

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
EXCEL BEHAVIORAL SERVICES**

Program and Service:
Supported Living Service – ZS0490

(Audit Period: July 1, 2011 through June 30, 2012)

Audit Branch

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

EXCEL BEHAVIORAL SERVICES

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Excel Behavioral Services (EBS). The audit was performed upon the Supported Living Service (SLS) for the period of July 1, 2011, through June 30, 2012.

The last day of fieldwork was February 27, 2013.

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

Finding 1: Supported Living Service – Unsupported Billings and Failure to Bill

The review of EBS' SLS program, Vendor Number ZS0490, Service Code 896, revealed that EBS had both unsupported billings, as well as appropriate support for services that it failed to bill the San Andreas Regional Center (SARC). As a result, EBS had a total of \$43,612.60 of unsupported billings and a total of \$1,424.38 for which it failed to bill.

The net total of unsupported billing discrepancies identified in this audit amount to \$42,188.22 and is due back to DDS. A detailed discussion of the 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

The audit was conducted to determine whether EBS' SLS program was compliant with the W&I Code, California Code of Regulations, Title 17 (CCR, title 17), and the SARC contracts with EBS for the period of July 1, 2011, through June 30, 2012.

EBS was vendorized by SARC. Audit staff reviewed the programs and services utilized by SARC.

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 EBS nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of EBS' 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 EBS complied with 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.

Supported Living Service

During the audit period, EBS operated one SLS program, Vendor Number ZS0490, Service Code 896. The review of EBS' SLS program consisted of a two month sample period (March and April 2012) selected from the audit period of July 1, 2011, through June 30, 2012.

The procedures performed at SARC and EBS included, but were not limited to, the following:

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

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

SB 74 -Administrative Costs

- Review of EBS' General Ledger, Payroll Records, and Trial Balance.
- Interview of EBS' Certified Public Accountant (CPA), EBS' Executive Director, and EBS' SLS Program Coordinator, for vendor background information and to gain understanding of accounting procedures and financial reports.
- Review EBS' Administrative Expenses for the calendar year January 1, 2012, through December 31, 2012, to determine if EBS' administrative expenses are not more than 15% of regional center funds as required by the W&I Code, section 4629.7.

CONCLUSION

Based upon the item identified in the Finding and Recommendation section, EBS did not comply with the requirements of CCR, title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft report on August 29, 2013. The finding in the report was discussed at a formal exit conference with Shane Mike, EBS' Executive Director and Staci Elliott, EBS' Program Coordinator, on September 5, 2013. Mr. Mike stated via an email dated October 1, 2013, that EBS will not contest the draft audit report and advised DDS to send EBS the final invoice for payment.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Supported Living Service – Unsupported Billings and Failure to Bill

The review of EBS' SLS program, Vendor Number ZS0490, Service Code 896, for the sample months of March 2012 and April 2012, revealed that EBS had both unsupported billings, as well as appropriate support for services that it failed to bill SARC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to SARC. The failure to bill occurred when EBS had appropriate supporting documentation, but it did not bill SARC. The following are the discrepancies identified:

EBS was not able to provide appropriate supporting documentation for 2,919.00 hours of services billed. The lack of documentation resulted in unsupported billings to SARC in the amount of \$43,612.60.

The session logs evidencing that a consumer received SLS on a particular date was lacking the start and end times as required by CCR, title 17. However, EBS maintained SLS time sheets that sufficiently documented the staff person's time with the consumer. These were used as the supporting document for the vendor's billing. In some cases, concessions were made by the auditors if the time sheet was missing. In these situations the auditor accepted weekly consumer check-in forms, consumer checklist, daily notes and daily tracking forms. The latter documentation did not document in and out times, but did appear to support possible activity during a particular day. Also, this allowance was for supervisory staff that did not fill out timesheets and did not document daily start and end times.

In addition, EBS provided appropriate supporting documentation for 94.75 hours of service, but was not billed to SARC. This resulted in an unbilled amount of \$1,424.38.

As a result, \$42,188.22 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...

(3) A record of services provided to each consumer. The record shall include:

(D) For all other services, the date, the start time and end times of service provided to the consumer, street address where the service was provided, and daily or hourly units of service provided...”

(e) All service providers’ records shall be supported by source documentation.”

Recommendation:

EBS must reimburse to DDS the \$42,188.22 for the unsupported billings and revise its record keeping policies and procedures to ensure that proper documentation is maintained to support the unit of service billed to SARC. In addition, EBS must ensure that the date, the start and end times of service provided to the consumer, location where the service was provided, and daily or hourly units of service provided are properly reflected in the staff’s service logs.

EBS’ Response:

Shane Mike, EBS’ Executive Director, stated via an e-mail dated October 1, 2013, that EBS accepts the terms of the draft report and waives its right to dispute the finding. Also, EBS has since implemented the changes that were recommended during the audit that included ensuring that dates and start/end times were included on the daily logs. A copy of the email is enclosed as Attachment B.

Excel Behavioral Services (EBS)
Summary of Unsupported Billings and Failure to Bill
Audit Period: July 1, 2011 through June 30, 2012

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings		Failed to Bill		Net Due to DDS
						Units	Amount	Units	Amount	Amount
1	Supported Living Services (SLS) Program									
	March 2012									
	ZS0490	896	Supported Living Service (PAHA)	Hours	\$ 16.15	889.00	\$ 14,357.35	70.75	\$ 1,142.61	\$ 13,214.74
			Supported Living Service (SLP)	Hours	\$ 10.58	258.50	\$ 2,734.93	1.00	\$ 10.58	\$ 2,724.35
			Supported Living Services (ASMT)	Hours	\$ 17.06	24.00	\$ 409.44	-	\$ -	\$ 409.44
			Supported Living Service (RNT)	Unit	\$ 845.00	-	\$ -	-	\$ -	\$ -
			<i>Sub-Total March</i>			<u>1,171.50</u>	<u>\$ 17,501.72</u>	<u>71.75</u>	<u>\$ 1,153.19</u>	<u>\$ 16,348.53</u>
	April 2012									
	ZS0490	896	Supported Living Service (PAHA)	Hours	\$ 16.15	1,354.50	\$ 21,875.18	5.00	\$ 80.75	\$ 21,794.43
			Supported Living Service (SLP)	Hours	\$ 10.58	381.00	\$ 4,030.98	18.00	\$ 190.44	\$ 3,840.54
			Supported Living Services (ASMT)	Hours	\$ 17.06	12.00	\$ 204.72		\$ -	\$ 204.72
			Supported Living Service (RNT)	Unit	\$ 845.00	-	\$ -		\$ -	\$ -
			<i>Sub-Total April</i>			<u>1,747.50</u>	<u>\$ 26,110.88</u>	<u>23.00</u>	<u>\$ 271.19</u>	<u>\$ 25,839.69</u>
	TOTAL SUPPORTED LIVING SERVICE									
						<u>2,919.00</u>	<u>\$ 43,612.60</u>	<u>94.75</u>	<u>\$ 1,424.38</u>	<u>\$ 42,188.22</u>
TOTAL NET UNSUPPORTED BILLING										\$ 42,188.22

Diallo, Alimou@DDS

From: EBS <excel_behavioral_services@yahoo.com>
Sent: Tuesday, October 01, 2013 1:02 PM
To: Bernard, Jennifer@DDS
Cc: Diallo, Alimou@DDS
Subject: EBS Audit

Good afternoon Jennifer,

This email is to confirm that, Excel Behavioral Services has reviewed and accepts the terms of the draft report. Excel Behavioral Services waives our right to dispute the findings.

Furthermore, we have since implemented the changes recommended, to include the date as well as the start/end times on the daily logs.

Sincerely,

Shane Mike, Executive Director
Excel Behavioral Services
1790 Hamilton Avenue
San Jose, Ca 95125
408-377-0377

fax: 408-377-0373

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES'
EVALUATION OF EBS' RESPONSE**

As part of the audit report process, EBS was afforded the opportunity to respond to the draft audit report and provide a written response to the finding. On October 1, 2013, EBS submitted a written response to the draft audit report. Upon receipt of EBS' written response, DDS evaluated the written response and determined that EBS accepted the draft audit report finding.