

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES'
AUDIT
OF
MAINS'L CALIFORNIA, LLC**

Service:

Supported Living Service – PF3111

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

Audit Section

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MAINS'L CALIFORNIA, LLC

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Mains' I California, LLC (Mains' I CA). The audit was performed upon the Supported Living Service (SLS) for the period of January 1, 2022, through December 31, 2023.

The audit disclosed the following issue of non-compliance:

Finding 1: Supported Living Service – Unsupported Billings

The review of Mains' I CA's SLS program, Vendor Number PF3111, revealed that Mains' I CA had a total of \$382,333 of unsupported billings to Far Northern Regional Center (FNRC).

The total of the finding identified in this audit amounts to \$382,333, 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 Mains' CA's fiscal accountability requirement and its program were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional centers' contracts with Mains' CA 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 Mains' CA, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of Mains' CA'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 Mains' CA 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 FNRC that utilized Mains' CA's services during the audit period. Mains' CA provided 46 different types of services, of which DDS audited one. Service chosen by DDS was based on the amount of purchase of service (POS) expenditures invoiced by Mains' CA. 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. However, the two-month sample period demonstrated a significant amount of unsupported billings. As a result, the testing was expanded to include two additional months.

Supported Living Service

During the audit period, Mains'I CA operated one SLS program. The audit included the review of one of Mains'I CA's SLS program, Vendor Numbers PF3111, SC 896 and testing was done for the sampled months of October 2022, November 2022, December 2022, and January 2023.

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.
- E-mailed 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.

CONCLUSION

Based upon the audit procedures performed, DDS has determined that except for the item identified in the Finding and Recommendation section, Mains'l CA was in compliance with applicable audit criteria.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on August 9, 2024. The finding in the report was discussed at an exit conference via Microsoft Teams with Mains'l CA on August 16, 2024. Subsequent to the exit conference, on September 12, 2024, Mains'l CA submitted a response via letter. Mains'l CA did not agree to the entirety of the finding. However, Mains'l CA agreed to work with DDS to calculate the refund for the period examined.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Supported Living Service – Unsupported Billings

The review of Mains'I CA's SLS program, Vendor Number PF3111, for the sampled months of October 2022, November 2022, December 2022, and January 2023, revealed that Mains'I CA had unsupported billings for services billed to FNRC. Unsupported billings occurred due to a lack of supporting 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 time entries and compared those hours to the direct care service hours billed to FNRC. DDS noted that the direct care service hours on the time entries were 12,898 hours less than the direct care service hours billed to FNRC. Mains'I CA was not able to provide appropriate supporting documentation for 12,898 hours of services billed. The lack of documentation resulted in unsupported billings to FNRC in the amount of \$382,333 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:

Mains'I CA must reimburse to DDS \$382,333 for the unsupported billings. In addition, Mains'I CA should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to FNRC.

Mains'I CA's Response:

In the response, dated September 12, 2024, Mains'I CA did not agree to the entirety of the finding. However, Mains'I CA agreed to work with DDS to calculate the refund for the period examined.

See Attachment B for the full text of Mains'I CA's response to the draft audit report and Attachment C for DDS' evaluation Mains'I CA's response.

ATTACHMENT A

MAINS'L CALIFORNIA, 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

MAINS’L CALIFORNIA, LLC

To request a copy of Mains’L CA’s response to the audit finding, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT C – DDS' EVALUATION OF MAINS'L CA'S RESPONSE

MAINS'L CALIFORNIA, LLC

**To request a copy of DDS' evaluation of Mains'L CA's response to the audit finding,
please contact the DDS Audit Section at (916) 654-3695.**