

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
KIDANGO, INC. (KNG)

Program and Services:

Infant Development Program – H38389, H38388, HB0987, HB0986
HB1065, HS0987, HS1100

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

Audit Section

Auditors: Alimou Diallo, Acting Chief of Vendor Audit Unit
Wilfredo Golez, Auditor

KIDANGO, INC. (KNG)

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 KNG’ RESPONSE	9

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Kidango, Inc. (KNG). The audit was performed upon the Infant Development Program for the period of July 1, 2019, through June 30, 2020.

The audit disclosed the following issue of non-compliance.

Finding 1: Infant Development Program – Unsupported Billings

The review of KNG's IDP, Vendor Numbers H38389, H38388, HB0987, HS0987 revealed that KNG had a total of \$4,547 of unsupported billings to Regional Center of the East Bay (RCEB) and San Andreas Regional Center (SARC).

The total of the finding identified in this audit amounts to \$4,547 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 KNG'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 KNG 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 KNG, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of KNG'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 KNG 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 program provided to Regional Center of the East Bay (RCEB) and San Andreas Regional Center (SARC) that utilized KNG's services during the audit period. KNG provided one type of program, which DDS audited. 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.

Infant Development Program

During the audit period, KNG operated seven Infant Development Programs. The audit included the review of seven of KNG's Infant Development Programs, Vendor Numbers H38389, H38388, HB0987, HB0986, HB1065, HS0987, HS1100, SC 805 and testing was done for the sampled months of August 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 findings and conclusions 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 Financial Officer, Director of Finance, Director of Early Intervention Services, 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, KNG 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 4, 2021. The finding in the report was discussed at an exit conference via ZOOM with KNG on August 10, 2021. Subsequent to the exit conference, on September 21, 2021, KNG sent an e-mail stating that KNG “approved/accepted the document.”

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Infant Development Program – Unsupported Billings

The review of KNG's IDP, Vendor Numbers H38389, H38388, HB0987, HS0987, for the sample months of August 2019 and March 2020, revealed that KNG had unsupported billings for services billed to RCEB and SARC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCEB and SARC and non-compliance with CCR Title 17.

KNG is paid an hourly rate for the "In-Home and Site-based" Infant Development program service hours based on the specific needs of the consumer. For the two sampled months, DDS' review of Home Visit Records (HVR), Electronic Notes, Sign-In/out Sheets and payroll documentation found that a total of 60 hours were not supported by the HVR, Sign-in/out sheets or payroll records. KNG was not able to provide appropriate supporting documentation for 60 hours of services billed. As a result, the total unsupported direct service hours of 60, multiplied by the authorized hourly rate, amounts to \$4,547, 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:

KNG must reimburse to DDS \$4,547 for the unsupported billings. In addition, KNG should comply with CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCEB and SARC.

Vendor’s Response:

KNG stated in the response, dated September 21, 2021, that KNG has received and accepted the document. See Attachment B for KNG’s email response and Attachment C for DDS’ Evaluation of KNG’s response.

ATTACHMENT A

KIDANGO, 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

KIDANGO, 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 KNG’ RESPONSE

DDS evaluated KNG’ e-mail response, dated September 21, 2021, to the draft audit report and determined that KNG does not appear to disagree with Finding 1. Below is the summary of the vendor’s response as well as DDS’ evaluation of the vendor’s response.

Finding 1: Infant Development Program – Unsupported Billings

“Thank you so much for sending the final audit report. We have received and approve of the document.”

DDS reviewed the e-mail response and determined that KNG did not refute the audit finding or submit any new or additional information in their response to warrant any adjustment to the draft audit.

Conclusion

Since no new information was provided to warrant any adjustment, DDS is requesting reimbursement of \$4,547 for the unsupported billings identified in this audit. An invoice for the total amount of the audit finding of \$4,547 is enclosed in the final audit report.