

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
MY LIFE FOUNDATION, INC.

Programs and Services:

Adaptive Skills Trainer – PW6775

Supported Living Services – PL1153, PW5065

Audit Period: July 1, 2021, through June 30, 2022

Audit Section

Auditors: Alimou Diallo, Chief of Vendor Audit Unit
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MY LIFE FOUNDATION, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited My Life Foundation, Inc. (MLF). The audit was performed upon the Adaptive Skills Trainer (AST) and Supported Living Service (SLS) for the period of July 1, 2021, through June 30, 2022.

The audit disclosed the following issues of non-compliance:

Finding 1: Supported Living Service – Unsupported Billings

The review of MLF's SLS programs, Vendor Numbers PL1153 and PW5065, revealed that MLF had a total of \$102,613 of unsupported billings to North Los Angeles Central Regional Center (NLACRC) and Westside Regional Center (WRC).

Finding 2: Adaptive Skills Trainer – Unsupported Billings

The review of MLF's AST program, Vendor Numbers PW6775, revealed that MLF had a total of \$8,639 of unsupported billings Frank D. Lanterman Regional Center (FDLRC) and WRC.

Finding 3: Non-Compliance to Obtain an Independent Audit of Financial Statements

MLF did not comply with Welfare and Institutions (W&I) Code, Section 4652.5, which requires a vendor with more than or equal to \$2,000,000, in purchase of service (POS) during Fiscal Year (FY) 2020-21 to obtain an independent audit of its financial statements for the entity's fiscal year that includes the last day of the most recent state fiscal year.

The total of the findings identified in this audit amounts to \$111,252, 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 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 MLF'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 MLF for the period of July 1, 2021, through June 30, 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 MLF, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of MLF'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 MLF 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 three regional centers that utilized MLF's services during the audit period. DDS audited services provided to FDLRC, NLARC, South Central Los Angeles Regional Center (SCLARC) and WRC. These four regional centers were chosen due to the large volume of services utilized by the centers as measured by POS expenditures.

MLF provided three different types of services, of which DDS audited two. Services chosen were based on the amount of POS expenditures invoiced by MLF. 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.

ADAPTIVE SKILLS TRAINER

During the audit period, MLF operated one AST program. The audit included the review of one of MLF's AST program, Vendor Number PW6775, SC 605 and testing was done for the sampled months of October 2021 and November 2021.

SUPPORTED LIVING SERVICE

During the audit period, MLF operated two SLS programs. The audit included the review of both of MLF's SLS programs, Vendor Numbers PL1153 and PW5065, SC 896 and testing was done for the sampled months of October 2021 and November 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 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, 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 Findings and Recommendations section, MLF had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on March 13, 2023. The findings in the report were discussed at an exit conference via ZOOM with MLF on March 21, 2023. Subsequent to the exit conference, on March 20, 2023, MLF submitted a response to draft agreeing with all the findings via email.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Supported Living Service – Unsupported Billings

The review of MLF’s SLS programs, Vendor Numbers PL1153 and PW5065, for the sampled months of October 2021 and November 2021, revealed that MLF had unsupported billings for services billed to NLACRC and WRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NLACRC and WRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the employee timesheets and compared those hours to the direct care service hours billed to NLACRC and WRC. DDS noted that the direct care service hours on the timesheets were 4,877 hours less than the direct care service hours billed to NLACRC and WRC.

MLF was not able to provide appropriate supporting documentation for 4,877 hours of services billed. The lack of documentation resulted in unsupported billings to NLACRC and WRC in the amount of \$102,613, 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:

MLF must reimburse to DDS \$102,613 for the unsupported billings. In addition, MLF should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NLACRC and WRC.

Vendor's Response:

MLF, stated in the response, dated April 19, 2023, that MLF accepted the finding.

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

Finding 2: Adaptive Skills Trainer – Unsupported Billings

The review of MLF's AST programs, Vendor Numbers PW6775, for the sampled months of October 2021 and November 2021, revealed that MLF had unsupported billings for services billed to FDLRC and WRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to FDLRC and WRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the employee timesheets and compared those hours to the direct care service hours billed to FDLRC and WRC. DDS noted that the direct care service hours on the timesheets were 183 hours less than the direct care service hours billed to FDLRC and WRC.

MLF was not able to provide appropriate supporting documentation for 183 hours of services billed. The lack of documentation resulted in unsupported billings to FDLRC and WRC in the amount of \$8,639, 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.”

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- (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:

MLF must reimburse to DDS \$8,639 for the unsupported billings. In addition, MLF should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to FDLRC and WRC.

Vendor’s Response:

MLF, stated in the response, dated April 19, 2023, that MLF accepted the finding.

See Attachment B for the full text of MLF’s response to the draft audit report and Attachment C for DDS’ evaluation of MLF’s response

Finding 3: Non-Compliance to Obtain an Independent Audit of Financial Statements

MLF did not comply with Welfare and Institutions (W&I) Code, Section 4652.5, which requires a vendor with more than or equal to \$2,000,000, in POS during Fiscal Year (FY) 2020-21 to obtain an independent audit of its financial statements for the entity’s fiscal year that includes the last day of the most recent state fiscal year.

W&I Code, Section 4652.5(a)(1)(A) and (b)(c) states:

- “(a) (1) An entity that receives payments from one or more regional centers shall contract with an independent accounting firm to obtain an independent audit or independent review report of its financial statements relating to payments made by regional centers, subject to both of the following:
 - (B) If the amount received from the regional center or regional centers during each state fiscal year is equal to or more than two million dollars (\$2,000,000), the entity shall obtain an independent audit of its financial statements for the entity’s fiscal year that includes the last day of the most recent state fiscal year.
- (b) An entity subject to subdivision (a) shall provide copies of the independent audit or independent review report required by subdivision (a), and accompanying management letters, to the vendoring regional center within nine months of the end of the entity’s fiscal year.
- (c) Regional centers receiving the audit or review reports required by subdivision (b) shall review and require resolution by the entity for issues identified in the report that have an impact on regional center services. Regional centers shall take appropriate action, up to termination of vendorization, for lack of adequate resolution of issues.”

Recommendation:

MLF must obtain an independent review report of its financial statements and provide copies of the independent audit report to WRC.

Vendor’s Response:

MLF, stated in the response, dated April 19, 2023, that MLF accepted the finding.

See Attachment B for the full text of MLF’s response to the draft audit report and Attachment C for DDS’ evaluation of MLF’s response

ATTACHMENT A
MY LIFE FOUNDATION, 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

MY LIFE FOUNDATION, INC.

To request a copy of the vendor’s response to the audit findings, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT C – DDS' EVALUATION OF MLF's RESPONSE

DDS evaluated MLF's written response to the draft audit report, dated April 19, 2023, and determined that MLF accepted the findings.