DEPARTMENT OF DEVELOPMENTAL SERVICES'

AUDIT OF

HOME 2 U, LLC.

Programs:

Residential Facility Adults Staff Operated –HX0569, HX0571, HX0513, HX0562, HX0813, HX0717, HX0719, HX0843

Personal and Incidental Expense – HX0513, HX0562, HX0569, HX0571, HX0719, HX0813, HX0843

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

Audit Section

Auditors: Alimou Diallo, Supervisor
Paul Huang, Auditor

HOME 2 U, LLC.

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 H2U’s RESPONSE 9

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Home 2 U, LLC. (H2U). The audit was performed upon the Residential Facility (RF) program and Personal and Incidental Expense program (P&I) for the period of July 1, 2017, through June 30, 2018.

The audit disclosed the following issue of non-compliance:

Finding 1: **Residential Facility – Overbillings**

The review of H2U's RF program, Vendor Number HX0717, revealed that H2U had a total of $5,915 of overbillings to South Central Los Angeles Regional Center (SCLARC).

The total of the finding identified in this audit amounts to $5,915 and 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 H2U's RF and P&I program were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State and Federal laws and regulation and the regional centers' contracts with H2U 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 H2U, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of H2U'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 H2U 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 three regional centers that utilized H2U's services during the audit period. DDS audited services provided to SCLARC, San Diego Regional Center (SDRC) and Harbor Regional Center (HRC).

H2U provided four different types of services, of which DDS audited two. Services chosen by DDS were based on the amount of purchase of services (POS) expenditures invoiced by H2U. 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.

Residential Facility Adults Staff Operated

During the audit period, H2U operated eight RF programs. The audit included the review of eight of H2U's RF programs, Vendor Numbers HX0569, HX0571, HX0513, HX0562, HX0813, HX0717, HX0719, HX0843, SC 915 and testing was done for the sampled months of July 2017 and June 2018.

Personal and Incidental Expense

During the audit period, H2U operated seven P&I programs. The audit included the review of seven of H2U's P&I programs, Vendor Numbers HX0513, HX0562, HX0569, HX0571, HX0719, HX0813, HX0843, SC 400 and testing was done for the sampled months of July 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 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 a sample of consumer's P&I records with vendor bank statements.

CONCLUSION

Based upon item identified in the Finding and Recommendation section, H2U had finding of non-compliance with the requirements of CCR, Title 17 and W&I Code.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on March 18, 2021. The finding in the report was discussed at an exit (Zoom) conference with H2U on March 26, 2021. After the exit conference, on May 6, 2021, H2U provided a response stating that H2U agreed with the finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Residential Facility – Overbillings

The review H2U's RF programs, Vendor Numbers HX0717 for the sampled month of July 2017, revealed that H2U had overbillings for services billed to SCLARC. Overbillings occurred due to a failure to adjust the billing when a consumer was absent from the facility for 28 days.

DDS reviewed the Consumer monthly attendance records, Payroll Register and compared the days in the Consumer monthly attendance records to the days billed to SCLARC. If a consumer was absent from the facility 14 days or less, the monthly amount may be billed so long as no other consumer resides in their room. However, for the two sampled months, DDS noted that H2U billed for days of service when the consumer was absent from the facility more than 14 days. H2U overbilled SCLARC for a total of 28 days. This resulted in an overbilled amount of $5,915 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 56917(h)(1) and (i) states:

"(h) The established rate shall be paid for the full month when the consumer is temporarily absent from the facility 14 days or less per month.

(1) When the consumer's temporary absence is due to the need for inpatient care in a health facility as defined in Health and Safety Code Section 1250(a), (b) or (c) the regional center shall continue to pay the established rate as long as no other consumer occupies the vacancy created by the consumer's temporary absence, or until the ID Team has determined that the consumer will not return to the facility.

(i) The established rate shall be prorated for a partial month of service in all other cases by dividing the established rate by 30.44, then multiplying by the number of days the consumer resided in the facility."

Recommendation:

H2U must reimburse to DDS $5,915 for the overbillings. In addition, H2U should ensure the established rate is adjusted when the consumers are absent from the facility more than 14 days and bill SCLARC accordingly.

VENDOR'S Response:

H2U stated in the response, dated May 6, 2021, that H2U agreed with the finding. (See Attachment B)

ATTACHMENT A

HOME 2 U, 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

HOME 2 U, 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 H2U's RESPONSE

H2U's response dated May 6, 2021, to the draft audit report stated H2U agreed with the finding. Therefore, DDS is requesting reimbursement of $5,915 for the unsupported billings identified in this audit.