

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
GOLDEN GATE HOMES, INC. (GGHI)

Programs and Services:

DSS Licensed – Specialized Residential Facility (Habilitation) – Vendor Numbers

H89095 and PG1562

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

Audit Section

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GOLDEN GATE HOMES, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Golden Gate Homes, Inc. (GGHI). The audit was performed upon the DSS Licensed – Specialized Residential Facility (Habilitation) (SRF) for the period of July 1, 2019, through June 30, 2020.

The audit disclosed the following issue of non-compliance:

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

The review of GGHI's SRF program, Vendor Numbers H89095 and PG1562, revealed that GGHI had unsupported staffing levels, which resulted in a total of \$24,035 of overpayments of services billed to Golden Gate Regional Center (GGRC).

The total finding identified in this audit amounts to \$24,035, which is due back to DDS. A detailed discussion of the 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 GGHI'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 GGHI 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 GGHI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of GGHI'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 GGHI 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 program provided to GGRC that utilized GGHI's services during the audit period. GGHI provided two Specialized Residential Facility - Habilitation type of services, 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.

DSS Licensed – Specialized Residential Facility (Habilitation)

During the audit period, GGHI operated two SRF programs. The audit included the review of two of GGHI's SRF programs, Vendor Numbers H89095 and PG1562, SC 113 and testing was done for the sampled months of January 2020 and February 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 and trial balance to determine the vendor's costs.
- Interviewed the vendor's Certified Public Accountant, Executive Director, Administrator and Program Coordinators, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on December 28, 2022. The finding in the report was discussed at an exit conference via Zoom with GGHI on January 3, 2023. Subsequent to the exit conference, on February 3, 2023, GGHI sent an e-mail stating that GGHI agreed with the finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

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

The review of GGHI's SRF program, Service Code 113, Vendor Numbers H89095 and PG1562 for the sampled months of January 2020 and February 2020 revealed that GGHI did not meet the staffing requirements per GGHI's program design with GGRC.

For Vendor Number H89095, GGHI's program design with GGRC, for a facility with three residents, required GGHI to provide a minimum of 354 hours of Direct Care Staff (DCS) hours per week. For January 2020 and February 2020, GGHI was required to provide a total of 2,835 DCS hours for the two months. However, GGHI was not able to provide 649 of the required hours of services billed to GGRC. The underprovided DCS hours resulted in overpayments of services billed to GGRC in the amount of \$12,818, which is due back to DDS. (See Attachment A)

For Vendor Number PG1562, GGHI's program design with GGRC, for a facility with four residents required GGHI to provide a minimum of 411 hours of Direct Care Staff (DCS) hours per week. For January 2020 and February 2020, GGHI was required to provide a total of 3,340 DCS hours. However, GGHI was not able to provide 580 of the required hours of services billed to GGRC. The underprovided DCS hours resulted in overpayments of services billed to GGRC in the amount of \$11,217, 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.”

GGHI’s Program Design for Vendor Number H89095 states:

“Staffing

Golden Gate Homes, Inc. employs the following classifications: Administrator, House Manager and Direct Care Staff.

There will be 3 staff assigned to the home during waking hours. One awake staff will be available to provide supervision during overnight hours.”

GGHI’s Approved Schedule for Vendor Number H89095 states:

“Staff # 2, 5= lead staff (Σ 68 hrs)

Staff # 1, 3, 4, 6, 7, 8, 9, 10, 11 = regular staff (Σ 286 hrs)”

GGHI’s Program Design for Vendor Number PG1562 states:

“Staffing

Golden Gate Homes, Inc. employs the following classifications: Administrator, House Manager and Direct Care Staff.

There will be 4 staff assigned to the home during waking hours. One awake staff will be available to provide supervision during overnight hours.”

GGHI’s Approved Schedule for Vendor Number PG1562 states:

“Staff # 2, 5= lead staff (Σ 72 hrs)

Staff # 1, 3, 4, 6, 7, 8, 9, 10, 11 = regular staff (Σ 339 hrs)”

Recommendation:

GGHI must reimburse to DDS \$24,035 for the unsupported billings. In addition, GGHI should comply with CCR Title 17 and its program designs with GGRC as stated above to ensure that the required staffing levels are met.

Vendor's Response:

GGHI stated in the response dated February 3, 2023 that GGHI agreed with the finding. See Attachment B for the full text of GGHI's response to the draft audit report and Attachment C for DDS' evaluation of GGHI's response.

ATTACHMENT A
GOLDEN GATE HOMES, 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

GOLDEN GATE HOMES, 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 GGHI's RESPONSE

DDS evaluated GGHI's written response to the draft audit report, dated February 3, 2023, and determined that GGHI agreed with the finding.