

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES'  
AUDIT  
OF  
INCLUSIVE COMMUNITY RESOURCES, LLC**

**Programs and Services:**

Specialized Therapeutic Services – PB2767

Supported Living Service – HB0446

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

**Audit Section**

**Auditors:** Alimou Diallo, Chief of Vendor Audit Unit  
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# INCLUSIVE COMMUNITY RESOURCES, LLC

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Inclusive Community Resources, LLC (ICR). The audit was performed upon the Specialized Therapeutic Services (STS) and Supported Living Service (SLS) for the period of January 1, 2022, through December 31, 2022.

The audit disclosed the following issue of non-compliance:

### **Finding 1: Supported Living Services – Unsupported Billings**

The review of ICR's SLS program, Vendor Number HB0446, revealed that ICR had a total of \$45,529 of unsupported billings to Regional Center of the East Bay (RCEB).

The total of the finding identified in this audit amounts to \$45,529, 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 ICR's 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 centers' contracts with ICR 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 ICR, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of ICR'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 ICR 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 two regional centers that utilized ICR's services during the audit period. DDS audited services provided to RCEB. This regional center was chosen due to the large volume of services utilized by the center as measured by purchase of service (POS) expenditures.

ICR provided two different types of services, of which DDS audited two. Services chosen were based on the amount of POS expenditures invoiced by ICR. 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.

## **Specialized Therapeutic Services**

During the audit period, ICR operated one STS program. The audit included the review of STS program, Vendor Number PB2767, SC 117 and testing was done for the sampled months of October 2022 and November 2022.

## **Supported Living Service**

During the audit period, ICR operated one SLS program. The audit included the review of SLS program, Vendor Number HB0446, SC 896 and testing was done for the sampled months of October 2022 and November 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 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.

## **CONCLUSION**

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

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on July 3, 2024. The finding in the report was discussed at an exit conference with ICR on July 9, 2024. ICR responded on August 7, 2024, that ICR agrees to reimburse DDS for the unsupported billings.

## **RESTRICTED USE**

This report is solely for the information and use of DDS, Department of Health Care Services, RCEB and ICR. 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 ICR's SLS program, Vendor Number HB0446, for the sampled months of October 2022 and November 2022, revealed that ICR had unsupported billings for services billed to RCEB. Unsupported billings occurred due to a lack of supporting documentation to support the units of service billed to RCEB and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the staff logs, employee timesheets, and payroll registers and compared those direct service hours billed to RCEB. DDS noted that the direct service hours on the employee timesheets and payroll registers were 1,287 hours less than the hours billed to RCEB. ICR was not able to provide appropriate supporting documentation for 1,287 hours of services billed.

ICR billed RCEB for SLS service hours that were never performed. For example, ICR billed for SLS time when the consumers attended day programs and for staff standby shifts while consumers were in the hospital with family member. The lack of documentation resulted in unsupported billings to RCEB in the amount of \$45,529, 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:**

ICR must reimburse to DDS \$45,529 for the unsupported billings. In addition, ICR should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCEB and to bill only for services actually provided to RCEB consumers.

**VENDOR’S Response:**

ICR stated in the response, dated August 7, 2024, that ICR disagrees with the position of the draft audit report, however, ICR agrees to reimburse to DDS for the unsupported billings.

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



# **ATTACHMENT A**

## **INCLUSIVE COMMUNITY RESOURCES, LLC**

**To request a copy of the attachment for this report, please contact the DDS Audit Section at (916) 654-3695.**

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

**INCLUSIVE COMMUNITY RESOURCES, 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 ICR’S RESPONSE**

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