

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
HORRIGAN COLE ENTERPRISES, INC. DBA COLE VOCATIONAL SERVICES

Programs and Services:

Adult Development Center – H96306, H28977

Behavior Management Program – H64141, HJ0626

Community Integration Training Program – PH1113, PN0468

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

Audit Section

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**HORRIGAN COLE ENTERPRISES, INC. DBA
COLE VOCATIONAL SERVICES**

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Horrigan Cole Enterprises, Inc. dba Cole Vocational Services (CVS). CVS is one of a number of subsidiaries of National Mentor Holding, Inc. This audit report is an audit of only CVS, although National Mentor Healthcare, LLC dba California Mentor (CM) was audited simultaneously and a separate audit report will be issued for CM. The audit was performed upon the Adult Development Center (ADC), Behavior Management Program (BMP), and Community Integration Training Program (CITP) for the period of July 1, 2013, through June 30, 2014.

The audit disclosed the following issues of non-compliance:

Finding 1: Adult Development Center – Unsupported Billings

The review of CVS' ADC program, Vendor Number H28977, revealed that CVS had a total of \$2,310 of unsupported billings to San Gabriel/Pomona Regional Center (SGPRC).

Finding 2: Behavior Management Program – Unsupported Billings

The review of CVS' BMP, Vendor Numbers H64141 and HJ0626, revealed that CVS had a total of \$1,031 of unsupported billings to Alta California Regional Center (ACRC) and Inland Regional Center (IRC).

Finding 3: Community Integration Training Program – Unsupported Billings

The review of CVS' CITP, Vendor Numbers PH1113 and PN0468, revealed that CVS had a total of \$1,021 of unsupported billings to Harbor Regional Center (HRC) and North Bay Regional Center (NBRC).

The total of unsupported billings identified in this audit amounts to \$4,362 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 CVS's ADC, BMP and CITP 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 CVS 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 CVS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CVS'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 CVS 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 15 regional centers that utilize CVS' services during the audit period. Of the 15 regional centers, DDS audited services provided to the following five regional centers: ACRC, HRC, IRC, NBRC, and SGPRC. 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.

In addition, CVS provided nine different types of services, of which, DDS audited three. The three services chosen by DDS were based on the amount of POS expenditures invoiced by CVS. By analyzing the information received during the 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.

Adult Development Center

During the audit period, CVS operated 13 ADCs programs. The audit included the review of two of CVS' ADC programs, Vendor Numbers H28977 and H96306, Service Code (SC) 510 and testing was done for the months of November 2013 and May 2014.

Behavior Management Program

During the audit period, CVS operated five BMPs. The audit included the review of two of CVS' BMPs, Vendor Numbers H64141 and HJ0626, SC 515 and testing was done for the months of November 2013 and May 2014.

Community Integration Training Program

During the audit period, CVS operated nine CITPs. The audit included the review of two of CVS' CITPs, PH1113 and PN0468, SC 055 and testing was done for the months of November 2013 and May 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 its 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 Findings and Recommendations section, CVS 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 findings in the report were discussed at an exit conference with CVS on February 27, 2019. Subsequent to the exit conference, on March 27, 2019, CVS provided their response to the draft audit report. CVS agreed to reimburse DDS the amount identified in the draft audit report.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Adult Development Center – Unsupported Billings

The review of CVS's ADC program, Vendor Number H28977, for the sampled months of November 2013 and May 2014, revealed that CVS had unsupported billings for services billed to SGPRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to SGPRC.

CVS was not able to provide appropriate supporting documentation for 43 days of services billed. The lack of documentation resulted in unsupported billings to SGPRC in the amount of \$2,310 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:

CVS must reimburse to DDS \$2,310 for the unsupported billings. In addition, CVS should ensure that the number of days billed are consistent with the number of days reported on the timesheet/sign in sheet.

CVS's Response:

CVS 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 CVS's response to the draft audit report.

Finding 2: Behavior Management Program – Unsupported Staffing Ratio

The review of CVS's BMP program, Vendor Numbers H64141 and HJ0626 for the sampled months of November 2013 and May 2014, revealed that CVS had unsupported billings for services billed to ACRC and IRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to ACRC and IRC.

CVS was not able to provide appropriate supporting documentation for 13 days of services billed. The lack of documentation resulted in unsupported billings to ACRC and IRC in the amount of \$1,031 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 either 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...”

Also, 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:

CVS must reimburse to DDS \$1,031 for the unsupported billings. In addition, CVS should ensure that the number of days billed are consistent with the number of days reported on the timesheet/sign in sheet.

CVS’s Response:

CVS 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 CVS’s response to the draft audit report.

Finding 3: Community Integration Training Program – Unsupported Billings

The review of CVS’ CITP, Vendor Numbers PH1113 and PN0468, for the sampled months of November 2013 and May 2014, revealed that CVS had unsupported billings for services billed HRC and NBRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to HRC and NBRC.

CVS was not able to provide appropriate supporting documentation for 8 days of services billed. The lack of documentation resulted in unsupported billings to HRC and NBRC in the amount of \$1,021 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 either 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...”

Also, 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:

CVS must reimburse to DDS the \$1,021 for the unsupported billings. In addition, CVS should ensure that proper documentation is maintained to support the amounts billed to HRC and NBRC.

CVS’s Response:

CVS 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 CVS’s response to the draft audit report.

ATTACHMENT A

HORRIGAN COLE ENTERPRISES, INC. DBA COLE VOCATIONAL SERVICES

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

HORRIGAN COLE ENTERPRISES, INC. DBA COLE VOCATIONAL SERVICES

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’ EVALUATION OF CVS’ RESPONSE

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