

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES'  
AUDIT  
OF  
AFA HUB VC, LLC**

**Program:**

Community Integration Training Program – PT1634

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

**Audit Section**

**Auditors:** Hung Bang, Chief of Vendor Audit Unit  
Ermias Tecele, Supervisor  
Jardine Monteur, Auditor

**AFA HUB VC, LLC**  
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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited AFA HUB VC, LLC (AFA). The audit was performed upon the Community Integration Training Program (CITP) for the period of January 1, 2023, through December 31, 2023.

The audit disclosed the following issue of non-compliance:

### **Finding 1: Community Integration Training Program – Unsupported Billings**

The review of AFA's CITP program, Vendor Number PT1634, revealed that AFA had a total of \$21,465 of unsupported billings to North Los Angeles County Regional Center (NLACRC), Tri-Counties Regional Center (TCRC) and Westside Regional Center (WRC).

The finding identified in this audit amounts to \$21,465, 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 AFA'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 AFA for the period of January 31, 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 AFA, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of AFA'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 AFA 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 provided to three regional centers that utilized AFA's services during the audit period. DDS audited services provided to North Los Angeles County Regional Center (NLACRC), Tri-Counties Regional Center (TCRC) and Westside Regional Center (WRC). These three regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

AFA provided one type of service, which DDS audited. Service chosen was based on the amount of POS expenditures invoiced by AFA. 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.

## **Community Integration Training Program**

During the audit period, AFA operated one CITP program. The audit included the review of one of AFA's CITP program, Vendor Number PT1634, SC 055 and testing was done for the sampled months of September 2023 and October 2023. The scope of the audit was expanded to include the additional months of July 2023 and August 2023 for a more comprehensive review.

### **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 finding and conclusion 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.
- Interviewed the vendor's Executive Director for vendor background information and to gain understanding of accounting procedures and financial reporting process.

## **CONCLUSION**

Based upon items identified in the Finding and Recommendation section, AFA had finding of non-compliance with the requirements of CCR, Title 17.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on Thursday, June 6, 2024. AFA declined the exit conference and submitted a written response on Friday, July 5, 2024. AFA did not agree with the finding.

## **RESTRICTED USE**

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

## FINDING AND RECOMMENDATION

### Finding 1: Community Integration Training Program - Unsupported Billings

The review of AFA's CITP program, Vendor Number PT1634, for sampled months July 2023 through October 2023, revealed that AFA had unsupported billings for services billed to NLACRC, TCRC and WRC. Unsupported billings occurred due to insufficient payroll hours to support the hours of service billed to NLACRC, TCRC and WRC 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 NLACRC, TCRC and WRC. DDS noted that the direct care payroll hours documented in the Paychex Payroll Journal were 497 hours less than the direct care service hours billed to NLACRC, TCRC and WRC. AFA billed for 497 hours of service not supported by the Paychex Payroll Journal. The lack of documentation resulted in unsupported billings to NLACRC, TCRC and WRC in the amount of \$21,465, 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)(3)(C) or (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... Service records used to support service providers' billing/invoicing shall include but not be limited to: ...
  - (3) A record of services provided to each consumer. The record shall include:

- (C) For community-based programs, the dates of service, place where service was provided, the start and end times of service provided to the consumer and the daily or hourly units of service provided....; or
- (D) For all other services, the date, the start and end times of service provided to the consumer, street address where service was provided, and daily or hourly units of service provided
- (e) All service providers' records shall be supported by source documentation."

**Recommendation:**

AFA must reimburse to DDS \$21,465 for the unsupported billings. In addition, AFA should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NLACRC, TCRC and WRC.

**Vendor's Response:**

AFA stated in the response, dated Friday, July 5, 2024, that AFA disagreed with the finding.

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



# **ATTACHMENT A**

**AFA HUB VC, LLC**

**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**

**AFA HUB VC, LLC**

**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 AFA'S RESPONSE**

**To request a copy of DDS' evaluation of AFA's response to the audit finding, please contact the DDS Audit Section at (916) 654-3695.**