

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
AIM FOR INDEPENDENCE SUPPORTIVE SERVICES

Service:

Supported Living Services – PH1732

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

Audit Section

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AIM FOR INDEPENDENCE SUPPORTIVE SERVICES

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Aim for Independence Supportive Services (AISS). The audit was performed upon the Supported Living Services (SLS) for the period of January 1, 2021, through December 31, 2021.

The audit disclosed the following issue of non-compliance:

Finding 1: Supported Living Services – Unsupported Billings

The review of AISS' SLS program, Vendor Number PH1732, revealed that AISS had a total of \$47,701 of unsupported billings to Frank D. Lanterman Regional Center (FDLRC), Central Valley Regional Center (CVRC) and Harbor Regional Center (HRC).

The total of the finding identified in this audit amounts to \$47,701, 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 AISS's program was 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 AISS 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 AISS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of AISS'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 AISS 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 services provided to three regional centers that utilized AISS' services during the audit period. DDS audited services provided to FDLRC, CVRC and HRC. These three regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

AISS provided one type of service, which DDS audited. 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 Services

During the audit period, AISS operated one SLS program. The audit included the review of one of AISS' SLS program, Vendor Numbers PH1732, SC 896 and testing was done for the sampled months of September 2021 and October 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.
- 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 centers.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on Tuesday, September 19, 2023. The finding in the report was discussed during an exit conference via Microsoft Teams with AISS on Thursday, September 21, 2023. DDS received AISS' written response to the draft audit report via email on Tuesday, October 24, 2023. AISS stated that it does not agree with the finding identified in the draft audit report, but will not appeal against the conclusions of the draft report.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Supported Living Services – Unsupported Billings

The review of AISS' SLS program, Vendor Number PH1732, for the sampled months of September 2021 and October 2021, revealed that AISS had unsupported billings for services billed to FDLRC, CVRC and HRC. Unsupported billings occurred due to insufficient payroll hours to support the hours of service billed to FDLRC, CVRC and HRC, and non-compliance with the CCR, Title 17.

DDS reviewed the direct care payroll hours and compared those hours to the direct care service hours billed to FDLRC, CVRC and HRC. DDS noted that the direct care payroll hours documented in the payroll registers were 857 hours less than the direct care service hours billed to FDLRC, CVRC and HRC. The duration of each unit of service was 1.5 hours; therefore, AISS billed 571 units of service not supported by payroll registers. The lack of documentation resulted in unsupported billings to FDLRC, CVRC and HRC in the amount of \$47,701, 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:

AISS must reimburse to DDS \$47,701 for the unsupported billings. In addition, AISS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to FDLRC, CVRC and HRC.

Vendor's Response:

AISS stated in its response dated Tuesday, October 24, 2023, that AISS does not agree with the finding identified in the draft audit report but did not provide any additional source documents to the DDS audit team to dispute the finding. However, AISS will not appeal against the conclusion of the draft report.

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

ATTACHMENT A

AIM FOR INDEPENDENCE SUPPORTIVE SERVICES

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
AIM FOR INDEPENDENCE SUPPORTIVE SERVICES

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 AISS’S RESPONSE

DDS evaluated AISS’s written response to the draft audit report, dated October 24, 2023, and determined that AISS does not agree with the finding identified in the draft audit report, but did not provide additional supporting documentation. Although AISS does not agree with the finding or provided any additional supporting documentation, AISS stated that it will not appeal the finding identified in the draft audit report.