

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
HERE'S THE DEAL (HTD)

Program and Services:

Personal Assistance – PF0665

Independent Living Program – HF0125

Supported Living Services – PF0665

Purchase Reimbursement – PF0665

Audit Period: July 1, 2019, through June 30, 2021

Audit Section

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HERE'S THE DEAL (HTD)

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Here's The Deal (HTD). The audit was performed upon the Personal Assistance, Independent Living Program, Supported Living Services for the period of July 1, 2019, through June 30, 2021.

The audit disclosed the following issue of non-compliance.

Finding 1. Personal Assistance – Unsupported Billings

The review of HTD's Personal Assistance, Vendor Number PF0665 revealed that HTD had a total of \$2,214 of unsupported billings to Far Northern Regional Center (FNRC).

The total of the finding identified in this audit amounts to \$2,214 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 HTD's program was 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 HTD for the period of July 1, 2019, through June 30, 2021.

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 HTD, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of HTD'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 HTD 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 Far Northern Regional Center (FNRC) that utilized HTD's services during the audit period. HTD provided four different types of services, of which DDS audited three. Services chosen by DDS were based on the amount of purchase of service (POS) expenditures invoiced by HTD. 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.

Personal Assistance

During the audit period, HTD operated one Personal Assistance. The audit included the review of HTD's Personal Assistance, Vendor Number PF0665, SC 062 and testing was done for the sampled months of September 2019 and March 2020.

Independent Living Program

During the audit period, HTD operated one Independent Living Program. The audit included the review of HTD's Independent Living Program, Vendor Number HF0125, SC 520 and testing was done for the sampled months of September 2019 and March 2020.

Supported Living Services

During the audit period, HTD operated one Supported Living Services. The audit included the review of HTD's Supported Living Services, Vendor Number PF0665, SC 896 and testing was done for the sampled months of September 2019 and March 2020.

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 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 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.

- Interviewed the vendor's Chief Executive Officer (CEO), Office Manager and bookkeeper 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, HTD had a finding of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on August 17, 2022. The finding in the report was discussed at an exit conference via ZOOM with HTD on August 25, 2022. Subsequent to the exit conference, on August 25, 2022, HTD submitted a response via e-mail to the draft report stating that HTD agreed with the finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Personal Assistance – Unsupported Billings

The review of HTD's Personal Assistance, Vendor Number PF0665, for the sampled months of September 2019 and March 2020, revealed that HTD had unsupported billings for services billed to FNRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to FNRC and noncompliance with CCR Title 17.

DDS reviewed the direct care service hours documented on the HTD's Timecard, Services Monthly Billing Form, Personal Attendant Monthly Billing Form, Mileage Form, and payroll records and compared those hours and mileage to the direct care service hours and mileage billed to FNRC. DDS noted that the direct care service hours and mileage on the source documents and payroll records were 102 hours less than the direct care service hours billed to FNRC and the mileages were 316 miles less than the mileages billed to FNRC.

There were 55 hours of unsupported billings and 47 overlapping hours billed to FNRC for a total of 102 hours. The overlapping hours occurred when two or more direct care staff billed for services that were provided at the same time and date for one consumer that was only authorized service of one direct care staff. Interview with the CEO revealed that these are shadowing or training hours, hence these hours were disallowed as direct care service hours. The lack of documentation and the overlapping hours resulted in unsupported billings to FNRC in the amount of \$2,214, 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:

HTD must reimburse to DDS \$2,214 for the unsupported billings. In addition, HTD should comply with CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to FNRC.

Vendor’s Response:

HTD stated in the response, dated August 25, 2022, that HTD agreed with the finding. See Attachment B for HTD’s response to the draft report and Attachment C for DDS’ Evaluation of HTD’s response.

ATTACHMENT A

HERE'S THE DEAL

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

HERE’S THE DEAL

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 HTD’S RESPONSE

DDS evaluated HTD’s written response to the draft audit report, dated August 17, 2022, and determined that HTD agreed with the finding.