

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**

**AUDIT OF**

**MISSION BAY, INC.  
DBA: MISSION BAY WORKS**

**Programs and Services:**

Transportation – Additional Component – HS0383, HS0685, HS0968, ZS0464, ZS0611

Transportation Assistant – HS0383, HS0685, HS0968, ZS0464, ZS0611

Behavior Management Program – HS0383, HS0685, HS0968

Community Integration Training Program – ZS0464, ZS0611

Supplemental Day Services Program Support – HS0383, HS0685, HS0968, ZS0464, ZS0611

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

**Audit Section**

**Auditors:** Alimou Diallo, Acting Chief of Vendor Audit Unit  
Grace Gwarada, Supervisor  
Philip Agebsar, Auditor  
Rafael Mercado, Auditor  
Filmon Sebhatu, Auditor

**MISSION BAY, INC.  
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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Mission Bay, Inc.: dba Mission Bay Works (MBW). The audit was performed upon the Transportation Assistant (TA), Transportation – Additional Component (TAC), Behavior Management Program (BMP), Community Integration Training Program (CITP) and Supplemental Day Services Program Support (SDSPS) for the period of July 1, 2017, through June 30, 2018.

The audit disclosed the following issues of non-compliance:

### **Finding 1: Transportation – Additional Component – Unsupported Billings**

The review of MBW's TAC programs, Vendor Numbers HS0383, HS0685, HS0968, ZS0464 and ZS0611, revealed that MBW had a total of \$11,665 of unsupported billings to San Andreas Regional Center (SARC).

### **Finding 2: Transportation Assistant – Unsupported Billings**

The review of MBW's TA programs, Vendor Numbers HS0383, HS0685, HS0968, ZS0464 and ZS0611, revealed that MBW had a total of \$14,109 of unsupported billings to SARC.

### **Finding 3: Behavior Management Program – Unsupported Billings**

The review of MBW's BMP programs, Vendor Numbers HS0383, HS0685 and HS0968, revealed that MBW had a total of \$1,936 of unsupported billings to SARC.

### **Finding 4: Community Integration Training Program – Unsupported Billings**

The review of MBW's CITP programs, Vendor Numbers ZS0464 and ZS0611, revealed that MBW had a total of \$1,800 of unsupported billings to SARC.

The total of the findings identified in this audit amounts to \$29,510 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 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 MBW's programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State and Federal laws and regulations and the regional center's contracts with MBW 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 MBW, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of MBW'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 MBW complied with W&I Code and CCR, Title 17. Any complaints that DDS' Audit Section was aware of regarding non-compliance with laws and regulations were also reviewed and addressed during the course of the audit.

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

## **Transportation - Additional Component**

During the audit period, MBW operated five TAC programs. The audit included the review of MBW's TAC programs, Vendor Numbers HS0383, HS0685, HS0968, ZS0464 and ZS0611; Service Code 880 and testing was done for the sampled months of August 2017 and June 2018.

## **Transportation Assistant**

During the audit period, MBW operated five TA programs. The audit included the review of MBW's TA programs, Vendor Numbers HS0383, HS0685, HS0968, ZS0464 and ZS0611; Service Code 882 and testing was done for the sampled months of August 2017 and June 2018.

## **Behavior Management Program**

During the audit period, MBW operated three BMP programs. The audit included the review of MBW's BMP programs, Vendor Numbers HS0383, HS0685 and HS0968; Service Code 515 and testing was done for the sampled months of August 2017 and June 2018.

## **Community Integration Training Program**

During the audit period, MBW operated two CITP programs. The audit included the review of MBW's CITP programs, Vendor Numbers ZS0464 and ZS0611; Service Code 055 and testing was done for the sampled months of August 2017 and June 2018.

## **Supplemental Day Services Program Support**

During the audit period, MBW operated five SDSPS programs. The audit included the review of MBW's SDSPS programs, Vendor Numbers HS0383, HS0685, HS0968, ZS0464 and ZS0611; Service Code 110 and testing was done for the sampled months of August 2017 and June 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 centers.
- 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.

## **CONCLUSION**

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

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on April 23, 2021. The findings in the report were discussed at an exit conference via Zoom with MBW on May 14, 2021. Subsequent to the exit conference, on June 29, 2021, MBW provided additional source documentation to support its billings to the regional centers.

## **RESTRICTED USE**

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

## FINDINGS AND RECOMMENDATIONS

### **Finding 1: Transportation – Additional Component Program – Unsupported Billings**

The review of MBW's TAC programs, Vendor Numbers HS0383, HS0685, HS0968, ZS0464 and ZS0611, for the sampled months of August 2017 and June 2018, revealed that MBW had unsupported billings for services billed to SARC. Unsupported billings occurred due to lack of appropriate documentation to support the units of services billed to SARC and non-compliance with the CCR, Title 17.

DDS reviewed MBW's pick-up and drop-off logs for the TAC programs and compared the days of services documented to those billed to SARC. DDS noted that the days of services, per the pick-up and drop-off logs, were less than those billed to SARC by 844 days.

MBW was not able to provide appropriate supporting documentation for 844 days of services billed. The lack of documentation resulted in unsupported billings to SARC in the amount of \$11,665, 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 deliver 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:**

MBW must reimburse to DDS \$11,665 for the unsupported billings. In addition, MBW should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to SARC.

**MBW's Response:**

MBW stated in its response dated June 29, 2021, that it had color coded the issues it accepted and those it did not. It provided additional documentation with its response to substantiate its billings to SARC.

**Finding 2: Transportation Assistant – Unsupported Billings**

The review of MBW's TA programs, Vendor Numbers HS0383, HS0685, HS0968, ZS0464 and ZS0611, for the sampled months of August 2017 and June 2018, revealed that MBW had unsupported billings for services billed to SARC. Unsupported billings occurred due to lack of appropriate documentation to support the units of services billed to SARC and non-compliance with the CCR, Title 17.

DDS reviewed MBW's Transportation Aide Logs, (TA Logs) as well as timesheets and payroll records for the Transportation Assistants and compared the hours of services documented on the TA Logs to those billed to SARC. DDS noted that the hours of services, per the TA Logs, were less than those billed to SARC by 1,265 hours.

MBW was not able to provide appropriate supporting documentation for 1,265 hours of services billed. The lack of documentation resulted in unsupported billings to SARC in the amount of \$14,109, 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 deliver 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:**

MBW must reimburse to DDS \$14,109 for the unsupported billings. In addition, MBW should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to SARC.

**MBW’s Response:**

MBW stated in its response dated June 29, 2021, that it had color coded the issues it accepted and those it did not. It provided additional documentation with its response to substantiate its billings to SARC.

**Finding 3: Behavior Management Program – Unsupported Billings**

The review of MBW’s BMP program, Vendor Numbers HS0383, HS0685 and HS0968, for the sampled months of August 2017 and June 2018, revealed that MBW had unsupported billings for services billed to SARC. Unsupported billings occurred due to lack of appropriate documentation to support the units of service billed to SARC and non-compliance with the CCR, Title 17.

DDS reviewed MBW’s daily attendance sheets for the BMP and compared the days of services documented to those billed to SARC. DDS noted that the days of services documented on the daily attendance sheets were less than those billed to SARC by 24 days.

MBW was not able to provide appropriate supporting documentation for 24 days of services billed. The lack of documentation resulted in unsupported

billing to SARC in the amount of \$1,936, 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 deliver 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:**

MBW must reimburse to DDS \$1,936 for the unsupported billings. In addition, MBW should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to SARC.

**MBW’s Response:**

MBW stated in its response dated June 29, 2021, that it had color coded the issues it accepted and those it did not. It provided additional documentation with its response to substantiate its billings to SARC.

**Finding 4: Community Integration Training Program – Unsupported Billings**

The review of MBW’s CITP programs, Vendor Numbers ZS0464 and ZS0611, for the sampled months of August 2017 and June 2018, revealed that MBW

had unsupported billings for services billed to SARC. Unsupported billings occurred due to lack of appropriate documentation to support the units of service billed to SARC and non-compliance with the CCR, Title 17.

DDS reviewed MBW's daily attendance sheets for the CITP and compared the hours of services documented to those billed to SARC. DDS noted that the hours of services, as per the daily attendance sheets, were less than those billed to SARC by 84 hours.

MBW was not able to provide appropriate supporting documentation for 84 hours of services billed. The lack of documentation resulted in unsupported billing to SARC in the amount of \$1,800, 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 deliver 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:**

MBW must reimburse to DDS \$1,800 for the unsupported billings. In addition, MBW should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to SARC

**MBW's Response:**

MBW stated in its response dated June 29, 2021, that it had color coded the issues it accepted and those it did not. It provided additional documentation with its response to substantiate its billings to SARC.

# **ATTACHMENT A**

## **MISSION BAY WORKS**

**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**  
**MISSION BAY WORKS**

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

## **ATTACHMENT C – DDS’S EVALUATION OF MBW’S RESPONSE**

DDS evaluated MBW’s written response to the draft audit report and determined that while MBW accepted billing discrepancies for certain consumers identified by DDS in findings 1, 2, 3 and 4, it did not accept others. Below is a summary of the vendor’s response as well as the DDS’ evaluation of the vendor’s response.

### **Finding 1: Transportation – Additional Component - Unsupported Billings**

MBW provided Pick-Up and Drop-Off Logs and consumers’ Progress Notes to support its billings for those issues it did not accept. While the Progress Notes can prove that a consumer attended the day program, they cannot validate that a consumer used MBW’s transportation services to go to the day program. Therefore, DDS did not use the Progress Notes in the computation of transportation days. DDS reviewed the additional Pick-Up and Drop-Off Logs that were provided with the response and allowed an additional 660 days for August 2017 and June 2018. This resulted in the reduction of the unsupported days from 1,504 to 844 days, and the reduction of the finding amount from \$23,079 to \$11,665, which is due back to DDS. (See Attachment A)

### **Finding 2: Transportation Assistant – Unsupported Billings**

MBW provided Pick-Up and Drop-Off Logs and consumers’ Progress Notes to support its billings for those issues it did not accept. While the Progress Notes can prove that a consumer attended the day program, they cannot validate that a consumer used the services of MBW’s transportation assistant. Therefore, DDS did not use the Progress Notes in the computation of the transportation assistant hours. DDS reviewed the additional Pick-Up and Drop-Off Logs that were provided together with the response and allowed an additional 321 hours for August 2017 and June 2018. This resulted in the reduction of the unsupported hours from 1,586 to 1,265 hours, and the reduction of the finding amount from \$17,703 to \$14,109, which is due back to DDS. (See Attachment A)

### **Finding 3: Behavior Management Program – Unsupported Billings**

MBW provided Staffing Schedules and consumers’ Progress Notes to support its billings for those issues it did not accept. DDS reviewed these service records and allowed an additional 105 days for August 2017 and June 2018. This resulted in the reduction of the unsupported days from 129 to 24 days, and the reduction of the finding amount from \$10,491 to \$1,936, which is due back to DDS. (See Attachment A)



## **ATTACHMENT C – DDS’s EVALUATION OF MBW’s RESPONSE**

### **Finding 4: Community Integration Training Program – Unsupported Billings**

MBW provided Staffing Schedules and consumers’ Progress Notes to support its billings for those issues it did not accept. DDS reviewed these service records and allowed an additional 14 hours for August 2017 and June 2018. This resulted in the reduction of the unsupported hours from 98 to 84 hours, and the reduction of the finding amount from \$2,100 to \$1,800, which is due back to DDS. (See Attachment A)

#### **Conclusion:**

DDS made adjustments to the audit report to reflect the additional documentation received. As a result, the total amount of the findings was reduced from \$53,373 to \$29,510 for the sampled months of August 2017 and June 2018.