

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
BLHCS, INC. DBA BETTER LIVING HOMECARE

Service:

In-Home Respite Services Agency – HP6442

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

Audit Section

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BLHCS, INC DBA BETTER LIVING HOMECARE

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited BLHCS, Inc. dba Better Living Homecare (BLHCS). The audit was performed upon the In-Home Respite Services Agency (IHRSA) for the period of January 1, 2022, through December 31, 2022.

The audit disclosed the following issue of non-compliance:

Finding 1: In Home Respite Services Agency – Unsupported Billings

The review of BLHCS' IHRSA, Vendor Number HP6442, revealed that BLHCS had a total of \$175,789 of unsupported billings to Eastern Los Angeles Regional Center (ELARC), Frank D. Lanterman Regional Center (FDLRC), and San Gabriel Pomona Regional Center (SGPRC).

The total of the finding identified in this audit amounts to \$175,789, 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 BLHCS' service 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 BLHCS 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 BLHCS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of BLHCS' 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 BLHCS 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 service provided to three regional centers that utilized BLHCS' service during the audit period. BLHCS provided one 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 12-month sample period would be sufficient to fulfill the audit objectives.

In-Home Respite Services Agency

During the audit period, BLHCS operated one IHRSA. The audit included the review of Vendor Number HP6442, SC 862 and testing was done for the 12 months of calendar year 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 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 Finding and Recommendation section, BLHCS 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 18, 2023. The finding in the report was discussed at an exit conference via Zoom with BLHCS on October 25, 2023. DDS received BLHCS' written response to the draft audit report via email on December 1, 2023. BLHCS agrees with a portion of the audit finding and provided additional supporting documentation.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: In-Home Respite Services Agency– Unsupported Billings

The review of BLHCS' IHRSA, Vendor Number HP6442, for the audit period of January 1, 2022, through December 31, 2022, revealed that BLHCS had unsupported billings for services billed to ELARC, FDLRC, and SGPRC. Unsupported billings occurred due to insufficient payroll hours to support the hours of service billed to ELARC, FDLRC, and 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, and SGPRC. DDS noted that the direct care payroll hours documented in the payroll records were 6,441 hours less than the direct care service hours billed to ELARC, FDLRC, and SGPRC. BLHCS billed for 6,441 hours of service not supported by payroll records. The lack of documentation resulted in unsupported billings to ELARC, FDLRC, and SGPRC in the amount of \$175,789, 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:

BLHCS must reimburse to DDS \$175,789 for the unsupported billings. In addition, BLHCS 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, and SGPRC.

VENDOR's Response:

BLHCS, stated in the response, dated December 1, 2023, that it agrees with a portion of the audit finding and provided additional source documentation to the DDS audit team.

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

ATTACHMENT A

BLHCS, INC. DBA BETTER LIVING HOMECARE

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

BLHCS, INC. DBA BETTER LIVING HOMECARE

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 BLHCS’S RESPONSE

DDS evaluated BLHCS, Inc. dba Better Living Homecare’s (BLHCS) written response to the draft audit report and determined that BLHCS did not agree with the draft audit report finding. Below is a summary of the vendor’s response as well as the DDS’ evaluation of the vendor’s response.

Finding 1: In-Home Respite Services Agency– Unsupported Billings

BLHCS stated that “We agree with the draft audit report with the exception of two findings as listed below.

Exception one: on the "Payroll Hours" tab of the testing schedules spreadsheet provided, it appears that some payroll hours are underreported for the employees in footnote (a) and (b). See spreadsheet attached. This is an additional 306 additional hours.

Exception two: regarding footnote (b) on the "Payroll Hours" tab of the testing schedules spreadsheet (copied below), we identified some hours that do not appear to be included in the calculation of payroll hours. This is an additional 1053 hours.

DDS reviewed BLHCS’s response and noted that it agreed with a portion of the audit finding and provided additional documentation to reduce the finding amount. The additional supporting documentation provided were verified and have been accepted as additional payroll hours. DDS allowed an additional 1,359 payroll hours to support service hours billed at 1:1 and 1:2 staffing ratios. An adjustment was made to the payroll hours to reflect hours billed at the 1:2 staffing ratios, which reduced the unsupported billed hours to 6,441.

Conclusion:

DDS adjusted the Draft Audit Report to reflect the additional documentation received. As a result, the finding was reduced from \$215,487 to \$175,789 for January 1, 2022, through December 31, 2022. DDS is requesting BLHCS to reimburse \$175,789 for the unsupported billings identified in this audit.