

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
EMPOWER COMMUNITY DAY PROGRAM

Programs

Adult Development Center – HM0231

Transportation – Additional Component – HM0236

Audit Period: July 1, 2019, through June 30, 2020

Audit Section

Auditors: Alimou Diallo, Acting Chief of Vendor Audit Unit
Ermias Tecele, Supervisor
Jardine Monteur, Auditor

EMPOWER COMMUNITY DAY PROGRAM

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 ECDP’s RESPONSE	9

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Empower Community Day Program (ECDP). The audit was performed upon the Adult Development Center (ADC) and Transportation - Additional Component (TAC) for the period of July 1, 2019, through June 30, 2020.

The audit disclosed the following issue of non-compliance:

Finding 1: Adult Development Center – Unsupported Billings

The review of ECDP's ADC program, Vendor Number HM0231, revealed that ECDP had a total of \$1,530 of unsupported billings to Regional Center of Orange County (RCOC).

The total of the finding identified in this audit amounts to \$1,530, which 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 ECDP'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 ECDP for the period of July 1, 2019, through June 30, 2020.

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 ECDP, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of ECDP'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 ECDP 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 provided to two regional centers that utilized ECDP's services during the audit period. DDS audited services provided to Harbor Regional Center and Regional Center of Orange County. These two regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

ECDP provided two different types of services, of which DDS audited two. Services chosen were based on the amount of POS expenditures invoiced by ECDP. 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.

ADULT DEVELOPMENT CENTER

During the audit period, ECDP operated one ADC program. The audit included the review of one ECDP's ADC program, Vendor Number HM0231, Service Code 510 and testing was done for the sampled months of October 2019 and November 2019.

TRANSPORTATION – ADDITIONAL COMPONENT

During the audit period, ECDP operated one TAC program. The audit included the review of one ECDP's TAC program, Vendor Number HM0236, Service Code 880 and testing was done for the sampled months of October 2019 and November 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 finding and conclusion 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, Administrator and Program Directors, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on Tuesday, May 31, 2022. The finding in the report were discussed during an exit conference via Microsoft Teams with ECDP on Friday, June 10, 2022. DDS received ECDP's written response to the draft audit report via email on Thursday, July 7, 2022. ECDP stated the ECDP accepts the finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Adult Development Center – Unsupported Billings

The review of ECDP's ADC program, Vendor Number HM0231, for the sampled months of October 2019 and November 2019, revealed that ECDP had unsupported billings for services billed to RCOC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCOC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service days documented on the Consumer Attendance Sheet. The number of days documented were cross referenced to the Consumer sign-in and sign-out Logs and to days billed to RCOC. DDS further reconciled the staff hours to the payroll records and determined that the direct care service days on the Consumer Attendance Sheet were 25 days less than the direct care service days billed to RCOC. ECDP was not able to provide appropriate supporting documentation for the 25 direct care service days billed. The lack of documentation resulted in unsupported billings to RCOC in the amount of \$1,530, 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:

ECDP must reimburse to DDS \$1,530, for the unsupported billings. In addition, ECDP should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCOC.

VENDOR'S Response:

ECDP stated in its response dated Thursday, July 7, 2022, that ECDP agreed with the finding. (Attachment B)

ATTACHMENT A

EMPOWER COMMUNITY DAY PROGRAM

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

EMPOWER COMMUNITY DAY PROGRAM

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 ECDP’S RESPONSE

DDS evaluated ECDP’s written response to the draft audit report and determined that ECDP agreed with the finding. ECDP does not desire to challenge nor dispute the finding and feels the finding is a correct and fair assessment and wants to finalize the audit. ECDP will submit payment in full upon receipt of the final report.