

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES'  
AUDIT  
OF  
POMEROY RECREATION & REHABILITATION CENTER**

**Programs and Services:**

Behavior Management Program – H89198

Social Recreation Program – H89039

Respite Facility – H01125

Supported Employment Program - Individual Services – H88968

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

**Audit Section**

**Auditors:** Hung Bang, Chief of Vendor Audit Unit  
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# POMEROY RECREATIONAL & REHABILITATION CENTER

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Pomeroy Recreation and Rehabilitation Center (PRRC). The audit was performed upon the Behavior Management Program (BMP), Social Recreation Program (SRP), Respite Facility (RF) and Supported Employment Program – Individual Services (SEP-Individual) for the period of January 1, 2023, through December 31, 2023.

The audit disclosed the following issues of non-compliance:

### **Finding 1: Social Recreation Program – Unsupported Billings**

The review of PRRC's SRP program, Vendor Number H89039, revealed that PRRC had a total of \$789,586 of unsupported billings to Golden Gate Regional Center (GGRC).

### **Finding 2: Supported Employment Program – Individual Services – Overbillings**

The review of PRRC's SEP - Individual program, Vendor Number H88968, revealed that PRRC had a total of \$16,866 of overbillings to GGRC.

### **Finding 3: Supported Employment Program - Individual Services – Unsupported Billings**

The review of PRRC's SEP - Individual program, Vendor Number H88968, revealed that PRRC had a total of \$1,382 of unsupported billings to GGRC.

The total of the findings identified in this audit amounts to \$807,834, which is due back to DDS. A detailed discussion of these findings is contained in the Findings and Recommendations 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 PRRC's programs were 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 PRRC 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 PRRC, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of PRRC'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 PRRC 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 PRRC's services during the audit period. DDS audited services provided to GGRC and RCEB. These two regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

PRRC provided five different types of services, of which DDS audited four. Services chosen were based on the amount of POS expenditures invoiced by PRRC. By analyzing the information received from the vendor, an internal control questionnaire and a risk analysis, it was determined that a twelve-month sample period would be sufficient to fulfill the audit objectives.

## **Behavior Management Program**

During the audit period, PRRC operated one BMP program. The audit included the review of this program, Vendor Number H89198, SC 515 and testing was done for the sampled month of January 2023.

## **Social Recreation Program**

During the audit period, PRRC operated one SRP program. The audit included the review of this program, Vendor Number H89039, SC 525 and testing was done for the sampled months of January 2023 through December 2023.

## **Respite Facility**

During the audit period, PRRC operated one RF program. The audit included the review of this program, Vendor Number H01125, SC 869 and testing was done for the sampled month of January 2023.

## **Supported Employment Program – Individual Services**

During the audit period, PRRC operated one SEP - Individual program. The audit included the review of this program, Vendor Number H88968, SC 952 and testing was done for the sampled months of January 2023 through December 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(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 items identified in the Findings and Recommendations section, PRRC was in compliance with applicable audit criteria.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on June 25, 2024. The findings in the report were discussed at an exit conference, via Zoom with PRRC on June 27, 2024. Subsequent to the exit conference, on July 25, 2024, PRRC provided additional source documentation to support its billings to the regional centers. PRRC disagreed with the findings.

## **RESTRICTED USE**

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

## FINDINGS AND RECOMMENDATIONS

### Finding 1: Social Recreation Program – Unsupported Billings

The review of PRRC's SRP program, Vendor Number H89039, for the sampled months of January 2023 through December 2023, revealed that PRRC had unsupported billings for services billed to GGRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to GGRC and non-compliance with CCR, Title 17.

DDS reviewed the direct care service hours documented on the Activity Record Report and compared those hours to the direct care service hours billed to GGRC. DDS noted that the direct care service hours on the Activity Record Report were 60,939 hours less than the direct care service hours billed to GGRC. This was due to PRRC billing six hours per day instead of the actual hours attended by a consumer. For example, if consumer 'x' received one hour of service for the day, PRRC would bill the regional center a total of six hours. This resulted in a significant amount of unsupported billings to GGRC. PRRC was not able to provide appropriate supporting documentation for 60,939 hours of services billed. The lack of documentation resulted in unsupported billings to GGRC in the amount of \$789,586, 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:**

PRRC must reimburse to DDS \$789,586 for the unsupported billings. In addition, PRRC should comply with CCR Title 17 as stated above to ensure that PRRC's billings to GGRC are accurate.

**VENDOR'S Response:**

PRRC, stated in the response, dated July 25, 2024, that PRRC, disagreed with the finding.

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

**Finding 2: Supported Employment Program – Individual Services – Overbillings**

The review of PRRC's SEP-Individual program, Vendor Number H88968, for the sampled months of January 2023 through December 2023, revealed that PRRC had overbillings for services billed to GGRC.

PRRC overbilled GGRC for overlapping SRP and SEP – Individual service hours received by the same consumer at the same time under these two programs. For example, a consumer received SRP services on January 6, 2023, from 9:00 a.m. to 3:00 a.m. In addition to the SRP services, the same consumer received SEP – Individual services from 9:00 a.m. to 12:00 p.m. on the same date. Due to this, PRRC billed for three overlapping hours on this date.

DDS reviewed the direct care service hours documented on the Activity Record Report and compared those hours to the direct care service hours billed to GGRC. DDS also compared the Activity Record Report for the SRP and SEP - Individual, to identify overlapping hours between the two programs. DDS noted that PRRC overbilled GGRC for a total of 348 hours. This resulted in an overbilled amount of \$16,866 and is due back to DDS. (See Attachment B)

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:**

PRRC must reimburse to DDS \$16,866 for the overbillings. In addition, PRRC should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to GGRC.

**VENDOR’S Response:**

PRRC, stated in the response, dated July 25, 2024, that PRRC, disagreed with the finding.

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

**Finding 3: Supported Employment Program – Individual Services – Unsupported Billings**

The review of PRRC’s SEP – Individual program, Vendor Number H88968, for the sampled months of January 2023 through December 2023, revealed that PRRC had unsupported billings for services billed to GGRC.

Unsupported billings occurred due to a lack of supporting documentation for the units of service billed to GGRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the Activity Record Report and compared those hours to the direct care service hours billed to GGRC. DDS noted that the direct care service hours on the Activity Record Report were 29 hours less than the direct care service hours billed to GGRC. PRRC was not able to provide appropriate supporting documentation

for 29 hours of services billed. The lack of documentation resulted in unsupported billings to GGRC in the amount of \$1,382, 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:**

PRRC must reimburse to DDS \$1,382 for the unsupported billings. In addition, PRRC should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to GGRC.

**VENDOR’S Response:**

PRRC, stated in the response, dated July 25, 2024, that PRRC, disagreed with the finding.

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

# **ATTACHMENT A**

## **POMEROY RECREATIONAL & REHABILITATION CENTER**

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

## **ATTACHMENT B**

### **POMEROY RECREATIONAL & REHABILITATION CENTER**

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

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

### **POMEROY RECREATIONAL & REHABILITATION CENTER**

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

# **ATTACHMENT D – DDS’ EVALUATION OF PRRC’S RESPONSE**

## **POMEROY RECREATIONAL & REHABILITATION CENTER**

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