

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**BRIGHT FUTURES RESIDENTIAL**

**Programs and Services:**

DSS Licensed - Specialized Residential Facility (Habilitation) – Vendor Numbers HV0427 and HV0428

Supplemental Residential Program Support – Vendor Number PV1586

Audit Period: July 1, 2018 through June 30, 2019

**Audit Section**

**Auditors:** Alimou Diallo, Chief of Vendor Audit Unit  
Grace Gwarada, Supervisor  
Rafael Mercado, Auditor

# BRIGHT FUTURES RESIDENTIAL

## 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
FINDINGS AND RECOMMENDATIONS.....	5
ATTACHMENT A.....	8
ATTACHMENT B – VENDOR’S RESPONSE .....	9
ATTACHMENT C – DDS’ EVALUATION OF BFR’s RESPONSE .....	10

## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Bright Futures Residential (BFR). The audit was performed upon the DSS Licensed - Specialized Residential Facility (Habilitation) (SRF) and Supplemental Residential Program Support (SRPS) programs for the period of July 1, 2018, through June 30, 2019.

The audit disclosed the following issues of non-compliance:

**Finding 1: DSS Licensed - Specialized Residential Facility (Habilitation) (SRF) - Unsupported Staffing Hours**

The review of BFR 's SRF's program, Vendor Numbers HV0427 and HV0428 revealed that BFR had unsupported staffing levels, which resulted in a total of \$7,896 of overpayments of services billed to Valley Mountain Regional Center (VMRC).

**Finding 2: Supplemental Residential Program Support - Unsupported Staffing Hours**

The review of BFR's SRPS program, Vendor Number PV1586, revealed that BFR had unsupported staffing levels, which resulted in a total of \$1,739 of overpayments of services billed to VMRC.

The total of the findings identified in this audit amounts to \$9,635 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/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 BFR'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 BFR for the period of July 1, 2018, through June 30, 2019.

### **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 BFR, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of BFR'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 BFR 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 VMRC that utilized BFR's services during the audit period. BFR provided two types of services, of which DDS audited. Services chosen by DDS were based on the amount of POS expenditures invoiced by BFR. 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.

## **DSS Licensed - Specialized Residential Facility (Habilitation)**

During the audit period, BFR operated two SRF programs. The audit included the review of the two programs, Vendor Numbers HV0427 and HV0428, SC 113 and testing was done for the sampled months of December 2018 and June 2019.

## **Supplemental Residential Program Support**

During the audit period, BFR operated one SRPS program. The audit included the review of the SRPS program, Vendor Number PV1586, SC 109 and testing was done for the sampled months of December 2018 and June 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 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.
- Interviewed the vendor's Executive Director, Administrator, and House Manager, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

## **CONCLUSION**

Based upon items identified in the Findings and Recommendations section, BFR had findings of non-compliance with the requirements of CCR, Title 17.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on January 11, 2023. The findings in the report were discussed at a Microsoft Teams exit conference with BFR on January 31, 2023. Subsequent to the exit conference, on March 2, 2023, BFR provided an email response to the draft report disagreeing with all the audit findings.

## **RESTRICTED USE**

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

## FINDINGS AND RECOMMENDATIONS

### Finding 1: DSS Licensed - Specialized Residential Facility (Habilitation) - Unsupported Staffing Hours

The review of BFR's SRF programs, Vendor Numbers HV0427 and HV0428, for the sampled months of December 2018 and June 2019, revealed that BFR did not meet the required Direct Care Staff (DCS) staffing requirements per BFR's contract with VMRC.

BFR's contract with VMRC, for a facility with five residents, required BFR to provide a minimum of 420 hours of Direct Care Staff (DCS) hours per week. For December 2018 and June 2019, BFR was required to provide a total of 6,431 DCS hours for the two months. However, BFR was not able to provide 528 of the required hours of services billed to VMRC. The underprovided DCS hours resulted in overpayments of services billed to VMRC in the amount of \$7,896, 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.”

BFR's Contract with VMRC, Paragraph I states in part:

"Contractor under this agreement is obligated to the following service delivery model:

- 2) Staffing Ratios and Consumer Supervision - at a ratio to meet consumer supervision needs, 252 hours of additional weekly direct care staffing above the required 24-hour staff person; one (1) awake-night staff."

**Recommendation:**

BFR must reimburse to DDS \$7,896 for the unsupported billings. In addition, BFR should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to VMRC.

**Vendor's Response:**

BFR stated in its response dated March 2, 2023, that it disagreed with the amount owed. However, BFR further stated that it will remit the finding amount to DDS. See Attachment B for the full text of BFR's response to the draft audit report and Attachment C for DDS' evaluation of BFR's response.

**Finding 2: Supplemental Residential Program Support – Unsupported Staffing Hours**

The review of BFR's SRPS' program, Vendor Numbers PV1586 for the sampled months of December 2018 and June 2019, revealed that BFR did not meet the required staffing levels for the SRPS program.

DDS reviewed the patch funding sheets, DCS' payroll records and time sheets and noted that BFR was not able to provide 51 of the required hours of services billed to VMRC. The underprovided DCS hours resulted in a total of \$1,739 of overpayments of services billed to VMRC, 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:**

BFR must reimburse to DDS \$1,739 for the unsupported billings. In addition, BFR should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to VMRC.

**Vendor’s Response:**

BFR stated in its response dated March 2,2023, that it disagreed with the amount owed. However, BFR further stated that it will remit the finding amount to DDS. See Attachment B for the full text of BFR’s response to the draft audit report and Attachment C for DDS' evaluation of BFR’s response.

**ATTACHMENT A**  
**BRIGHT FUTURES RESIDENTIAL**

**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**

### **BRIGHT FUTURES RESIDENTIAL**

**To request a copy of the vendor’s response to the audit findings, please contact the DDS Audit Section at (916) 654-3695.**

## **ATTACHMENT C – DDS’ EVALUATION OF BFR’S RESPONSE**

DDS evaluated BFR’s written response to the draft audit report and determined that BFR did not agree with the draft audit report findings. However, BFR did not provide additional documentation to refute the findings and has agreed to refund DDS the amount identified in the draft audit report.