

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**O2 Staffing, Inc.**

**Service:**

Personal Assistance – PF4811

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

**Audit Section**

**Auditors:** Alimou Diallo, Chief of Vendor Audit Unit  
Lucy Lao-Hernandez, Supervisor  
Rafael Mercado, Auditor

# O2 STAFFING, INC.

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited O2 Staffing Inc. (OSI). The audit was performed upon the Personal Assistance (PA) for the period of January 1, 2022, through December 31, 2022.

The audit disclosed the following issue of non-compliance:

### **Finding 1: Personal Assistance – Overbillings**

The review of OSI's PA program, Vendor Number PF4811, revealed that OSI had a total of \$594 of overbillings to Far Northern Regional Center (FNRC).

The total of the finding identified in this audit amounts to \$594, which is due back to DDS. A detailed discussion of this 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 OSI's financial accountability requirement and its program 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 OSI 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 OSI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of OSI'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 OSI 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 service provided to FNRC that utilized OSI's services during the audit period. OSI provided one type of service, which DDS audited. 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.

## **PERSONAL ASSISTANCE**

During the audit period, OSI operated one Personal Assistance program. The audit included the review of OSI's PA program, Vendor Number PF4811, SC 062 and testing was done for the sampled months of September and October 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 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 the vendor's payroll and timesheets to determine if the vendor had sufficient and appropriate evidence to support the services billed to the regional center.
- 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 Finding and Recommendation section, OSI had finding of non-compliance with the requirements of CCR, Title 17.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on January 17, 2024. The finding in the report was discussed at an exit conference via Zoom with OSI on January 29, 2024. Subsequent to the exit conference, on January 29, 2024, OSI submitted a response via email agreeing with the finding.

## **RESTRICTED USE**

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

## FINDING AND RECOMMENDATION

### Finding 1: Personal Assistance – Overbillings

The review of OSI's PA program, Vendor Number PF4811, for the sampled months of September and October 2022, revealed that OSI had overbillings for services billed to FNRC. Overbillings occurred due to billing for the same Consumer hours in both sampled months.

DDS reviewed the hours documented on the Consumer's timesheets and compared those hours billed to FNRC. DDS noted that 25 hours on the same timesheet were billed to FNRC in both months of September and October 2022 under SC 062. The total overbilling of 25 hours amounted to \$594, 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.”

### **Recommendation:**

OSI must reimburse to DDS \$594 for the overbillings.

### **VENDOR'S Response:**

OSI, stated in the response, dated January 29, 2024, that OSI agreed with the finding.

# **ATTACHMENT A**

## **O2 STAFFING, 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**

### **O2 STAFFING, 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 OSI’S RESPONSE**

DDS evaluated OSI’s written response to the draft audit report, dated January 29, 2024, and determined that OSI agreed with the finding.