

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
ADVANCE EDUCATION, INC. DBA
CAPITOL AUTISM SERVICES & LAND PARK ACADEMY**

Programs and Services:

Client/Parent Support Behavior Intervention Training – PA0755, PA0754, PA1037, PA1036

Supplemental Residential Program Support – PV1307

Socialization Training Program – PA0411

Individual or Family Training – PA1671

Adaptive Skills Trainer – PA1722

Residential Facility Serving Adults – HV0378

Audit Period: July 1, 2011 through March 31, 2013

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
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Treisa Muhammad, Lead Auditor
Pardeep Deol, Auditor

**ADVANCE EDUCATION, INC. DBA
CAPITOL AUTISM SERVICES & LAND PARK ACADEMY**

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Advance Education, Inc. dba Capitol Autism Services & Land Park Academy (CAS/LPA). The audit was performed upon the Client/Parent Support Behavior Intervention Training, Supplement Residential Program Support, Socialization Training Program, Individual or Family Training, Adaptive Skills Trainer, and Residential Facility Serving Adults for the period of July 1, 2011, through March 31, 2013.

The results of the audit disclosed the following issue of non-compliance:

Finding 1: Client/Parent Support Behavior Intervention Training – Unsupported Billings

The review of CAS/LPA's Client/Parent Support Behavior Intervention Training, Vendor Numbers PA0755, PA0754, and PA1037, revealed that CAS/LPA had unsupported billings for services that it billed to Alta California Regional Center (ACRC). As a result, CAS/LPA had a total of \$10,301.10 of unsupported billings.

The total unsupported billings identified in this audit amounts to \$10,301.10 and 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 CAS/LPA's Client/Parent Support Behavior Intervention Training, Supplement Residential Program Support, Socialization Training Program, Individual or Family Training, Adaptive Skills Trainer, and Residential Facility Serving Adults were compliant with the W&I Code, California Code of Regulations, Title 17 (CCR, title 17), and the regional center contracts with CAS/LPA for the period of July 1, 2011, through March 31, 2013.

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

The audit scope was determined by reviewing the programs and services provided to three regional centers that utilize CAS/LPA services during the audit period. Of the three regional centers, DDS audited services provided to the following two regional centers: Alta California Regional Center (ACRC) and Valley Mountain Regional Center (VMRC). These two regional centers were chosen due to the large amount of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

In addition, CAS/LPA provided six different types of services, for which, DDS audited all six. 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 two month sample period would be sufficient to fulfill the audit objectives.

Client/Parent Support Behavior Intervention Training

During the audit period, CAS/LPA operated six Client/Parent Support Behavior Intervention Trainings. The audit included the review of four of CAS/LPA's Client/Parent Support Behavior Intervention Trainings. Testing was done for the months of October and November 2012. The programs audited are listed below:

- Client/Parent Support Behavior Intervention Training, Vendor Numbers PA0755, PA0754, PA1037, and PA1036, Service Code 048

Supplemental Residential Program Support

During the audit period, CAS/LPA operated one Supplemental Residential Program Support. The audit included the review of CAS/LPA's Supplemental Residential Program Support, Vendor Number PV1307, Service Code 109. Testing was done for the months of October and November 2012.

Socialization Training Program

During the audit period, CAS/LPA operated one Socialization Training Program. The audit included the review of CAS/LPA's Socialization Training Program, Vendor Number PA0411, Service Code 028. Testing was done for the months of October and November 2012.

Individual or Family Training

During the audit period, CAS/LPA operated one Individual or Family Training. The audit included the review of CAS/LPA's Individual or Family Training, Vendor Number PA1671, Service Code 102. Testing was done for the months of October and November 2012.

Adaptive Skills Trainer

During the audit period, CAS/LPA operated one Adaptive Skills Trainer. The audit included the review of CAS/LPA Adaptive Skills Trainer, Vendor Number PA1722, Service Code 605. Testing was done for the months of October and November 2012.

Residential Facility Serving Adults

During the audit period, CAS/LPA operated one Residential Facility Serving Adults. The audit included the review of CAS/LPA Residential Facility Serving Adults, Vendor Number HV0378, Service Code 915. Testing was done for the months of October and November 2012.

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 was 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 center(s).
- 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 Finding and Recommendation section, CAS/LPA did not comply with the requirements of CCR, title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft report on June 5, 2014. The finding in the report was discussed at a formal exit conference, by telephone, with Jenise Shin-Lee, CAS/LPA's Executive Director, on June 27, 2014. Subsequent to the exit conference, Ms. Shin-Lee conveyed in a letter dated July 14, 2014, that CAS/LPA accepts the finding of the report.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Client/Parent Support Behavior Intervention Training – Unsupported Billings

The review of CAS/LPA's Client/Parent Support Behavior Intervention Training, Vendor Numbers PA0755, PA0754, and PA1037, for the sample months of October and November 2012, revealed that CAS/LPA had unsupported billings for services that it billed to ACRC. No issues were found for Vendor Number PA1036.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to ACRC. The following is the discrepancy identified:

CAS/LPA was not able to provide appropriate supporting documentation for 242.25 hours of services billed. The lack of documentation resulted in unsupported billings to ACRC in the amount of \$10,301.10.

As a result, \$10,301.10 is due back to DDS for the unsupported billings. (See Attachment A.)

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...”

Also, 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:

CAS/LPA must reimburse to DDS the \$10,301.10 for the unsupported billings. In addition, CAS/LPA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to ACRC.

CAS/LPA's Response:

Jenise Shin-Lee, CAS/LPA's Executive Director, conveyed via a letter dated July 14, 2014, that CAS/LPA accepts the finding of the draft audit report. A copy of the letter is enclosed as Attachment B.

Advance Education, Inc. dba Capitol Autism Services and Land Park Academy
Summary of Unsupported Billings
Audit Period: July 1, 2011 through March 31, 2013

Finding #	Vendor	Svc Code	Description	Sample Months	A	B	C=A*B	D	E=A*D	Amount Due to DDS
					Rate	Units	Amount	Units	Amount	Net
1	Client/Parent Support Behavior Intervention Training									
	PA0755	048		Oct-12	\$ 23.77	12.25	\$ 291.19	-	\$ -	\$ 291.19
					\$ 36.97	10.50	\$ 388.19			\$ 388.19
					\$ 89.79	9.50	\$ 853.01			\$ 853.01
					\$ 100.36	2.25	\$ 225.81			\$ 225.81
						34.50	\$ 1,758.20			\$ 1,758.20
				Nov-12	\$ 23.77	25.00	\$ 594.23	-	\$ -	\$ 594.23
					\$ 36.97	0.75	\$ 27.73			\$ 27.73
						25.75	\$ 621.96			\$ 621.96
						60.25	\$ 2,380.16		\$ -	\$ 2,380.16
	Client/Parent Support Behavior Intervention Training									
	PA0754	048		Oct-12	\$ 23.77	62.25	\$ 1,479.68	-	\$ -	\$ 1,479.68
					\$ 36.97	10.50	\$ 388.19			\$ 388.19
					\$ 89.79	22.50	\$ 2,020.28			\$ 2,020.28
						95.25	\$ 3,888.15			\$ 3,888.15
				Nov-12	\$ 23.77	51.50	\$ 1,224.16	-	\$ -	\$ 1,224.16
					\$ 36.97	5.50	\$ 203.34			\$ 203.34
					\$ 89.79	15.25	\$ 1,369.30			\$ 1,369.30
					\$ 100.36	3.25	\$ 326.17			\$ 326.17
						75.50	\$ 3,122.97			\$ 3,122.97
						170.75	\$ 7,011.12		\$ -	\$ 7,011.12

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<i>Finding #</i>	<i>Vendor</i>	<i>Svc Code</i>	<i>Description</i>	<i>Sample Months</i>	A	B	C=A*B	D	E=A*D	Amount Due to DDS	
					<i>Rate</i>	<i>Units</i>	<i>Amount</i>	<i>Units</i>	<i>Amount</i>	<i>Net</i>	
						Unsupported Billings		Failure to Bill			
			Client/Parent Support Behavior Intervention Training								
	PA1037	048		Oct-12	\$ 79.23	7.50	\$ 594.23	-	\$ -	\$ 594.23	
			<i>Monthly Subtotal</i>			7.50	\$ 594.23			\$ 594.23	
				Nov-12	\$ 79.23	2.00	\$ 158.46	-	\$ -	\$ 158.46	
					\$ 89.79	1.75	\$ 157.13			\$ 157.13	
			<i>Monthly Subtotal</i>			3.75	\$ 315.59			\$ 315.59	
			<i>Subtotal</i>			11.25	909.82	-	\$ -	\$ 909.82	
			TOTAL UNSUPPORTED BILLINGS:				242.25	\$ 10,301.10	-	\$ -	\$ 10,301.10

Capitol Autism | LandPark
S e r v i c e s | A c a d e m y
Service Organizations of Advance Education, Inc.



July 14, 2014

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

Dear Mr. Yan,

We have received the Department's Draft Audit Report and the findings concluded for the period audited. We accept the findings in the report, as the amount identified is nominal at less than .1% of our total billings for the audit period. However, we want to express the discrepancy between the Department's use of the term "unsupported billings" and the breadth of the documentation that was provided to the auditors. From our perspective, this term conveys an inherent negative connotation and may give an inaccurate perception to those who are not familiar with the DDS audit process and, as we learned, acceptable "source documentation" as referenced in CCR, Title 17.

During the course of the audit we provided supporting documentation for each unit of service billed to the Regional Centers. This primarily included, but was not limited to, signed D.D.S. Parental Verification Forms, employee timesheets, payroll records, and clinical data (i.e., clinic and session notes, data sheets, lesson checklists, program graphs, acquisition charts, assessments, and reports). Absent specific guidance, examples, or a definition of "appropriate source documentation" from D.D.S., CCR, Title 17, and the Regional Centers, the vendor is responsible for developing their own requirements for documentation and reporting to support the delivery of services and each billing unit. During the audit process some of our documentation was disregarded (most commonly D.D.S. Parental Verification Forms and payroll records).

Although we had implemented policies and procedures with the intent of meeting and exceeding regulatory requirements, as a result of the audit, we gained a clear understanding of the regulatory definition of "source documentation" to support billing units. We acknowledge that there is always room for process improvement and will utilize this experience to implement constructive changes in our documentation.

We appreciate the audit team's professionalism, their respectful communication and interactions, and positive feedback during the audit process and look forward to receiving the final audit report in the coming weeks.

Sincerely,

Jenise Shin-Lee
CEO/President
Advance Education, Inc.

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES'
EVALUATION OF CAS/LPA'S RESPONSE**

As part of the audit report process, CAS/LPA was afforded the opportunity to respond to the draft audit report and provide a written response to the finding. On July 14, 2014, CAS/LPA submitted a written response to the draft audit report. Upon receipt of CAS/LPA's written response, DDS evaluated the written response and determined that CAS/LPA accepted the draft audit report finding.