

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
COMPASS, LLC

Programs and Services:

Personal Assistance – P68506

In-Home Day Program – PF2610

Specialized Health, Treatment & Training – P68506

Independent Living Program – HB0755, HF0333, HS0769

Transportation – Additional Component – H82296

Supported Living Service Vendor Administration – P68506, ZS0278

Supported Living Service – HB0062, HR0544, P68506, ZS0278

Audit Period: July 1, 2019, through June 30, 2020

Audit Section

Auditors: Alimou Diallo, Chief of Vendor Audit Unit
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COMPASS, LLC
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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Compass, LLC (Compass). The audit was performed upon the Personal Assistance (PA), In-Home Day Program (IHDP), Specialized Health, Treatment & Training (SHTT), Independent Living Program (ILP), Transportation – Additional Component (TAC), Supported Living Service Vendor Administration (SLSVA), Supported Living Service (SLS) for the period of July 1, 2019, through June 30, 2020.

The audit disclosed the following issues of non-compliance:

Finding 1: Supported Living Service – Unsupported Billings

The review of Compass' SLS program, Vendor Numbers HB0062, HR0544, PB68506, ZS0278, revealed that Compass had a total of \$844 of unsupported billings to Regional Center of the East Bay (RCEB), San Andreas Regional Center (SARC), and Far Northern Regional Center (FNRC).

Finding 2: Personal Assistance – Unsupported Billings

The review of Compass' PA program, Vendor Number P68506, revealed that Compass had a total of \$778 of unsupported billings to FNRC.

The total of the findings identified in this audit amounts to \$1,622, 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 Compass' fiscal accountability requirement and its programs 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 Compass for the period of July 1, 2019, through June 30, 2020.

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 Compass, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of Compass' 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 Compass 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 four regional centers that utilized Compass' services during the audit period. DDS audited services provided to FNRC, RCEB, Redwood Coast Regional Center (RCRC), and SARC. These four regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

Compass provided seven different types of services, of which DDS audited seven. Services chosen were based on the amount of POS expenditures invoiced by Compass. 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.

Supported Living Service

During the audit period, Compass operated four SLS programs. The audit included the review of all four Compass' SLS programs, Vendor Numbers HB0062, HR0544, P68506, ZS0278, Service Code 896. Testing was conducted for the sampled months of January 2020 and June 2020.

Independent Living Program

During the audit period, Compass operated three ILP programs. The audit included the review of all three Compass' ILS programs, Vendor Numbers HB0755, HF0333, HS0769, Service Code 520. Testing was conducted for the sampled months of January 2020 and June 2020.

Personal Assistance

During the audit period, Compass operated one PA program. The audit included the review of Compass' PA program, Vendor Number P68506, Service Code 062. Testing was conducted for the sampled months of January 2020 and June 2020.

In-Home Day Program

During the audit period, Compass operated one IHDP. The audit included the review of Compass' IHDP, Vendor Number PF2610, Service Code 091. Testing was conducted for the sampled months of January 2020 and June 2020.

Specialized Health, Treatment & Training

During the audit period, Compass operated one SHTT program. The audit included the review of Compass' SHTT, Vendor Number P68506, Service Code 103. Testing was conducted for the sampled months of January 2020 and June 2020.

Transportation – Additional Component

During the audit period, Compass operated one TAC program. The audit included the review of Compass' TAC, Vendor Number H82296, SC 880 and testing was conducted for the sampled months of January 2020 and June 2020.

Supported Living Service Vendor Administration

During the audit period, Compass operated two SLSVA programs. The audit included the review of two Compass' SLSVA programs, Vendor Numbers H68506, ZS0278, SC 894 and testing was conducted for the sampled months of January 2020 and June 2020.

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 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(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.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on August 24, 2022. The findings in the report were discussed at an exit ZOOM conference with Compass on August 31, 2022. Subsequent to the exit conference, on September 29, 2022, Compass submitted a response to the draft audit report. Compass stated in the response that Compass accepts the audit Finding 1 unsupported billing to SARC and FNRC, however disagrees with Finding 1 unsupported billing to RCEB. Compass stated that unsupported billing to RCEB occurred due to discrepancy between RCEB budgeting system and RCEB billing system. Compass accepted the audit Finding 2.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Supported Living Service – Unsupported Billings

The review of Compass' SLS program, Vendor Numbers HB0062, HR0544, P68506, ZS0278, for the sampled months of January 2020 and June 2020, revealed that Compass had unsupported billings for services billed to RCEB, SARC, and FNRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCEB, SARC, FNRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the daily service notes and employee timesheets and compared those hours to the direct care service hours billed to RCEB, SARC, and FNRC. DDS noted that the direct care service hours on the daily service notes and employee timesheets were 1,681 units (6 hours and 1,675 mileage) less than the direct care service hours billed to RCEB, SARC, and FNRC. Compass was not able to provide appropriate supporting documentation for 1,681 units of services billed. The lack of documentation resulted in unsupported billings to RCEB, SARC, and FNRC in the amount of \$844, 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:

Compass must reimburse to DDS \$844 for the unsupported billings. In addition, Compass should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to SARC and FNRC.

Vendor's Response:

Compass stated in the response submitted on September 29, 2022, that Compass accepted the finding of unsupported billings to SARC and FNRC and will pay back to DDS the amounts \$716 and \$128. (See Attachment B)

Finding 2: Personal Assistance – Unsupported Billings

The review of Compass' PA program, Vendor Number P68506 for the sampled months of January 2020 and June 2020, revealed that Compass had unsupported billings for services billed to FNRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to FNRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the daily service notes and employee timesheets and compared those hours to the direct care service hours billed to FNRC. DDS noted that the direct care service hours on the daily service notes and employee timesheets were 37 hours less than the direct care service hours billed to FNRC. Compass was not able to provide appropriate supporting documentation for 37 hours of services billed. The lack of documentation resulted in unsupported billings to FNRC in the amount of \$778, 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:

Compass must reimburse to DDS \$778 for the unsupported billings. In addition, Compass should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to FNRC.

Vendor’s Response:

Compass stated in the response submitted on September 29, 2022, that Compass accepted the audit finding and will pay back to DDS the finding amount of \$778. (See Attachment B)

ATTACHMENT A

COMPASS, 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

COMPASS, LLC

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 COMPASS, LLC’S RESPONSE

DDS evaluated Compass, LLC’s (Compass) written response to the draft audit report and determined that Compass partially agrees with Finding 1. Compass is disputing the unsupported billings to RCEB. Compass agrees with Finding 2. Additionally, DDS will only address assertions pertinent to the facts of the audit findings. Below is a summary of Compass’ response as well as DDS’ evaluation of the vendor’s response..

Finding 1: Supported Living Service – Unsupported Billings

Compass stated in their response, “We believe we should not be invoiced for the charges above to Vendor #HB0062 in the amounts of \$38,622 and \$23,210. While we accept that the documentation provided for those months does not show the full amount of hours expected on the monthly draft budget, we do not think we should be held liable for the shortfall in the number of hours reported. This shortfall is due to the unavoidable inaccuracies that result because of the major discrepancies between RCEB’s prospective budgeting system and RCEB’s daily invoicing process, systems we have no control over.”

Upon further consideration DDS will not pursue Finding 1 for Vendor #HB0062. As a result, an adjustment of \$61,832 was made and reflected in the final audit report. DDS is requesting reimbursement of \$844 (\$62,676 - \$61,832) for the unsupported billings identified in this audit.

Finding 2: Personal Assistance – Unsupported Billings

Compass stated in their response, “We accept this finding as correct and will pay an invoice to DDS in the amount of \$778.”

Conclusion:

DDS adjusted the Draft Audit Report to reflect the additional information received. As a result, the total amount of finding 1 was reduced from \$62,676 to \$844 for the sampled months of January 2020 and June 2020. DDS is requesting Compass to reimburse \$1,622 for the unsupported billings identified in this audit.