in the attendance sheets than were billed to FDLRC and NLACRC.

BCR was not able to provide appropriate supporting documentation for 87 days of services billed. The lack of documentation resulted in unsupported billings to BCR in the amount of \$4,053, 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:**

BCR must reimburse to DDS \$4,053 for the unsupported billings. In addition, BCR should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to FDLRC and NLACRC.

**BCR's Response:**

BCR stated in its response dated August 30, 2021, that it agreed with the finding. See Attachment B for the full text of BCR's response to the draft audit report and Attachment C for DDS' evaluation of BCR's response.

**Finding 2: Adult Day Care – Unsupported Billings**

The review of BCR's ADC programs, Vendor Numbers H00323 and HD0406, for the sampled months of October 2017, March 2018, and April 2019, revealed that BCR had unsupported billings for services billed to FDLRC, and NLACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to FDLRC, NLACRC and non-compliance with the CCR, Title 17.

DDS reviewed the daily and weekly attendance sheets as well as the sign-in and sign-out timesheets and compared the hours of service documented on the attendance sheets to those billed to FDLRC and NLACRC. DDS noted that 130 fewer hours of service were reflected in the attendance sheets than were billed to FDLRC and NLACRC.

BCR was not able to provide appropriate supporting documentation for 130 hours of services billed. The lack of documentation resulted in unsupported billings to BCR in the amount of \$976, 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."

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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:**

BCR must reimburse to DDS \$976 for the unsupported billings. In addition, BCR should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to FDLRC and NLACRC.

### **BCR's Response:**

BCR stated in its response dated August 30, 2021, that it agreed with the finding. See Attachment B for the full text of BCR's response to the draft audit report and Attachment C for DDS' evaluation of BCR's response.

# **ATTACHMENT A**

## **BURBANK CENTER FOR THE RETARDED**

**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**

### **BURBANK CENTER FOR THE RETARDED**

**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 BCR’S RESPONSE**

DDS evaluated BCR’s written response to the draft audit report and determined that BCR agreed with the findings.