

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES'  
AUDIT  
OF  
AES PROFESSIONAL SERVICES, INC.**

**Programs and Services:**

Supported Living Service – PB2291

Independent Living Program – HB0956

Personal Assistance – PB2032

Audit Period: January 1, 2023, through December 31, 2023

**Audit Section**

**Auditors:** Hung Bang, Chief of Vendor Audit Unit  
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# AES PROFESSIONAL SERVICES, INC.

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited AES Professional Services, Inc. (AES). The audit was performed upon the Supported Living Service (SLS), Independent Living Program (ILP) and Personal Assistance (PA) for the period of January 1, 2023, through December 31, 2023.

The audit disclosed the following issues of non-compliance:

**Finding 1: Supported Living Service – Unsupported Billings**

The review of AES' SLS, Vendor Number PB2291, revealed that AES had a total of \$57,215 unsupported billings to Regional Center of East Bay (RCEB).

**Finding 2: Independent Living Program – Unsupported Billings**

The review of AES' ILP, Vendor Number HB0956, revealed that AES had a total of \$9,150 unsupported billings to RCEB.

**Finding 3: Personal Assistance – Unsupported Billings**

The review of AES' PA, Vendor Number PB2032, revealed that AES had a total of \$4,156 unsupported billings to RCEB.

The total of the findings identified in this audit amounts to \$70,521, which is due back to DDS. A detailed discussion of this 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 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 AES' fiscal accountability requirement and its programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional center's contracts with AES for the period of January 1, 2023, through December 31, 2023.

### **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 AES, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of AES' 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 AES 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 RCEB that utilized AES' services during the audit period. AES provided four different types of services, of which DDS audited three. Services chosen by DDS were based on the amount of purchase of service (POS) expenditures invoiced by AES. 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. However, a high audit finding amounts for the two sampled months necessitated an expansion of further review of the programs to cover the additional month of April 2024.

## **Supported Living Service**

During the audit period, AES operated one SLS program. The audit included the review of AES' SLS program, Vendor Number PB2291, SC 896 and testing was done for the sampled months of November 2023 and December 2023.

## **Independent Living Program**

During the audit period, AES operated one ILP. The audit included the review of AES' ILP, Vendor Number HB0956, SC 520 and testing was done for the sampled months of November 2023 and December 2023.

## **Personal Assistance**

During the audit period, AES operated one PA program. The audit included the review of AES' PA program, Vendor Number PB2032, SC 062 and testing was done for the sampled months of November 2023 and December 2023.

## **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.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

## **CONCLUSION**

Based upon the audit procedures performed, DDS has determined that except for the items identified in the Findings and Recommendations section; AES was in compliance with applicable audit criteria.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on September 9, 2024. The findings in the report were discussed at an exit conference, via Zoom, with AES on September 11, 2024. Subsequent to the exit conference, on September 25, 2024, AES sent an email stating that AES agreed with the findings.

## **RESTRICTED USE**

This report is solely for the information and use of DDS, Department of Health Care Services, RCEB and AES. 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 AES' SLS, Vendor Number PB2291, for the months of November 2023, December 2023, and April 2024, revealed that AES had unsupported billings for services billed to RCEB. Unsupported billings occurred due to insufficient payroll hours to support the units of service billed to RCEB 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 RCEB. DDS noted that the direct care payroll hours documented in the payroll registers were 1,627 less than the direct care service hours billed to RCEB. AES billed for 1,627 hours of service not supported by documentation. The lack of documentation resulted in unsupported billings to RCEB in the amount of \$57,215, 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:**

AES must reimburse to DDS \$57,215 for the unsupported billings. In addition, AES should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCEB.

**Vendor's Response:**

AES, stated in the response dated September 25, 2024, that AES agreed with the finding.

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

**Finding 2: Independent Living Program – Unsupported Billings**

The review of AES' ILP, Vendor Number HB0956, for the months of November 2023, December 2023, and April 2024, revealed that AES had unsupported billings for services billed to RCEB. Unsupported billings occurred due to insufficient payroll hours to support the units of service billed to RCEB 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 RCEB. DDS noted that the direct care payroll hours documented in the payroll registers were 209 less than the direct care service hours billed to RCEB. AES billed for 209 hours of service not supported by documentation. The lack of documentation resulted in unsupported billings to RCEB in the amount of \$9,150, 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:**

AES must reimburse to DDS \$9,150 for the unsupported billings. In addition, AES should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCEB.

**Vendor’s Response:**

AES, stated in the response dated September 25, 2024, that AES agreed with the finding.

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

**Finding 3: Personal Assistance – Unsupported Billings**

The review of AES’ PA program, Vendor Number PB2032, for the months of November 2023, December 2023, and April 2024, revealed that AES had unsupported billings for services billed to RCEB. Unsupported billings occurred due to insufficient payroll hours to support the units of service billed to RCEB 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 RCEB. DDS noted that the direct care payroll hours documented in the payroll registers were 147 less than the direct care service hours billed to RCEB. AES billed for 147 hours of service not supported by documentation. The lack of documentation resulted in unsupported billings to RCEB in the amount of \$4,156, 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:**

AES must reimburse to DDS \$4,156 for the unsupported billings. In addition, AES should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCEB.

**Vendor's Response:**

AES, stated in the response dated September 25, 2024, that AES agreed with the finding.

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

# **ATTACHMENT A**

**AES PROFESSIONAL SERVICES, 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**

**AES PROFESSIONAL SERVICES, 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 AES' RESPONSE**

**DDS evaluated AES' written response to the draft audit report, dated September 25, 2024, and determined that AES agreed with the audit findings.**