

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
MDH – SPECIALIZED CARE HOMES 2

Program and Service:

Licensed Specialized Residential Facility – PE2186

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

Audit Section

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MDH – SPECIALIZED CARE HOMES 2

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited MDH – Specialized Care Homes 2 (MDH). The audit was performed upon the Licensed Specialized Residential Facility for the period of January 1, 2022, through December 31, 2022.

The result of the audit disclosed no issue of non-compliance.

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 MDH'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 MDH 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 MDH, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of MDH'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 MDH complied with W&I Code and CCR, Title 17. Also, any complaints that DDS' Audit Section was aware of regarding non-compliance with laws and regulations were reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the program provided to Eastern Los Angeles Regional Center (ELARC) that utilized MDH's services during the audit period. MDH 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.

Licensed Specialized Residential Facility

During the audit period, MDH operated two Licensed Specialized Residential Facility programs. The audit included the review of one of MDH's Licensed Specialized Residential Facility program, Vendor Numbers PE2186, SC 113 and testing was done for the sampled months of June 2022 and July 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 findings and conclusions in relation to the audit objectives. The procedures performed included, but were not limited to, the following:

- Reviewed vendor files for contracts, 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.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

CONCLUSION

The audit of MDH revealed that this vendor maintained its records in accordance to the requirements of CCR, Title 17. For the sampled months tested, DDS was able to obtain the evidence necessary to achieve the audit objectives. The billing for the service and program audited were found to have sufficient, competent, and relevant evidence to support the direct-care hours billed.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on September 18, 2023. MDH responded via email on, September 21, 2023, stating that MDH agreed with the conclusion of the audit report.

RESTRICTED USE

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

ATTACHMENT A – VENDOR’S RESPONSE

MDH – SPECIALIZED CARE HOMES 2

The vendor agrees with the contents of the audit report. There were no audit findings. To request a copy of this document, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT B – DDS' EVALUATION OF MDH'S RESPONSE

MDH's response dated September 21, 2023, acknowledged and accepted DDS' conclusion in the audit report. DDS accepts MDH's response.