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DEPARTMENT OF DEVELOPMENTAL SERVICES' AUDIT OF DEFRANCIS EARLY INTERVENTION SERVICES

Program:

Infant Development Program – HL0926

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

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DEFRANCIS EARLY INTERVENTION SERVICES

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EXECUTIVE SUMMARY

The Department of Developmental Services (Department) has audited DeFrancis Early Intervention Services (DEIS). The audit was performed upon the Infant Development Program (IDP) for the period of January 1, 2024, through December 31, 2024.

The audit disclosed the following issues of non-compliance:

Finding 1: Infant Development Program – Unsupported Billings

The review of DEIS' IDP program, Vendor Number HL0926, revealed that DEIS had a total of $16,237 of unsupported billings to North Los Angeles County Regional Center (NLACRC).

Finding 2: Infant Development Program – Overbillings

The review of DEIS' IDP program, Vendor Number HL0926, revealed that DEIS had a total of $831 of overbillings to NLACRC.

The total of the findings identified in this audit amounts to $17,068, which is due back to the Department. A detailed discussion of these findings is contained in the Findings and Recommendations section of this report.

BACKGROUND

The Department 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. The Department 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 Code (WIC), Section 4648.1, the Department 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 DEIS' program was compliant with the WIC, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional centers' contracts with DEIS 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 DEIS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of DEIS' 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 DEIS complied with WIC and CCR, Title 17. Any complaints that the Department's 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 program provided to NLACRC that utilized DEIS' services during the audit period. DEIS provided one IDP type of service, which the Department audited. 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.

Infant Development Program

During the audit period, DEIS operated one IDP program. The audit included the review of DEIS' IDP program, Vendor Number HL0926, SC 805 and testing was done for the sampled months of May 2024 and October 2024.

Methodology

The following methodology was used by the Department to maintain 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

Based upon the audit procedures performed, the Department has determined that except for the items identified in the Findings and Recommendations section, DEIS was in compliance with applicable audit criteria.

VIEWS OF RESPONSIBLE OFFICIALS

The Department issued a draft audit report on July 16, 2026. The findings in the report were discussed at an exit conference with DEIS on August 4, 2026. On July 29, 2026, DEIS submitted a response via letter and stated that DEIS agreed with the findings.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: <u>Infant Development Program – Unsupported Billings</u>

The review of DEIS' IDP program, Vendor Number HL0926, for the sampled months of May 2024 and October 2024, revealed that DEIS 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.

The Department reviewed the direct care service hours documented on the employee timesheets and daily consumer session notes and compared those hours to the direct care service hours billed to NLACRC. The Department noted that the direct care service hours on the employee timesheet and daily consumer session notes were 174 hours less than the direct care service hours billed to NLACRC. DEIS was not able to provide appropriate supporting documentation for 174 hours of services billed. The lack of documentation resulted in unsupported billings to NLACRC in the amount of $16,237, which is due to the Department. (See Attachment A)

WIC, 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:

DEIS must reimburse the Department $16,237 for the unsupported billings. In addition, DEIS should comply with the CCR, Title 17, and maintain proper documentation to support the amounts billed to NLACRC.

VENDOR'S Response:

DEIS stated in the response, dated July 21, 2026, that DEIS agreed with the finding.

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

Finding 2: <u>Infant Development Program – Overbillings</u>

The review of DEIS' IDP program, Vendor Number HL0926, for the sampled months of May 2024 and October 2024, revealed that DEIS had overbillings for services billed to NLACRC. Overbillings occurred due to DEIS not meeting the approved staff-to-consumer ratio of 1:1 as outlined in DEIS' program design and contract with NLACRC.

The Department reviewed the direct care service hours documented on the employee timesheets and daily consumer session notes and compared those hours to the direct care service hours billed to NLACRC. The review revealed instances in which DEIS had one staff working with two consumers during the same allotted time. There were also instances in which DEIS had two staff working with one consumer during the same overlapping hours. This resulted in DEIS overbilling nine overlapping service hours to NLACRC. As a result, DEIS overbilled NLACRC by $831, which is due back to the Department. (See Attachment B)

WIC, 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) (13) states:

"(a) All vendors shall: …

(13) comply with all applicable staffing ratio requirements;"

Page 27 of DEIS' Program Design states:

"Services will be provided in-home on a 1:1 staffing ratio basis."

Recommendation:

DEIS must reimburse the Department $831 for the overbilling. In addition, DEIS should provide services in accordance with DEIS' IDP program design to maintain compliance and to avoid discrepancy in services and billing to NLACRC.

Vendor's Response:

DEIS stated in the response, dated July 21, 2026, that DEIS agreed with the finding.

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

ATTACHMENTS A-B

DEFRANCIS EARLY INTERVENTION SERVICES

To request a copy of the attachments for this audit report, please contact the Audit Services Branch via email at AuditServices@dds.ca.gov.

ATTACHMENT C – VENDOR'S RESPONSE

DEFRANCIS EARLY INTERVENTION SERVICES

To request a copy of the vendor's response to the audit finding, please contact the Audit Services Branch via email at AuditServices@dds.ca.gov.

ATTACHMENT D – EVALUATION OF RESPONSE

The Department evaluated DEIS' written response to the draft audit report, dated July 21, 2026, and determined that DEIS agreed with the findings.