

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
INDEPENDENCE FOR LIFE CHOICES, INC.

Programs and Services:

Supported Living Services – HQ0091

Independent Living Program – H50131

Personal Assistance – PY0580

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

Audit Section

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INDEPENDENCE FOR LIFE CHOICES, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Independence for Life Choices, Inc. (IFLC). The audit was performed upon the Supported Living Services (SLS), Independent Living Program (ILP) and Personal Assistance (PA) program for the period of July 1, 2017, through June 30, 2018.

The audit disclosed the following issue of non-compliance:

Finding: Supported Living Services – Unsupported Billings

The review of IFLC's SLS, Vendor Number HQ0091, revealed that IFLC had a total of \$19,028 of unsupported billings to San Diego Regional Center (SDRC).

The total of the finding identified in this audit amounts to \$19,028, 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 IFLC'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 IFLC 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 IFLC, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of IFLC'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 IFLC 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 SDRC that utilized IFLC's services during the audit period. IFLC provided three types of services, and DDS audited all three. Services chosen by DDS were based on the amount of purchase of services (POS) expenditures invoiced by IFLC. 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, IFLC operated one SLS program. The audit included the review of IFLC's SLS program, Vendor Number HQ0091, SC 896 and testing was done for the sampled months of January and February 2018.

Independent Living Program

During the audit period, IFLC operated one ILP program. The audit included the review of IFLC's ILP program, Vendor Number H50131, SC 520 and testing was done for the sampled months of January and February 2018.

Personal Assistance

During the audit period, IFLC operated one PA program. The audit included the review of IFLC's PA program, Vendor Number PY0580, SC 062 and testing was done for the sampled months of January and February 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 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.

CONCLUSION

Based upon the item identified in the Finding and Recommendation section, IFLC had one finding 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 finding in the report was discussed during an exit conference with IFLC, on September 10, 2020. DDS received IFLC's response on September 15, 2020. IFLC accepts the draft audit finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding: Supported Living Services – Unsupported Billings

The review of IFLC’s SLS program, Vendor Number HQ0091, for the sampled months of January and February 2018, revealed that IFLC had unsupported billings for services billed to SDRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to SDRC and non-compliance with the CCR, Title 17.

DDS reviewed IFLC’s direct care service hours documented on the employee’s Hourly Timecard (HTC) and compared those to the required direct care service hours identified in the consumer’s Individual Supported Living Plan and/or Individual Program Plan. DDS noted that the direct care service hours on the HTC which were reconciled to payroll did not support the required direct care service hours to bill for the monthly unit

IFLC was not able to provide appropriate supporting documentation for 1,026 hours of services billed. The lack of documentation resulted in unsupported billings to SDRC in the amount of \$19,028, 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:

IFLC must reimburse to DDS \$19,028 for the unsupported billings. In addition, IFLC should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to SDRC.

IFLC's Response:

In the response dated September 15, 2020, IFLC accepted the finding.
(See Attachment B)

ATTACHMENT A

INDEPENDENCE FOR LIFE CHOICES, INC.

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

INDEPENDENCE FOR LIFE CHOICES, INC.

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 IFLC’S RESPONSE

DDS evaluated IFLC’s response dated September 15, 2020 to the draft audit report and determined that IFLC accepted the draft audit report finding.