

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
EVERY CHILD ACHIEVES**

Programs and Services:

Infant Development Program – HL0571, HM0732

Early Start Specialized Therapeutic Services – PP4771

Audit Period: July 1, 2010, through June 30, 2013

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
Alimou Diallo, Supervisor
Jennifer Bernard, Lead Auditor
Gurpreet Dhillon, Auditor

EVERY CHILD ACHIEVES

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Every Child Achieves (ECA). The audit was performed upon the Infant Development Program and the Early Start Specialized Therapeutic Services for the period of July 1, 2010, through February 28, 2013.

The audit disclosed the following issues of non-compliance:

Finding 1: Infant Development Program – Unsupported Billings and Failure to Bill

The review of ECA's Infant Development Program, Vendor Numbers HL0571 and HM0732, revealed that ECA had unsupported billings, as well as appropriate support for services that it failed to bill North Los Angeles County Regional Center (NLACRC), Regional Center of Orange County (RCOC), Frank D. Lanterman Regional Center (FDLRC), Tri-Counties Regional Center (TCRC), and Westside Regional Center (WRC). As a result, ECA had a total of \$2,967.20 of unsupported billings and a total of \$2,511.25 for which it failed to bill.

Finding 2: Early Start Specialized Therapeutic Services – Unsupported Billings and Failure to Bill

The review of ECA's Early Start Specialized Therapeutic Services, Vendor Number PP4771, revealed that ECA had both unsupported billings, as well as appropriate support for services that it failed to bill WRC, San Gabriel/Pomona Regional Center (SGPRC), and Eastern Los Angeles Regional Center (ELARC). As a result, ECA had a total of \$1,791.17 of unsupported billings and a total of \$437.40 for which it failed to bill.

The net total unsupported billing discrepancies identified in this audit amounts to \$1,809.72 and is 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 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 ECA's Infant Development Program and Early Start Specialized Therapeutic Services were compliant with the W&I Code, California Code of Regulations, Title 17 (CCR, Title 17), and the regional center contracts with ECA for the period of July 1, 2010, through February 28, 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 ECA, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of ECA'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 ECA complied with the W&I Code, CCR, Title 17. Also, any complaints that DDS' Audit Branch was aware of regarding noncompliance of 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 ELARC, FDLRC, RCOC, SGPRC, TCRC, and WRC during the audit period.

Infant Development Program

During the audit period, ECA operated one Infant Development Program. The audit included the review of ECA's Vendor Numbers HL0571 and HM0732, Service Code 805, and testing was done for the months of May 2011 and June 2011.

Early Start Specialized Therapeutic Services

During the audit period, ECA operated one Early Start Specialized Therapeutic Services, Vendor Number PP4771, Service Code 116, and testing was done for the months of May 2011 and June 2011.

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, purchase of service authorizations, and correspondence pertinent to the review.
- Interview of regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interview of vendor staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Review of vendor service/attendance records to determine if the vendor has sufficient and appropriate evidence to support the direct care services billed to the regional center.
- Analysis of the vendor's payroll and attendance/service records to determine if the payroll substantiated the audited hours.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued an audit report on May 1, 2014. The findings in the audit report were discussed at an exit conference with Fredlyn Berger, ECA's CEO & Program Director and Gerald Toumayan, ECA's Executive Director, on May 9, 2014. At the exit conference, DDS stated the audit report as a final will incorporate the views of responsible officials.

RESTRICTED USE

This audit report is solely for the information and use of DDS, Department of Health Care Services, ELARC, FDLRC, NLACRC, RCOG, SGPRC, TCRC, WRC, and ECA. This restriction is not intended to limit distribution of this audit report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Infant Development Program – Unsupported Billings and Failure to Bill

The review of ECA’s Infant Development Program, Vendor Numbers HL0571 and HM0732, for the sample months of May 2011 and June 2011, revealed that ECA had both unsupported billings, as well as appropriate support for services that it failed to bill to the regional centers.

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 ECA had appropriate supporting documentation, but it did not bill the regional centers. The following are the discrepancies identified:

ECA was not able to provide appropriate supporting documentation for 38.21 hours of services billed. The lack of documentation resulted in unsupported billings in the amount of \$2,967.20.

In addition, ECA provided appropriate supporting documentation for 33 hours that was not billed to the regional centers. This resulted in an unbilled amount of \$2,511.25.

The net total of the billing discrepancies resulted in \$455.95 of unsupported billings. (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 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:

ECA must reimburse to DDS the \$455.95 for the unsupported billings. In addition, ECA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to the regional centers.

ECA’s Response:

ECA did not agree with Finding 1 and provided additional documentations to support a portion of the finding. See Attachment B for the full text of ECA’s response and Attachment C for DDS’ Evaluation of ECA’s response.

Finding 2: Early Start Specialized Therapeutic Services – Unsupported Billings and Failure to Bill

The review of ECA’s Early Start Specialized Therapeutic Services, Vendor Number PP4771, for the sample months of May 2011 and June 2011, revealed that ECA had both unsupported billings, as well as appropriate support for services that it failed to bill to the regional centers.

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 ECA had appropriate supporting documentation, but it did not bill WRC. The following are the discrepancies identified:

ECA was not able to provide appropriate supporting documentation for 23 hours of services billed. The lack of documentation resulted in an unsupported billings in the amount of \$1,791.17.

In addition, ECA provided appropriate supporting documentation for 6 hours that was not billed to WRC. This resulted in an unbilled amount of \$437.40.

The net total of the billing discrepancies resulted in \$1,353.77 of unsupported billings. (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.”

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- “(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:

ECA must reimburse to DDS the \$1,353.77 for the unsupported billings. In addition, ECA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to the regional centers.

ECA’s Response:

ECA did not agree with Finding 1 and provided additional documentations to support a portion of the finding. See Attachment B for the full text of ECA’s response and Attachment C for DDS’ Evaluation of ECA’s response.

Every Child Achieves (ECA)
Summary of Unsupported Billings and Failure to Bill
Audit Period: July 1, 2010 through February 28, 2013

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings		Failed to Bill		Net Amount Due to DDS
						Units	Amount	Units	Amount	= A - B
						A	B			
<u>Infant Development Program</u>										
1	HL0571 HM0732	805	Infant Development Program Sample Month May/June 2011							
			NLACRC	Hours	\$ 77.85	30.50	\$ 2,374.42	12.00	\$ (934.20)	\$ 1,440.22
			RCOC	Hours	74.96	2.58	193.40	20.00	(1,499.20)	(1,305.80)
			FDLRC	Hours	77.85	1.08	84.08	1.00	(77.85)	6.23
			TCRC	Hours	77.85	3.55	276.37	-	-	276.37
			WRC	Hours	77.85	0.50	38.93	-	-	38.93
Total- Infant Development Program						38.21	\$ 2,967.20	33.00	\$ (2,511.25)	\$ 455.95

1. Sample months were combined based on how information was provided from ECA in their response.

Every Child Achieves (ECA)
Summary of Unsupported Billings and Failure to Bill
Audit Period: July 1, 2010 through February 28, 2013

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings		Failed to Bill		Due to DDS
						Units	Amount	Units	Amount	= A - B
						A	B			
<u>Early Start Specialized Therapeutic Services</u>										
2	PP4771	116	Early Start Specialized Therapeutic Services May 2011/June 2011 WRC- Service Sub Codes							
			04	Hours	\$ 72.90	18.75	\$ 1,366.87	6.00	\$ (437.40)	\$ 929.47
			05	Hours	25.72	2.00	51.44	-	-	51.44
			HOME P	Hours	134.40	1.00	134.40	-	-	134.40
			Sub-Total WRC			21.75	\$ 1,552.71	6.00	\$ (437.40)	\$ 1,115.31
			SGPRC- Service Sub Codes							
			OTEVL	Hours	\$ 220.23	1.00	\$ 220.23	-	-	\$ 220.23
			Sub-Total SGPRC			1.00	\$ 220.23	-	-	\$ 220.23
			ELARC- Service Sub Codes							
			PTHMP	Hours	\$ 72.90	0.25	\$ 18.23	-	\$ -	\$ 18.23
			Sub-Total			0.25	\$ 18.23	-	\$ -	\$ 18.23
Total - Early Start Specialized Therapeutic Services						23.00	\$ 1,791.17	6.00	\$ (437.40)	\$ 1,353.77
Grand Totals of Unsupported Billing and Failure to Bill										\$ 1,809.72

1. Sample months were combined based on how information was provided from ECA in their response.

**Every Child Achieves (ECA)
Response to the Audit Report**

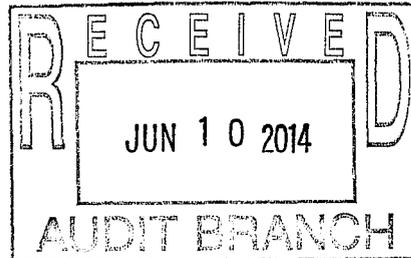
This attachment contains a copy of ECA's response to the audit report. However, certain documentation provided by ECA is not included in the audit report due to the detailed and confidential nature of the information.

Under the provisions of the California Public Records Act, ECA's response contained confidential information that is exempt from disclosure.



June 4, 2014

Department of Disability Services
1600 9th Street, Rm #230, MS 2-10
Sacramento, CA 95814



RE: Every Child Achieves' Response to DDS Audit

To Whom It May Concern,

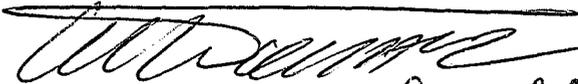
We respectfully submit our response to the audit. DDS reported 128.41 of unsupported units. However, in a review of our records we show only 10.613 unsupported units. The enclosed binders contain session logs of each consumer with Parent Signatures as evidence of our findings. Each consumer session log is flagged with a number, and corresponds to the doc number on the spreadsheet found on the front of each binder.

The spreadsheet provides:

- 1.) Consumer's name
- 2.) UCI number
- 3.) ECA Total Hours
- 4.) Amount Paid by DDS
- 5.) DDS Unsupported Units
- 6.) Hours ECA agrees to pay back
- 7.) Hours Disputes by ECA
- 8.) References to document numbers

If you should need anything else from ECA regarding this issue please feel free to contact our offices.

Thank you,


Fredlyn Berger, OTR/L
CEO & Program Director

Cecold Toemanan
For Fredlyn

**DEPARTMENT OF DEVELOPMENTAL SERVICES
EVALUATION OF EVERY CHILD ACHIEVES**

As part of the audit process, Every Child Achieves (ECA) was afforded the opportunity to respond to the audit report and provide a written response to each finding identified therein. The audit report was issued on May 1, 2014. The Audit Branch received ECA's response on June 10, 2014.

DDS evaluated the written response and determined that ECA partially disagrees with Findings 1 and 2. See attachment B of the audit report for the full text of ECA's response.

ECA also provided additional documents for DDS to review. DDS reviewed the submitted documents and determined that there were adjustments needed to include additional hours that were not initially included during the fieldwork stage of the audit.

Based on DDS' evaluation of the documents provided in ECA's response, the following adjustments will be made to the audit report findings:

Finding 1: Infant Development Program - Unsupported Billings and Failure to Bill

ECA provided additional documentation to support billings for May 2011 and June 2011 that were previously unsupported. DDS accepted documents that supported an additional credit of 57.95 hours for Vendor Numbers HL0571 and HM0732. The additional 57.95 hours results in a reduction of \$4,453.61 to the amount of unsupported billings for Finding 1.

This reduction results in an amended net unsupported amount of \$455.95 and is reflected in the audit report.

Finding 2: Early Start Program - Unsupported Billings and Failure to Bill

ECA provided additional documentation to support billings for May 2011 and June 2011 that were previously unsupported. DDS accepted documents that supported an additional credit of 13.25 hours for Vendor Number PP4771. The additional 13.25 hours results in a reduction of \$965.93 to the amount of unsupported billings for Finding 2.

This reduction results in an amended net unsupported amount of \$1,353.77 and is reflected in the audit report.

**DEPARTMENT OF DEVELOPMENTAL SERVICES
EVALUATION OF EVERY CHILD ACHIEVES**

Conclusion:

Based on the evaluation of ECA's documents, DDS allowed an additional 71.2 hours of service, which was not accounted for during the audit fieldwork. As a result, an adjustment of \$5,419.54 was made to the audit report as a draft and will be reflected in the audit report as a final. Therefore, ECA must reimburse DDS \$1,809.72 of unsupported billings.