

**DEPARTMENT**  
**OF**  
**DEVELOPMENTAL SERVICES**  
**AUDIT**  
**OF**  
**FUTURE TRANSITIONS, INC.**

**Adaptive Skills:**

Adaptive Skills Trainer (AST) – PL0389 and PL0398

**Day Programs:**

Independent Living Services (ILS) – HL0117

Day Care – Family Member (DC) – V76898

**Respite Service Program:**

Respite Service-Family Member (RS) – V18099

**Miscellaneous Program:**

Parenting Support Services (PSS) – PL0706

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

**Audit Branch**

Michael Masui, Chief of Vendor Audits

Alimou Diallo, Audit Supervisor

Treisa Muhammad, Lead Auditor

**Assignment # 10-VN-1-005**

# **FUTURE TRANSITIONS, INC.**

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Future Transitions, Inc. (Future Transitions). The audit was performed upon the following programs: Adaptive Skills, Day, Respite Service, and Miscellaneous for the period of July 1, 2008, through June 30, 2009.

The last day of fieldwork was March 18, 2010.

The results of the audit disclosed the following issues of noncompliance:

### **Finding 1: Adaptive Skills (AST) – Unsupported Billing and Failure to Bill**

The review of Future Transitions' Adaptive Skills Trainer for Vendor Numbers PL0389 and PL0398 revealed that Future Transitions had both unsupported billings as well as appropriate support for services that it failed to bill North Los Angeles County Regional Center (NLACRC) and Eastern Los Angeles Regional Center (ELARC). As a result, Future Transitions had a total of \$5,171.08 of unsupported billings and a total of \$481.63 for which it failed to bill.

### **Finding 2: Day Program (ILS) – Unsupported Billing**

The review of Future Transitions' Day Program for Vendor Number HL0117 revealed that Future Transitions had unsupported billings for services billed to NLACRC, Central Valley Regional Center (CVRC), and Frank D. Lanterman Regional Center (FDLRC). As a result, Future Transitions had a total of \$1,944.97 of unsupported billings.

### **Finding 3: Miscellaneous Program (PSS) – Unsupported Billing**

The review of Future Transitions' Miscellaneous Program for Vendor Number PL0706 revealed that that Future Transitions had unsupported billings for services billed to NLACRC. As a result, Future Transitions had a total of \$2,800 of unsupported billings.

The net total of the unsupported billing discrepancies identified in this audit amounts to \$9,434.42 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 Future Transitions' Adaptive Skills, Day, Respite Services, and Miscellaneous programs were compliant with the applicable Welfare and Institutions Code (W&I), California Code of Regulations Title 17 (Title 17), and NLACRC and user regional centers' contracts with Future Transitions for the period of July 1, 2008 through June 30, 2009.

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 Future Transitions, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of Future Transitions' 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 Future Transitions complied with required regulations.

### **Adaptive Skills Program**

During the audit period, July 1, 2008, through June 30, 2009, Future Transitions operated two Adaptive Skills Trainer Programs, Vendor Numbers PL0389 and PL0398, Service Code 605, which were audited:

The procedures performed at NLACRC, the vendoring regional center, ELARC, user regional center, and Future Transitions included, but were not limited to, the following:

- Reviewed NLACRC and ELARC vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed NLACRC and ELARC staff for vendor background information and to gain an understanding of the billing processes.

- Interviewed Future Transitions staff and management to gain an understanding of its accounting procedures and processes for billings.
- Reviewed Future Transitions service/attendance records to determine if Future Transitions had sufficient and appropriate evidence to support the direct care services billed to the regional centers.
- Performed an analysis of Future Transitions payroll and attendance/service records to determine if Future Transitions provided the level of staffing required.

### **Day Programs**

During the audit period, July 1, 2008, through June 30, 2009, Future Transitions operated two Day Programs, which were audited:

- Independent Living Services, Vendor Number HL0117, Service Code 520
- Day Care-Family Member, Vendor Number V76898, Service Code 405

The procedures performed at NLACRC, the vendoring regional center, ELARC, the user regional center, and Future Transitions included, but were not limited to, the following:

- Reviewed NLACRC and ELARC vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed NLACRC and ELARC staff for vendor background information and to gain an understanding of the billing processes.
- Interviewed Future Transitions staff and management to gain an understanding of its accounting procedures and processes for billings.
- Reviewed Future Transitions service/attendance records to determine if Future Transitions had sufficient and appropriate evidence to support the direct care services billed to the regional centers.
- Performed an analysis of Future Transitions payroll and attendance/service records to determine if Future Transitions provided the level of staffing required.

### **Respite Services**

During the audit period, July 1, 2008, through June 30, 2009, Future Transitions operated one Respite Service-Family Member program, Vendor Number V18099, Service Code 420, which was audited:

The procedures performed at NLACRC, the vendoring regional center, ELARC, the user regional center, and Future Transitions included, but were not limited to, the following:

- Reviewed NLACRC and ELARC vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed NLACRC and ELARC staff for vendor background information and to gain an understanding of the billing processes.
- Interviewed Future Transitions staff and management to gain an understanding of its accounting procedures and processes for billings.
- Reviewed Future Transitions service/attendance records to determine if Future Transitions had sufficient and appropriate evidence to support the direct care services billed to the regional centers.

### **Miscellaneous Programs - Parenting Support Services**

During the audit period, July 1, 2008, through June 30, 2009, Future Transitions operated one Parenting Support Services program, Vendor Number PL0706, Service Code 108, which was audited:

The procedures performed at NLACRC, the vendoring regional center, ELARC, the user regional center, and Future Transitions included, but were not limited to, the following:

- Reviewed NLACRC and ELARC vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed NLACRC and ELARC staff for vendor background information and to gain an understanding of the billing processes.
- Interviewed Future Transitions staff and management to gain an understanding of its accounting procedures and processes for billings.
- Reviewed Future Transitions service/attendance records to determine if Future Transitions had sufficient and appropriate evidence to support the direct care services billed to the regional centers.
- Performed an analysis of Future Transitions payroll and attendance/service records to determine if Future Transitions provided the level of staffing required.

## **CONCLUSION**

Based upon the procedures performed, we have determined that except for the items identified in the Findings and Recommendation section, Future Transitions has complied with the requirements of Title 17.

## **VIEWS OF RESPONSIBLE OFFICIALS**

The DDS issued a draft audit report on August 6, 2010. The findings in the report were discussed at an exit conference with Dr. Gail Lasker, Executive Director, on August 16, 2010. Dr. Gail Lasker conveyed via an e-mail dated August 16, 2010 that Future Transitions is in full agreement with the findings and recommendations of the draft report.

## **RESTRICTED USE**

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, North Los Angeles County Regional Center, Eastern Los Angeles Regional Center, user regional centers' and Future Transitions. This report is not intended and should not be used by anyone other than those specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

## FINDINGS AND RECOMMENDATIONS

### **Finding 1: Adaptive Skills (AST) - Unsupported Billing and Failure to Bill**

The review of Future Transitions' Adaptive Skills Trainer Program for the sample period of November and December 2008 for Vendor Number PL0398 and January and February 2009 for Vendor Number PL0389 revealed that Future Transitions had both unsupported billings as well as appropriate support for services that it failed to bill NLACRC and ELARC.

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

Future Transitions was not able to provide appropriate supporting documentation for 48.25 hours of services billed under Vendor Number PL0389. This lack of documentation resulted in unsupported billings to NLACRC in the amount of \$1,416.10.

Future Transitions was also not able to provide appropriate supporting documentation for 124.75 hours of services billed under Vendor Number PL0398. This lack of documentation resulted in unsupported billings to NLACRC in the amount of \$3,754.98.

In addition, Future Transitions provided appropriate supporting documentation for 16 hours of service under Vendor Number PL0398, but which was not billed to NLACRC and ELARC. This resulted in an unbilled amount of \$481.63.

The net total of the billing discrepancies resulted in \$4,689.45 of unsupported billings due back to DDS. (See Attachment A.)

Title 17, Section 54326(a) states:

“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, 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:**

Future Transitions should reimburse to DDS the \$4,689.45 for the unsupported billings. In addition, Future Transitions should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to the vendoring and user regional centers.

**Future Transitions' Response:**

Future Transitions conveyed via e-mail that they are in full agreement with the finding and recommendation. The e-mail indicated that they have modified their procedures to ensure accurate billing to the regional center. See Attachment B for the full text of Future Transitions e-mail.

**Finding 2: Day Program (ILS) - Unsupported Billing**

The review of Future Transitions' Day Program, Vendor Number HL0117, for the sample months of June, July, November, and December of 2008 revealed that Future Transitions had unsupported billings to NLACRC, CVRC, and FDLRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NLACRC, CVRC, and FDLRC. The following is the discrepancy identified:

Future Transitions was not able to provide appropriate supporting documentation for 75.65 hours of services billed. The lack of documentation resulted in unsupported billings to NLACRC, CVRC, and FDLRC in the amount of \$1,944.97 due back to DDS. (See Attachment A.)

Title 17, Section 54326(a) states:

“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, 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:**

Future Transitions should reimburse to DDS the \$1,944.97 for the unsupported billings. In addition, Future Transitions should develop and implement policies and procedures to ensure that proper documentation are maintained to support the amounts billed to the vendoring and user regional centers.

**Future Transitions' Response:**

Future Transitions conveyed via e-mail that they are in full agreement with the finding and recommendation. The e-mail indicated that they have modified their procedures to ensure accurate billing to the regional center. See Attachment B for the full text of Future Transitions e-mail.

**Finding 3: Miscellaneous Program (PSS) - Unsupported Billing**

The review of Future Transitions' Miscellaneous Program, Vendor Number PL0706, for the sample months of July, August, September, November, December, January, February, and June of fiscal year 2008-09 revealed that Future Transitions had unsupported billings to NLACRC.

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

Future Transitions was not able to provide appropriate supporting documentation for 70 hours of services billed. The lack of documentation resulted in unsupported billings to NLACRC in the amount of \$2,800 due back to DDS. (See Attachment A.)

Title 17, Section 54326(a) states:

"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, 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:**

Future Transitions should reimburse to DDS the \$2,800 for the unsupported billings. In addition, Future Transitions should develop and implement policies and procedures to ensure that proper documentation are maintained to support the amounts billed to the vendoring and user regional centers.

**Future Transitions' Response:**

Future Transitions conveyed via e-mail that they are in full agreement with the finding and recommendation. The e-mail indicated that they have modified their procedures to ensure accurate billing to the regional center. See Attachment B for the full text of Future Transitions e-mail.

**Future Transitions  
Summary of Unsupported Billing and Failure to Bill  
Fiscal Year- 2008-09**

Finding #	Vendor	Svc Code	Description	Sample Months	RC #	A		B		C=A*B	D		E=A*D	Amount Due to DDS
						Rate	Units	Amount	Units	Amount				
1	<b><u>Adaptive Skills (AST)</u></b>													
	PL0389	605	Adaptive Skills Trainer	Jan-09	378	30.10	8.00	\$240.80						
				Feb-09	378	29.20	40.25	\$1,175.30						
								\$1,416.10						
		PL0398	605	Adaptive Skills Trainer	Nov-08	378	30.10	72.75	\$2,189.78					
						378	30.10			(13.00)	\$	(391.30)		
					Dec-08	378	30.10	52.00	\$1,565.20					
						373	30.11			(3.00)	\$	(90.33)		
				<b>Total Consultant Programs</b>				<b>173.00</b>	<b>\$5,171.08</b>		<b>(16.00)</b>	<b>\$</b>	<b>(481.63)</b>	<b>\$4,689.45</b>
	2	<b><u>Day Program (ILS)</u></b>												
HL0117		520	Independent Living Services	Dec-08		25.71	16.00	\$411.36						
				Jun-09	360		15.75							
					367		15.40							
					378		8.00							
						25.71	39.15	\$1,006.55						
				Jul-09	367		19.50							
					378		1.00							
					25.71	20.50	\$527.06							
			<b>Total Independent Living Services</b>				<b>75.65</b>	<b>\$1,944.97</b>					<b>\$1,944.97</b>	
3	<b><u>Miscellaneous Program (PSS)</u></b>													
	PL0706	108	Parenting Support Services	Aug-08	378	40.00	3.00	\$120.00						
				Sep-08	378	40.00	3.00	\$120.00						
				Nov-08	378	40.00	15.00	\$600.00						
				Dec-08	378	40.00	44.00	\$1,760.00						
				Jun-09	378	40.00	5.00	\$200.00						
			<b>Total Parenting Support Services</b>				<b>70.00</b>	<b>\$2,800.00</b>					<b>\$2,800.00</b>	
<b>TOTAL UNSUPPORTED BILLINGS:</b>													<b>\$9,434.42</b>	

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

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

RC# 360 - Frank D Lanterman Regional Center

RC# 378 - North Los Angeles County Regional Center

RC# 367 - Central Valley Regional Center

RC# 373 - East Los Angeles Regional Center

**From:** [REDACTED]  
**Sent:** Monday, August 16, 2010 11:08 AM  
**To:** Diallo, Alimou@DDS  
**Subject:** RE: Draft report

August 16, 2010

Michael Masui, Chief of Vendor Audits  
Alimou Diallo, Audit Supervisor  
Treisa Muhammad, Lead Auditor  
Department of Developmental Services  
1600 Ninth Street, Room 230, MS 2-10  
Sacramento, CA 95814

Dear Mr. Diallo,

We received the draft report from the Department of Developmental Services Audit Branch on August 9, 2010. Prior to the August 16, 2010 formal exit teleconference at 10:00 am, my staff and I took the time to check item by item your summary of unsupported billings to ensure that our findings match. We conclude that in each area your findings accurately reflect our missing documentation. As you stated in the formal exit teleconference, the amount to be repaid is less than 1.5%, and that amount is relatively low given our volume of services and billing. We also feel that 1.5% is a positive reflection on our process and the care we take monthly to enforce it. There is always room for improvement and as a result of the audit we have taken steps to improve our record gathering process. It is our belief that quality and organized client services goes hand in hand with quality and organized billing; we will strive to improve both. Also, Alimou and Treisa, thank you for your kind words regarding the hospitality received from my staff, I will pass them on to them.

It is my understanding that upon receipt of this email you will send a Final Report which will include a request for a return of funding from unsupported billings in the amount of \$9,434.42. If I am missing a step in the process, or not understanding what is expected of me at this point, I trust you will let me know.

Sincerely,

[REDACTED]  
Future Transitions, Inc.

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[REDACTED]  
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-----Original Message-----