

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

**Program:**

Independent Living Program – HE0069

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

**Audit Section**

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

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## **EXECUTIVE SUMMARY**

The Department of Developmental Services (DDS) has audited Esperanza Services, Inc. (ES). The audit was performed upon the Independent Living Program (ILP) for the period of January 1, 2023, through December 31, 2023.

The result of the audit disclosed no issues 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 ES' program was compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional centers' contracts with ES 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 ES, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of ES' 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 ES 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 to ELARC that utilized ES' services during the audit period. ES provided three different types of services, of which DDS audited one. Services chosen by DDS were based on the amount of purchase of services (POS) expenditures invoiced by ES. 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.

## **Independent Living Program**

During the audit period, ES operated one ILP program. The audit included the review of ES' ILP program, Vendor Number HE0069, SC 520 and testing was done for the sampled months of May and June 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**

The audit of ES revealed that this vendor maintained its records in accordance with 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 audited program was found to have sufficient, competent, and relevant evidence to support the direct-care hours billed.

## **VIEWS OF RESPONSIBLE OFFICIALS**

This section of the audit report was discussed during the informal exit with the vendor. The vendor was in compliance with the W&I Code, CCR, Title 17, State laws and regulations and the regional center's contract.

## **RESTRICTED USE**

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

# **ATTACHMENT A – VENDOR’S RESPONSE**

**ESPERANZA SERVICES, INC.**

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

## **ATTACHMENT B – DDS’ EVALUATION OF ESI’S RESPONSE**

**DDS evaluated ESI’s written response to the draft audit report, dated September 18, 2024, and determined that ESI agreed with the result of the audit.**