

DEPARTMENT OF DEVELOPMENTAL SERVICES'

AUDIT OF

**NATIONAL MENTOR HEALTHCARE, LLC
DBA CALIFORNIA MENTOR**

Programs and Services:

Supported Living Services – PH1552

Infant Development Program – HJ0064

Specialized Residential Facility (Habilitation) – PP5601 and PP5602

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

Audit Section

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**NATIONAL MENTOR HEALTHCARE, LLC
DBA CALIFORNIA MENTOR**

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited National Mentor Healthcare, LLC dba California Mentor (CM). CM is one of a number of subsidiaries of National Mentor Holding, Inc. This audit report is an audit of only CM, although Horrigan Cole Enterprises, Inc. dba Cole Vocational Services (CVS) was audited simultaneously and a separate audit report will be issued for CVS. The audit was performed upon the Supported Living Services (SLS), Infant Development Program (IDP) and Specialized Residential Facility – Habilitation (SRF-H) for the period of July 1, 2013, through June 30, 2014.

The audit disclosed the following issues of non-compliance:

Finding 1: Supported Living Service – Unsupported Billings

The review of CM's SLS program, Vendor Number PH1552, revealed that CM had a total of \$5,376 of unsupported billings to Harbor Regional Center (HRC) and Westside Regional Center (WRC).

The total finding identified in this audit amounts to \$5,376 and 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 CM's SLS, IDP and SRF-H programs 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 CM 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 CM, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CM'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 CM 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 18 regional centers that utilized CM's services during the audit period. DDS audited services provided to HRC, Inland Regional Center (IRC), San Diego Regional Center (SDRC), San Gabriel/Pomona Regional Center (SGPRC) and WRC. These five regional centers were chosen due to the large volume of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

CM provided 22 different types of services, of which DDS audited three. Services chosen were based on the amount of POS expenditures invoiced by CM. 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 for the SLS

program, a one-month sample period for the IDP and a 12-month sample period for the SRF-H program would be sufficient to fulfill the audit objectives.

Supported Living Service

During the audit period, CM operated five SLS programs. The audit included the review of one of CM's SLS program, Vendor Number PH1552, SC 896 and testing was done for the sampled months of November 2013 and May 2014.

Infant Development Program

During the audit period, CM operated one IDP. The audit included the review of CM's IDP, Vendor Number HJ0064, SC 805 and testing was done for the month of November 2013.

Specialized Residential Facility-Habilitation

During the audit period, CM operated 15 SRF-H programs. The audit included the review two of CM's SRF-H programs, Vendor Numbers PP5601 and PP5602, SC 113 and testing was done for the 12-month period of July 1, 2013, through June 30, 2014.

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.
- 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, CM had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on February 19, 2019. The finding in the report was discussed at an exit conference with CM on February 27, 2019. Subsequent to the exit conference, on March 27, 2019, CM provided their response to the draft audit report. CM agreed to reimburse DDS the amount identified in Finding 1.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Supported Living Service – Unsupported Billings

The review of CM's SLS program, Vendor Number PH1552, for the sampled months of November 2013 and May 2014, revealed that CM had unsupported billings for services billed to HRC and WRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to HRC and WRC.

CM was not able to provide appropriate supporting documentation for 50 hours of services billed. The lack of documentation resulted in unsupported billings to HRC and WRC in the amount of \$5,376 and 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:

CM must reimburse to DDS \$5,376 for the unsupported billings. In addition, CM should ensure that all consumers meet the 43 minimum hours as required by the approved program design.

CM's Response:

CM accepts the audit finding and has agreed to reimburse DDS the total amount identified in the draft audit report. See Attachment B for the full text of CM's response to the draft audit report.

ATTACHMENT A

NATIONAL MENTOR HEALTHCARE, INC. DBA CALIFORNIA MENTOR

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

**NATIONAL MENTOR HEALTHCARE, INC.
DBA CALIFORNIA MENTOR**

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 CM's RESPONSE

On March 27, 2019, CM submitted a response to DDS. DDS evaluated CM's written response to the draft audit report and determined that CM did not disagree with the draft audit report Finding. CM agrees to refund DDS the amount identify in the draft audit report.