

DEPARTMENT OF DEVELOPMENTAL SERVICES'

AUDIT OF

**[REDACTED] Teresita's Adult Residential Facility
Vendor Number HB1105**

Programs and Services:

Enhanced Behavioral Supports Home-Facility Component – Service Code 900

Enhanced Behavioral Supports Home-Individualized Services and Supports Component –
Service Code 901

Audit Period: December 1, 2018, through July 31, 2020

Audit Section

Auditors: Soi Ly, Chief of Internal Audit Unit
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TERESITA'S ADULT RESIDENTIAL FACILITY

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited [REDACTED] Teresita's Adult Residential Facility (Teresita's ARF). The audit was performed upon the Enhanced Behavioral Supports Home-Facility Component (EBSH-Facility Component) and Enhanced Behavioral Supports Home-Individualized Services and Supports Component (EBSH-ISSC) for the period of December 1, 2018, through July 31, 2020.

The audit disclosed the following issue of non-compliance:

Finding 1: Incorrect Rate Calculation

The review of Teresita ARF's EBSH-ISSC program, Service Code 901, revealed a miscalculation in the approved Rate Development-Individual Cost Associated with Residency forms (DS 6024), for two consumers, which resulted in overbillings to the Regional Center of East Bay (RCEB) totaling \$439,364.

The total of the findings identified in this audit amounts to \$439,364, 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 contractors. Pursuant to the Welfare and Institutions (W&I) Code, Section 4648.1, DDS has the authority to audit those service providers and contractors that provide services and supports to persons with developmental disabilities.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

The audit was conducted to determine whether Teresita's ARF'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 Teresita's ARF for the period of December 1, 2018, through July 31, 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 Teresita's ARF, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of Teresita's ARF 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 Teresita's ARF 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 and services provided to RCEB that utilized Teresita's ARF's services during the audit period. Teresita's ARF receives funding for providing two type of services, individualized services and the facility component, which were audited by DDS. By analyzing the information received during a pre-audit meeting with the vendor, reviewing the internal control questionnaire, and conducting a risk analysis, it was determined that a two-month sample period would be sufficient to fulfill the audit objectives.

EBSH-Facility Component

During the audit period, Teresita's ARF operated one EBSH – Facility Component program. The audit included the review of Teresita's ARF's EBSH – Facility Component, Vendor Number HB1105, Service Code (SC) 900 and testing was done for the sampled months of February and November 2019.

EBSH-Individualized Services and Supports Component

During the audit period, Teresita's ARF operated one EBSH – ISSC program. The audit included the review of Teresita's ARF's EBSH – ISSC, Vendor Number HB1105, SC 901 and testing was done for the sampled months of February and November 2019. The review identified significant amounts of double billings for the two sampled months. As a result, the testing was expanded to include December 1, 2018, through July 31, 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 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 to determine the vendor's costs.

CONCLUSION

Based upon the item identified in the Finding and Recommendation section, Teresita's ARF had a finding of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on June 7, 2022. The finding in the report was discussed during an exit conference with Teresita's ARF, on June 14, 2022. DDS received Teresita's ARF's response on June 21, 2022. Teresita's ARF agreed with the finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Incorrect Rate Calculation

The review of Teresita ARF's EBSH-ISSC program, Service Code 901, revealed a miscalculation in the approved DS 6024 forms for two consumers. These forms are used to establish the monthly billable service amount for each consumer.

The review identified miscalculations in Section C2 – Payroll Taxes, Workers, Compensation, and Fringe Benefits, of the DS 6024 forms for two consumers. The amount in Section C2 was added twice in the approved DS 6024 forms which resulted in overbilling from December 2018 through July 2020. The calculation error resulted in overbillings to RCEB totaling \$439,364. (See Attachment A)

W&I Code, Section 4648.1(e)(1)(2) 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.
- (2) The rate paid is based on inaccurate data submitted by the provider on a provider cost statement. Any funds so recovered shall be remitted to the department.”

CCR, Title 17, Section 54326(a)(10) states:

“(a) All vendors shall: ...

- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

Recommendation:

Teresita's ARF must reimburse to DDS \$439,364 for the overbillings. In addition, Teresita's ARF should review the current approved DS 6024 forms for accuracy and report any calculation errors to the RCEB for corrections.

Vendor's Response:

In the response dated June 21, 2022, Teresita's ARF agreed with the finding. (See Attachment B)

ATTACHMENT A

TERESITA'S ADULT RESIDENTIAL FACILITY

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

TERESITA’S ADULT RESIDENTIAL FACILITY

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 TERESITA’S ARF’S RESPONSE

DDS evaluated Teresita’s ARF’s response, dated June 21, 2022, to the draft audit report and determined that Teresita’s ARF agreed with the draft audit report finding.