

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
PUCKETT RESIDENTIAL SERVICES, INC.

Program:

Supported Living Service – PF0173

Audit Period: January 1, 2022, through December 31, 2022

Audit Section

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PUCKETT RESIDENTIAL SERVICES, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Puckett Residential Services, Inc. (PRS). The audit was performed upon the Supported Living Service (SLS), for the period of January 1, 2022, through December 31, 2022.

The audit disclosed the following issue of non-compliance:

Finding: Supported Living Service – Unsupported Billings

The review of PRS's SLS program, Vendor Number PF0173, revealed that PRS had a total of \$5,289 of unsupported billings to Far Northern Regional Center (FNRC).

The total of the finding identified in this audit amounts to \$5,289, 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 PRS' fiscal accountability requirement and its program 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 PRS for the period of January 1, 2022, through December 31, 2022.

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 PRS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of PRS' 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 PRS 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 FNRC that utilized PRS' services during the audit period. PRS provided three different types of services, of which DDS audited one. Services chosen by DDS were based on the amount of purchase of service (POS) expenditures invoiced by PRS. 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.

Supported Living Service

During the audit period, PRS operated one SLS program. The audit included the review of PRS' SLS program, Vendor Numbers PF0173, SC 896 and testing was done for the sampled months of May 2022 and June 2022.

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.
- 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.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on September 19, 2023. The finding in the report was discussed at an exit conference with PRS on September 25, 2023. Subsequent to the exit conference, PRS stated in an e-mail on September 25, 2023, that PRS agrees with the finding in the audit report.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding: Supported Living Service – Unsupported Billings

The review of PRS' SLS program, Vendor Number PF0173, for the sampled months of May 2022 and June 2022, revealed that PRS had unsupported billings for services billed to FNRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to FNRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the employee timesheets and compared those hours to the direct care service hours billed to FNRC. DDS noted that the direct care service hours on the timesheets were 170 hours less than the direct care service hours billed to FNRC. PRS was not able to provide appropriate supporting documentation for 170 hours of services billed. The lack of documentation resulted in unsupported billings to FNRC in the amount of \$5,289, 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:

PRS must reimburse to DDS \$5,289 for the unsupported billings. In addition, PRS should ensure that the number of direct care hours billed are consistent with the number of hours reported on the timesheet.

PRS' Response:

PRS, stated in the response, dated September 25, 2023, that PRS agrees with the finding in the audit report.

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

ATTACHMENT A

PUCKETT RESIDENTIAL SERVICES, 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

PUCKETT RESIDENTIAL SERVICES, 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 PRS’ RESPONSE

DDS evaluated Puckett Residential Services, Inc.’s written response to the draft audit report, dated September 25, 2023, and determined that Puckett Residential Services, Inc. agreed with the finding.