

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**COLLEGE NANNIES AND TUTORS I, LLC**

**Program:**

In-Home Respite Services Agency – HQ0985

Audit Period: July 1, 2016, through June 30, 2017

**Audit Section**

**Auditors:** Michael Masui, Chief of Vendor Audit Unit  
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# COLLEGE NANNIES AND TUTORS I, LLC

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) audited College Nannies and Tutors I, LLC (CNT). The audit was performed upon the In-Home Respite Services Agency (IHRSA) program for the period of July 1, 2016, through June 30, 2017.

The audit disclosed the following issue of non-compliance:

### **Finding 1: In-Home Respite Services Agency – Unsupported Billings**

The review of CNT's IHRSA program, Vendor Number HQ0985, Service Code 862, revealed that CNT had a total of \$3,067 of unsupported billings to San Diego Regional Center (SDRC).

The total finding identified in this audit amounts to \$3,067, which is due back to DDS. A detailed discussion of the 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 CNT's IHRSA program was compliant with the W&I Code; California Code of Regulations (CCR), Title 17; and the regional center's contracts with CNT for the period July 1, 2016, through June 30, 2017.

### **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 CNT, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CNT'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 CNT 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 program provided to SDRC that utilized CNT's services during the audit period. CNT provided IHRSA-type services, which DDS audited. 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.

### **In-Home Respite Services Agency**

During the audit period, CNT operated one IHRSA program. The audit included the review of CNT's IHRSA program, Vendor Number HQ0985, SC 862, and testing was done for the sampled months of July 2016 and June 2017.

## **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 finding and conclusion 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.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Interviewed the vendor's, Franchise Owner, and Program Director for vendor background information and to gain understanding of accounting procedures and financial reporting process.

## **CONCLUSION**

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

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on May 23, 2019. The finding in the report was discussed at an exit telephone conference with CNT on June 6, 2019. Subsequent to the exit conference, on July 9, 2019, CNT provided an email response to the draft report. CNT agrees with the findings.

## **RESTRICTED USE**

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

## FINDING AND RECOMMENDATION

### Finding 1: In-Home Respite Services Agency – Unsupported Billings

The review of CNT's IHRSA program, Vendor Number HQ0985, SC 862, for the sampled months of July 2016 and June 2017, revealed that CNT had unsupported billings for services billed to SDRC. Unsupported billings occurred due to a lack of appropriate documentation and compliance with the CCR, Title 17 to support the units of service billed to SDRC.

CNT was not able to provide appropriate supporting documentation for 132 hours of services billed. The lack of documentation resulted in unsupported billings to SDRC in the amount of \$3,067, 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:**

CNT must reimburse to DDS \$3,067 for the unsupported billings. In addition, CNT should comply with the CCR, Title 17 as stated above to ensure that the number of hours billed are consistent with the number of hours actually worked as identified on the timesheets and notes, which will ensure that proper documentation is maintained to support the amounts billed to SDRC.

**CNT's Response:**

In the response dated July 9, 2019, CNT stated that they understand and accept the audit findings.

See Attachment B for the full text of CNT's response to the draft audit report and Attachment C for DDS' evaluation of CNT's response.



# **ATTACHMENT A**

## **COLLEGE NANNIES AND TUTORS I, LLC**

**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**

### **COLLEGE NANNIES AND TUTORS I, LLC**

**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 CNT’S RESPONSE**

On July 9, 2019, College Nannies and Tutors I, LLC (CNT) submitted a response to DDS. DDS evaluated CNT’s written response to the draft audit report and determined that CNT did not disagree with the draft audit report finding. CNT agrees to refund DDS the amount identified in the draft audit report.