

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
DEPENDABLE NURSING, LLC.**

Programs and Services:

Licensed Vocational Nurse – PQ0888

Registered Nurse – PQ0888

Home Health Agency– PQ0888

Audit Period: July 1, 2011, through June 30, 2013

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
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Jennifer Bernard, Lead Auditor
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DEPENDABLE NURSING, LLC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Dependable Nursing, LLC (DNL). The audit was performed upon the Licensed Vocational Nurse, Registered Nurse, and Home Health Agency for the period of July 1, 2011, through June 30, 2013.

The results of the audit disclosed the following issues of non-compliance:

Finding 1: Licensed Vocational Nurse – Unsupported Billings and Failure to Bill

The review of DNL's Licensed Vocational Nurse, Vendor Number PQ0888, revealed that DNL had both unsupported billings, as well as appropriate support for services that it failed to bill the San Diego Regional Center (SDRC). As a result, DNL had a total of \$6,072.88 in unsupported billings and a total of \$485.76 for which it failed to bill.

Finding 2: Home Health Agency – Unsupported Billings and Failure to Bill

The review of DNL's Home Health Agency, Vendor Number PQ0888, revealed that DNL had both unsupported billings, as well as appropriate support for services that it failed to bill SDRC. As a result, DNL had a total of \$2,902.02 of unsupported billings and a total of \$112.64 for which it failed to bill.

The net total of unsupported billing identified in this audit amounts to \$8,376.50 and is due back to DDS. A detailed discussion of these findings is contained in the Findings and Recommendations section of this audit 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 DNL's Licensed Vocational Nurse, Registered Nurse, and Home Health Agency were compliant with the W&I Code, California Code of Regulations, Title 17 (CCR, Title 17), and the regional center contracts with DNL for the period of July 1, 2011, through June 30, 2013.

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 DNL, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of DNL'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 DNL complied with W&I Code and CCR, Title 17. Also, any complaints that DDS' Audit Branch was aware of regarding non-compliance with laws and regulations were reviewed and followed-up on during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to SDRC that utilized DNL's services during the audit period.

In addition, DNL provided three different types of services in which DDS audited all three. Analyzing the information, an internal control questionnaire and a risk analysis, received during a pre-audit meeting with the vendor, it was determined that a two-month sample for each year of the audit period would be sufficient to fulfill the audit objectives.

Miscellaneous Programs

During the audit period, DNL operated three miscellaneous programs. The audit included the review of all of DNL's miscellaneous programs and testing was done for the months of July and August 2011, and July and August 2012. The programs and vendor numbers audited are listed below:

- Licensed Vocational Nurse, Vendor Number PQ0888, Service Code 744.
- Registered Nurse, Vendor Number PQ0888, Service Code 742.
- Home Health Agency, Vendor Number PQ0888, Service Code 854.

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 was not limited to, the following:

- Review of vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interview of regional center staff for vendor background information and to obtain insight into the vendor's operations.
- Interview of vendor staff and management to gain an understanding of its accounting procedures and processes for regional center billing.
- Review of 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).
- Analysis of the vendor's payroll and attendance/service records to determine if the payroll substantiated the audited hours.
- Interview of vendor's Certified Public Accountant, Executive Director, Administrator, and Program Coordinators, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

CONCLUSION

Based upon items identified in the Findings and Recommendations section, DNL had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on August 13, 2014. The findings in the audit report were discussed at a formal exit conference with Jackson Long, DNL's Director and Jeanette Rose, DNL's Administrator; on August 22, 2014. Subsequent to the meeting, Ms. Rose responded on September 23, 2014, with documentation to support additional hours of service.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Licensed Vocational Nurse – Unsupported Billings and Failure to Bill

The review of DNL's Licensed Vocational Nurse, Vendor Number PQ0888, for the sample months of July and August 2011, and July and August 2012, revealed that DNL had both unsupported billings, as well as appropriate support for services that it failed to bill to SDRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to SDRC. The failure to bill occurred when DNL had appropriate supporting documentation but did not bill SDRC. The following are the discrepancies identified:

DNL was not able to provide appropriate supporting documentation for 212.75 hours of services billed. The lack of documentation resulted in unsupported billings to SDRC in the amount of \$6,072.88.

In addition, DNL provided appropriate supporting documentation for 17.25 hours of service but was not billed to SDRC. This resulted in an unbilled amount of \$485.76.

As a result, \$5,587.12 is due back to DDS for the unsupported billings.
(See Attachment A.)

W&I Code, Section 4648.1 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 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:

DNL must reimburse to DDS the \$5,587.12 for the unsupported billings. In addition, DNL should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to SDRC.

DNL’s Response:

Although, Jeanette Rose, Administrator, did not provide a written argument to the findings discovered during the audit, she provided additional documentation that supported some findings and resulted in an adjustment credit of 13.50 hours.

See Attachment B for DNL’s response and Attachment D for the Unsupported and Failure to Bill Adjustments Summary.

Finding 2: Home Health Agency – Unsupported Billings and Failure to Bill

The review of DNL’s Home Health Agency, Vendor Number PQ0888, for the sample months of July and August 2011, and July and August 2012, revealed that DNL had both unsupported billings, as well as appropriate support for services that it failed to bill to SDRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to SDRC. The failure to bill occurred when DNL had appropriate supporting documentation, but did not bill SDRC. The following are the discrepancies identified:

DNL was not able to provide appropriate supporting documentation for 119.75 hours of services billed. The lack of documentation resulted in unsupported billings to SDRC in the amount of \$2,902.02.

In addition, DNL provided appropriate supporting documentation for 4.00 hours of service but was not billed to SDRC. This resulted in an unbilled amount of \$112.64.

As a result, \$2,789.38 is due back to DDS for the unsupported billings.
(See Attachment A.)

W&I Code, Section 4648.1 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 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:

DNL must reimburse to DDS \$2,789.38 for the unsupported billings. In addition, DNL should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to SDRC.

DNL’s Response:

Although, Jeanette Rose, Administrator, did not provide a written argument to the findings discovered during the audit, she provided additional documentation that supported some findings and resulted in an adjustment credit of 14.25 hours.

See Attachment B for DNL’s response and Attachment D for the Unsupported and Failure to Bill Adjustments Summary.

**Dependable Nursing, LLC. (DNL)
 Summary of Unsupported and Failure to Bill
 July 1, 2011 through June 30, 2013**

| Finding # | Vendor | Svc Code | Description | Unit Rate | Unit Type | Unsupported Billings | | Failed to Bill | | NET TOTAL |
|-----------|---|----------|--|-----------|-----------|----------------------|--------------------|----------------|------------------|--------------------|
| | | | | | | Units | Amount | Units | Amount | Amount |
| 1 | <u>Licensed Vocational Nurse</u> | | | | | | | | | |
| | PQ0888 | 742 | <u>Month</u> | | | | | | | |
| | | | Jul-11 | \$ 28.16 | Hourly | 84.25 | \$ 2,372.48 | 8.00 | 225.28 | \$ 2,147.20 |
| | | | Aug-11 | \$ 28.16 | Hourly | 35.50 | \$ 999.68 | 9.25 | 260.48 | \$ 739.20 |
| | | | Jul-12 | \$ 29.04 | Hourly | 62.25 | \$ 1,807.74 | - | - | \$ 1,807.74 |
| | | | Aug-12 | \$ 29.04 | Hourly | 30.75 | \$ 892.98 | - | \$ - | \$ 892.98 |
| | | | Total Licensed Vocational Nurse Program | | | <u>212.75</u> | <u>\$ 6,072.88</u> | <u>17.25</u> | <u>\$ 485.76</u> | <u>\$ 5,587.12</u> |
| 2 | <u>Home Health Agency</u> | | | | | | | | | |
| | PQ0888 | 854 | <u>Fiscal Year 11-12</u> | | | | | | | |
| | | | Jul-11 | | | | | | | |
| | | | Q2LVN | \$ 21.12 | Hourly | 50.75 | \$ 1,071.84 | - | - | \$ 1,071.84 |
| | | | QLVNR | \$ 28.16 | Hourly | 1.00 | \$ 28.16 | - | - | \$ 28.16 |
| | | | RNH | \$ 38.85 | Hourly | - | \$ - | - | - | \$ - |
| | | | Sub-total July 2011 | | | <u>51.75</u> | <u>\$ 1,100.00</u> | <u>-</u> | <u>\$ -</u> | <u>\$ 1,100.00</u> |
| | | | Aug-11 | | | | | | | |
| | | | CNAR | \$ 18.10 | Hourly | - | \$ - | - | - | \$ - |
| | | | QLVNR | \$ 28.16 | Hourly | 6.50 | \$ 183.04 | 4.00 | 112.64 | \$ 70.40 |
| | | | RNH | \$ 38.85 | Hourly | - | \$ - | - | - | \$ - |
| | | | Sub-total August 2011 | | | <u>6.50</u> | <u>\$ 183.04</u> | <u>4.00</u> | <u>\$ 112.64</u> | <u>\$ 70.40</u> |

**Dependable Nursing, LLC. (DNL)
 Summary of Unsupported and Failure to Bill
 July 1, 2011 through June 30, 2013**

| <i>Finding #</i> | <i>Vendor</i> | <i>Svc Code</i> | <i>Description</i> | <i>Unit Rate</i> | <i>Unit Type</i> | <u>Unsupported Billings</u> | | <u>Failed to Bill</u> | | <u>NET TOTAL</u> |
|------------------|---------------|-----------------|---------------------------------|------------------|------------------|-----------------------------|--------------------|-----------------------|------------------|--------------------|
| | | | | | | <i>Units</i> | <i>Amount</i> | <i>Units</i> | <i>Amount</i> | <i>Amount</i> |
| | PQ0888 | 854 | <u>Fiscal Year 12-13</u> | | | | | | | |
| | | | Jul-11 | | | | | | | |
| | | | CNAR | \$ 18.66 | Hourly | - | \$ - | - | - | \$ - |
| | | | Q2LVN | \$ 21.78 | Hourly | 8.00 | \$ 174.24 | - | - | \$ 174.24 |
| | | | QLVNR | \$ 29.04 | Hourly | 16.00 | \$ 464.64 | - | - | \$ 464.64 |
| | | | Sub-total July 2012 | | | <u>24.00</u> | <u>\$ 638.88</u> | - | \$ - | <u>\$ 638.88</u> |
| | | | Aug-12 | | | | | | | |
| | | | CNAR | \$ 18.66 | Hourly | - | \$ - | - | \$ - | \$ - |
| | | | Q2LVN | \$ 21.78 | Hourly | 15.00 | \$ 326.70 | - | \$ - | \$ 326.70 |
| | | | QLVNR | \$ 29.04 | Hourly | 22.50 | \$ 653.40 | - | \$ - | \$ 653.40 |
| | | | RNH | \$ 40.06 | Hourly | - | \$ - | - | \$ - | \$ - |
| | | | Sub-total August 2012 | | | <u>37.50</u> | <u>980.10</u> | - | - | <u>980.10</u> |
| | | | Total Home Health Agency | | | <u>119.75</u> | <u>\$ 2,902.02</u> | <u>4.00</u> | <u>\$ 112.64</u> | <u>\$ 2,789.38</u> |
| | | | GRAND TOTAL ALL PROGRAMS | | | 332.50 | \$ 8,974.90 | 21.25 | \$ 598.40 | \$ 8,376.50 |

**Dependable Nursing, LLC. (DNL)
Response to the Draft Audit Report**

DNL did not provide a written argument to the findings discovered during the audit; however, they provided additional documentation for review that contained confidential information that is exempt from disclosure under the provisions of the California Public Records Act (Government Code Sections 6250-6265), or other applicable state or federal laws. Therefore, the documentation provided is not included in this audit report due to the detailed and confidential nature of the information.

**DEPARTMENT OF DEVELOPMENTAL SERVICES
EVALUATION OF
DEPENDABLE NURSING, LLC.**

As part of the audit process, Dependable Nursing, LLC (DNL) was afforded the opportunity to respond to the draft audit report and provide a written response to each finding identified therein. The draft audit report was issued on August 22, 2014. The Audit Branch received DNL's response on September 23, 2014.

Although DNL did not provide a written response to the draft audit report, they did provide documents for DDS to review. DDS evaluated DNL's documents and determined that although DNL did not specifically state it disagreed with the audit findings, the submission of additional documents indicated it had found additional support for its billings.

DDS reviewed submitted documents and determined that the additional documents supported the billings. Provided below are DDS' evaluation of the response documentation. (See Attachment D to the audit report for adjustment summary of DNL's response)

Finding 1: Licensed Vocational Nurse - Unsupported Billings and Failure to Bill

DNL did not provide a written argument to this finding; however, they provided additional documentation for review.

DDS' Conclusion:

Subsequent to the receipt of this response, DNL provided DDS with documents to support billings that were previously unsupported. DDS accepted these additional documents provided and determined that it supported an additional 13.50 hours for Vendor Number PQ0888.

Finding 2: Home Health Agency - Unsupported Billings and Failure to Bill

DNL did not provide a written argument to this finding; however, they provided additional documentation for review.

DDS' Conclusion:

Subsequent to the receipt of this response, DNL provided DDS with documents to support billings that were previously unsupported. DDS accepted these additional documents provided and determined that it supported an additional 14.25 hours for Vendor Number PQ0888.

Dependable Nursing, LLC. (DNL)
Unsupported and Failure to Bill Adjustments Summary
July 1, 2011 through June 30, 2013

Attachment D

| <i>Finding #</i> | <i>Vendor</i> | <i>Svc Code</i> | <i>Description Sub Code</i> | <i>Unsupported Hrs Per Draft Report</i> <i>A</i> | <i>Unsupported Amt Per Draft Report</i> <i>B</i> | <i>Add'l Hrs Allowed</i> <i>C</i> | <i>Adjusted Unsupported Hrs</i> <i>D=A-C</i> | <i>Adjusted Unsupported Amount</i> <i>E</i> | <i>Failure to Bill Hrs</i> <i>F</i> | <i>Failure to Bill Amt</i> <i>G</i> | <i>Amount Due DDS (Final Audit Report)</i> <i>H= E-G</i> |
|------------------|---|-----------------|--|---|---|--------------------------------------|---|--|--|--|---|
| 1 | <u>Licensed Vocational Nurse</u> | | | | | | | | | | |
| | PQ0888 | 742 | | | | | | | | | |
| | | | Jul-11 | 84.25 | \$ 2,372.48 | - | 84.25 | \$ 2,372.48 | 8.00 | \$ 225.28 | \$ 2,147.20 |
| | | | Aug-11 | 35.50 | \$ 999.68 | - | 35.50 | \$ 999.68 | 9.25 | \$ 260.48 | \$ 739.20 |
| | | | Jul-12 | 62.25 | \$ 1,807.74 | - | 62.25 | \$ 1,807.74 | - | \$ - | \$ 1,807.74 |
| | | | Aug-12 | 44.25 | \$ 1,285.02 | 13.50 | 30.75 | \$ 892.98 | - | \$ - | \$ 892.98 |
| | | | Total Licensed Vocational Nurse | 226.25 | \$ 6,464.92 | 13.50 | 212.75 | \$ 6,072.88 | 17.25 | \$ 485.76 | \$ 5,587.12 |
| 2 | <u>Home Health Agency</u> | | | | | | | | | | |
| | PQ0888 | 854 | <u>Fiscal Year 11-12</u> | | | | | | | | |
| | | | Jul-11 | | | | | | | | |
| | | | Q2LVN | 50.75 | \$ 1,071.84 | - | 50.75 | \$ 1,071.84 | - | \$ - | \$ 1,071.84 |
| | | | QLVNR | 1.00 | \$ 28.16 | - | 1.00 | \$ 28.16 | - | \$ - | \$ 28.16 |
| | | | RNH | - | \$ - | - | - | \$ - | - | \$ - | \$ - |
| | | | Sub-total July 2011 | 51.75 | \$ 1,100.00 | - | 51.75 | \$ 1,100.00 | - | \$ - | \$ 1,100.00 |
| | | | Aug-11 | | | | | | | | |
| | | | CNAR | - | \$ - | - | - | \$ - | - | \$ - | \$ - |
| | | | QLVNR | 12.75 | \$ 359.04 | 6.25 | 6.50 | \$ 183.04 | 4.00 | \$ 112.64 | \$ 70.40 |
| | | | RNH | 8.00 | \$ 310.80 | 8.00 | - | \$ - | - | \$ - | \$ - |
| | | | Sub-total August 2011 | 20.75 | \$ 669.84 | 14.25 | 6.50 | \$ 183.04 | 4.00 | \$ 112.64 | \$ 70.40 |

Dependable Nursing, LLC. (DNL)
Unsupported and Failure to Bill Adjustments Summary
July 1, 2011 through June 30, 2013

Attachment D

| <i>Finding #</i> | <i>Vendor</i> | <i>Svc Code</i> | <i>Description Sub Code</i> | <i>Unsupported Hrs Per Draft Report A</i> | <i>Unsupported Amt Per Draft Report B</i> | <i>Add'l Hrs Allowed C</i> | <i>Adjusted Unsupported Hrs D=A-C</i> | <i>Adjusted Unsupported Amount E</i> | <i>Failure to Bill Hrs F</i> | <i>Failure to Bill Amt G</i> | <i>Amount Due DDS (Final Audit Report) H= E-G</i> |
|------------------|---------------|-----------------|---------------------------------|---|---|----------------------------|---------------------------------------|--------------------------------------|------------------------------|------------------------------|---|
| | PQ0888 | 854 | <u>Fiscal Year 12-13</u> | | | | | | | | |
| | | | CNAR | - | \$ - | - | - | \$ - | - | \$ - | \$ - |
| | | | Q2LVN | 8.00 | \$ 174.24 | - | 8.00 | \$ 174.24 | - | \$ - | \$ 174.24 |
| | | | QLVNR | 16.00 | \$ 464.64 | - | 16.00 | \$ 464.64 | - | \$ - | \$ 464.64 |
| | | | Sub-total July 2012 | <u>24.00</u> | <u>\$ 638.88</u> | - | <u>24.00</u> | <u>\$ 638.88</u> | - | <u>\$ -</u> | <u>\$ 638.88</u> |
| | | | CNAR | - | \$ - | - | - | \$ - | - | \$ - | \$ - |
| | | | Q2LVN | 15.00 | \$ 326.70 | - | 15.00 | \$ 326.70 | - | \$ - | \$ 326.70 |
| | | | QLVNR | 22.50 | \$ 653.40 | - | 22.50 | \$ 653.40 | - | \$ - | \$ 653.40 |
| | | | RNH | - | \$ - | - | - | \$ - | - | \$ - | \$ - |
| | | | Sub-total August 2012 | <u>37.50</u> | <u>\$ 980.10</u> | - | <u>37.50</u> | <u>\$ 980.10</u> | - | <u>\$ -</u> | <u>\$ 980.10</u> |
| | | | Total Home Health Agency | <u><u>134.00</u></u> | <u><u>\$ 3,388.82</u></u> | <u><u>14.25</u></u> | <u><u>119.75</u></u> | <u><u>\$ 2,902.02</u></u> | <u><u>4.00</u></u> | <u><u>\$ 112.64</u></u> | <u><u>\$ 2,789.38</u></u> |
| | | | GRAND TOTAL DUE TO DDS | 360.25 | \$ 9,853.74 | 27.75 | 332.50 | \$ 8,974.90 | 21.25 | \$ 598.40 | \$ 8,376.50 |