

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
PARTNERSHIP PROJECT INC., DBA COMMUNITY BUILDERS

Program and Services:

Supported Living Services – SV0004

Parental Support Services – PV0372

Audit Period: July 1, 2015, through June 30, 2017

Audit Section

Auditors: Michael Masui, Chief of Vendor Audit Unit
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PARTNERSHIP PROJECT INC., DBA COMMUNITY BUILDERS

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Partnership Project Inc., dba Community Builders (CB). The audit was performed upon the Supported Living Services (SLS) and Parenting Support Services (PSS) for the period of July 1, 2015, through June 30, 2017.

The audit disclosed the following issues of non-compliance:

Finding 1: Supported Living Services – Unsupported Billings

The review of CB's SLS program, Vendor Number SV0004, revealed that CB had a total of \$6,158 of unsupported billings to Valley Mountain Regional Center (VMRC).

Finding 2: Parenting Support Services – Unsupported Billings

The review of CB's PSS program, Vendor Number PV0372, revealed that CB had a total of \$1,464 of unsupported billings to VMRC.

The total of the findings identified in this audit amounts to \$7,622, 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 CB's SLS and PSS 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 CB for the period of July 1, 2015, through June 30, 2017.

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 CB, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CB'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 CB 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 VMRC that utilized CB's services during the audit period. CB provided three 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 CB. 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, CB operated one SLS program. The audit included the review of Vendor Number SV0004, Service Code (SC) 896 and testing was done for the sampled months of November 2015 and April 2017.

Parenting Support Services

During the audit period, CB operated one PSS program. The audit included the review of Vendor Number PV0372, SC 108 and testing was done for the sampled months of November 2015 and April 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 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 items identified in the Findings and Recommendations section, CB had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on August 31, 2020. The areas of review and conclusion of the audit were discussed in an exit conference with [REDACTED], President of CB, on September 8, 2020. [REDACTED] responded via email on September 8, 2020, that CB agreed with the conclusion of the audit report.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Supported Living Services – Unsupported Billings

The review of CB's SLS program, Vendor Number SV0004, for the sampled months of November 2015 and April 2017, revealed that CB had unsupported billings for services billed to VMRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to VMRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the Service Records, Daily Work Records and Contact Logs and compared those hours to the direct care service hours billed to VMRC. DDS noted that the direct care service hours on the Service Records, Daily Work Records and Contact Logs which were reconciled to payroll were 98 hours less than the direct care service hours billed to VMRC. In addition, CB billed 95 direct care service hours for employee travel between consumers.

CB was not able to provide appropriate supporting documentation for 193 hours of services billed. The lack of documentation resulted in unsupported billings to VMRC in the amount of \$6,158, 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 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:

CB must reimburse to DDS \$6,158 for the unsupported billings. In addition, CB should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to VMRC.

CB’s Response:

██████████, President of CB, submitted a response on September 8, 2020, stating that CB accepted the finding and does not dispute it.

See Attachment B for the full text of CB’s response to the draft audit report and Attachment C for DDS’ evaluation of CB’s response.

Finding 2: Parenting Support Services – Unsupported Billings

The review of CB’s PSS program, Vendor Number PV0372, for the sampled months of November 2015 and April 2017, revealed that CB had unsupported billings for services billed to VMRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to VMRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the Service Records, Daily Work Records and Contact Logs and compared those hours to the direct care service hours billed to VMRC. DDS noted that the direct care service hours on the Service Records, Daily Work Records and Contact Logs which were reconciled to payroll were 24 hours less than the direct care service hours billed to VMRC. In addition, CB billed 25 direct care service hours for employee travel between consumers.

CB was not able to provide appropriate supporting documentation for 49 hours of services billed. The lack of documentation resulted in unsupported billings to VMRC in the amount of \$1,464, 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 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:

CB must reimburse to DDS \$1,464 for the unsupported billings. In addition, CB should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to VMRC.

CB’s Response:

██████████, President of CB, submitted a response on September 8, 2020, stating that CB accepted the finding and does not dispute it.

See Attachment B for the full text of CB’s response to the draft audit report and Attachment C for DDS’ evaluation of CB’s response.

ATTACHMENT A

PARTNERSHIP PROJECT INC., DBA COMMUNITY BUILDERS

To request a copy of the attachment for this audit report, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENTS B – VENDOR’S RESPONSE

PARTNERSHIP PROJECT INC., DBA COMMUNITY BUILDERS

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 CB’S RESPONSE

DDS evaluated CB’s response, dated September 8, 2020 to the draft audit report and determined that CB did not disagree with the draft audit report findings. CB agreed to refund DDS the amount identified in the draft audit report.