

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
Supporting Unlimited Possibilities, Inc.

Programs and Services:

Specialized Residential Facility (Habilitation) – HJ0649, HJ0730, HJ0731, HJ0767, HJ0995

Behavior Management Program – HJ2674

Transportation – Additional Component – VJ5994

Audit Period: July 1, 2017, through June 30, 2018

Audit Section

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Supporting Unlimited Possibilities, Inc.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Supporting Unlimited Possibilities, Inc. (SUP). The audit was performed upon the Specialized Residential Facility (Habilitation) (SRF), Behavior Management Program (BMP) and Transportation - Additional Component (TRANS) for the period of July 1, 2017, through June 30, 2018.

The audit disclosed the following issue of non-compliance:

Finding 1: Behavior Management Program – Overbillings

The review of SUP's BMP, Vendor Number HJ2674, revealed that SUP had a total of \$6,322 of overbillings to Inland Regional Center (IRC).

The total finding identified in this audit amounts to \$6,322, which is due back to DDS. A detailed discussion of this finding is contained in the Finding and Recommendation 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 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 SUP's SRF, BMP and Transportation – Additional Component program were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State and Federal laws and regulations and the regional centers' contracts with SUP for the period of July 1, 2017, through June 30, 2018.

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 SUP, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of SUP'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 SUP complied with 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 during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to IRC that utilized SUP's services during the audit period. SUP provided three different types of services, of which DDS audited all three. Services chosen by DDS were based on the amount of purchase of services (POS) expenditures invoiced by SUP. 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.

Specialized Residential Facility (Habilitation)

During the audit period, SUP operated six SRF programs. The audit included the review of all six of SUP's SRF programs, Vendor Numbers HJ0649, HJ0730, HJ0731, HJ0766, HJ0767 and HJ0995, SC 113 and testing was done for the sampled months of August 2017 and March 2018.

Behavior Management Program

During the audit period, SUP operated one BMP. The audit included the review of that BMP, Vendor Number HJ2674, SC 515 and testing was done for the sampled months of August 2017 and March 2018.

Transportation – Additional Component

During the audit period, SUP operated one TRANS program. The audit included the review of that TRANS program, Vendor Number VJ5994, SC 880 and testing was done for the sampled months of August 2017 and March 2018.

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:

- 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(s).
- 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 understanding of accounting procedures and financial reporting process.

CONCLUSION

Based upon items identified in the Finding and Recommendation section, SUP had a finding of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on March 18, 2021. The finding in the report was discussed at an exit meeting via Zoom with SUP on March 29, 2021. Subsequent to the exit conference, on April 28, 2021, SUP submitted its response to the draft audit report. SUP did not state whether it agreed or disagreed with the audit finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Behavior Management Program – Overbillings

The review of SUP's BMP, Vendor Number HJ2674, for the sampled months of August 2017 and March 2018, revealed that SUP had overbillings for services billed to IRC.

Overbillings occurred due to billing for a full day of service when the consumers attended less than 65 percent of the declared and approved program day.

DDS reviewed the Consumer Weekly Time-In/Out sheets, Progress Notes and Payroll Register and compared the days in the Consumer Weekly Time-In/Out sheets to the days billed to IRC. For the two sampled months, DDS noted that SUP billed 164 days in which the consumer's attendance does not meet the criteria for billing for a full day of service. SUP indicated a unit of "1.00" for a full day of service for the 164 days instead of a unit of "0.50" which indicates "half day of service" in the attendance/units of service section of the claim form submitted to IRC, resulting in 82 days overbilled. This resulted in an overbilled amount of \$6,322, 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."

W&I Code, Section 4690.6 (a)(b)(1)(2) states:

- "(a) Activity centers, adult development centers, behavior management programs, and other look-alike day programs with a daily rate shall bill regional centers for services provided to consumers in terms of half days of service and full days of service.
- (1) "Full day of service" means a day in which the consumer's attendance is at least 65 percent of the declared and approved program day.

- (2) "Half day of service" means any day in which the consumer's attendance does not meet the criteria for billing for a full day of service."

CCR, Title 17, Section 54326(a)(10) states:

"(a) All vendors shall: ...

- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center."

Recommendation:

SUP must reimburse to DDS \$6,322 for the overbillings. In addition, SUP should comply with the W&I Code and CCR, Title 17 as stated above to ensure that billings to IRC are only for services which are actually provided to consumers and full day-half day services are billed accordingly.

Vendor's Response:

SUP did not provide additional documentation to refute the finding.
(See Attachment B)

ATTACHMENT A
SUPPORTING UNLIMITED POSSIBILITIES, INC.

To request a copy of the attachment for this audit report, please contact the DDS Audit Section at (916) 654-3695.

**ATTACHMENT B – VENDOR’S RESPONSE
SUPPORTING UNLIMITED POSSIBILITIES, INC.**

To request a copy of the vendor’s response to the audit finding, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT C – DDS’ EVALUATION OF SUP’S RESPONSE

DDS evaluated Supporting Unlimited Possibilities, Inc.’s (SUP’s) written response to the draft audit report and determined that SUP did not address the accuracy of the audit finding or provide additional documentation. DDS will only address assertions pertinent to the facts of the audit finding. Below is a summary of SUP’s response as well as DDS’ evaluation of the vendor’s response.

Finding 1: Behavior Management Program - Overbillings

SUP stated in their response, *“DDS staff informed us verbally that they believed ‘Overbillings occurred due to billing for a full day of service when the Consumers [sic] attended less than 65 percent of the declared and approved program day. ... The total finding identified in [this] audit amounts to \$6,322, which is due back to DDS.’”* SUP also noted that they *“are at the mercy of outside vendor transportation services”* for transportation scheduling.

SUP was required under W&I Code, Section 4690.6 (a)(b)(1)(2) to bill the regional center for services provided to consumers in terms of half days of service or full days of service. The audit identified that SUP billed for consumer attendance when they did not meet the criteria for billing for a full day of service. DDS calculated the amount based on half days of service which resulted in overbillings to Inland Regional Center (IRC).

SUP stated in their response, *“I am requesting that you forward me information on where I can find the statute on the time frame for DDS vendor audits as well as your policy on conducting those audits when we spend \$12,500 annually for independent audits that are not reimbursed as part of our rates.”*

SUP’s Service Agreement states that, *“During this term of this AGREEMENT and at all reasonable times thereafter as provided above, under ‘Availability and Examination of Records,’ CONTRACTOR’S RECORDS shall be open for audit, examination, and reproduction by IRC, DDS, or any Federal Agency with jurisdiction over the Services or payments covered under this AGREEMENT.”* (See page 8)

In addition, Title 17, CCR §50610(a)(1) states that:

- (a) The regional center/service provider contract shall include, but not be limited to, audit provisions as follows:
 - (1) A provision that the service provider's records pertaining to the service program and/or the provision of services to persons with developmental disabilities shall be open for audit by the Department, regional center, and any authorized agency representative for a minimum period of three years from the date of the final payment for the State fiscal year.

ATTACHMENT C – DDS’ EVALUATION OF SUP’S RESPONSE

SUP stated in their response, *“We are also requesting that you provide us with the reason behind SUP being selected for an audit when the independent audits are sent to the regional center each year.”*

Vendors are selected for audits based on various factors such as the size of the service/provider and information obtained from regional centers.

Conclusion:

Based on DDS’ review of SUP’s response to the draft audit report, no new information or source documentation was provided to refute DDS’ audit finding.

Therefore, DDS made no adjustments to the draft audit report and is requesting SUP reimburse \$6,322 for the overbillings identified in the audit report.