

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
DEWITT AND ASSOCIATES BEHAVIORAL SERVICES, INC.
(DABS)**

Supported Living Service:

Supported Living Service – HB0439

Supported Living Service Vendor Administration - HB0439

Miscellaneous Program:

Tutor Services – Group PB0882

(Audit Period: July 1, 2008 through June 30, 2009)

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
Alton Kitay, Supervisor
Wilfredo Golez, Lead Auditor
Agnieszka Mozdzen, Staff Auditor

**DEWITT AND ASSOCIATES BEHAVIORAL SERVICES, INC.
(DABS)**

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited DeWitt and Associates Behavioral Services, Inc. (DABS). The audit was performed upon the following programs: Supported Living Service (SLS), Supported Living Service Vendor Administration, and Tutor Services Group for the period of July 1, 2008 through June 30, 2009.

The last day of fieldwork was February 4, 2010.

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

Finding 1: Supported Living Service (SLS) – Unsupported Billing

The review of DABS' SLS program, Vendor Number HB0439, for the sample period, revealed unsupported billings for services billed to San Andreas Regional Center (SARC) and the Regional Center of the East Bay (RCEB). The total unsupported billing was \$450,127.87.

Finding 2: Tutor Services Group – Unsupported Billing

The review of DABS' Tutor Services Group program, Vendor Number PB0882, for the sample period, revealed unsupported billings for services billed to SARC and RCEB. The total unsupported billing was \$36,252.11.

Finding 3: Supported Living Service (SLS) and Tutor Services Group – Poor Record Keeping

The review of DABS' SLS and Tutor Services Group programs for the sample period revealed that DABS destroyed its source documentation for its consumers from SARC. For its RCEB consumers, some of the source documentation was missing and some did not have sufficient detailed information to comply with Title 17.

The total of the unsupported billing discrepancies identified in this audit amounts to \$486,379.98 due back to DDS. A detailed discussion of these findings is contained in the Findings and Recommendations section of this report.

BACKGROUND

The Department of Developmental Services (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. Per Welfare and Institutions Code, Section 4648.1, DDS has the authority to audit those service providers and/or contractors that provide services and supports to the developmentally disabled.

OBJECTIVE, SCOPE, AND METHODOLOGY

The audit was conducted to determine whether DABS' Supported Living Service, Supported Living Service Vendor Administration, and Tutor Services Group programs were compliant with the Welfare and Institutions (W&I) Code, California Code of Regulations (Title 17), and the SARC and RCEB contracts with DABS for the period of July 1, 2008 through June 30, 2009.

DABS was vendorized by the Regional Center of the East Bay (RCEB), Regional Center of Orange County (RCOC), and San Andreas Regional Center (SARC). DABS provided services to RCEB, RCOC, and SARC consumers. Our audit reviewed the services provided to RCEB and SARC consumers only.

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. The auditors did not review the financial statements of DABS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of DABS' internal controls to gaining 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 DABS complied with CCR, title 17.

Supported Living Services

During the audit period, DABS operated three Supported Living Service programs. The audit included the review of two of DABS' Supported Living Service programs, both under Vendor Number HB0439, Service Code 896.

The procedures performed at SARC, the vendor regional center, and DABS included, but were not limited to, the following:

- Review of SARC' vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interview of SARC' staff for vendor background information and to obtain prior vendor audit reports.

- Interview of DABS' staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Review of DABS' service, attendance, and payroll records to determine if DABS had sufficient and appropriate evidence to support the direct care services billed to the regional centers.

The procedures performed for RCEB consumers included but were not limited to, the following:

- Requested RCEB staff through e-mails copies of contracts, rate letters, program design, purchase of service authorizations, turn-around invoices and correspondence pertinent to the review.
- Interview of RCEB' staff via telephone calls for vendor background information and information on any prior vendor audit reports.

Supported Living Service Vendor Administration

During the audit period, DABS operated one Supported Living Service Vendor Administration program, Vendor Number HB0439, Service Code 894, which was audited.

The procedures performed at SARC, the vendoring regional center, and DABS included, but were not limited to, the following:

- Review of SARC' vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interview of SARC' staff for vendor background information and to obtain prior vendor audit reports.
- Interview of DABS' staff and management to gain an understanding of its accounting procedures and processes for regional center billings.

Miscellaneous Programs

During the audit period, DABS operated two Miscellaneous Programs. The audit included the review of both of DABS Miscellaneous Programs, under Vendor Number PB0882, Service Code 025.

The procedures performed at SARC, the vendoring regional center, and DABS included, but were not limited to, the following:

- Review of SARC' vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.

- Interview of SARC' staff for vendor background information and obtaining prior vendor audit reports.
- Interview of DABS' staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Review of DABS' service, attendance, and payroll records to determine whether DABS has sufficient and appropriate evidence to support the direct care services billed to the regional centers.

The procedures performed for RCEB consumers included, but were not limited to, the following:

- Requested RCEB staff through e-mails copies of contracts, rate letters, program design, purchase of service authorizations, turn-around invoices and correspondence pertinent to the review.
- Interview of RCEB' staff via telephone calls for vendor background information and information on any prior vendor audit reports.

CONCLUSION

Based upon items identified in the Findings and Recommendation section DABS did not comply with the requirements of CCR, title 17.

VIEWS OF RESPONSIBLE OFFICIALS

The DDS issued a draft audit report on October 14, 2011. The findings were discussed at the exit conference with DABS President, Dr. Juvencio R. Vela, PsyD, on October 25, 2011. The response to the audit report was sent by DABS' President on October 25, 2011 by e-mail. The response indicates agreement with the draft audit report.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, San Andreas Regional Center, Regional Center of the East Bay, Regional Center of Orange County, and DABS. 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 (SLS) – Unsupported Billing

The review of DABS' SLS program, Vendor Number HB0439, for the sample period of July 1, 2008 through June 30, 2009, revealed that DABS had unsupported billings to SARC and RCEB.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to SARC and RCEB. The following are the discrepancies identified:

DABS was not able to provide appropriate supporting documentation for 28,741.38 hours of services billed to SARC and 1,492.69 hours of services billed to RCEB. This lack of documentation resulted in unsupported billings to SARC in the amount of \$421,441.03 and to RCEB in the amount of \$28,686.84.

The total of \$450,127.87 of unsupported billings is due back to DDS.
(See Attachment A.)

CCR, title 17, section 54326 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.”

Also, CCR, title 17, section 50604 states:

- “(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include, but not be limited to....”
- “(e) All service providers’ records shall be supported by source documentation.”

Recommendation:

DABS must reimburse to DDS the \$450,127.87 in unsupported billings. In addition, DABS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to SARC and RCEB.

DABS' Response:

DABS stated that they are in agreement with the audit finding.

See Attachment B for the full text of DABS' response to the draft audit report and Attachment C for DDS' evaluation of DABS' response.

Finding 2: Tutor Services Group – Unsupported Billing

The review of DABS' Tutor Services Group program, Vendor Number PB0882, for the sample period of July 1, 2008 through June 30, 2009, revealed that DABS had unsupported billings to SARC and RCEB.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to SARC and RCEB. The following are discrepancies identified during the audit:

DABS was not able to provide appropriate supporting documentation for 1,032.41 hours of services billed to SARC and 426 hours of services billed to RCEB. This lack of documentation resulted in unsupported billings to SARC in the amount of \$25,602.11 and RCEB in the amount of \$10,650.00.

As a result, \$36,252.11 in unsupported billings is due back to DDS.
(See Attachment A.)

CCR, title 17, section 54326 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.”

Also, CCR, title 17, section 50604 states:

- “(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers' billing/invoicing shall include, but not be limited to....”
- “(e) All service providers' records shall be supported by source documentation.”

Recommendation:

DABS must reimburse to DDS the \$36,252.11 in unsupported billings. In addition, DABS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to SARC and RCEB.

DABS' Response:

DABS stated that they are in agreement with the audit finding.

See Attachment B for the full text of DABS' response to the draft audit report and Attachment C for DDS' evaluation of DABS' response.

Finding 3: Supported Living Service (SLS) and Tutor Services Group – Poor Record Keeping

SARC:

The sample period of July 1, 2008 through June 30, 2009 revealed that DABS had destroyed its source documentation when all of its consumers were transferred to another vendor. The destroyed source documentation included: log notes and tracking sheets to support the billings for its SLS program, Vendor Number HB0439, and Tutor Services Group program, Vendor Number PB0882. The destroyed log notes and tracking sheets reflect the date, and start and end times of service provided to consumers. The daily/hourly units of service provided are used to compute the direct care hours provided. The only documents available to compute the total direct care hours provided were the payroll documents. Although the payroll documents do not show the actual start and end times of service provided to consumers and which consumers were being served, it identified the direct care staff and showed the number of hours worked by that staff.

As an alternative audit procedure, the payroll documents were used to compute the direct care hours provided.

RCEB:

The sample period of July 1, 2008 through October 2008 revealed that some of its source documentation was missing - i.e. log notes/tracking sheets to support the billings for its SLS program, Vendor Number HB0439, and Tutor Services Group program, Vendor Number PB0882. The available log notes/tracking sheets were not used because they did not accurately show the direct care hours provided.

As an alternative audit procedure, the payroll documents were used to compute the direct care hours provided.

CCR, title 17, section 54326 states:

“(a) All vendors shall:

- (3) Maintain records of services provided to consumer in sufficient detail to verify delivery of units of service billed.
 - (A) Such records shall be maintained for a minimum of five years from the date of final payment for the State fiscal year in which services

were rendered or until audit findings have been resolved, whichever is longer.”

Also, CCR, title 17, section 50604 states:

- “(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include, but not be limited to:
 - (3) A record of services provided to each consumer. The record shall include:
 - (D) For all other services, the start and end times of service provided to the consumer, street address where service was provided, and daily or hourly units of service provided.
- (e) All service providers’ records shall be supported by source documentation.”

Recommendation:

DABS must maintain appropriate source documents to support all billing/invoicing and direct care hours provided to maintain the approved staffing ratio. In addition, source documents should be retained for a minimum of five years from the date of final payment for the State fiscal year in which services were provided.

DABS’ Response:

DABS stated that they are in agreement with the audit findings. DABS has already implemented changes to comply with this recommendation.

See Attachment B for the full text of DABS’ response to the draft audit report and Attachment C for DDS’ evaluation of DABS’ response.

DeWitt and Associates Behavioral Services, Inc. (DABS)
Summary of Unsupported Billing and Failure to Bill
Audit Period: July 1, 2008 through June 30, 2009

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings¹		Failed to Bill²		NET TOTAL	
						Units	Amount	Units	Amount	Amount	
						A		B		= A - B	
1 Supported Living Service											
	HB0439	896	Supported Living Service		Hours various*						
			San Andreas Regional Center (SARC)								
			Sample Months - July 2008 thru June 2009			28,741.38	\$ 421,441.03	-	\$ -	\$ 421,441.03	
			Regional Center of the East Bay (RCEB)								
			Sample Months - July 2008 thru October 2008			1,492.69	28,686.84	-	-	28,686.84	
						<u>30,234.07</u>	<u>\$ 450,127.87</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 450,127.87</u>	
2 Miscellaneous Program											
	PB0882	25	Tutor Services Group		Hours various*						
			San Andreas Regional Center (SARC)								
			Sample Months - July 2008 thru June 2009			1,032.41	\$ 25,602.11	-	\$ -	\$ 25,602.11	
			Regional Center of the East Bay (RCEB)								
			Sample Months - July 2008 thru October 2008			426.00	10,650.00			10,650.00	
						<u>1,458.41</u>	<u>\$ 36,252.11</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 36,252.11</u>	
	Total						<u><u>\$ 486,379.98</u></u>		<u><u>\$ -</u></u>	<u><u>\$ 486,379.98</u></u>	

¹These payments were authorized by the RC(s), were paid to the vendor but were not provided by the vendor.

²These payments were authorized by the RC(s), were provided by the vendor but the vendor failed to bill.

*For SARC consumers, rates are varied per sub codes, i.e. BEH, PAHA, PAHA2, SLP. For RCEB, rates were negotiated based on consumer's budget.

October 25, 2011

DABS, Inc.
744 Montgomery Street, Suite 400
San Francisco, CA 94111
(415) 989-5000 office
(510) 604-0730 cell
(510) 295-2667 fax
www.dabsinc.com

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

Dear Mr. Edward Yan,

DABS, Inc. would like to have noted for the record our gratitude to the team of auditors lead by Mr. Kitay. We appreciated their consummate level of professionalism and assistance throughout the audit. At this time we consider the findings and recommendations to be valid and agree to them. DABS takes full responsibility for paying back the unsupported billing amounts, as well as implementing the policies and procedures detailed in each of the findings.

As per the recommendations around policies, procedures and paperwork keeping, we have already implemented the following set of standards:

- *In the event multiple consumers live in the same residence and are both served by DABS, all timesheets for staff will be separated by consumer. In other words each consumer will have his or her own staff timesheet to clearly delineate which staff person worked with a specific consumer.*
- *Whenever a staff person works a shift, they must clearly sign their name on each line for the specific time worked.*
- *All salaried persons employed with DABS are required to sign the specific timesheet for the respective consumer who they are providing a direct service. This will provide supportive paperwork to determine who exactly provided a direct billable service to the consumer.*
- *No direct service staff will be salaried in order to provide even more specificity to number of hours worked. The number of hours work can always correlate to the number of hours paid.*
- *All staff understand that service records are to be maintained for at least five years following final payment of service to a consumer, including timesheets, behavior tracking protocol, reports, progress notes and any other related documentation to a specific consumer.*

This closes our response. Thank you for your assistance with this matter.

*Respectfully Submitted,
Juve Vela
Executive Director*

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES' (DDS)
EVALUATION OF DEWITT AND ASSOCIATES (DABS) RESPONSE**

As part of the vendor audit report process, DABS was afforded the opportunity to respond to the draft audit report and provide a written response to the finding. On October 25, 2011, DABS submitted a response to the draft audit report. Upon receipt of DABS' written response, DDS evaluated the response and determined that DABS accepted the draft audit report findings.