

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
NO VACANCY, INC.

Programs and Services:

Transportation Company – HQ0102

Transportation Assistant – HQ0102

Audit Period: January 1, 2022, through December 31, 2022

Audit Section

Auditors: Hung Bang, Chief of Vendor Audit Unit
Grace Gwarada, Supervisor
Sanjesh Pal, Auditor

NO VACANCY, INC.
TABLE OF CONTENTS

	Page(s)
EXECUTIVE SUMMARY	1
BACKGROUND	2
OBJECTIVE, SCOPE AND METHODOLOGY	2
CONCLUSION.....	4
VIEWS OF RESPONSIBLE OFFICIALS	4
RESTRICTED USE	4
FINDING AND RECOMMENDATION	5
ATTACHMENT A.....	7
ATTACHMENT B – VENDOR’S RESPONSE	8
ATTACHMENT C – DDS’ EVALUATION OF NVI’s RESPONSE	9

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited No Vacancy, Inc. (NVI). The audit was performed upon the Transportation Company (TC) and Transportation Assistant (TA) for the period of January 1, 2022, through December 31, 2022.

The audit disclosed the following issue of non-compliance:

Finding 1: Transportation Company – Unsupported Billings

The review of NVI's TC program, Vendor Number HQ0102, revealed that NVI had a total of \$26,538 of unsupported billings to San Diego Regional Center (SDRC).

The total of the finding identified in this audit amounts to \$26,538, 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 NVI'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 NVI for the period of January 1, 2022, through December 31, 2022.

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

Transportation Company

During the audit period, NVI operated one TC program. The audit included the review of NVI's TC program, Vendor Number HQ0102, SC 875 and testing was done for the sampled months of February 2022 and March 2022.

Transportation Assistant

During the audit period, NVI operated one TA program. The audit included the review of NVI's TA program, Vendor Number HQ0102, SC 882 and testing was done for the sampled months of February 2022 and March 2022.

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(s).
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Reviewed DDS issued directives about Alternative Services.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on February 27, 2024. The finding in the report was discussed at an exit conference with NVI on February 29, 2024. NVI responded via email on February 29, 2024, that NVI will not dispute the finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Transportation Company – Unsupported Billings.

The review of NVI's TC program, Vendor Number HQ0102, for the sampled months of February 2022 and March 2022, revealed that NVI had unsupported billings for services billed to SDRC. Unsupported Billings occurred due to a lack of appropriate documentation to support the units of service billed to SDRC and non-compliance with CCR, Title 17 and DDS Directives for Alternative Services.

DDS reviewed the direct care service units documented on the Monthly Attendance Sheets, Alternative Billing Spreadsheets and SDRC's Transportation Agency List of Pickups and compared those units to the direct care service units billed to the SDRC. DDS' review also included verifying if NVI and the providers that referred consumers to NVI had service records for the consumers that received services from NVI. Per DDS' Directives for Alternative Services, providers must have service authorizations for the consumers they referred to other providers. DDS noted that NVI and some providers that referred consumers to NVI, did not have service authorizations for some of the consumers. However, NVI billed SDRC for services to such consumers. NVI was not able to provide the appropriate supporting documentation for 49 units billed. The lack of appropriate documentation resulted in unsupported billings in the amount of \$26,538, 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.”

DDS Directive dated August 31, 2020, Paragraph V, states in part:

“V. Alternative Services Implementation

To facilitate an inclusive and individualized implementation of Alternative Services, providers shall offer Alternative Services and:

- a. In the month of September 2020, the provider shall engage the consumer about his or her need for and interest in Alternative Services as an option.
 - 1. With the consumer’s or authorized representative’s permission, the provider is encouraged to work with other providers that also have service authorizations for the same consumer to best support the consumer’s needs.
 - 2. The provider shall document the consumer engagement including at minimum, the date, the participants, and a description of the consumer’s input.
 - 3. The provider shall notify the regional center of each consumer engaged and interested in receiving Alternative Services.”

Recommendation:

NVI must reimburse to DDS \$26,538 for the unsupported billings. In addition, NVI should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to SDRC.

VENDOR’S Response:

NVI stated in its response, dated February 29, 2024, that it did not admit to any fault but will not appeal the finding.

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

ATTACHMENT A
NO VACANCY, 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

NO VACANCY, INC.

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 NVI's RESPONSE

DDS evaluated NVI's written response to the draft audit report and determined that NVI did not agree with the draft audit report finding. Although NVI did not admit any fault, it does not intend to appeal the finding and has agreed to refund DDS the amount identified in the draft audit report.