

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**LIVHOME, INC.**

**Service:**

Homemaker Service –PD0060

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

**Audit Section**

**Auditors:** Alimou Diallo, Chief of Vendor Audit Unit  
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# LIVHOME, INC.

## TABLE OF CONTENTS

	Page(s)
EXECUTIVE SUMMARY .....	1
BACKGROUND.....	2
OBJECTIVE, SCOPE AND METHODOLOGY .....	2
CONCLUSION.....	4
VIEWS OF RESPONSIBLE OFFICIALS .....	4
RESTRICTED USE .....	4
FINDING AND RECOMMENDATION .....	5
ATTACHMENT A.....	7
ATTACHMENT B – VENDOR’S RESPONSE .....	8
ATTACHMENT C – DDS’ EVALUATION OF LI’s RESPONSE .....	9

## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited LivHome Inc. (LI). The audit was performed upon the Homemaker Service (HS) for the period of January 1, 2022, through December 31, 2022.

The audit disclosed the following issue of non-compliance:

### **Finding 1: Homemaker Service – Unsupported Billings**

The review of LI's HS program, Vendor Number PD0060, revealed that LI had a total of \$11,556 of unsupported billings to Westside Regional Center (WRC).

The total of the finding identified in this audit amounts to \$11,556, 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 LI's financial accountability requirement and its program were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional centers' contracts with LI 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 LI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of LI'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 LI 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 WRC that utilized LI's services during the audit period. LI 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.

## **HOMEMAKER SERVICE**

During the audit period, LI operated one Homemaker Service program. The audit included the review of LI's HS program, Vendor Numbers PD0060, SC 860 and testing was done for the sampled months of November 2022 and December 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, 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 center.
- 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, LI had a finding of non-compliance with the requirements of CCR, Title 17.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on November 1, 2023. The finding in the report was discussed at an exit conference via Zoom with LI on November 17, 2023. Subsequent to the exit conference, on December 18, 2023, LI submitted a response via letter neither agreeing nor disagreeing with the finding.

## **RESTRICTED USE**

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

## FINDING AND RECOMMENDATION

### Finding 1: Homemaker Service – Unsupported Billings

The review of LI's HS program, Vendor Number PD0060, for the sampled months of November 2022 and December 2022, revealed that LI had unsupported billings for services billed to WRC. LI was unable to provide appropriate documentation to support the units of service billed to WRC.

DDS reviewed the direct care service hours documented on the employee timesheets and compared those hours to the direct care service hours billed to WRC. DDS noted that the direct care service hours on the timesheets were 96 hours less than the direct care service hours billed to WRC. LI was not able to provide appropriate supporting documentation for 96 hours of services billed. The lack of documentation resulted in unsupported billings to WRC in the amount of \$11,556, 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:**

LI must reimburse to DDS \$11,556 for the unsupported billings. In addition, LI should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to WRC.

**VENDOR'S Response:**

LI neither agreed nor disagreed with the finding in the response provided on, December 18, 2023.

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

# **ATTACHMENT A**

## **LIVHOME, 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**

### **LIVHOME, INC.**

**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 LI’S RESPONSE**

DDS evaluated LivHome, Inc.’s written response to the draft audit report provided on December 18, 2023, and determined that LivHome, Inc. neither agreed nor disagreed to the draft audit report finding. LivHome did provide an explanation to the audit finding. Below is a summary of the vendor’s response as well as the DDS’ evaluation of the vendor’s response.

### **Finding 1: Homemaker Service – Unsupported Billings**

*LI states, “Our reporting on administrative work, particularly for November and December was not documented with a separate code in our system. I have attached a comprehensive report in this folder, encompassing all notes linked to visit or client sections. It’s essential to highlight that our Care Manager Visit reflects in AxC only the time of the actual visit Code however it deliberately excludes administrative work. Instead, these Admin tasks are added post-visit and were initially billed by the director at the commencement of each month under the RC- care manager’s Hourly Code. Enclosed are documents that comprehensively outline all administrative work recorded in client profiles for the mentioned months. Currently, we do not have a report detailing the entry times for these tasks.”*

DDS reviewed the additional supporting documentation submitted by LI and concurred with LI that those documents do not report hours of administrative time provided by the Care Managers to the consumers. Records of billable services to consumers should be maintained in sufficient detail to verify the delivery of units of service billed; therefore DDS was not able to verify the hours that were billed to WRC.

### **Conclusion:**

DDS made no adjustment to the draft audit report finding. As a result, DDS is requesting LI to reimburse \$11,556 for the unsupported billings identified in this audit.