

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

Service:

Supported Living Service – H79481

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

Audit Section

Auditors: Alimou Diallo, Chief of Vendor Audit Unit

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BUNGALOW SERVICES, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Bungalow Services, Inc., (BSI). The audit was performed upon the Supported Living Service (SLS) for the period of July 1, 2019, through June 30, 2020.

The audit disclosed the following issue of non-compliance:

Finding 1: Supported Living Service – Unsupported Billings

The review of BSI's SLS program, Vendor Number H79481, revealed that BSI had a total of \$25,238 of unsupported billings to RCRC..

The total of the finding identified in this audit amounts to \$25,238 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 BSI's program was 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 BSI 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 BSI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of BSI'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 BSI 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 reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the service provided to RCRC that utilized BSI's services during the audit period. BSI provided one type of service of which DDS audited. Service chosen by DDS were based on the amount of purchase of services (POS) expenditures invoiced by BSI. By analyzing the information received during a pre-audit meeting with the vendor, an internal control questionnaire and a risk analysis, it was determined that a two-months sample period would be sufficient to fulfill the audit objectives.

Supported Living Service

During the audit period, BSI operated one SLS program. The audit included the review of one of BSI's SLS program, Vendor Numbers H79481, SC 896 and testing was done for the sampled months of August 2019 and May 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 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, program designs, POS authorizations and correspondence pertinent to the review.
- E-mailed regional center staff for vendor background information and to obtain insight into the vendor's operations.
- Interviewed vendor's Office Coordinator 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 timesheets/case notes 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 timesheets/case notes to determine if the appropriate level of staffing was provided.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on August 16, 2022. The finding in the report was discussed at an exit conference via ZOOM with BSI on August 25, 2022. Subsequent to the exit conference, on September 23, 2022, BSI sent an e-mail stating that BSI agreed with the finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Supported Living Service – Unsupported Billings

The review of BSI's SLS, Vendor Number H79481, for the sampled month of August 2019 and May 2020, revealed that BSI had unsupported billings for services billed to RCRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the employee timesheets/case notes and compared those hours to the direct care service hours billed to RCRC. DDS noted that the direct care service hours on the timesheets/case notes which were reconciled to payroll were 815 hours less than the direct care service hours billed to RCRC. BSI was not able to provide appropriate supporting documentation for 815 hours of services billed. The lack of documentation resulted in unsupported billings to RCRC in the amount of \$25,238, 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:

BSI must reimburse to DDS \$25,238 for the unsupported billings.

In addition, BSI should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCRC.

Vendor's Response:

BSI stated in the response dated September 20, 2022, that BSI took full responsibility for its error. See Attachment B for BSI's email response and Attachment C for DDS' evaluation of BSI's response.

ATTACHMENT A

BUNGALOW 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

BUNGALOW SERVICES, 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 BSI's RESPONSE

DDS evaluated BSI's written response to the draft audit report, dated August 16, 2022, and determined that BSI agreed with the finding.