

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES'
AUDIT
OF
CARING CIRCUIT INSTITUTE, LLC**

Programs and Services:

Community Integration Training Program – PJ5186

Transportation-Additional Component – VJ7036

Audit Period: January 1, 2022, through December 31, 2023

Audit Section

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CARING CIRCUIT INSTITUTE, LLC

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Caring Circuit Institute, LLC (CCI). The audit was performed upon the Community Integration Training Program (CITP) and Transportation Additional Component (TAC) programs for the period of January 1, 2022, through December 31, 2023.

The audit disclosed the following issue of non-compliance:

Finding 1: Community Integration Training Program – Unsupported Billings

The review of CCI's CITP program, Vendor Number PJ5186, revealed that CCI had a total of \$96,590 of unsupported billings to Inland Regional Center (IRC).

The total of the finding identified in this audit amounts to \$96,590, 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 CCI's programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional centers' contracts with CCI for the period of January 1, 2022, through December 31, 2023.

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 CCI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CCI'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 CCI 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 IRC that utilized CCI's services during the audit period. CCI provided two different types of services, of which DDS audited both. Services chosen by DDS were based on the amount of purchase of service (POS) expenditures invoiced by CCI. By analyzing the information received from the vendor, an internal control questionnaire and a risk analysis, it was determined that a three-month sample period would be sufficient to fulfill the audit objectives.

Community Integration Training Program

During the audit period, CCI operated one CITP program. The audit included the review of CCI's CITP program, Vendor Number PJ5186, SC 055 and testing was done for the sampled months of March 2022, April 2022, and August 2023.

Transportation-Additional Component

During the audit period, CCI operated one TAC service. The audit included the review of CCI's TAC service, Vendor Numbers VJ7036, SC 880 and testing was done for the sampled months of March and April 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.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Interviewed the vendor's Chief Executive Officer and Chief Financial Officer 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, CCI had a finding of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on June 26, 2024. The finding in the report was discussed at an exit conference via ZOOM with CCI on July 10, 2024. CCI was afforded the opportunity to respond to the draft audit. However, CCI did not submit a response to the draft audit report within the 30-day response period.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Community Integration Training Program – Unsupported Billings

The review of CCI's CITP program, Vendor Number PJ5186, for the sampled months of March 2022, April 2022, and August 2023, revealed that CCI had unsupported billings for services billed to IRC. Unsupported billings occurred due to a lack of supporting documentation for the units of service billed to IRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service units documented on the employee timesheets and payroll, summary notes, and compared those units to the direct care service units billed to IRC. DDS also reviewed the client timesheets and wages:

- DDS noted that the direct care service hours on the employee timesheets/payroll and summary notes were 2,548 hours less than the direct care service hours billed to IRC. This resulted in an unsupported billing of \$61,481.
- DDS also noted that CCI overbilled IRC for a total of 373 days. These were direct services billed under a daily rate. This resulted in an unsupported billing of \$35,109.

CCI was not able to provide appropriate supporting documentation for 2,921 units (2,548 + 373) of service. The lack of documentation resulted in unsupported billings to IRC in the amount of \$96,590, 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:

CCI must reimburse to DDS \$96,590 for the unsupported billings. In addition, CCI should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to IRC.

VENDOR’S Response:

CCI was afforded the opportunity to respond to the draft audit report. However, CCI did not submit a response within the 30-day response period.

ATTACHMENT A

CARING CIRCUIT INSTITUTE, LLC

To request a copy of the attachment for this report, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT B – VENDOR’S RESPONSE

CARING CIRCUIT INSTITUTE, LLC

As part of the audit report process, CCI was afforded the opportunity to respond to the draft audit. However, CCI did not submit a response to the draft audit report within the 30-day response period.