

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES'
AUDIT
OF
ELWYN CALIFORNIA**

Programs and Services:

Supplemental Residential Program Support – Vendor Numbers PL1387, PL1389, PL1391

Specialized Residential Facility (Habilitation)-DSS-Licensed – Vendor Numbers PL1363,
PL1364, PL1365

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

Audit Services Branch

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ELWYN CALIFORNIA
TABLE OF CONTENTS

Pages

EXECUTIVE SUMMARY	1
BACKGROUND	2
OBJECTIVE, SCOPE, AND METHODOLOGY	2
CONCLUSION	4
VIEWS OF RESPONSIBLE OFFICIALS	4
RESTRICTED USE	4
FINDING AND RECOMMENDATION	5
ATTACHMENT A	7
ATTACHMENT B – VENDOR’S RESPONSE	8
ATTACHMENT C – DDS’ EVALUATION OF EC’S RESPONSE	9

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Elwyn California (EC). The audit was performed upon the Supplemental Residential Program Support (SRPS) and Specialized Residential Facility (Habilitation)-DSS-Licensed (SRF) for the period of January 1, 2023, through December 31, 2023.

The audit disclosed the following issue of non-compliance:

Finding 1: Supplemental Residential Program Support – Unsupported Billings

The review of EC's program, Vendor Numbers PL1387 and PL1391 revealed that EC had a total of \$85,188 of unsupported billings to North Los Angeles County Regional Center (NLACRC).

The total of the finding identified in this audit amounts to \$85,188, 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 EC's 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 EC 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 EC, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of EC'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 EC complied with W&I Code and CCR, Title 17. Any complaints that DDS' Audit Services Branch 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 13 regional centers that utilized EC's services during the audit period. DDS audited services provided to NLACRC. This regional center was chosen due to the large volume of services utilized by the center as measured by purchase of service (POS) expenditures.

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

Supplemental Residential Program Support

During the audit period, EC operated six SRPS programs for NLACRC. The audit included the review of three of EC's SRPS' programs, Vendor Numbers PL1387, PL1389 and PL1391, SC 109 and testing was done for the sampled months of May and July 2023. However, the two sampled months demonstrated a high amount of billing discrepancy. As a result, the testing was expanded to include the remaining ten months of calendar year 2023.

Specialized Residential Facility (Habilitation)-DSS-Licensed

During the audit period, EC operated six SRF programs for NLACRC. The audit included the review of three of EC's SRPS' programs, Vendor Numbers PL1363, PL1364 and PL1365, SC 113 and testing was done for the sampled months of May and July 2023. However, testing was expanded to include the remaining ten months of calendar year 2023 in order to test billings for the expansion of the SRPS programs.

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 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 the audit procedures performed, DDS has determined that except for the item identified in the Finding and Recommendation section, Elwyn California was in compliance with applicable audit criteria.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on February 12, 2025. The finding in the report was discussed at an exit conference with Elwyn California on February 18, 2025. Subsequent to the exit conference, on March 18, 2025, Elwyn California submitted a response via email. Elwyn considers this matter resolved with the acceptance of the audit finding and the repayment of \$85,188.

RESTRICTED USE

This report is solely for the information and use of DDS, NLACRC and EC. This restriction is not intended to limit distribution of this report, which is a matter of public record.

FINDING AND RECOMMENDATION

Finding 1: Supplemental Residential Program Support – Unsupported Billings

The review of EC's SRPS programs, Vendor Numbers PL1387, PL1389 and PL1391, for the calendar year 2023, revealed that EC had unsupported billings for services billed to NLACRC. Unsupported billings occurred due to a lack of supporting documentation to support the units of service billed to NLACRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the employee timesheets and compared those hours to the direct care service hours billed to NLACRC. DDS noted that the direct care service hours on the employee timesheets were 3,282 hours less than the direct care service hours billed to NLACRC. EC was not able to provide appropriate supporting documentation for 3,282 hours of services billed. The lack of documentation resulted in unsupported billings to NLACRC in the amount of \$85,188, 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:

EC must reimburse to DDS \$85,188 for the unsupported billings. In addition, EC should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NLACRC.

Vendor's Response:

EC stated in the response, dated March 18, 2025, that "Elwyn California ("Elwyn") acknowledges and accepts the finding of the recent audit and appreciates the opportunity to review the result. Elwyn considers this matter resolved with the acceptance of the audit finding and the repayment of \$85,188."

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

ATTACHMENT A

ELWYN CALIFORNIA

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

ATTACHMENT B – VENDOR’S RESPONSE

ELWYN CALIFORNIA

To request a copy of the vendor’s response to the audit finding, please contact the DDS Audit Services Branch at (916) 654-3695.

ATTACHMENT C – DDS' EVALUATION OF EC'S RESPONSE

DDS evaluated EC's written response to the draft audit report, dated March 18, 2025, and determined that EC agreed with the finding.