

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES'
AUDIT
OF
REMI VISTA, INC.**

Program:

Supported Living Services – PA1379

February 27, 2018

Audit Period: July 1, 2014, through June 30, 2015

Audit Section

Auditors: Mike Masui, Chief of Vendor Audits
Ermias Tecele, Supervisor
Lucy Lao-Hernandez, Auditor
Jardine Monteur, Auditor

REMI VISTA, INC.

TABLE OF CONTENTS

	Page(s)
Executive Summary	1
Background.....	2
Objective, Scope, and Methodology.....	2-3
Conclusion	4
Views of Responsible Officials	4
Restricted Use.....	4
Findings and Recommendations.....	5-7
Attachment A - Summary of Overbillings Due to Non-compliance with Contract Language and Failure to Bill	8
Attachment B - Summary of Overbilled Other Service Costs	9
Attachment C - Remi Vista, Inc.'s Response	10
Attachment D - DDS' Evaluation of Remi Vista, Inc.'s Response	11

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Remi Vista, Inc. (RVI). The audit was performed upon the Supported Living Services (SLS) program for the period of July 1, 2014, through June 30, 2015.

The audit disclosed the following issues of non-compliance:

Finding 1: Supported Living Services – Overbillings Due to Non-Compliance with Contract Language and Failure to Bill

The review of RVI's SLS program, PA1379, revealed that RVI had both overbillings and appropriate support for services that it failed to bill Alta California Regional Center (ACRC). RVI had a total of \$4,134 of overbillings and a total of \$610 for which it failed to bill.

Finding 2: Supported Living Services – Overbilled Other Service Costs

The review of RVI's SLS program, PA1379, revealed that RVI overbilled the Other Service Costs to ACRC. RVI overbilled a total of \$828 for Other Service Costs.

The net total of overbillings due to non-compliance with contract language and overbilled Other Service Costs identified in this audit amounts to \$4,352 and 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 integrated lives. DDS contracts with 21 private, nonprofit regional centers (RCs) that provide fixed points of contact in the community for serving eligible individuals with developmental disabilities and their families in California. In order for RCs 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 RVI's SLS program was compliant with the W&I Code, California Code of Regulations (CCR), Title 17, and the RC's contract with RVI for the period of July 1, 2014, through June 30, 2015.

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

The audit scope was determined by reviewing the programs and services provided to three RCs that utilized RVI's services during the audit period. Of the three RCs, DDS audited services provided to ACRC. ACRC was chosen due to the large volume of services utilized by the center as measured by Purchase of Service (POS) expenditures.

In addition, RVI provided 10 different types of services, of which DDS audited one. The service chosen by DDS was based on the amount of POS expenditures invoiced by RVI. By analyzing the information received during a pre-audit meeting with 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 Services

During the audit period, RVI operated three SLS programs. The audit included the review of one of RVI's SLS programs, and testing was done for the sample months of September 2014 and October 2014. The SLS program and vendor number audited was PA1379, Service Code 896.

Methodology

The following methodology was used by DDS to ensure the audit objectives were met. The methodology was designed to obtain 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 RC staff for vendor background information and to obtain insight into the vendor's operations.
- Interviewed vendor staff and management to gain an understanding of its accounting procedures and processes for RC billing.
- Reviewed vendor service/attendance records to determine if the vendor had sufficient and appropriate evidence to support the direct care services billed to the RC.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Reviewed the vendor's general ledger, payroll records, and trial balance to determine the vendor's costs.
- Interviewed the vendor's Executive Director, Administrator, and Program Coordinators for vendor background information and to gain an understanding of the accounting procedures and financial reporting process.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on April 28, 2017. The findings in the draft audit report were discussed during an exit conference with Robert Hughes, RVI's Executive Director, on May 9, 2017. DDS received RVI's response dated May 19, 2017. Mr. Hughes stated that RVI has no objections to the findings and agrees to refund DDS.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Supported Living Services – Overbillings Due to Non-Compliance With Contract Language and Failure to Bill

The review of RVI's SLS program, Vendor Number PA1379, for the sample months of September 2014 and October 2014 revealed that RVI had both overbillings and appropriate support for services that it failed to bill to ACRC.

Overbillings occurred when RVI did not prorate budgeted amounts billed to ACRC for consumers who were not provided SLS for 48 hours or more within a billable month, which resulted in overbillings to ACRC in the amount of \$4,134. The failure to bill occurred when RVI had appropriate supporting documentation, but it did not bill ACRC, which resulted in an unbilled amount of \$610. The net amount of \$3,524 is due back to DDS for the overbillings. (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.”

Contractual Agreement between ACRC and RVI for Supporting Living Services, September 9, 2014 – August 31, 2016, Section 5.10 states:

“PROVIDER understands that the REGIONAL CENTER shall pay a prorated monthly amount if ... for any time the consumer is away from their residence and not receiving care and support from the PROVIDER for more than a 48-hour period during a calendar month.”

Recommendation:

RVI must reimburse DDS \$3,524 for the overbillings. In addition, RVI should develop and implement policies and procedures to ensure that billed amounts prorate budgeted amounts for consumers who are not provided SLS for a 48-hour period or more.

RVI’s Response:

Robert Hughes, RVI’s Executive Director, submitted a response on May 10, 2017, stating that RVI will not dispute the accuracy of the findings.

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

Finding 2: Supported Living Services – Overbilled Other Service Costs

The review of RVI’s SLS program, Vendor Number PA1379, for the sampled months of September 2014 and October 2014 revealed that RVI overbilled the Other Service Costs, which were part of the consumer’s budget for services billed to ACRC. Overbilling of the Other Service Costs occurred due to the design of the budget templates and RVI’s lack of proper internal controls to verify its actual expenses were paid at rates at, or above, the budgeted amount.

Other Service Costs were fixed line item costs within the consumer’s budget for RVI’s Community Skills Facilitators, Program Supervisors, and Generic Service Coordinators. These costs remain the same throughout each consumer’s budget authorized for SLS. However, the contract states that RVI agreed to pay its Other Service Costs expenses at rates at, or above, those rates established in the budget and that ACRC may recover from RVI the overall difference between the actual and the budgeted amount.

RVI billed ACRC \$27,128 for Other Service Costs for September 2014 and October 2014. However, RVI’s actual Other Service Costs amounted to only \$26,300, or \$828 less than the budgeted amount; therefore, the net amount of \$828 is due back to DDS for the overbilled amount. (See Attachment B)

Contractual Agreement between ACRC and RVI for Supported Living Services
September 9, 2014 – August 31, 2016, Section 5.06 (B) states:

“(B) The PROVIDER agrees to pay its expenses at rates at or above those established in Exhibit E. If the PROVIDER’s expenses are less than the rates established in Exhibit E, the REGIONAL CENTER ... may recover from the PROVIDER the overall difference between the rate the provider was paid by the regional center and the actual expenses incurred by the provider from the inception date of this Agreement.”

Recommendation:

RVI must reimburse DDS \$828 for the overbilling of Other Service Costs. In addition, RVI should develop policies and procedures to ensure that billings for Other Service Costs are actual expenses. RVI should notify ACRC to adjust the budgeted rates to reflect RVI’s actual expenses. RVI should review records subsequent to Fiscal Year 2014-15 to determine if adjustments are necessary.

RVI’s Response:

Robert Hughes, RVI’s Executive Director, submitted a response on May 10, 2017, stating that RVI will not dispute the accuracy of the findings.

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

Remi Vista, Inc.
Summary of Overbillings Due to Non-compliance with Contract Language and Failure to Bill
Audit Period: July 1, 2014 through June 30, 2015

Attachment A

Finding #	Vendor #	Svc Code	Description			<u>Overbillings</u>	<u>Failure to Bill</u>	<u>Net Due to DDS</u>
				<u>Billed Amount</u>	<u>Audited Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
				A	B	C	D	E = C - D
			<u>Supported Living Services</u>					
1	PA1379	896	Supported Living Services					
		September 2014		\$ 138,769	\$ 134,635	\$ 4,134		\$ 4,134
		October 2014		133,732	134,342		610	\$ (610)
				<u>\$ 272,501</u>	<u>\$ 268,977</u>	<u>\$ 4,134</u>	<u>\$ 610</u>	<u>\$ 3,524</u>

Remi Vista, Inc.
Summary of Overbilled Other Service Costs
Audit Period: July 1, 2014 through June 30, 2015

Attachment B

Finding #	Vendor #	Svc Code	Description	Billed Amount	Actual Costs up to Budgeted Amount	<u>Net Due to DDS</u>
						Amount = A - B
				A	B	
<u>Supported Living Services</u>						
2	PA1379	896	Supported Living Services			
		September 2014		\$ 14,033	\$ 13,205	\$ 828
		October 2014		13,095	13,095	-
				<u>\$ 27,128</u>	<u>\$ 26,300</u>	<u>\$ 828</u>
				Attachment A total		3,524
				Attachment B total		828
				<u>Grand total of Overbillings</u>		<u>\$ 4,352</u>



“AMBASSADORS of HOPE”

CORPORATE OFFICE
2701 Park Marina Drive
PO Box 494100
Redding, CA 96049-4100
p. 530.245.5805
f. 530.245.0340
tf. 1.800.668.4638

REDDING RESIDENTIAL
CARE OFFICE
373 Park Marina Circle
Redding, CA 96001
p. 530.244.2765

REDDING MENTAL
HEALTH SERVICES
3191 Churn Creek Road
Redding, CA 96002
p. 530.224.7160
tf. 800.655.7364

ASSERTIVE COMMUNITY
TREATMENT
3191 Churn Creek Road
Redding, CA 96002
p. 530.224.7160

CRESCENT CITY OFFICE
370 9th Street
Crescent City, CA 95531
p. 707.464.4349

EUREKA OFFICE
3960 Walnut Drive, Suite C
Eureka, CA 95503
p. 707.268.8722

MT. SHASTA OFFICE
301 Chestnut Street
Mt. Shasta, CA 96067
p. 530.926.1436

CHICO OFFICE
15 Declaration Drive
Chico, CA 95973
p. 530.893.4784

EL DORADO OFFICE
4993 Golden Foothill Pkwy.
Suite 2
El Dorado Hills, CA 95762
p. 916.941.8812

May 10, 2017

Edward Yan, Manager
Department of Developmental Services
Audit Branch
1600 Ninth Street, Room 230, MS 2-10
Sacramento, CA 95814



Dear Mr. Yan,

In response to your audit of our Supported Living Services for the period of July 1, 2014 through June 30, 2015, as described in your draft audit report and discussed during yesterday's formal exit conference, we have decided not to challenge the accuracy of the audit findings. Thank you for the professional manner in which the audit was conducted and for the clear summary of your findings. We will await the final audit report before making the necessary payment that is due back to the DDS and closing the audit process.

Sincerely,

Robert Hughes, Psy.D.
Executive Director

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES'
EVALUATION OF REMI VISTA, INC.'S RESPONSE**

RVI's response, dated May 10, 2017, did not dispute the findings and accepted DDS' recommendation.