

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
LOLA MANOR, LLC

Programs:

DSS Licensed – Specialized Residential Facility (Habilitation) – HN0743

Crisis Team-Evaluation and Behavioral Intervention – HN0743

Supplemental Residential Program Support – HN0743

Audit Period: January 1, 2021, through December 31, 2021

Audit Section

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LOLA MANOR, LLC
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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Lola Manor, LLC (Lola). The audit was performed upon the DSS Licensed-Specialized Residential Facility (Habilitation) (SRF), Crisis Team-Evaluation and Behavioral Intervention (CTEBI), and Supplemental Residential Program Support (SRPS) for the period of January 1, 2021, through December 31, 2021.

The audit disclosed the following issue of non-compliance:

Finding 1: Crisis Team-Evaluation and Behavioral Intervention and Supplemental Residential Program Support – Unsupported Billings

The review of Lola's CTABI and SRPS programs, Vendor Number HN0743, revealed that Lola had a total of \$22,889 unsupported billings to North Bay Regional Center (NBRC).

The total of the finding identified in this audit amounts to \$22,889 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 Lola'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 Lola for the period of January 1, 2021, through December 31, 2021.

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 Lola nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of Lola'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 Lola 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 NBRC that utilized Lola's services during the audit period. Lola provided six 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 Lola. By analyzing the information received from 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, Lola operated one SRF program. The audit included the review of the SRF program, Vendor Number HN0743, SC113 and testing was done for the sampled months of April 2021 and September 2021.

Crisis Team-Evaluation and Behavioral Intervention

During the audit period, Lola operated one CTEBI program. The audit included the review of the CTEBI program, Vendor Number HN0743, SC017 and testing was done for the sampled months of April 2021 and September 2021.

Supplemental Residential Program Support

During the audit period, Lola operated one SRPS program. The audit included the review of the SRPS program, Vendor Number HN0743, SC109 and testing was done for the sampled months of April 2021 and September 2021.

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 finding and conclusion 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 information from regional center to gain insights 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 centers.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on September 13, 2023. The finding in the report was discussed at an exit conference via Zoom with Lola on September 15, 2023. Subsequent to the exit conference, on September 15, 2023, Lola sent an email stating that Lola agreed with the finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Crisis Team-Evaluation and Behavioral Intervention and Supplemental Residential Program Support - Unsupported Billings

The review of Lola's CTEBI and SRPS programs, Vendor Number HN0743 for the sampled months of April 2021 and September 2021, revealed that Lola had unsupported billings for services billed to NBRC.

During the sampled months, Lola provided SRF, CTEBI and SRPS programs to consumers of NBRC. Lola's SRF contract with NBRC, for a facility with four residents, required Lola to provide a minimum of 336 hours of Direct Support Professional (DSP) hours per week. For April 2021 and September 2021, Lola had to provide a total of 2,880 hours for the two months. Also, Lola had one consumer who required 1:1 service under the CTEBI program. In addition, due to Covid-19, Lola also provided SRPS services to the four residents as they could not attend day programs in person. Per the SRPS contract, Lola could not bill for services under this program unless it had met the required 2,880 staffing hours for the SRF. Besides the 2,880 DSP hours for the SRF, Lola billed for 734 hours under the CTEBI and 1,110 hours under the SRPS programs during the two sampled months.

DDS reviewed the direct care service hours documented on Lola's DSPs' timesheets and payroll records for the SRF, CTEBI and SRPS globally and noted that Lola provided a total of 3,623 hours during the two sampled months. DDS deducted 2,880 hours required for the SRF from the provided hours. DDS then allocated the remaining 743 DSP hours to the CTEBI and SRPS programs based on the billed units for these two programs. DDS compared the allocated DSP hours to the direct care hours of service billed to NBRC for the CTEBI and SRPS programs and noted that the DSP hours were 893 hours less than those billed to NBRC. The lack of documentation resulted in unsupported billings to NBRC in the amount of \$22,889, 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.”

Lola’s Specialized Residential Facility contract with NBRC, Paragraph 11.1 b. states in part:

“11.1 Staffing Levels: Service provider will exceed the minimum requirements for a Residential Facility Service Level 4-i pursuant to Sections §56004 and §56013 of Title 17 of the California Code of Regulations and ensure that all of the following conditions are met:

b. When the facility is at full capacity (four residents) there shall be 336 hours of direct care staffing per week and 168 hour per week (which is built into the total staffing hours) and is staffed with a lead staff for each shift.”

Lola’s Supplemental Residential Program Support contract with NBRC states:

“Per the approved supplemental residential support added to your vendorization, you are responsible for providing these hours in addition to your required Title 17 hours. Do not bill for these additional hours unless you have met the required staffing hours for the level of your home in Title 17. For Example: If you have a POS adding 138 hours, those hours are in addition to your required staffing hours.”

Recommendation:

Lola must reimburse to DDS \$22,889 for the unsupported billings. In addition, Lola should comply with the CCR, Title 17 and its contracts with NBRC as stated above to ensure that proper documentation is maintained to support the mounts billed to NBRC.

Vendor's Response:

Lola stated in the response dated September 15, 2023, that it agreed with the finding.

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

ATTACHMENT A

LOLA MANOR, 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

LOLA MANOR, LLC

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 LOLA’S RESPONSE

DDS evaluated Lola’s written response to the draft audit report, dated September 15, 2023 and determined that Lola did not dispute the finding.