

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
BEHAVIOR RESPITE IN ACTION, INC.**

Programs and Services:

Behavior Management Consultant - PL0713, PL0715

Personal Assistance - PT0441, PE1131

Client/Parent Support Behavior Intervention Training - PT0441

(Audit Period: July 1, 2008, through June 30, 2011)

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
Alimou Diallo, Audit Supervisor
Jennifer Bernard, Lead Auditor
Wilfredo Golez, Auditor

BEHAVIOR RESPITE IN ACTION, INC. (BRIA)

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Behavior Respite In Action, Inc. (BRIA). BRIA is one of a number of companies owned and operated by Dr. Ali Sadeghi, Ph. D. This audit report is an audit of only BRIA, although California PsychCare, Inc., Autism Response Team, Inc., and Dr. Ali Sadeghi, Ph.D., Sole Proprietorship, were audited simultaneously. The audit of BRIA was performed upon the Behavior Management Consultant, Personal Assistance Program and Client/Parent Support Behavior Intervention Training for the period of July 1, 2008, through June 30, 2011.

The audit disclosed the following issues of non-compliance:

Finding 1: Behavior Management Consultant – Unsupported Billings and Failure to Bill

The review of BRIA's Behavior Management Consultant, Vendor Numbers PL0713 and PL0715, revealed that BRIA had both unsupported billings, as well as appropriate support for services that it failed to bill the North Los Angeles County Regional Center (NLACRC), Frank D. Lanterman Regional Center (FDLRC), South Central Los Angeles Regional Center (SCLARC) and Westside Regional Center (WRC). BRIA had a total of \$221,809 of unsupported billings and a total of \$41,176 for which it failed to bill.

Finding 2: Personal Assistance - Unsupported Billings and Failure to Bill

The review of BRIA's Personal Assistance, Vendor Numbers PT0441 and PE1131, revealed that BRIA had both unsupported billings as well as appropriate support for services that it failed to bill the Tri-Counties Regional Center (TCRC), NLACRC, San Gabriel/Pomona Regional Center (SG/PRC), Inland Regional Center (IRC), and Eastern Los Angeles Regional Center (ELARC). BRIA had a total of \$249,958 of unsupported billings and a total of \$68,530 for which it failed to bill.

Finding 3: Client/Parent Support Behavior Intervention Training - Unsupported Billings and Failure to Bill

The review of BRIA's Client/Parent Support Behavior Intervention Training, Vendor Number PT0441, revealed that BRIA had both unsupported billings as well as appropriate support for services that it failed to bill TCRC and SG/PRC. BRIA had a total of \$10,019 of unsupported billings and a total of \$3,657 for which it failed to bill.

The net total of unsupported billing discrepancies identified in this audit amounts to \$368,423 due back to DDS. A detailed discussion of these findings is contained in the Findings and Recommendations section of this audit 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, contractors, or both. In accordance to the Welfare and Institutions (W&I) Code, Section 4648.1, DDS has the authority to audit those service providers, contractors, or both that provide services and supports to persons with developmental disabilities.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The audit was conducted to determine whether BRIA's Behavior Management Consultant, Personal Assistance and Client/Parent Support Behavior Intervention Training were compliant with the W&I Code, California Code of Regulations, Title 17 (CCR, Title 17), and the regional centers contracts with BRIA for the period of July 1, 2008, through June 30, 2011.

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 BRIA, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of BRIA'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 BRIA complied with W&I Code and CCR, Title 17. Also, any complaints that DDS' Audit Branch was aware of regarding non-compliance with laws and regulations were reviewed and followed-up on during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to nine regional centers that utilized BRIA's services during the audit period; ELARC, FDLRC, IRC, Kern Regional Center (KRC), NLACRC, SCLARC, SG/PRC, TCRC and WRC. All nine regional centers were chosen for audit due to the large amount of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

In addition, BRIA provided three different types of services which DDS audited. The three services chosen by DDS were also chosen based on the amount of POS expenditures invoiced by BRIA.

Analyzing the information received during a pre-audit meeting with the vendor, an internal control questionnaire and a risk analysis, it was determined that a one month sample period would be sufficient to fulfill the audit objectives.

Behavior Management Consultant

During the audit period, BRIA operated two Behavior Management Consultant programs. The audit included the review of BRIA's Behavior Management Consultant, Vendor Numbers PL0713 and PL0715, Service Code 620, and testing was done for the month of December 2008. However, within that month, the audit sample demonstrated an unusual amount of unsupported billings due to the lack of supporting documentation in the form of timesheets or session notes. As a result, the testing sample was expanded to include the months of January, February, and March 2009, and January, February, September, and November 2010.

Personal Assistance

During the audit period, BRIA operated two Personal Assistance programs. The audit included the review of BRIA's Personal Assistance, Vendor Numbers PT0441 and PE1131, Service Code 062, and testing was done for the month of December 2008. However, within that month, the audit sample demonstrated an unusual amount of unsupported billings due to the lack of supporting documentation in the form of timesheets or session notes. As a result, the testing sample was expanded to include the months of January, February, and March 2009, and January, February, September, and November 2010.

Client/Parent Support Behavior Intervention Training

During the audit period, BRIA operated one Client/Parent Support Behavior Intervention Training. The audit included the review of BRIA's Client/Parent Support Behavior Intervention Training, Vendor Number PT0441, Service Code 048, and testing was done for the month of December 2008. However, within that month, the audit sample demonstrated an unusual amount of unsupported billings due to the lack of supporting documentation in the form of timesheets or session notes. As a result, the testing sample was expanded to include the months of January, February, and March 2009, and January, February, September, and November 2010.

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 findings and conclusions in relation to the audit objectives. The procedures performed included, but were not limited to, the following:

- Review of vendor files for contracts, rate letters, program designs, POS authorizations, and correspondence pertinent to the review.
- Interview of regional center staff for vendor background information and to obtain insight into the vendor's operations.

- Interview of vendor staff and management to gain an understanding of its accounting procedures and processes for regional center billing.
- Review of vendor service/attendance records to determine if the vendor had sufficient and appropriate evidence to support the direct care services billed to the regional centers.
- Analysis of the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

CONCLUSION

Based upon items identified in the Findings and Recommendations section, BRIA did not comply with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on December 16, 2014. The findings in the draft audit report were discussed at a formal exit conference with Dr. Ali Sadeghi, Executive Clinical Director and Manfred Rodriguez, BRIA's Administrative Director, on December 19, 2014. Subsequent to the meeting, on December 23, BRIA requested the auditors' working papers and an extension of time, until April 16, 2015, to provide its response to the draft audit report. DDS provided BRIA with the working papers and granted a two-month extension. On April 6, 2015, BRIA requested the opportunity to discuss the findings and a potential settlement.

RESTRICTED USE

This audit report is solely for the information and use of DDS, Department of Health Care Services, NLACRC, ELARC, TCRC, SG/PRC, KRC, FDLRC, IRC, SCLARC, WRC, and BRIA. This restriction is not intended to limit distribution of this audit report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Behavior Management Consultant - Unsupported Billings and Failure to Bill

The review of BRIA's Behavior Management Consultant program, Vendor Numbers PL0713 and PL0715, Service Code 620, for the months of December 2008; January, February, and March 2009; and January, February, September, and November 2010, revealed that BRIA had both unsupported billings, as well as appropriate support for services that it failed to bill.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to the regional centers. There were instances of billings that were not supported by any source documents that the services were provided. The failure to bill occurred when BRIA had appropriate documentation, but did not bill the regional centers.

BRIA was not able to provide appropriate supporting documentation for 7,071 hours/units of services billed to the regional centers. This lack of documentation resulted in unsupported billings to the regional centers in the amount of \$221,809.

In addition, BRIA provided appropriate supporting documentation for 1,314 hours/units of service that was not billed to the regional centers. This resulted in an unbilled amount of \$41,176.

The net total of the billing discrepancies resulted in \$180,633 of unsupported billings 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 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 in pertinent part:

“(a) All vendors shall:

- (3) Maintain records of service 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:

BRIA must reimburse to DDS the \$180,633 in unsupported billings. In addition, BRIA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to the regional centers.

BRIA’s Response:

In BRIA’s response dated March 27, 2015, BRIA requested the opportunity to discuss the audit findings further with DDS; and on April 6, 2015, BRIA indicated that it would like to meet with DDS to discuss a potential settlement.

See Attachment B for full text of BRIA’s response and Attachment D for DDS’ Evaluation on BRIA’s response.

Finding 2: Personal Assistance - Unsupported Billings and Failure to Bill

The review of BRIA’s Personal Assistance program, Vendor Numbers PT0441 and PE1131, Service Code 062, for the months of December 2008; January, February, and March 2009; and January, February, September, and November 2010, revealed that BRIA had both unsupported billings, as well as appropriate support for services that it failed to bill.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to the regional centers. The failure to bill occurred when BRIA had appropriate documentation, but did not bill the regional centers.

BRIA was not able to provide appropriate supporting documentation for 10,686 hours/units of service billed to the regional centers. This lack of documentation resulted in unsupported billings in the amount of \$249,958.

In addition, BRIA provided appropriate supporting documentation for 2,757 hours/units of service that was not billed to the regional centers. This resulted in an unbilled amount of \$68,530.

The net total of the billing discrepancies totaled \$181,428 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 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 service provided to consumers in sufficient detail to verify delivery of the units of service billed . . .

CCR, Title 17, Section 50604(d) and (e) provides in relevant part:

- “(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:

BRIA must reimburse to DDS the \$181,428 in unsupported billings. In addition, BRIA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to the regional centers.

BRIA’s Response:

In BRIA’s response dated March 27, 2015, BRIA requested the opportunity to discuss the audit findings further with DDS; and on April 6, 2015, BRIA indicated that it would like to meet with DDS to discuss a potential settlement.

See Attachment B for full text of BRIA’s response and Attachment D for DDS’ Evaluation on BRIA’s response.

Finding 3: Client/Parent Support Behavior Intervention Training - Unsupported Billings and Failure to Bill

The review of BRIA’s Client/Parent Support Behavior Intervention Training program, Vendor Numbers PT0441, Service Code 048, for the months of December 2008 through March 2009, revealed that BRIA had both unsupported billings, as well as appropriate support for services that it failed to bill.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to the regional centers. The failure to bill occurred when BRIA had appropriate documentation, but did not bill the regional centers.

BRIA was not able to provide appropriate supporting documentation for 363 hours/units of service billed to the regional centers. This lack of documentation resulted in unsupported billings in the amount of \$10,019.

In addition, BRIA provided appropriate supporting documentation for 127 hours/units of services that was not billed to the regional centers. This lack of documentation resulted in unbilled amount of \$3,657.

The net total of the billing discrepancies resulted in \$6,362 of unsupported billings 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 either 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 service 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:

BRIA must reimburse to DDS the \$6,362 in unsupported billings. In addition, BRIA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to the regional centers.

BRIA’s Response:

In BRIA’s response dated March 27, 2015, BRIA requested the opportunity to discuss the audit findings further with DDS; and on April 6, 2015, BRIA indicated that it would like to meet with DDS to discuss a potential settlement.

See Attachment B for full text of BRIA’s response and Attachment D for DDS’ Evaluation on BRIA’s response.

Behavior Response In Action, Inc.
Summary of Unsupported and Failure to Bill
July 1, 2008, through June 30, 2011

Finding #	Svc Vendor Code	Description	Unsupported Billings		Failed to Bill		Net Due DDS
			Hours/Units	A Amount	Units	B Amount	C= A+B Amount*
1 Behavior Management Consultant							
<u>Sample Months December 2008 to March 2009</u>							
PL0713	620	Behavior Management Consultant					
		NLACRC	1,917	\$ 60,765.17	246	\$ (7,783)	\$ 52,983
		FDLRC	465	14,730	179	(5,689)	9,041
		SCLARC	42	1,339	1	(32)	1,306
		WRC	-	-	16	(502)	(502)
			2,423	\$ 76,834	441	\$ (14,006)	\$ 62,828
PL0715		NLACRC	676	21,422	157	(4,982)	16,440
		Subtotal	3,100	\$ 98,256	598	\$ (18,988)	\$ 79,268
<u>Sample Months Jan 2010, Feb 2010, Sept 2010, Nov 2010</u>							
PL0713		Behavior Management Consultant					
		NLACRC	1,692	\$ 52,532	395	\$ (12,303)	\$ 40,230
		FDLRC	265	8,270	41	(1,287)	6,983
		SCLARC	29	894	12	(372)	522
		WRC	132	4,143	25	(793)	3,351
			2,117	\$ 65,840	473	\$ (14,754)	\$ 51,086
PL0715		KRC	-	-	2	(46)	(46)
		NLACRC	1,912	59,491	241	(7,388)	52,103
		Subtotal	4,029	\$ 125,331	716	\$ (22,188)	\$ 103,143
<i>Amount Credited to CPC based on Submitted Documents for the month of November 2010</i>							
			(58)	\$ (1,778)			
FINDING 1: Total - Behavior Management Consultant			7,071	\$ 221,809	1,314	\$ (41,176)	\$ 180,633

**Behavior Response In Action, Inc.
Summary of Unsupported and Failure to Bill
July 1, 2008, through June 30, 2011**

Finding #	Vendor	Svc Code	Description	Unsupported Billings		Failed to Bill		Net Due DDS
				Hours/Units	A Amount	Units	B Amount	C= A+B Amount*
2 <u>Personal Assistance</u>								
<u>Sample Months December 2008 to March 2009</u>								
PT0441	062		Personal Assistance					
			TCRC	4,345	\$ 84,008	1,426	\$ (39,496)	\$ 44,513
			NLACRC	943	30,654	8	(245)	30,409
				5,288	\$ 114,662	1,434	\$ (39,741)	\$ 74,921
PE1131	062		ELARC	91	2,711	16	(409)	2,302
			Subtotal	5,379	\$ 117,373	1,450	\$ (40,150)	\$ 77,224
<u>Sample Months Jan 2010, Feb 2010, Sept 2010, Nov 2010</u>								
PT0441	062		Personal Assistance					
			IRC	30	\$ 936	3	\$ (94)	\$ 843
			SG/PRC	698	21,626	252	(7,843)	13,783
			TCRC	4,233	99,835	940	(17,071)	82,764
			NLACRC	196	6,125	84	(2,656)	3,469
				5,157	\$ 128,522	1,278	\$ (27,664)	\$ 100,858
PE1131	062		ELARC	205	5,771	29	(716)	5,055
			Subtotal	5,362	\$ 134,294	1,307	\$ (28,380)	\$ 105,913
<i>Amount Credited to CPC based on Submitted Documents for the month of November 2010</i>				(55)	\$ (1,709)			
FINDING 2: Total - Personal Assistance				10,686	\$ 249,958	2,757	\$ (68,530)	\$ 181,428
3 <u>Client/Parent Support Behavior Intervention Training**</u>								
<u>Sample Months December 2008 to March 2009</u>								
PT0441	048		SG/PRC	250	\$ 7,028	123	\$ (3,530)	\$ 3,498
			TCRC	113	2,991	4	(126)	2,864
FINDING 3 Total: Client/Parent Support Behavior Intervention				363	\$ 10,019	127	\$ (3,657)	\$ 6,362
Grand Totals of Unsupported Billing and Failure to Bill				18,120	\$ 481,785	4,198	\$ (113,363)	\$ 368,423

*Rounded to the nearest dollar

BRIA's Response to Draft Report

As part of the audit report process, BRIA was afforded the opportunity to respond to the draft audit report and provide a written response to the findings identified. On March 27, 2015, BRIA submitted a response to the draft audit report via email. This was within the granted extension period BRIA had requested to provide its response to the draft audit report.

The response included a seven page letter and additional supporting documents. Due to the large volume of documents provided as part of the response package, these documents are not included in this audit report. The following pages contain BRIA's written response.

VIA E-MAIL(Jean.Johnson@dds.ca.gov)
and FedEx

April 6, 2015

Jean Johnson, Deputy Director

Department of Developmental Services ("DDS")
Audit Branch
1600 Ninth Street, Room 230, MS 2-10
Sacramento, CA 95814

Re: Settlement Request

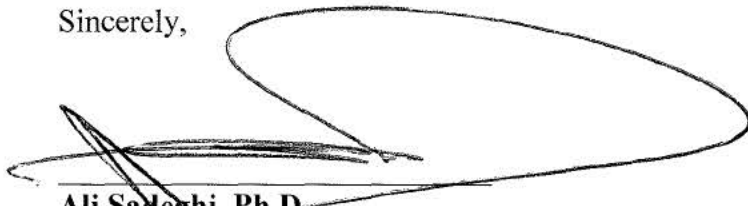
California PsychCare, Inc. ("CPC")
Behavior Respite In Action, Inc. ("BRIA")
Autism Respond Team, Inc. ("ART")
Ali Sadeghi (AS)

Dear Ms Johnson:

I had the privilege of speaking with you about our audit when you had just returned to your new position with the department two years ago. As I understand, our audit by the department is almost done and under final review. I am enclosing for your reference a copy of CPC, BRIA, ART, Ali Sadeghi's letter dated March 27, 2015 to Mr. Edward Yan of the Department of Developmental Services.

After speaking with Mr. Alimou Diallo lead auditor, I would like to meet with DDS to discuss a potential settlement.

Sincerely,



Ali Sadeghi, Ph.D.
Executive Clinical Director
CPC-BRIA-ART
16946 Sherman Way, 100
Van Nuys, CA 91406
Off: 818.401.0661
Cell: 805.300.6655
Fax: 818.235.1408



March 27, 2015

VIA FedEx

Edward Yan, Manager
Department of Developmental Services
Audit Branch
1600 Ninth Street, Room 230, MS 2-10
Sacramento, CA 95814

Re: Behavior Respite In Action, Inc. ("BRIA")

Dear Mr. Yan:

This letter is in response to your letter dated December 16, 2014 and the Department of Developmental Services ("DDS") audit of BRIA for the period of July 1, 2008 through June 30, 2011 (the "Audit Period").

The DDS report for the Audit Period reflects 3 separate findings. This letter addresses each of the findings.

DDS audited 8 months during the Audit Period. Due to time constraints, regarding Findings 1 through 3 below, BRIA's response reflects a detailed analysis of 1 of such months (November 2010).

1. Finding Number 1: Behavior Management Consultant unsupported billings and failure to bill. DDS determined that there were 234 unsupported billing units. Enclosed is support for 230.00 (99%) of the alleged unsupported billing units. BRIA agrees with the DDS finding that BRIA omitted to bill \$41,176.

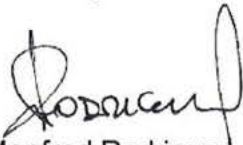
2. Finding Number 2: Personal Assistant unsupported billings and failure to bill. DDS determined that there were 622.25 unsupported billing units. Enclosed is support for 615.25 (92.40%) of the alleged unsupported billing units. BRIA agrees that it omitted to bill \$68,530.00.

3. Finding Number 3: Client Parent Support Behavior Intervention Training unsupported billings and failure to bill. BRIA requests additional support for the DDS finding that it BRIA had \$10,019.00 of unsupported billings. BRIA agrees that that it omitted to bill \$3,657.00.

BRIA omitted to bill \$113,363 (the sum of \$41,176, \$68,530.00 and \$3,657.00) in Findings 1 through 3 above). BRIA reserves all of its rights to bill for such omitted amounts.

BRIA requests the opportunity to discuss this matter further with DDS after it has had a chance to review this letter and enclosures.

Sincerely,



Manfred Rodriguez, MBA
Administrative Director
16946 Sherman Way, 100
Van Nuys, CA 91406
Off: 818.474.1562 ext. 1303
Cell: 805.637.6250
Fax: 818.235.1408

DDS AUDIT 2011 Respond

BEHAVIOR RESPITE IN ACTION, INC

Program Services:

**Behavior Management Consultant-
PL0713, PL0715**

**Personal Assistance: PT0441,
PE1131**

**Client Parent Support Behavior
Intervention Training – PT0441**

Introduction:

Behavior Respite In Action, INC. (BRIA) was subject to an audit from the Department of Developmental Services (DDS) for the period of July 1, 2008 through June 30, 2011. The audit process took approximated 3 years and a half. The results were presented to Dr. Ali Sadeghi and Manfred Rodriguez on December 19, 2014 by the DDS Audit Supervisor Alimou Diallo and Lead Auditor Jennifer Bernard.

The audit report requested a respond within 30 days from the exit conference and pointed the following findings:

Finding 1: Behavior Management Consultant– Unsupported Billings and Failure to Bill

The audit report states that under vendor PL0713 and PL0715 \$223,257.00 was overpaid due to unsupported billing to NLACRC, FDLRC, SCLARC and WRC. The report also indicates that \$41,176 was credited to BRIA for failure to bill to the same regional centers named above. The finding assess that \$182,411.00 is due back to DDS.

Finding 2:– Personal Assistant -Unsupported Billings and Failure to Bill

The audit report states that under vendor PT0441 and PE1131 \$251,667.00 was overpaid due to unsupported billing to NLACRC, TCRC, SG/PRC, IRC and ELARC. The report also indicates that \$68,530.00 was credited to BRIA for failure to bill to the same regional centers named above. The finding assess that \$183,137.00 is due back to DDS.

Finding 3: Client Parent Support Behavior Intervention Training – Unsupported Billings and Failure to Bill

The audit report states that under vendor PT0441 \$10,019.00 was overpaid due to unsupported billing to TCRC and SG/PRC. The report also indicates that \$3,657.00 was credited to BRIA for failure to bill to the same regional centers named above. The finding assess that \$6,362.00 is due back to DDS.

On December 23, 2014, Dr. Sadeghi made a written requested to Jean Johnson to provide BRIA with the working papers and an extension of 4 months to reconcile the findings and its interpretations.

On a letter dated January 15, 2015, Jen Johnson denied the 4 months request, but agreed to provide the working papers and 2 months extension. The working papers were provided to Manfred Rodriguez by Alimou Diallo between January 21, 2015 and January 23, 2015.

Methodology:

Behavior Respite In Action allocated two full time employees to solely work on the audit project to analyze research and gather documentation to be presented to DDS.

BRIA recognized the challenged to review the amount of documentation in the short period of

time imposed by DDS. Thus, BRIA decided to focus on November 2010 as a sample month to validate the findings.

BRIA RESPONDS AND RECOMMENDATIONS

Respond to Finding 1: Behavior Management Assistant – Unsupported Billings and Failure to Bill

BRIA was able to produce for the month of November 230.00 hours out of the 234.00 hours reported by DDS as “unsupported” to NLACRC, FDLRC, SCLARC and WRC by:

- a. Submitting or resubmitting supportive documentation:
 - i. The timesheets that were omitted for unknown reasons on the audit. The working papers do not indicate which timesheets were omitted; thus, BRIA resubmitted all the timesheets in our possession (see attachment A).
 - ii. Submitting Payroll register and payroll reports as a second form of proof of service. Note that payroll reports indicate the service and the consumer served by the employee. Furthermore, payroll register shows services rendered by the employee and paid to the employee. The combination of the payroll register and payroll report undoubtedly proves that the service was rendered as stated on Title 17, section 54326. (a)(3) and (10) (see attachment A).

Title 17, section 54326. (a)(3) and (10)

(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

Recommendation:

Based on the results of the sample audit of the November 2010 Audit, BRIA recommends that:

1. DDS should provide detailed information and rationale on all findings categorized as “Unsupported Units” or affect negatively to BRIA. While the working papers provide additional information, it does not clarify why some units were classified as “Unsupported Units”.
2. DDS should revise its proposed assessment of unsupported units and credit BRIA

accordingly

3. Additional 12 months should be granted to BRIA to audit the audit performed by DDS after receiving the supportive documentation requested on bullet point 1 and 4 above. The amount of time is approximated 1/3 of the time that DDS took to conduct the audit.

Respond to Finding 2: Personal Assistant – Unsupported Billings and Failure to Bill

BRIA was able to produce for the month of November 616.25 hours out of the 622.25 hours reported by DDS as “unsupported” to NLACRC, TCRC, SG/PRC, IRC and ELARC by:

- a. Submitting or resubmitting supportive documentation:
 - i. The timesheets that were omitted for unknown reasons on the audit. The working papers do not indicate which timesheets were omitted; thus, BRIA resubmitted all the timesheets in our possession (see attachment B).
 - ii. Submitting Payroll register and payroll reports as a second form of proof of service. Note that payroll reports indicate the service and the consumer served by the employee. Furthermore, payroll register shows services rendered by the employee and paid to the employee. The combination of the payroll register and payroll report undoubtedly proves that the service was rendered as stated on Title 17, section 54326. (a)(3) and (10) (see attachment B).

Title 17, section 54326. (a)(3) and (10)

(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:

Based on the results of the sample audit of the November 2010 Audit, BRIA recommends that:

1. DDS should provide detailed information and rationale on all findings categorized as “Unsupported Units” or affect negatively to BRIA. While the working papers provide additional information, it does not clarify why some units were classified as “Unsupported Units”.
2. DDS should revise its proposed assessment of unsupported units and credit BRIA accordingly.

**Respond to Finding 3: Client Parent Support Behavior Intervention Training –
Unsupported Billings and Failure to Bill**

BRIA did not receive any working papers for the month of November 2010 for finding 3

Recommendation:

Based on the results of the sample audit of the November 2010 Audit, BRIA recommends:

1. DDS should provide detailed information and rationale on all findings categorized as “Unsupported Units” or affect negatively to BRIA. While the working papers provide additional information, it does not clarify why some units were classified as “Unsupported Units”.

THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF BEHAVIOR RESPITE IN ACTION'S RESPONSE

The Department of Developmental Services (DDS) evaluated Behavior Respite in Action, Inc.'s (BRIA) written response to the draft audit report and determined that BRIA did not expressly disagree with Findings 1, 2, and 3 but provided additional documentation to support findings for the sample month of November 2010. Below is a summary of the vendor's response as well as DDS' evaluation of the vendor's response.

BRIA states that:

Finding 1 - "DDS determined that there were 234 unsupported billing units. Enclosed is support for 230.00 (99%) of the alleged unsupported billing units. BRIA agrees with the DDS finding that BRIA omitted to bill \$41,176." It was noted that BRIA responses for Finding 1 and Finding 2 are similar in text; therefore, DDS's comments below are in response to Finding 1 and Finding 2.

DDS disagrees with BRIA's assertions for Finding 1 and Finding 2. BRIA was allowed credit for all the verifiable hours identified through its source documentation. Pursuant to the California Code of Regulations, Title 17 (CCR, Title 17), Section 54326 (a)(10), only direct services to the consumers are billable to the regional center. BRIA computations of the 99 percent in Finding 1 and subsequent computation for Finding 2 failed to consider "Non-billable Activities" such as: scheduling, processing payroll, conducting general staff meetings, oversight of staff's compliance with BRIA policies and procedures, training and supervision activities, and new staff orientation. These administrative functions, duties, or both, which normally occur as part of managing a business, are not considered direct services.

Additionally, BRIA may not bill the regional centers for all the program supervisors' or support staff's hours. DDS will only allow program supervisors' and direct support staff's hours as billable hours when the program supervisors or support staff are directly involved in delivering hands-on training in accordance with the requirements of the consumer's Individual Program Plan. The fact that a staff person is conducting what is characterized as "program preparation functions" only allows that person to be defined as a Direct Care Staff and does not necessarily allow BRIA to bill for staff hours.

Activities such as report writing, program development, travel time, clerical work, and other non-direct care functions should not be billed as direct services to consumers, as these activities are included in the rate of payments agreed upon by BRIA. As a result, adjustments were made for Non-billable Activities, reducing the hours billed by BRIA for services that were not considered direct service to the consumers.

For Finding 3, BRIA did not specifically disagree with the finding, nor did BRIA provide any additional documentation.

THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF BEHAVIOR RESPITE IN ACTION'S RESPONSE

BRIA stated that an "Additional 12 months should be granted to BRIA to audit the audit performed by DDS after receiving the supportive documentation requested on bullet point 1 and 4 above. The amount of time approximated 1/3 of the time that DDS took to conduct the audit."

BRIA's request for an additional 12 months to respond to the audit report is respectfully denied. In addition to the two month extension granted to BRIA in the January 15, 2015, letter, the auditors provided BRIA the list of all the consumers with "No Timesheets" in April 2014, eight months prior to the issuance of the draft audit report in December 2014.

If BRIA disagrees with any portion of the final audit report issued by DDS, BRIA may request an administrative review pursuant to CCR, Title 17, Section 50730 and submit all of the supporting documentation it deems necessary to refute the audit findings. Information about the administrative review process is included in the final audit report.

"DDS should provide detailed information and rationale on all findings categorized as 'Unsupported Units' or affect negatively to BRIA. While the working papers provide additional information, it does not clarify why some units were classified as Unsupported Units."

As the auditors previously discussed with BRIA over the duration of the audit, the definition of "Unsupported Units" means unsubstantiated or not supported by evidence or facts. DDS disallowed hours in which there were multiple staff working with one consumer at the same time, or if there were hours that were classified as administrative hours. Therefore, the unsupported billings identified in the audit, represent billings that were found to have no supporting documentation and billings for non-billable administrative functions/duties.

"BRIA requests the opportunity to discuss this matter further with DDS after it has a chance to review this letter and enclosures." And BRIA "would like to meet with DDS to discuss a potential settlement."

BRIA requested the opportunity to discuss, with DDS, a possible settlement agreement prior to the issuance of the audit report. DDS Deputy Director of Administration responded to BRIA in a letter dated April 20, 2015, stating that settlement discussions can only occur after the final audit report is issued pursuant to CCR, Title 17, Section 50705.

BRIA stated that "The combination of the payroll register and payroll report undoubtedly proves that the service was rendered as stated on Title 17, Section 54326, (a)(3) and (10)."

DDS disagrees with BRIA's statements above. The audit findings are entirely consistent with CCR, Title 17, Section 50604, requiring vendors to provide adequate documentation to verify its services. The purpose of the record keeping requirement is to verify the accuracy and correctness of bills presented by BRIA to the regional centers for payment.

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES'
EVALUATION OF BEHAVIOR RESPITE IN ACTION'S RESPONSE**

Payroll records alone may not validate that services were performed because payroll hours include time for administration functions which are not considered direct services and are not billable to the regional center.

Conclusion:

Based on the evaluation of BRIA's documents for November 2010, DDS accepted documents that supported an additional credit of 113 hours of service that were previously classified as unsupported during the audit fieldwork. As a result, an adjustment of \$3,487 was made to the draft audit report and is reflected in the final audit report. DDS is requesting reimbursement of \$368,423 for the unsupported billings identified in this audit.