

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
PCS NORTH LOS ANGELES, LLC

Programs and Services:

Supported Living Services – PL1139

Specialized Residential Facility – PL1572

Supplemental Residential Program – PL1573

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

Audit Section

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PCS NORTH LOS ANGELES, LLC

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited PCS North Los Angeles, LLC (PCSNLA). The audit was performed upon the Supported Living Service (SLS), Specialized Residential Facility (SRF) and Supplemental Residential Program Support (SRPS) for the period of July 1, 2019, through June 30, 2020.

The audit disclosed the following issues of non-compliance:

Finding 1: Supported Living Services – Unsupported Billings

The review of PCSNLA's SLS service, Vendor Number PL1139, revealed that PCSNLA had a total of \$13,817 of unsupported billings to North Los Angeles County Regional Center (NLACRC).

Finding 2: Supplemental Residential Program Support – Unsupported Billings

The review of PCSNLA's SRPS service, Vendor Number PL1573, revealed that PCSNLA had a total of \$3,238 of unsupported billings to North Los Angeles County Regional Center (NLACRC).

The total of the findings identified in this audit amounts to \$17,055, 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 PCSNLA'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 PCSNLA 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 PCSNLA, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of PCSNLA'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 PCSNLA 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 NLACRC that utilized PCSNLA's services during the audit period. PCSNLA provided three different types of services, of which DDS audited three. Services chosen by DDS were based on the amount of purchase of service (POS) expenditures invoiced by PCSNLA. 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 Service

During the audit period, PCSNLA operated one SLS program. The audit included the review of one SLS program, Vendor Numbers PL1139, SC 896 and testing was done for the sampled months of August 2019 and February 2020.

Specialized Residential Facility

During the audit period, PCSNLA operated one SRF program. The audit included the review of one SRF program, Vendor Numbers PL1572, SC 113 and testing was done for the sampled months of August 2019 and February 2020.

Supplemental Residential Program Support

During the audit period, PCSNLA operated one SRPS program. The audit included the review of one SRPS program, Vendor Numbers PL1573, SC 109 and testing was done for the sampled months of August 2019 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.
- Obtained vendor background information from regional center staff 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.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on November 2, 2022. The findings in the report were discussed at an exit Zoom conference with PCSNLA on November 8, 2022. Subsequent to the exit conference, on November 27, 2022, PCSNLA provided a response and stated that “PCS North Los Angeles has decided not to challenge the findings.”

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Supported Living Service – Unsupported Billings

The review of PCSNLA's SLS program, Vendor Numbers PL1139, for the sampled months of August 2019 and February 2020, revealed that PCSNLA had unsupported billings for services billed to NLACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NLACRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the eRSP/timecards and compared those hours to the direct care service hours billed to NLACRC. DDS noted that the direct care service hours on the eRSP/timecards, which were reconciled to payroll records, were 486 hours less than the direct care services hours billed to NLACRC. PCSNLA was not able to provide appropriate supporting documentation for 486 hours of services billed resulting in unsupported billings in the amount of \$13,817, 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:

PCSNLA must reimburse to DDS \$13,817 for the unsupported billings. In addition, PCSNLA should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NLACRC.

PCSNLA's Response:

PCSNLA stated in the response, dated November 27, 2022, that "PCS North Los Angeles has decided not to challenge the findings".

See Attachment B for the full text of PCSNLA's response to the draft audit report and Attachment C for DDS' evaluation of PCSNLA's response.

Finding 2: Supplemental Residential Program Support – Unsupported Billings

The review of PCSNLA's SRPS program, Vendor Numbers PL1573, for the sampled months of August 2019 and February 2020, revealed that PCSNLA had unsupported billings for services billed to NLACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NLACRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the Easy Clocking/timecards and compared those hours to the direct care service hours billed to NLACRC. DDS noted that the direct care service hours on the Easy Clocking/timecards, which were reconciled to payroll records, were 183 hours less than the direct care service hours billed to NLACRC. PCSNLA was not able to provide appropriate supporting documentation for 183 hours of services billed for the month of February 2020 resulting in unsupported billings to NLACRC in the amount of \$3,238, 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.”

North Los Angeles County Regional Center Supplemental Residential Program Support Service Narrative/Working Agreement, Stipulation 9 and 10 states:

“9. The vendor agrees to bill the regional center for direct face to face service hours only. If the consumer or the 1:1 program support staff is absent, the vendor MAY NOT bill for Supplemental Residential Program Support services.

10. The vendor understands that the Supplemental Residential Program Support service is authorized as staff supplementation to the staffing required by regulation for the regular program. Therefore, the required staffing ratio of the regular program must first be provided prior to billing for additional Supplemental Residential Program Support services. If direct care staff are missing from the vendor’s regular staffing schedule, the vendor MAY NOT bill for Supplemental Residential Program Support services.”

Recommendation:

PCSNLA must reimburse to DDS \$3,238 for the unsupported billings. In addition, PCSNLA should comply with the CCR, Title 17 and Working Agreement as stated above to ensure that proper documentation is maintained to support the amounts billed to NLACRC.

PCSNLA’s Response:

PCSNLA stated in the response, dated November 27, 2022, that “PCS North Los Angeles has decided not to challenge the findings”.

See Attachment B for the full text of PCSNLA’s response to the draft audit report and Attachment C for DDS’ evaluation of PCSNLA’s response.

ATTACHMENT A

PCS NORTH LOS ANGELES, LLC

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

PCS NORTH LOS ANGELES, LLC

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 PCSNLA, LLC’S RESPONSE

DDS evaluated PCS North Los Angeles, LLC’s written response to the draft audit report, dated November 27, 2022, and determined that PCS North Los Angeles is not going to challenge Findings 1 and 2.

Finding 1: Supported Living Services - Unsupported Billings

“PCS North Los Angeles has decided not to challenges the findings”.

Finding 2: Supplemental Residential Program Support – Unsupported Billings

“PCS North Los Angeles has decided not to challenge the findings”.

Conclusion:

Based on the review of the response, “PCS North Los Angeles has decided not to challenge the findings”. Therefore, DDS finds no reason to revise the findings and the related recommendations. DDS is requesting reimbursement of \$17,055 for the unsupported billings.