

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES'
AUDIT
OF
UNIFIED: COMPASSIONATE SOLUTIONS, INC.**

Program:

Adaptive Skills Trainer – PG0650

Audit Period: January 1, 2011, through December 31, 2012

Audit Section

Auditors: Michael Masui, Chief of Vendor Audits
Alton Kitay, Supervisor
Ermias Tecele, Supervisor
Asraf Tootla, Auditor

UNIFIED: COMPASSIONATE SOLUTIONS, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Unified: Compassionate Solutions, Inc. (UCS). UCS is one of a number of companies owned and operated by Mr. Zachary Wheeler. This report is an audit of only UCS, although Wheeler Supportive Services, Inc., Path of Success, Inc., and Zachary Wheeler, Sole Proprietorship, were audited simultaneously with separate audit reports issued. The audit was performed upon UCS' Adaptive Skills Trainer program for the period of January 1, 2011, through December 31, 2012. The audit disclosed the following issue of non-compliance:

Finding: Adaptive Skills Trainer – Unsupported Billings

The review of UCS' Adaptive Skills Trainer program, Vendor Number PG0650, revealed that UCS had unsupported billings in the amount of \$123,337 for services billed to the Golden Gate Regional Center (GGRC).

The total of unsupported billings identified in this audit amounts to \$123,337 due back to DDS. A detailed discussion of the finding is contained in the Finding and Recommendation 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 integrated 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 UCS' Adaptive Skills Trainer program is compliant with the W&I Code, California Code of Regulations (CCR), Title 17, and the GGRC contract with UCS for the period of January 1, 2011, through December 31, 2012.

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 UCS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of UCS' 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 UCS complied with CCR, Title 17. Also, any complaints that DDS' Audit Section was aware of regarding non-compliance of laws and regulations were reviewed and followed upon during the course of the audit. The audit scope was determined by reviewing the programs and services provided to GGRC during the audit period.

Adaptive Skills Trainer

During the audit period, UCS operated one Adaptive Skills Trainer program. The audit included the review of UCS' Adaptive Skills Trainer program, Vendor Number PG0650, Service Code 605 and testing was done for the period of January 1, 2012, through December 31, 2012, selected from the audit period of January 1, 2011, through December 31, 2012.

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 finding and conclusion 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, purchase of service authorizations, and correspondence pertinent to the review.
- Interview of regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interview of vendor staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Review of vendor service/attendance records to determine if the vendor has sufficient and appropriate evidence to support the direct care services billed to the regional center.
- Analysis of the vendor's payroll and attendance/service records to determine if the payroll substantiated the audited hours.

CONCLUSION

Based upon the item identified in the Finding and Recommendation section, UCS did not comply with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on August 25, 2015. The finding in the draft audit report was not discussed with Mr. Wheeler, UCS' CEO, as he did not respond to any correspondence from DDS regarding an exit conference. However, the draft audit report was mailed to Mr. Wheeler via certified mail, return receipt requested, on August 25, 2015. Mr. Wheeler responded on September 18, 2015, that UCS did not agree with the finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding: Adaptive Skills Trainer - Unsupported Billings

The review of UCS' Adaptive Skills Trainer program, Vendor Number PG0650, for the sample period of January 1, 2012, through December 31, 2012, revealed that UCS had unsupported billings due to a lack of appropriate documentation to support the units of services billed to GGRC.

The staff-to-consumer ratio of one to one, in accordance with the program design, was not fulfilled, and a 24 hours per day and seven days a week commitment was not met. UCS was not able to provide appropriate supporting documentation for 5,606 hours of services billed. The lack of documentation resulted in unsupported billings to GGRC in the amount of \$123,337, 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:

UCS must reimburse DDS \$123,337 for unsupported billings. In addition, UCS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to GGRC.

UCS' Response:

Mr. Wheeler, CEO, UCS, stated in his response, dated September 18, 2015, that UCS disagreed with the finding. (See Attachment B)

Unified: Compassionate Solutions, Inc.
 Summary of Unsupported Billings
 Audit Period: January 1, 2012 through December 31, 2012

Attachment A

Finding #	Svc Vendor Code	Month	POS Received (A)	Audited Hours per Draft (B)	Adjusted Audited Hours (C)	Monthly Rate* (D)	Hours		Hourly Rate (G = A / C)	Amount Due per Draft (F = D * E)	Amount Due per Final (F = D * E)		
							Required Monthly* (D)	Unsupported Hours per Draft (E = D - B)					
Adaptive Skills													
Trainer													
	PG0650	605	Jan-12	\$15,996	744	744	\$16,791	744	-	-	\$ 21.50	-	-
				\$15,996	744	744	\$16,791	744	-	-	\$ 21.50	-	-
				\$14,893	661	669	\$16,791	744	83	75	\$ 20.02	\$1,661	\$1,501
			Jan-2012 Subtotal:	\$46,885	2,149	2,157	\$50,373	2,232	83	75		\$1,661	\$1,501
			Feb-12	\$15,445	648	696	\$16,791	696	48	-	\$ 22.19	\$1,065	-
				\$15,445	648	696	\$16,791	696	48	-	\$ 22.19	\$1,065	-
				\$16,239	624	696	\$16,791	696	72	-	\$ 23.33	\$1,680	-
			Feb-2012 Subtotal:	\$47,129	1,920	2,088	\$50,373	2,088	168	-		\$3,810	-
			Mar-12	\$16,548	552	552	\$16,791	744	192	192	\$ 22.24	\$4,270	\$4,270
				\$16,548	479	479	\$16,791	744	265	265	\$ 22.24	\$5,894	\$5,894
				\$16,548	545	569	\$16,791	744	199	175	\$ 22.24	\$4,426	\$3,892
			Mar-2012 Subtotal:	\$49,644	1,576	1,600	\$50,373	2,232	656	632		\$14,590	\$14,056
			Apr-12	\$16,791	297	301	\$16,791	720	423	419	\$ 23.32	\$9,864	\$9,767
				\$16,791	480	488	\$16,791	720	240	232	\$ 23.32	\$5,599	\$5,412
				\$16,791	370	358	\$16,791	720	350	362	\$ 23.32	\$8,173	\$8,453
			Apr-2012 Subtotal:	\$50,373	1,147	1,147	\$50,373	2,160	1,013	1,013		\$23,636	\$23,632
			May-12	\$16,548	395	395	\$16,791	744	349	349	\$ 22.24	\$7,771	\$7,771
				\$16,548	634	634	\$16,791	744	110	110	\$ 22.24	\$2,438	\$2,438
				\$16,548	316	316	\$16,791	744	428	428	\$ 22.24	\$9,525	\$9,525
			May-2012 Subtotal:	\$49,644	1,345	1,345	\$50,373	2,232	887	887		\$19,734	\$19,734

Unified: Compassionate Solutions, Inc.
 Summary of Unsupported Billings
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							Required Monthly* (D)	Unsupported Hours per Draft (E = D - B)				
Adaptive Skills												
Trainer												
		Jun-12	\$16,791	412	412	\$16,791	720	308	308	\$ 23.32	\$7,183	\$7,183
			\$16,791	469	469	\$16,791	720	251	251	\$ 23.32	\$5,848	\$5,848
			\$16,791	517	517	\$16,791	720	203	203	\$ 23.32	\$4,740	\$4,740
		Jun-2012 Subtotal:	\$50,373	1,398	1,398	\$50,373	2,160	762	762		\$17,771	\$17,771
			\$17,066	671	687	\$17,317	744	73	57	\$ 22.94	\$1,675	\$1,308
			\$17,066	598	670	\$17,317	744	146	74	\$ 22.94	\$3,343	\$1,692
			\$5,120	177	177	\$17,317	264	87	87	\$ 19.39	\$1,687	\$1,687
		Jul-2012 Subtotal:	\$39,252	1,446	1,534	\$51,951	1,752	306	218		\$6,705	\$4,687
		Aug-12	\$17,317	675	675	\$17,317	744	70	70	\$ 23.28	\$1,618	\$1,618
			\$17,317	591	591	\$17,317	744	153	153	\$ 23.28	\$3,561	\$3,561
			\$17,317	696	696	\$17,317	744	48	48	\$ 23.28	\$1,117	\$1,117
		Aug-2012 Subtotal:	\$51,951	1,962	1,962	\$51,951	2,232	271	271		\$6,296	\$6,296
		Sep-12	\$16,498	632	624	\$17,317	720	88	96	\$ 22.91	\$2,016	\$2,200
			\$16,498	620	636	\$17,317	720	100	84	\$ 22.91	\$2,291	\$1,925
			\$16,498	512	520	\$17,317	720	208	200	\$ 22.91	\$4,766	\$4,583
		Sep-2012 Subtotal:	\$49,494	1,764	1,780	\$51,951	2,160	396	380		\$9,073	\$8,708
PG0650	605	Oct-12	\$17,066	728	728	\$17,317	744	16	16	\$ 22.94	\$367	\$367
			\$17,066	424	424	\$17,317	744	320	320	\$ 22.94	\$7,340	\$7,340
			\$17,066	624	624	\$17,317	744	120	120	\$ 22.94	\$2,753	\$2,753
		Oct-2012 Subtotal:	\$51,198	1,776	1,776	\$51,951	2,232	456	456		\$10,460	\$10,460

Unified: Compassionate Solutions, Inc.
 Summary of Unsupported Billings
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Attachment A

Finding #	Svc Vendor Code	Month	POS Received (A)	Audited Hours per Draft (B)	Adjusted Audited Hours (C)	Monthly Rate* (D)	Hours		Hourly Rate (G = A / C)	Amount Due per Draft (F = D * E)	Amount Due per Final (F = D * E)	
							Required Monthly* (D)	Unsupported Hours per Draft (E = D - B)				
Adaptive Skills												
Trainer												
		Nov-12	\$15,360	680	696	\$17,317	720	40	\$ 21.33	\$853	\$512	
			\$15,360	384	376	\$17,317	720	336	\$ 21.33	\$7,168	\$7,339	
			\$15,360	624	648	\$17,317	720	96	\$ 21.33	\$2,048	\$1,536	
		Nov-2012 Subtotal:	\$46,080	1,688	1,720	\$51,951	2,160	472		\$10,069	\$9,387	
		Dec-12	\$15,929	704	736	\$17,317	744	40	\$ 21.41	\$856	\$171	
			\$15,929	376	376	\$17,317	744	368	\$ 21.41	\$7,879	\$7,879	
			\$15,929	648	648	\$17,317	744	96	\$ 21.41	\$2,055	\$2,055	
		Dec-2012 Subtotal:	\$47,787	1,728	1,760	\$51,951	2,232	504		\$10,790	\$10,105	
Unsupported Billing Totals:			\$579,810	19,899	20,267	\$613,944	25,872	5,974		\$5,606	\$134,595	\$123,337

Legend:

* Agreed Monthly Rate per Contract

** Hrs Required per Month = (# of Days per Month * 24 hrs per Day)

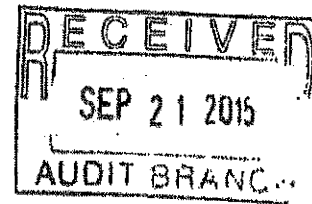
✗ From July 3 - July 22, a consumer was incarcerated; therefore the required hours for that month were calculated for 11 days at 24hrs per day amounting to 264 hours.

Note: The contract rate is \$17,536 per month. However, the contracted rate was adjusted for the 4.25% reduction for the period of January 2012 - June 2012, resulting in an adjusted rate of \$16,790.72; and for the 1.25% reduction for the period of July 2012 - December 2012, resulting in an adjusted rate of \$17,316.80, respectively. The billing amount was less than the contractual rate. Accordingly, DDS auditors used the actual paid monthly rate to calculate the hourly rate.

Unified: Compassionate Solutions' Response to Draft Report

As part of the audit report process, Unified: Compassionate Solutions (UCS) was afforded the opportunity to respond to the draft audit report and provide a written response to the finding identified. On September 18, 2015, UCS submitted a response to the draft audit report, which was received by DDS on September 21, 2015. This was within the granted extension period.

The response included a three-page letter and one box of documents which included, detailed timesheets of hourly paid employees and summary excel spreadsheets for both hourly paid employees, as well as salaried employees. Due to the large volume of documents provided as part of the response package, these documents are not included in this report. The following pages contain the vendor's written response.



September 18, 2015

*Sent this date via certified mail, return receipt requested;
Copy by First Class Mail*

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

*Re: Appeal of Findings of Audit of FY 2012
Unified Compassionate Solutions Vendor #PG0650*

Dear Mr. Yan:

This letter serves as our response to the findings identified in your letter of August 25th regarding the draft audit of Unified Compassionate Solutions (hereafter referred to as UCS). We appreciate the efforts extended by the audit team to date.

In the cover letter it was indicated that a formal exit conference was scheduled for Tuesday September 1, 2015 even though the letter was dated August 25th and I received it on August 31, 2015. I subsequently emailed to request an exit conference on October 1st so we could discuss the findings as I believe we could easily address the finding in that forum. The letter also indicated that you had tried to contact me on numerous occasions yet I did not receive any messages or communications other than the letter referenced above. I find it curious that you were unable to contact me even though GGRC was copied on the letter and I am in contact with them constantly in conducting the business of UCS. As I have not received a response back from my email, I assume that no exit conference will be held and I am submitting this letter as UCS' response to the draft audit.

DDS's draft audit finding claims an "overpayment" in the amount of \$134,569.65 based on unsupported hours billed of 5,794.02. While UCS concedes (as provided in the attached spreadsheets and time sheets) that there were 1,246 hours billed which cannot be substantiated based upon existing records, we dispute the amount of the overpayment.

Pursuant to Title 17, § 50705(a)(1), liquidation of the disputed overpayments must be deferred pending completion of administrative review. Because the audit has not yet been finalized and UCS retains its right to appeal, DDS and Golden Gate Regional Center may not collect or deduct any of the disputed funds from UCS' billings or otherwise attempt to collect or recover the disputed overpayment until this audit is finally resolved.

UCS' dispute of Finding 1 of the draft audit report, which claims to have found a total of 5,794.02 hours for which UCS "was not able to provide appropriate supporting documentation," is based on the attached spreadsheets and time sheets which were overlooked by the audit team during the performance of its work. Had we had an opportunity to discuss the finding, we could have previously provided the supporting documentation. We believe that the primary misunderstanding is that there were UCS staff who were salaried personnel and the audit team only reviewed the time sheets of the hourly staff. However, it was hard for us to specifically reconcile the hours by consumer as we did not receive any supporting details as part of the draft audit report. Nonetheless, we have provided the details of service provided to each consumer and the staff providing the service by hour by day.

In our response to the draft audit, UCS is providing a comparison of its billings hours to hours of service provided and noted only 1,246 hours of service not supported by timesheets. UCS disputes the 5,974.02 hours found to be unsupported by DDS in the draft audit report. Because the rates paid to UCS have been allocated based on DDS's internal computation, UCS has not yet been able to determine the exact amount it believes is due, because the unsupported hours need to be properly allocated, as UCS is paid a flat monthly rate per consumer.

The relevant documents in this matter consist of, the draft audit report, summary and detailed spreadsheets, and the source timesheets as other supporting documentation. For your convenience, I have attached a copy of the draft audit report.

UCS is providing this additional documentation within thirty (30) days from the "scheduled" date of the exit conference, as permitted by 17 CCR § 50730(f).

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Attachment B

Please review the additional documentation we have submitted and revise the final audit findings and report accordingly. Should you have any questions or desire additional information, please contact me at your earliest convenience.

Sincerely Yours,


Zachary D. Wheeler

THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF UNIFIED: COMPASSIONATE SOLUTIONS' RESPONSE

DDS evaluated Unified: Compassionate Solutions' (UCS) written response to the draft audit report and determined that Mr. Wheeler, CEO, disagreed with the finding. 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 UCS' response.)

Finding: Supported Living Services – Unsupported Billings

UCS stated that DDS overlooked additional supporting documents of UCS' salaried personnel who provided services. UCS provided computer generated excel spreadsheets for the salaried personnel as support for services provided to consumers.

DDS Evaluation:

In reviewing UCS' response provided as support to refute DDS' audit finding with regard to unsupported billings, it was determined that UCS provided some adequate additional supporting documentation for services provided, as well as inadequate computer generated excel spreadsheets for salaried employees.

Title 17 requires the vendor to maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service. The use of computer generated excel spreadsheets as documentation for the service hours provided by UCS' salaried personnel is not adequate. During the fieldwork and the entrance conference, DDS interviewed UCS management and noted that hours of services provided and activities performed are documented on the timesheets and the weekly attendance sheets. UCS did not mention the computer generated excel spreadsheets for salaried personnel nor were these documents provided to DDS at any time during fieldwork, or subsequently. In addition, during and after fieldwork, DDS continuously asked UCS management for other additional documents to support the hours of services billed. Only after the draft report was issued and the lack of the number of hours were presented, did UCS submit the computer generated excel spreadsheets. Further, the original timesheets provided were signed by the employees and supervisors for review and approval. The computer generated excel spreadsheets were neither signed by the employees nor reviewed or approved. According to UCS' management, salaried personnel were not required to provide timesheets. Therefore, DDS determined that the computer generated excel spreadsheets appear to have been created after the fact to document the alleged hours provided by the salaried personnel. CCR, Title 17, Section 50604(d) states that all service providers shall maintain complete service records to support all billings for each regional center consumer in the program and specifies that electronic records satisfy that requirement only if the record accurately reflects the information set forth at the time it was first generated in its final form as an electronic record. The computer generated excel spreadsheets provided as support are not deemed to be contemporaneous records.

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES’
EVALUATION OF
UNIFIED: COMPASSIONATE SOLUTIONS’ RESPONSE**

To further verify the additional hours on the computer generated excel spreadsheets provided by UCS, DDS contacted a former manager of UCS. DDS asked the former UCS manager to clarify and respond to the following information on the excel spreadsheets:

- The former UCS manager provided over 1,600 hours of direct client support from March 2012 through December 2012.
- Mr. Wheeler provided 2,049 hours of direct client support from March 2012 through December 2012.
- Mr. Wheeler’s wife provided direct care support for UCS as well.

The UCS manager attested:

- During the two-year employment with Mr. Wheeler’s companies, the former UCS manager never covered shifts on a regular basis. The former UCS manager provided coverage in emergency situations, but not for extended periods of time. In addition, the former UCS manager provided approximately six to eight hours on a monthly basis at UCS doing home visits, employee observations, and wellness checks. During the two-year employment with Mr. Wheeler’s companies, the former UCS manager provided approximately a total of 250 to 300 hours of direct support for Mr. Wheeler’s companies; Wheeler Supportive Services, Path of Success, and UCS.
- There was some time when Mr. Wheeler was present and provided client care; however, the dates and specific hours were not documented nor were the hours in the quantity Mr. Wheeler specifies above. The manager stated, “I never actually saw time sheets or attendance forms indicating an exact amount of hours provided.”
- Mr. Wheeler provided coverage in the same manner as the former UCS manager in occasional emergency situations.
- The former UCS manager did not witness Mr. Wheeler’s wife providing any coverage at the UCS house. Mr. Wheeler’s wife did however, provide at least two months of some coverage at the Fairfield location for Path of Success. Other than that time period, it was the former manager’s understanding that Mr. Wheeler’s wife resided in Florida most of the time.

DDS also performed a review of the UCS payroll report and noted that Mr. Wheeler’s wife was not listed, nor paid, according to the payroll report provided by UCS during the fieldwork.

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES'
EVALUATION OF
UNIFIED: COMPASSIONATE SOLUTIONS' RESPONSE**

Conclusion:

Based on the review of the computer generated excel spreadsheets for salaried employees, the attestation of the former UCS manager, and the lack of payroll record for Mr. Wheeler's wife, DDS did not accept the computer generated excel spreadsheets. However, UCS also provided the same form of timesheets and source documents provided during the fieldwork. UCS was allowed credit for all the verifiable hours identified through its source documentation which reduced the unsupported billings of Finding 1 from \$134,595 to \$123,337, or by \$11,258.