

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
Mission Wells, Inc.

Programs and Services:

DSS Licensed - Specialized Residential Facility (Habilitation) – Vendor Numbers PK4470 and PK5743

Supplemental Residential Program Support – Vendor Number PK4470

Audit Period: July 1, 2018, through June 30, 2019

Audit Section

Auditors: Alimou Diallo, Acting Chief of Vendor Audit Unit
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MISSION WELLS, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Mission Wells, Inc. (MW). The audit was performed upon the DSS Licensed - Specialized Residential Facility (Habilitation) (SRF) program and Supplemental Residential Program Support (SRPS) for the period of July 1, 2018, through June 30, 2019.

The audit disclosed the following issues of non-compliance:

Finding 1: DSS Licensed - Specialized Residential Facility (Habilitation) – Unsupported Billings

The review of MW's SRF program, Vendor Number PK5743, revealed that MW had a total of \$7,308 of unsupported billings to Kern Regional Center (KRC).

Finding 2: Supplemental Residential Program Support – Unsupported Billings

The review of MW' SRPS program, Vendor Number PK4470, revealed that MW had a total of \$720 of unsupported billings to KRC.

The total of the findings identified in this audit amounts to \$8,028, which 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 MW'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 centers' contracts with MW for the period of July 1, 2018, through June 30, 2019.

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 MW, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of MW' 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 MW 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 provided to KRC that utilized MW' services during the audit period. MW provided two different types of services, which DDS audited. Services chosen by DDS were based on the amount of purchase of services (POS) expenditures invoiced by MW. 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.

DSS Licensed - Specialized Residential Facility (Habilitation)

During the audit period, MW operated two programs. The audit included the review of MW' programs, Vendor Numbers PK4470 and PK5743, SC 113 and testing was done for the sampled months of October 2018 and May 2019.

Supplemental Residential Program Support

During the audit period, MW operated one program. The audit included the review of MW's program, Vendor Number PK4470, SC 109 and testing was done for the sampled months of October 2018 and May 2019.

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on July 14, 2022. The findings in the report were discussed at an exit conference via Zoom with MW on July 22, 2022. Subsequent to the exit conference, on August 22, 2022, MW sent an email stating that MW did not contest the findings.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: DSS Licensed - Specialized Residential Facility (Habilitation) – Unsupported Billings

The review of MW’s SRF program, Service Code 113, Vendor Number PK4470, for the sampled months of October 2018 and May 2019, revealed that MW had unsupported billings for services billed to KRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to KRC and non-compliance with CCR, Title 17 and MW’s contract with KRC.

MW’s contract with KRC, for a facility with four residents, required MW to provide a minimum of 356 hours of Direct Care Staff (DCS) hours per week. For October 2018 and May 2019, MW was required to provide 1,382 DCS hours each month. However, MW was not able to provide payroll records for a total of 578 of the required hours of services billed to KRC. The underprovided payroll hours resulted in unsupported billings to KRC in the amount of \$7,308, 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.”

MW’s Contract with KRC , Paragraph 2.8 states in part:

“Staff. Contractor represents and warrants that it shall hire adequate direct care staff for the Facility, and will maintain such staff at no less than the staffing levels described herein and in the Program Design during the entire term of this Agreement.

See staffing grid below for weekly staffing requirements:

NUMBER OF CONSUMERS	BASIC HOURS	ADDITIONAL HOURS/week	TOTAL HOURS/week
1	Basic*	-0-	Basic 168
2	Basic*	56	Basic + 56 = 224
3	Basic*	56 + 66	Basic + 122 = 290
4	Basic*	56 + 66 + 66	Basic + 188 = 356

*Basic is defined as 168 hours (24 hrs/day x 7 days/week). The Facility may reduce total weekly hours required to account for when consumers are at day program and not in the Facility. All overnight staff shall be awake. If there is one consumer in the home during any shift, or a Consumer is home from a school/day program, there shall be a minimum of one staff. Up to 7 hours of program preparation functions per Consumer per week can be included in the above schedule.”

Recommendation:

MW must reimburse to DDS \$7,308 for the unsupported billings. In addition, MW should comply with CCR Title 17 to ensure that it maintains proper documentation to support the amounts billed to KRC.

Vendor’s Response:

MW stated in the response dated August 22, 2022, that MW did not contest the finding. See Attachment B for the full text of MW’s response to the draft audit report and Attachment C for DDS’ evaluation of MW’s response.

Finding 2: Supplemental Residential Program Support – Unsupported Billings

The review of MW’ SRPS, Vendor Number PK4470, for the sampled months of October 2018 and May 2019, revealed that MW had unsupported billings for services billed to KRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to KRC and non-compliance with the CCR, Title 17, and MW’ contract with KRC.

MW was not able to provide payroll records for 45 hours of services billed. The lack of payroll records resulted in unsupported billings to KRC in the amount of \$720 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:

MW must reimburse to DDS \$720 for the unsupported billings. In addition, MW should ensure that proper documentation is maintained to support the amounts billed to KRC.

Vendor’s’ Response:

MW stated in the response dated August 22, 2022, that MW did not contest the finding. See Attachment B for the full text of MW’s response to the draft audit report and Attachment C for DDS’ evaluation of MW’s response.

ATTACHMENT A

MISSION WELLS, 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

MISSION WELLS, INC.

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 MW's RESPONSE

DDS evaluated MW's written response to the draft audit report dated July 14, 2022 and determined that MW did not contest the findings.