

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES'  
AUDIT  
OF  
PARTNERS OF CHANGE, INC.**

**Service:**

Supported Living Service – PW6632, HT0595

Audit Period: January 1, 2024, through December 31, 2024

**Audit Services Branch**

**Auditors:** Hung Bang, Chief of Vendor Audit Section  
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# PARTNERS OF CHANGE, INC.

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Partners of Change, Inc. (POC). The audit was performed upon the Supported Living Service (SLS) for the period of January 1, 2024, through December 31, 2024.

The audit disclosed the following issue of non-compliance:

**Finding: Supported Living Service – Unsupported Billings**

The review of POC's SLS program, Vendor Numbers PW6632, and HT0595 revealed that POC had a total of \$26,282 of unsupported billings to the Westside Regional Center (WRC) and Tri-Counties Regional Center (TCRC).

The total of the finding identified in this audit amounts to \$26,282, 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 POC's 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 POC for the period of January 1, 2024, through December 31, 2024.

### **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 POC, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of POC'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 POC 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 WRC and TCRC that utilized POC's services during the audit period. POC provided four different types of services, of which DDS audited one. Services chosen by DDS were based on the amount of purchase of service (POS) expenditures invoiced by POC. 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.

## **Supported Living Service**

During the audit period, POC operated one SLS program. The audit included the review of POC's SLS program, Vendor Numbers PW6632 and HT0595, SC 896 and testing was done for the sampled months of March and April 2024.

### **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 centers.
- 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 items identified in the Finding and Recommendation section, POC was in compliance with the applicable audit criteria.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on January 8, 2025. The finding in the report was discussed at an exit conference with POC on January 16, 2025. Subsequent to the exit conference, on January 21, 2025, POC submitted a response via email confirming vendor's agreement with the audit finding.

## **RESTRICTED USE**

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

## FINDING AND RECOMMENDATION

### Finding: Supported Living Service – Unsupported Billings

The review of POC's SLS program, Vendor Numbers PW6632 and HT0595, for the sampled months of March and April, 2024, revealed that POC had unsupported billings for services billed to WRC and TCRC. Unsupported billings occurred due to a lack of supporting documentation to support the units of service billed to WRC and TCRC and non-compliance with the CCR, Title 17.

DDS reviewed the provided direct care service hours documented on the employee timecards and job activity detail and compared those hours to the service hours billed to WRC and TCRC. DDS noted that the direct care service hours on the timecards and job activity detail were 646 hours less than the service hours billed to WRC and 179 hours less than the service hours billed to TCRC. POC was not able to provide appropriate supporting documentation for 825 hours of services billed to the regional centers. The lack of documentation resulted in unsupported billings to WRC and TCRC in the amount of \$26,282, 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:**

POC must reimburse to DDS \$26,282 for the unsupported billings. In addition, POC should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to WRC and TCRC.

**VENDOR'S Response:**

POC stated in the response, dated January 21, 2025, that POC agreed with the finding.

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



# **ATTACHMENT A**

## **PARTNERS OF CHANGE, INC.**

**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**

**PARTNERS OF CHANGE, INC.**

**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 POC’S RESPONSE**

DDS evaluated POC’s written response to the draft audit report, dated January 8, 2025, and determined that POC agreed with the finding.