

**DEPARTMENT OF  
DEVELOPMENTAL SERVICES  
AUDIT OF  
SOCIAL VOCATIONAL SERVICES, INC.**

**Programs and Services:**

Adult Development Program – H18756

Behavior Management Program – HS0005

Supported Living Services – Z82795, ZS0123

Supported Employment Program – HS0366, HS0367

Audit Period: July 1, 2013, through June 30, 2014

**Audit Branch**

**Auditors:** Mike Masui, Chief of Vendor Audits  
Alton Kitay, Supervisor  
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# **SOCIAL VOCATIONAL SERVICES, INC.**

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Social Vocational Services, Inc. (SVS). The audit was performed upon the Adult Development Program, Supported Living Services (SLS), Supported Employment Program, and Behavior Management Program for the period of July 1, 2013, through June 30, 2014.

The audit disclosed the following issues of non-compliance:

### **Finding 1: Supported Living Services – Unsupported Billings and Failure to Bill**

The review of SVS' SLS programs, Vendor Numbers ZS0123 and Z82795, revealed that SVS had both unsupported billings, as well as appropriate support for services that it failed to bill the San Andreas Regional Center (SARC). As a result, SVS had total unsupported billings of \$15,130 and a total of \$770 for which it failed to bill.

### **Finding 2: Behavior Management Program – Unsupported Billings and Failure to Bill**

The review of SVS' Day Program, Vendor Number HS0005, revealed that SVS had both unsupported billings, as well as appropriate support for services it failed to bill SARC. As a result, SVS had total unsupported billings of \$1,446 and a total of \$76 for which it failed to bill.

The net total of unsupported billing identified in this audit amounts to \$15,730 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 SVS' Adult Development Program, Supported Living Services Programs, Supported Employment Program, and Behavior Management Program were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, and the regional center's contracts with SVS for the period of July 1, 2013, through June 30, 2014.

### **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 SVS nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of SVS' 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 SVS 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 15 regional centers that utilized SVS' services during the audit period. Of the 15 regional centers, DDS audited services provided to one regional center: San Andreas Regional Center (SARC). SARC was chosen due to the large volume of services utilized by SARC as measured by Purchase of Service (POS) expenditures.

In addition, SVS provided 11 different types of services for SARC, of which, DDS audited six. The six services chosen by DDS were also based on the amount of POS expenditures invoiced by SVS. After 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 Service**

During the audit period, SVS operated two SLS programs. The audit included the review of both SLS programs and testing was done for the months of September and October 2013. The program, vendor numbers and service codes audited are listed below:

Supported Living Services – Z82795, Service Code 896; ZS0123, Service Code 896

## **Day Program**

During the audit period SVS operated four Day Programs. The audit included the review of two of SVS' Day Programs and testing was done for the months of September and October 2013. The programs, vendor numbers and service codes audited are listed below:

Adult Development Program – H18756, Service Code 510  
Behavior Management Program – HS0005, Service Code 515

## **Supported Employment Programs**

During the audit period, SVS operated two Supported Employment Programs. The audit included the review of these programs for the months of September and October 2013. The program, vendor numbers, and service codes audited are listed below:

Supported Employment Programs – HS0366, Service Code 952; HS0367, Service Code 950

## **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:

- Review of vendor files for contracts, rate letters, program designs, POS 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 appropriate level of staffing was provided.

## **CONCLUSION**

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

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on November 20, 2015. The findings in the report were discussed at an exit telephone conference with SVS on November 24, 2015. Subsequent to the exit conference, on December 18, 2015, SVS provided timesheets for one client and requested that DDS review those documents in case these documents were not provided during the fieldwork. However, SVS did not dispute the findings.

## **RESTRICTED USE**

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

## **FINDINGS AND RECOMMENDATIONS**

### **Finding 1: Supported Living Services – Unsupported Billings and Failure to Bill**

The review of SVS' SLS programs, Vendor Numbers Z82795 and ZS0123 for the sample months of September and October 2013 revealed that SVS had both unsupported billings, as well as appropriate support for services that it failed to bill SARC.

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

SVS was not able to provide appropriate supporting documentation for 664 hours and 361 hours of services billed for Vendor Numbers ZS0123 and Z82795, respectively. The lack of documentation resulted in unsupported billings to SARC in the amount of \$10,319 and \$4,811 for ZS0123 and Z82795, respectively, for a total of \$15,130.

In addition, SVS provided appropriate supporting documentation for 13 hours and 32 hours of services for ZS0123 and Z82795, respectively, that were not billed to SARC. This resulted in an unbilled amount of \$222 and \$548 for ZS0123 and Z82795, respectively, for a total of \$770.

As a result, \$14,360 is due back to DDS for the unsupported billings.  
(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 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:**

SVS must reimburse to DDS \$14,360 for the unsupported billings. In addition, SVS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to SARC.

**SVS’ Response:**

SVS stated in the response, dated December 18, 2015, that SVS did not dispute the finding. (Attachment B)

**Finding 2: Behavior Management Program – Unsupported Billings and Failure to Bill**

The review of SVS’ Behavior Management Program, Vendor Number HS0005, for the two sample months of September and October 2013 revealed that SVS had both unsupported billings, as well as appropriate support for services that it failed to bill SARC.

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

SVS was not able to provide appropriate supporting documentation for 19 days of services billed. The lack of documentation resulted in unsupported billings to SARC in the amount of \$1,446.

In addition, SVS provided appropriate supporting documentation for one day of service that was not billed to SARC. This resulted in an unbilled amount of \$76.

As a result, \$1,370 is due back to DDS for the unsupported billings.  
(See Attachment A)

CCR, Title 17, Section 54326(a)(3)(A) states:

“(a) All vendors shall:



- (3) Maintain records of services provided to consumer in sufficient detail to verify delivery of units of service billed.
  - (A) Such records shall be maintained for a minimum of five years from the date of final payment for the State Fiscal year in which services were rendered or until audit findings have been resolved, whichever is longer.”

CCR, Title 17, Section 50604(d)(3)(C) 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. Service records used to support service providers’ billing/invoicing shall include but not be limited to:

- (3) A record of services provided to each consumer. The record shall include:

- (C) For community-based programs, the dates of service, place where service was provided, the start and end times of service provided to the consumer and the daily or hourly units of service provided . . .

(e) All service providers’ records shall be supported by source documentation.”

**Recommendation:**

SVS must reimburse to DDS \$1,370 for the unsupported billings. In addition, SVS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to SARC.

**SVS’ Response:**

SVS stated in the response, dated December 18, 2015, that SVS did not dispute the finding. (Attachment B)

Social Vocational Services, Inc.  
 Summary of Unsupported Billings and Failure to Bill  
 Audit Period: July 1, 2013 - June 30, 2014

**Attachment A**

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings		Failure to Bill		Net Total
						Hours	Amount	Hours	Amount	Amount
For the Months of September and October 2013										
<b>1</b>	<b><u>Supported Living Services</u></b>									
	<b>ZS0123</b>	<b>896</b>								
			Sub code: PAHA	Hours	\$ 17.11	493	\$ 8,430	13.00	\$ 222	\$ 8,208
			Sub code: SLEEP	Hours	\$ 11.05	171	\$ 1,889		\$ -	\$ 1,889
			<i>Subtotal</i>			<b>664</b>	<b>\$ 10,319</b>	<b>13.00</b>	<b>\$ 222</b>	<b>\$ 10,097</b>
	<b>Z82795</b>	<b>896</b>								
			Sub code: PAHA	Hours	\$ 17.11	135	\$ 2,319	32.00	\$ 548	\$ 1,771
			Sub code: SLEEP	Hours	\$ 11.05	226	\$ 2,492		\$ -	\$ 2,492
			<i>Subtotal</i>			<b>361</b>	<b>\$ 4,811</b>	<b>32.00</b>	<b>\$ 548</b>	<b>\$ 4,263</b>
			<b>Total - Supported Living Services</b>			<b>1,025</b>	<b>\$ 15,130</b>	<b>45.00</b>	<b>\$ 770</b>	<b>\$ 14,360</b>
<b>2</b>	<b><u>Behavior Management Program</u></b>									
	HS0005	515	Behavior Management Daily		76.12	19	\$ 1,446	1	\$ 76	\$ 1,370
			<b>Total - Behavior Management Program</b>			<b>19</b>	<b>\$ 1,446</b>	<b>1</b>	<b>\$ 76</b>	<b>\$ 1,370</b>
			<b>Total - Supported Living Services</b>							<b>\$ 14,360</b>
			<b>Total - Behavior Management Program</b>							<b>\$ 1,370</b>
			<b>GRAND TOTAL UNSUPPORTED BILLINGS</b>							<b>\$ 15,730</b>

## **Social Vocational Services' Response to Draft Report**

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As part of the audit report process, SVS was afforded the opportunity to respond to the draft audit report and provide a written response to the findings identified. On December 18, 2015, SVS submitted a response to the draft audit report, which was received by DDS on December 23, 2015. This was within the agreed upon 30-day response period.

The response included a one-page letter and timesheets for one client for the months of September and October 2013. Due to the large volume of documents provided as part of the response package, these documents are not included in this report. The following page contains the vendor's written response.



December 18, 2015

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



Dear Mr. Yan,

This is in response to your letter dated November 20, 2015 regarding the audit of our vendor numbers HS0005, Z82795 and ZS0123.

Enclosed are Timesheets, Service Notes, and schedule for [REDACTED] a client in our ZS0123 program, for the months of September and October 2013. We would appreciate your taking a look through the enclosed documentation in case we overlooked providing your auditors with any of these documents during the audit. This is the only client we would like you to review in case anything was missed. We are not disputing any other findings.

Thank you,

Sincerely,

A handwritten signature in blue ink that reads 'Susan Barr'.

Susan Barr  
Director of Finance  
Social Vocational Services, Inc.

## **THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF SOCIAL VOCATIONAL SERVICES' RESPONSE**

DDS evaluated SVS' written response to the draft audit report and determined that SVS did not dispute any findings. However, SVS provided timesheets for one client and requested that DDS review those documents in case these documents were not provided during the fieldwork. Below is a summary of the vendor's response, as well as DDS' evaluation of the vendor's response. (See Attachment B to the final audit report for the full text of SVS' response)

### **Finding 1: Supported Living Services – Unsupported Billings**

*SVS did not dispute the findings but requested that DDS review documents submitted as part of the response, in case these documents were not provided during the fieldwork.*

#### **DDS Evaluation:**

In reviewing SVS' documents provided as support to refute DDS' audit finding with regard to unsupported billings, it was determined that SVS did not provide new supporting documents. The documents provided as part of the response, were already reviewed and analyzed by DDS during the fieldwork.

#### **Conclusion:**

SVS did not provide any additional supporting evidence that would result in a reduction of Finding 1.