

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**C AND D'S GUEST HOMES, INC.**

**Programs and Services:**

Residential Facility Serving Adults - Staff Operated – HC0367, HC0463, HC0470 and HC0537

Supplemental Residential Program Support – HC0537

Audit Period: July 1, 2019, through June 30, 2020

**Audit Section**

**Auditors:** Hung Bang, Chief of Vendor Audit Unit  
Grace Gwarada, Supervisor  
Filmon Sebhatu, Auditor

# C AND D'S GUEST HOMES, INC.

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## **EXECUTIVE SUMMARY**

The Department of Developmental Services (DDS) has audited C and D's Guest Homes, Inc. (CDGH). The audit was performed upon the Residential Facility Serving Adults - Staff Operated (RFSA) and Supplemental Residential Program Support (SRPS) for the period of July 1, 2019, through June 30, 2020.

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 CDGH's 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 CDGH for the period of July 1, 2019, through June 30, 2020.

### **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 CDGH, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CDGH'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 CDGH 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 programs and services provided Central Valley Regional Center (CVRC) that utilized CDGH's services during the audit period. CDGH provided three different types of services, of which DDS audited two. Services chosen by DDS were based on the amount of purchase of services (POS) expenditures invoiced by CDGH. 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.

## **Residential Facility Serving Adults - Staff Operated**

During the audit period, CDGH operated four RFSA programs. The audit included the review of four of CDGH's RFSA programs, Vendor Numbers HC0367, HC0463, HC0470 and HC0537, SC 915 and testing was done for the sampled months of December 2019 and January 2020.

## **Supplemental Residential Program Support**

During the audit period, CDGH operated one SRPS program. The audit included the review of this SRPS program, Vendor Number HC0537, SC 109 and testing was done for the sampled months of December 2019 and January 2020.

## **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 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**

The audit of CDGH 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 programs audited had sufficient, competent, and relevant evidence to support the direct-care hours billed.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on August 31, 2023. DDS did not receive a response to the draft audit report within the 30-day vendor response period.

## **RESTRICTED USE**

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