

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES'  
AUDIT  
OF  
INNOVATIVE SUPPORT SOLUTIONS, LLC**

**Service:**

Supported Living Service – HR0600

Audit Period: January 1, 2024, through December 31, 2024

**Audit Services Branch**

**Auditors:** Hung Bang, Chief of Vendor Audit Section  
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# INNOVATIVE SUPPORT SOLUTIONS, LLC

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## EXECUTIVE SUMMARY

The Department of Developmental Services (Department) has audited Innovative Support Solutions, LLC (ISS). The audit was performed upon the Supported Living Service (SLS) for the period of January 1, 2024, through December 31, 2024.

The audit disclosed the following issues of non-compliance:

### **Finding 1: Supported Living Service – Overbillings**

The review of ISS' SLS, Vendor Number HR0600, revealed that ISS had a total of \$7,013 of overbillings to Redwood Coast Regional Center (RCRC).

### **Finding 2: Supported Living Service – Unsupported Billings**

The review of ISS' SLS, Vendor Number HR0600, revealed that ISS had a total of \$6,610 of unsupported billings to RCRC.

The total of the findings identified in this audit amounts to \$13,623, which is due back to the Department. A detailed discussion of these findings is contained in the Findings and Recommendations section of this report.

## **BACKGROUND**

The Department 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. The Department 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 Code (WIC), Section 4648.1, the Department 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 ISS' program was compliant with the WIC, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional centers' contracts with ISS for the period of January 1, 2024, through December 31, 2024.

### **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 ISS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of ISS' 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 ISS complied with WIC and CCR, Title 17. Any complaints that the Department's Audit Services Branch 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 RCRC that utilized ISS' services during the audit period. ISS provided one type of service, which the Department 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.

## **Supported Living Service**

During the audit period, ISS operated one SLS program. The audit included the review of ISS' SLS program, Vendor Number HR0600, SC 896 and testing was done for the sampled months of May 2024 and June 2024.

### **Methodology**

The following methodology was used by the Department 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 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, the Department has determined that except for the item identified in the Findings and Recommendations section; ISS was in compliance with applicable audit criteria.

## **VIEWS OF RESPONSIBLE OFFICIALS**

The Department issued a draft report on March 26, 2025. The findings in the report were discussed at an exit conference, via Zoom, with ISS on April 1, 2025. Subsequent to the exit conference, on April 29, 2025, ISS submitted a response via email stating that ISS agreed with the findings.

## **RESTRICTED USE**

This report is solely for the information and use of the Department, RCRC and ISS. 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 – Overbillings

The review of ISS' SLS, Vendor Number HR0600, for the sampled months of May 2024 and June 2024, revealed that ISS had overbillings for services billed to RCRC. Overbillings occurred due to ISS billing for hours of service that were not provided to a consumer by an employee.

The Department reviewed the direct care service hours documented on employee timesheets, calendars, and payroll records and compared those hours to the direct care service hours billed to the RCRC. The Department noted that ISS billed RCRC for SLS hours when the consumer received services at a Day Program. According to the Day Program's billing records, the consumer received 154 hours of day program services during the sampled months. However, ISS billed RCRC for the same overlapping hours under the SLS program, resulting in overbillings to RCRC.

Furthermore, the Department noted that ISS overbilled RCRC by 50 hours of service by an employee who did not work on the days the SLS services were purported to have been provided.

As a result, ISS overbilled RCRC by a total of 204 hours, amounting to \$7,013, which is due back to the Department. (Attachment A)

WIC, 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.”

**Recommendation:**

ISS must reimburse to the Department \$7,013 for the overbillings. In addition, ISS should refrain from billing for services not provided to consumers.

**Vendor's Response:**

ISS stated in the response dated April 29, 2025, that ISS agreed with the finding.

See Attachment C for the full text of ISS' response to the draft audit report and Attachment D for the Department's evaluation of ISS' response.

**Finding 2: Supported Living Service – Unsupported Billings**

The review of ISS' SLS, Vendor Number HR0600, for the sampled months of May 2024 and June 2024, revealed that ISS had unsupported billings for services billed to RCRC. Unsupported billings occurred due to lack of supporting documentation to support the units of service billed to RCRC and non-compliance with CCR, Title 17.

The Department reviewed the direct care service hours documented on employee timesheets and payroll records and compared those hours to the direct care service hours billed to the RCRC. The Department noted that the direct care service hours on the timesheets were 192 hours less than the direct care service hours billed to RCRC. ISS was not able to provide appropriate supporting documentation for 192 hours of services billed. The lack of documentation resulted in unsupported billings to RCRC in the amount of \$6,610, which is due back to the Department. (See Attachment B)

WIC, 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:

- (2) 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:**

ISS must reimburse to the Department \$6,610 for the unsupported billings. In addition, ISS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCRC.

**Vendor’s Response:**

ISS stated in the response dated April 29, 2025, that ISS agreed with the finding.

See Attachment C for the full text of ISS’ response to the draft audit report and Attachment D for the Department’s evaluation of ISS’ response.

## **ATTACHMENT A**

### **INNOVATIVE SUPPORT SOLUTIONS, LLC**

**To request a copy of the attachment for this audit report, please contact the Audit Services Branch at (916) 654-3695.**

## **ATTACHMENT B**

### **INNOVATIVE SUPPORT SOLUTIONS, LLC**

**To request a copy of the attachment for this audit report, please contact the Audit Services Branch at (916) 654-3695.**

## **ATTACHMENT C – VENDOR’S RESPONSE**

### **INNOVATIVE SUPPORT SOLUTIONS, LLC**

**To request a copy of the vendor’s response to the audit findings, please contact the Audit Services Branch at (916) 654-3695.**

## **ATTACHMENT D – DDS’ EVALUATION OF ISS’ RESPONSE**

**The Department evaluated ISS’ written response to the draft audit report, dated April 29, 2025, and determined that ISS agreed with the findings.**