

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
ROMAN EMPIRE LIVING SKILLS, INC.

Programs and Services:

Community Integration Training Program – PX0828

Independent Living Program – HE0445, HX0517

Adaptive Skills Trainer – PE2102, PL1298

Supported Living Service – HX0518

Audit Period: January 1, 2019, through December 31, 2021

Audit Section

Auditors: Alimou Diallo, Chief of Vendor Audit Unit
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ROMAN EMPIRE LIVING SKILLS, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Roman Empire Living Skills, Inc. (RELSI). The audit was performed upon the Community Integration Training Program (CITP), Independent Living Program (ILP), Adaptive Skills Trainer (AST), Supported Living Service (SLS) programs for the period of January 1, 2019, through December 31, 2021.

The audit disclosed the following issues of non-compliance:

Finding 1: Adaptive Skills Trainer – Unsupported Billings

The review of RELSI's AST program for the calendar years 2019, 2020 and 2021, Vendor Numbers PE2102, PL1298, revealed that RELSI had a total of \$1,541,014 of unsupported billings to Eastern Los Angeles Regional Center (ELARC), Frank D. Lanterman Regional Center (FDLRC), Kern Regional Center (KRC), North Los Angeles County Regional Center (NLACRC), and San Gabriel/Pomona Regional Center (SGPRC).

Finding 2: Supported Living Service – Unsupported Billings

The review of RELSI's SLS program for the calendar years 2019, 2020 and 2021, Vendor Number HX0518, revealed that RELSI had a total of \$891,799 of unsupported billings to ELARC, FDLRC, Inland Regional Center (IRC), KRC, NLACRC, South Central Los Angeles Regional Center (SCLARC), and SGPRC.

Finding 3: Independent Living Program – Unsupported Billings

The review of RELSI's ILP program for the calendar years 2019, 2020 and 2021, Vendor Numbers HE0445, HX0517, revealed that RELSI had a total of \$742,626 of unsupported billings to ELARC, IRC, KRC, NLACRC, SCLARC, and SGPRC.

Finding 4: Community Integration Training Program – Unsupported Billings

The review of RELSI's CITP program for the calendar years 2019, 2020 and 2021, Vendor Number PX0828, revealed that RELSI had a total of \$56,689 of unsupported billings to SCLARC.

The total of the findings identified in this audit amounts to \$3,232,128, 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 RELSI's fiscal accountability requirement and its 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 RELSI for the period of January 1, 2019, 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 RELSI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of RELSI'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 RELSI 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 seven regional centers that utilized RELSI's services during the audit period. DDS audited services provided to ELARC, FDLRC, IRC, KRC, NLACRC, SCLARC, and SGPRC. These seven regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

RELSI provided four different types of services, of which DDS audited four. Services chosen were based on the amount of POS expenditures invoiced by RELSI. By analyzing the information received during a 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. However, the two-month sample period

demonstrated a significant amount of unsupported billings. As a result, the testing was extended to include calendar years 2019, 2020, and 2021.

Adaptive Skills Trainer

During the audit period, RELSI operated one AST program. The audit included the review of RELSI's AST program, Vendor Numbers PE2102 and PL1298, SC 605 and testing was done for the calendar years 2019, 2020, and 2021.

Supported Living Service

During the audit period, RELSI operated one SLS program. The audit included the review of RELSI's SLS program, Vendor Number HX0518, SC 896 and testing was done for the calendar years 2019, 2020, and 2021.

Independent Living Program

During the audit period, RELSI operated one ILP program. The audit included the review of RELSI's ILP program, Vendor Numbers HE0445 and HX0517, SC 520 and testing was done for the calendar years 2019, 2020, and 2021.

Community Integration Training Program

During the audit period, RELSI operated one CITP program. The audit included the review of RELSI's CITP program, Vendor Number PX0828, SC 055 and testing was done for the calendar years 2019, 2020, and 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 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 items identified in the Findings and Recommendations section, RELSI had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on April 21, 2023. The findings in the report were discussed at an exit conference with RELSI on April 27, 2023. Subsequent to the exit conference, on May 26, 2023, RELSI's bookkeeper, Breard & Associates, LLP, provided written response to the finding.

RESTRICTED USE

This report is solely for the information and use of DDS, Department of Health Care Services, ELARC, FDLRC, IRC, KRC, NLACRC, SCLARC, SGPRC and RELSI. This restriction is not intended to limit distribution of this report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Adaptive Skills Trainer – Unsupported Billings

The review of RELSI's AST program, Vendor Numbers PE2102, PL1298, for the calendar years 2019, 2020, and 2021, revealed that RELSI had unsupported billings for services billed to ELARC, FDLRC, KRC, NLACRC, and SGPRC. Unsupported billings occurred due to insufficient payroll hours to support the hours of service billed to ELARC, FDLRC, KRC, NLACRC, SGPRC, 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 ELARC, FDLRC, KRC, NLACRC, and SGPRC. DDS noted that the direct care payroll hours documented in the payroll registers were 37,501 hours less than the direct care service hours billed to ELARC, FDLRC, KRC, NLACRC, and SGPRC. RELSI billed for 37,501 hours of service not supported by documentation. The lack of documentation resulted in unsupported billings to ELARC, FDLRC, KRC, NLACRC, SGPRC in the amount of \$1,541,014, 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:

RELSI must reimburse to DDS \$1,541,014 for the unsupported billings. In addition, RELSI should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to ELARC, FDLRC, KRC, NLACRC, and SGPRC.

VENDOR'S Response:

Subsequent to submitting their response, RELSI has agreed to settle all disputed claims pertaining to the audit findings without admitting liability.

Finding 2: Supported Living Service – Unsupported Billings

The review of RELSI's SLS program, Vendor Number HX0518, for the calendar years 2019, 2020, and 2021, revealed that RELSI had unsupported billings for services billed to ELARC, FDLRC, IRC, KRC, NLACRC, SCLARC, and SGPRC. Unsupported billings occurred due to insufficient payroll hours to support the hours of service billed to ELARC, FDLRC, IRC, KRC, NLACRC, SCLARC, SGPRC, 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 ELARC, FDLRC, IRC, KRC, NLACRC, SCLARC, and SGPRC. DDS noted that the direct care payroll hours documented in the in payroll registers were 28,376 hours less than the direct care service hours billed to ELARC, FDLRC, IRC, KRC, NLACRC, SCLARC, and SGPRC. RELSI billed for 28,376 hours of service not supported by documentation. The lack of documentation resulted in unsupported billings to ELARC, FDLRC, IRC, KRC, NLACRC, SCLARC, SGPRC in the amount of \$891,799, 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:

RELSI must reimburse to DDS \$891,799 for the unsupported billings. In addition, RELSI should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to ELARC, FDLRC, IRC, KRC, NLACRC, SCLARC, and SGPRC.

Vendor’s Response:

Subsequent to submitting their response, RELSI has agreed to settle all disputed claims pertaining to the audit findings without admitting liability.

Finding 3: Independent Living Program – Unsupported Billings

The review of RELSI’s ILP program, Vendor Numbers HE0445, HX0517, for the calendar years 2019, 2020, and 2021, revealed that RELSI had unsupported billings for services billed to ELARC, IRC, KRC, NLACRC, SCLARC, and SGPRC. Unsupported billings occurred due to insufficient payroll hours to support the hours of service billed to ELARC, IRC, KRC, NLACRC, SCLARC, SGPRC, 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 ELARC, IRC, KRC, NLACRC, SCLARC, and SGPRC. DDS noted that the direct care payroll hours documented in the in payroll registers were 20,354 hours less than the direct care service hours billed to ELARC, IRC, KRC, NLACRC, SCLARC, and SGPRC. RELSI billed for 20,354 hours of service not supported by documentation. The lack of documentation resulted in unsupported billings to ELARC, IRC, KRC,

NLACRC, SCLARC, SGPRC in the amount of \$742,626, 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:

RELSI must reimburse to DDS \$742,626 for the unsupported billings. In addition, RELSI should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to ELARC, IRC, KRC, NLACRC, SCLARC, and SGPRC.

VENDOR’S Response:

Subsequent to submitting their response, RELSI has agreed to settle all disputed claims pertaining to the audit findings without admitting liability.

Finding 4: Community Integration Training Program – Unsupported Billings

The review of RELSI's CITP program, Vendor Number PX0828, for the calendar years 2019, 2020, and 2021, revealed that RELSI had unsupported billings for services billed to SCLARC. Unsupported billings occurred due to insufficient payroll hours to support the hours of service billed to SCLARC 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 SCLARC. DDS noted that the direct care payroll hours documented in the in payroll registers were 2,108 hours less than the direct care service hours billed to SCLARC. RELSI billed for 2,108 hours of service not supported by documentation. The lack of documentation resulted in unsupported billings to SCLARC in the amount of \$56,689, 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:

RELSI must reimburse to DDS \$56,689 for the unsupported billings. In addition, RELSI should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to SCLARC.

VENDOR'S Response:

Subsequent to submitting their response, RELSI has agreed to settle all disputed claims pertaining to the audit findings without admitting liability.

ATTACHMENT A

ROMAN EMPIRE LIVING SKILLS, 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

ROMAN EMPIRE LIVING SKILLS, INC.

As part of the audit report process, Roman Empire Living Skills, Inc. was afforded the opportunity to respond to the draft audit report and provide a written response to the findings identified. On May 26, 2023, Breard & Associates, LLP, on behalf of Roman Empire, responded to the draft audit report findings.

Subsequent to submitting their response, RELSI has agreed to settle all disputed claims pertaining to the audit findings without admitting liability.