

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
ALIPIO QUALITY HOMES, INC.

Programs and Services:

DSS Licensed – Specialized Residential Facility (Habilitation) – PH1590

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

Audit Section

Auditors: Hung Bang, Chief of Vendor Audit Unit
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ALIPIO QUALITY HOMES, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Alipio Quality Homes, Inc. (AQHI). The audit was performed upon the DSS Licensed – Specialized Residential Facility (Habilitation) (SRF) for the period of January 1, 2022, through December 31, 2022.

The audit disclosed the following issue of non-compliance:

Finding 1: DSS Licensed – Specialized Residential Facility (Habilitation) – Failure to Provide Consultation Services

The review of AQHI's SRF program, Vendor Number PH1590, revealed that AQHI had a total of \$2,363 of unsupported billings to Harbor Regional Center (HRC).

The total of the finding identified in this audit amounts to \$2,363, 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 AQHI's SRF program was in 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 AQHI 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 AQHI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of AQHI'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 AQHI 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 HRC that utilized AQHI's services during the audit period. AQHI provided two 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 AQHI. 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, AQHI operated one SRF program. The audit included the review of AQHI's SRF program, Vendor Number PH1590, SC 113 and testing was done for the sampled months of July 2022 and August 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.
- Reviewed the vendor's general ledger, payroll records and trial balance to determine the vendor's costs.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on October 23, 2023. The finding in the report was discussed at an exit conference via Zoom with AQHI on October 27, 2023. Subsequent to the exit conference, on November 17, 2023, AQHI submitted a response via email agreeing with the finding.

RESTRICTED USE

This report is solely for the information and use of DDS, Department of Health Care Services, HRC and AQHI. 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) – Failure to Provide Consultation Services

The review of AQHI's SRF program, Vendor Number PH1590, for the sampled months of July 2022 and August 2022, revealed that AQHI failed to provide all the required hours of consultation services per its contract with HRC.

AQHI contracted with HRC for a facility with three consumers that required AQHI to provide no less than eight hours of professional consulting per consumer for each month. During the sampled months, AQHI was required to provide a total of 48 consultation hours. DDS reviewed AQHI contract agreement, program design, consultant invoice logs, bank records and canceled checks and noted that AQHI did not provide all the consultation services during the sampled months. As a result, AQHI did not have supporting documentation for 42 hours of consultation services that were required to be provided. The monetary value of the unprovided services was \$2,363 and 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."

AQHI's Service Agreement with Harbor Regional Center 1(C) states:

"Contractor shall provide not less than 8 hours of professional consulting which includes: Registered Nurse ("RN") services (or other needed therapeutic services, including, but not limited to, Board Certified Behavior Analyst ("BCBA"), Occupational Therapy ("OT"), or Physical Therapy ("PT"), for which HRC has provided prior approval) per Client per month for residents of the ARF."

Recommendation:

AQHI must reimburse to DDS \$2,363 for the consultation service hours that were not provided. In addition, AQHI should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained for the services to the consumers. Furthermore, AQHI should comply with its contract with HRC to ensure that it provides the required hours of consultation services to its consumers.

Vendor's Response:

AQHI, stated in the response, dated November 16, 2023, that AQHI agreed with the finding.

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

ATTACHMENT A
ALIPIO QUALITY 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

ALIPIO QUALITY 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 AQHI’S RESPONSE

DDS evaluated AQHI’s written response to the draft audit report, dated November 16, 2023, and determined that AQHI agreed with the finding.