

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES  
AUDIT  
OF  
INSTITUTE FOR APPLIED BEHAVIOR ANALYSIS**

**Programs and Services:**

Behavior Analyst – PL0948, PM0804

Behavior Management Program – H13847, HT0041, HL0009

Supported Living Service – P32840, HT0025, PW0016

Community Activities Support Services – PM0525, PM0526

Supplemental Program Support – PM0820

Adaptive Skills Trainer – PL0044, PL0414, PL0920, P32938

Behavior Management Assistant – PL0949, PT0348, PL0786, PL0788

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  
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# INSTITUTE FOR APPLIED BEHAVIOR ANALYSIS

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Institute for Applied Behavior Analysis (IABA). The audit was performed upon the Behavior Analyst, Behavior Management Program, Supported Living Service (SLS), Community Activities Support Services, Supplemental Program Support, Adaptive Skills Trainer, and Behavior Management Assistant for the period of July 1, 2011, through June 30, 2012.

The last day of fieldwork was November 9, 2012.

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

### **Finding 1: Behavior Analyst – Incorrect Billing Service Code due to Staff Lacking Proper Certification**

The review of IABA's Behavior Analyst, Vendor Numbers PL0948 and PM0804, revealed that some of IABA's employees were not certified by the national Behavior Analyst Certification Board as required for this service. Services performed by employees that are not certified as a Behavior Analyst should have been billed using service code 620 (Behavior Management Consultant) which does not require certification. Therefore, adjusting the rate per hour to the service code 620 resulted in an overpayment to IABA in the amount of \$4,006.56.

### **Finding 2: Behavior Management Program – Unsupported Billings and Failure to Bill**

The review of IABA's Behavior Management Programs, Vendor Numbers H13847, HT0041, and HL0009, revealed that IABA had both unsupported billings, as well as appropriate support for services that it failed to bill North Los Angeles County Regional Center (NLACRC), Tri-Counties Regional Center (TCRC), Westside Regional Center (WRC), and Regional Center of Orange County (RCOC). As a result, IABA had a total of \$5,296.24 of unsupported billings and a total of \$614.88 for which it failed to bill.

### **Finding 3: Supported Living Service – Unsupported Billings and Failure to Bill**

The review of IABA's SLS, Vendor Numbers HT0025, PW0016, and P32840, revealed that IABA had both unsupported billings, as well as appropriate support for services that it failed to bill NLACRC, TCRC, and WRC. As a result, IABA had a total of \$10,360.74 of unsupported billings and a total of \$6,821.95 for which it failed to bill.

### **Finding 4: Community Activities Support Services – Unsupported Billings**

The review of IABA's Community Activities Support Services, Vendor Numbers PM0525 and PM0526, revealed that IABA had unsupported billings to RCOC. As a result, IABA had a total of \$2,075.49 of unsupported billings.

**Finding 5: Behavior Management Program – Unsupported Staffing Ratio**

The review of IABA’s Behavior Management Program, Vendor Numbers H13847, HL0009, and HT0041, revealed a lack of supporting documentation for its required direct care staffing hours. This resulted in a total of \$1,030.56 in unsupported direct care staffing hours.

**Finding 6: Supplemental Program Support – Unsupported Billings and Failure to Bill**

The review of IABA’s Supplemental Program Support, Vendor Number PM0820, revealed that IABA had both unsupported billings, as well as appropriate support for services that it failed to bill RCOC. As a result, IABA had a total of \$1,113.29 of unsupported billings and a total of \$337.58 for which it failed to bill.

**Finding 7: Adaptive Skills Trainer – Unsupported Billings and Failure to Bill**

The review of IABA’s Adaptive Skills Trainer, Vendor Numbers PL0044, PL0414, PL0920 and P32938, revealed that IABA had both unsupported billings as well as appropriate support for services that it failed to bill NLACRC and WRC. As a result, IABA had a total of \$321.93 of unsupported billings and a total of \$106.65 for which it failed to bill.

**Finding 8: Behavior Management Assistant – Unsupported Billings**

The review of IABA’s Behavior Management Assistant, Vendor Number PL0949, revealed that IABA had unsupported billings to NLACRC. As a result, IABA had a total of \$135.60 of unsupported billings.

**Finding 9: Behavior Analyst – Failure to Bill**

The review of IABA’s Behavior Analyst, Vendor Numbers PL0948 and PM0804, revealed that IABA had appropriate support for services that it failed to bill NLACRC and RCOC. As a result, IABA had a total of \$870.02 for which it failed to bill.

The net total of unsupported billings identified in this audit amounts to \$15,589.33. A detailed discussion of these findings is contained in the Findings and Recommendations 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 IABA's Behavior Analyst, Behavior Management Program, SLS, Community Activities Support Services, Supplemental Program Support, Adaptive Skills Trainer, and Behavior Management Assistant were compliant with the W&I Code, California Code of Regulations, Title 17 (CCR, title 17), and the regional centers contracts with IABA for the period of July 1, 2011, through June 30, 2012.

In addition, the audit was conducted to ensure that all regional center contracts or agreements with service providers, in which rates are determined through negotiations between the regional center and the service provider, expressly require that not more than 15 percent of regional center funds be spent on administrative costs as required by W&I Code and CCR, title 17, for the period January 1, 2012, through December 31, 2012.

### **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 IABA, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of IABA'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 IABA complied with CCR, title 17. Also, any complaints that DDS' Audit Branch was aware of regarding non-compliance with laws and regulations were reviewed and followed-up on during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to 10 regional centers that utilize IABA's services during the audit period. Of the 10 regional centers, DDS audited services provided to the following four regional centers: NLACRC, RCOC, TCRC and WRC. These four 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, IABA provided fifteen different types of services, of which, DDS audited seven. The seven services were chosen by DDS based on the amount of POS expenditures invoiced by IABA. 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 one month sample period, May 2012, would be sufficient to fulfill the audit objectives.

As of March 11, 2011, Senate Bill 74 required IABA's administrative costs to be less than 15 percent of IABA's total costs. DDS reviewed IABA's costs for the period January 1, 2012, through December 31, 2012 to ensure compliance.

### **Applied Behavior Analysis**

During the audit period, IABA operated three Applied Behavior Analysis (ABA) programs. The audit included the review of all of IABA's ABA programs. The programs and vendor numbers audited are listed below:

- Behavior Analyst, Vendor Numbers PL0948 and PM0804, Service Code 612
- Adaptive Skills Trainer, Vendor Numbers PL0044, PL0414, PL0920 and P32938, Service Code 605
- Behavior Management Assistant, Vendor Numbers PL0949, PT0348, PL0786 and PL0788, Service Code 615

### **Behavior Management Program**

During the audit period, IABA operated three Behavior Management Programs. The audit included the review of all IABA's Behavior Management Programs. The program and vendor numbers audited are listed below:

- Behavior Management Program, Vendor Numbers H13847, HT0041 and HL0009, Service Code 515

### **Supported Living Service**

During the audit period, IABA operated six SLS. The audit included the review of three of IABA's SLS. The programs and vendor numbers audited are listed below:

- SLS, Vendor Numbers HT0025, PW0016 and P32840, Service Code 896

### **Community Activities Support Services**

During the audit period, IABA operated one Community Activities Support Services. The audit included the review of IABA's Community Activities Support Services. The program and vendor numbers audited are listed below:

- Community Activities Support Services, Vendor Numbers PM0525 and PM0526, Service Code 063

### **Supplemental Program Support**

During the audit period, IABA operated one Supplemental Program Support. The audit included the review of IABA's Supplemental Program Support. The program and vendor number audited is listed below:

- Supplemental Program Support, Vendor Number PM0820, Service Code 111

### **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 were 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 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.
- Review the vendor's General Ledger, Payroll Records, and Trial Balance to determine the vendor's costs.
- Interview the vendor's Certified Public Accountant, Executive Director, Administrator, and Program Coordinators, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

DDS reviewed the vendor's administrative expenses for the fiscal year or calendar year to determine if the vendor's administrative expenses were not more than 15 percent of regional center funds total costs.

- Obtain costs associated with administrative and direct services' function for the fiscal year or calendar year under review.
- Multiply 15 percent of total cost to obtain maximum administrative expenditures allowed.

- Obtain and review allocation methodology for the types of costs. Ensure costs are appropriately categorized as administrative or direct services.
- Multiply administrative costs by 15 percent and compare the result to the amount calculated above.



## **CONCLUSION**

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

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft report on April 3, 2014. The findings in the report were discussed at the exit conference with IABA's Director of Administrative Services, Ashley Cleary, on April 9, 2014. The Audit Branch received IABA's response to the draft report via email on May 9, 2014. IABA accepts the audit findings and has agreed to reimburse DDS the total amount identified in the draft audit report.

## **RESTRICTED USE**

This report is solely for the information and use of DDS, Department of Health Care Services, Eastern Los Angeles Regional Center, Frank D. Lanterman Regional Center, Harbor Regional Center, NLACRC, Regional Center of the East Bay, RCOG, South Central Los Angeles Regional Center, San Diego Regional Center, TCRC, WRC and IABA. This restriction is not intended to limit distribution of this report, which is a matter of public record.

## FINDINGS AND RECOMMENDATIONS

### **Finding 1: Behavior Analyst – Incorrect Billing Service Code due to Staff Lacking Proper Certification**

The review of IABA’s Behavior Analyst, Vendor Numbers PL0948 and PM0804, revealed that only 25 percent of IABA’s employees were certified by the national Behavior Analyst Certification Board as required for this service. Services performed by employees that are not certified as a Behavior Analyst, should have been billed using service code 620 (Behavior Management Consultant) which does not require certification. Only 124.75 of the 370.75 hours were provided by a Board Certified Behavior Analyst. Therefore, the 246.00 hours IABA’s staff provided under service code 612 was adjusted to the lower 620 service code rate for the sample period audited, which resulted in a total overpayment to IABA in the amount of \$4,006.56. (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 of 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) (12) states:

- “(a) All vendors shall:
  - (12) Agree to accept the rate established, revised or adjusted by the Department as payment in full for all authorized services provided to consumers...”

Also, CCR, title 17, section 54342 (a) (11) states:

- “(a) The following service codes shall be assigned to the following types of services:
  - (11) Behavior Analyst – Service Code 612. Behavior Analyst means an individual who assesses the function of a behavior of a consumer and designs, implements, and evaluates instructional and environmental modifications to produce socially significant improvements in the consumer’s behavior through skill acquisition and the reduction of behavior. Behavior Analysts engage in functional assessments or functional analyses to identify environmental factors of which

behavior is a function. A Behavior Analyst shall not practice psychology, as defined in Business and Professions Code section 2903. A regional center shall classify a vendor as a Behavior Analyst if an individual is recognized by the national Behavior Analyst Certification Board as a Board Certified Behavior Analyst.”

**Recommendation:**

IABA must reimburse to DDS the difference in rates in the amount of \$4,006.56. In addition, IABA should develop and implement policies and procedures to ensure that only individuals recognized by the national Behavior Analyst Certification Board as Board Certified Behavior Analysts perform the functions of a Behavior Analyst.

**IABA’s Response:**

IABA accepts the audit finding and has agreed to reimburse DDS the total amount identified in the draft audit report. See Attachment D for the full text of IABA’s response to the draft audit report.

**Finding 2: Behavior Management Program – Unsupported Billings and Failure to Bill**

The review of IABA’s Behavior Management Programs, Vendor Numbers H13847, HT0041 and HL0009, for the sample month of May 2012, revealed that IABA had both unsupported billings, as well as appropriate support for services that it failed to bill to RCOC, WRC, TCRC and NLACRC.

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

IABA was not able to provide appropriate supporting documentation for 75.50 hours of services billed. The lack of documentation resulted in unsupported billings to RCOC, WRC, TCRC and NLACRC in the amount of \$5,296.24.

In addition, IABA provided appropriate supporting documentation for 8.50 hours that was not billed to TCRC, WRC and RCOC. This resulted in an unbilled amount of \$614.88.

As a result, \$4,681.36 is due back to DDS for the unsupported billings.  
(See Attachment B.)

W&I Code, section 4648.1 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 of 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...”

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:**

IABA must reimburse to DDS the \$4,681.36 for the unsupported billings. In addition, IABA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCOC, WRC, TCRC, and NLACRC.

**IABA’s Response:**

IABA accepts the audit finding and has agreed to reimburse DDS the total amount identified in the draft audit report. See Attachment D for the full text of IABA’s response to the draft audit report.

**Finding 3: Supported Living Service – Unsupported Billings and Failure to Bill**

The review of IABA’s SLS, Vendor Numbers HT0025, PW0016, and P32840, for the sample month of May 2012, revealed that IABA had both unsupported billings, as well as appropriate support for services that it failed to bill to NLACRC, WRC and TCRC.

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

IABA was not able to provide appropriate supporting documentation for 731.18 hours of services billed. The lack of documentation resulted in unsupported billings to NLACRC, WRC and TCRC in the amount of \$10,360.74.

In addition, IABA provided appropriate supporting documentation for 428.02 hours that was not billed to NLACRC, WRC and TCRC. This resulted in an unbilled amount of \$6,821.95.

As a result, \$3,538.79 is due back to DDS for the unsupported billings.  
(See Attachment B.)

W&I Code, section 4648.1 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 of 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...”

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:**

IABA must reimburse to DDS the \$3,538.79 for the unsupported billings. In addition, IABA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to NLACRC, TCRC and WRC.

**IABA’s Response:**

IABA accepts the audit finding and has agreed to reimburse DDS the total amount identified in the draft audit report. See Attachment D for the full text of IABA’s response to the draft audit report.

**Finding 4: Community Activities Support Services – Unsupported Billings**

The review of IABA’s Community Activities Support Services, Vendor Numbers PM0525 and PM0526, for the sample month of May 2012, revealed that IABA had unsupported billings for services billed for RCOC consumers.

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

IABA was not able to provide appropriate supporting documentation for 13.50 hours of services billed. The lack of documentation resulted in unsupported billings to RCOC in the amount of \$2,075.49.

As a result, \$2,075.49 is due back to DDS for the unsupported billings. (See Attachment B.)

W&I Code, section 4648.1 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 of 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...”

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:**

IABA must reimburse to DDS the \$2,075.49 for the unsupported billings. In addition, IABA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCOC.

**IABA's Response:**

IABA accepts the audit finding and has agreed to reimburse DDS the total amount identified in the draft audit report. See Attachment D for the full text of IABA's response to the draft audit report.

**Finding 5: Behavior Management Program – Unsupported Staffing Ratio**

The review of IABA's Behavior Management Program, Vendor Numbers H13847, HL0009 and HT0041, for the sample month of May 2012, revealed that IABA did not meet the required staffing ratio for one of its programs, Vendor Number HT0041.

The total direct care hours required for the sample month of May 2012 was 864.00 hours. The hours IABA actually provided were 779.25 hours. This resulted in 84.75 hours of unsupported direct care staffing.

The total unsupported direct care staffing hours of 84.75 hours multiplied by the average salary of \$12.16, amounts to \$1,030.56 due back to DDS. (See Attachment C.)

W&I Code, section 4648.1 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 of 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 50606(b)(4)(A) states:

- “(b) Audits shall be performed to accomplish any or all of the following objectives as applicable to the specific service provider:
  - (4) Verification through analysis of payroll and consumer service records that staff-to-consumer ratios required by regulation, contract, or agreement are met.
    - (A) Verification that the required staff-to-consumer ratios are being met shall be determined as follows:
      - 1. For activity centers, adult development centers, and behavior management programs:
        - a. For each month of the audit period multiply the number of actual consumer days of attendance by the number of direct service hours operated per day;

- b. Divide the total computed in a. by the approved staffing ratio to compute the number of direct care staff hours required during the approved staffing ratio; and ...”

Also, CCR, title 17, section 50606(b)(4)(B) states:

“(b) Audits shall be performed to accomplish any or all of the following objectives as applicable to the specific service provider:

- (4) Verification through analysis of payroll and consumer service records that staff-to-consumer ratios required by regulation, contract, or agreement are met.

(B) If a determination is made that the approved staff-to-consumer ratio has not been met, the amount of any overpayments shall be determined as follows:

1. Subtract the number of direct care staff hours actually provided during the audit period from the number of direct care staff hours required, pursuant to (A)1. or (A)2.;
2. Multiply the amount computed in 1. by the average hourly salary and wage and fringe benefit costs reported pursuant to Sections 57434(a)(1)(A) and (a)(2) and which were utilized to calculate the vendor’s rate of reimbursement received during the audit period.”

IABA’s program design for Vendor Number HT0041, Behavior Management Program states:

“VIII. Staffing Ratio

1:3 staff to participant ratio is provided.”

**Recommendation:**

IABA must reimburse to DDS the \$1,030.56 for the unsupported direct care staffing hours. In addition, IABA should develop policies and procedures to ensure it has sufficient staffing to meet the direct care staffing ratio.

**IABA’s Response:**

IABA accepts the audit finding and has agreed to reimburse DDS the total amount identified in the draft audit report. See Attachment D for the full text of IABA’s response to the draft audit report.

**Finding 6: Supplemental Program Support – Unsupported Billings and Failure to Bill**

The review of IABA’s Supplemental Program Support, Vendor Number PM0820, for the sample month of May 2012, revealed that IABA had both unsupported billings, as well as appropriate support for services that it failed to bill to RCOC.



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

IABA was not able to provide appropriate supporting documentation for 38.75 hours of services billed. The lack of documentation resulted in unsupported billings to RCOC in the amount of \$1,113.29.

In addition, IABA provided appropriate supporting documentation for 11.75 hours of service that was not billed to RCOC. This resulted in an unbilled amount of \$337.58.

As a result, \$775.71 is due back to DDS for the unsupported billings.  
(See Attachment B.)

W&I Code, section 4648.1 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 of 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...”

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:**

IABA must reimburse to DDS the \$775.71 for the unsupported billings. In addition, IABA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCOC.

**IABA's Response:**

IABA accepts the audit finding and has agreed to reimburse DDS the total amount identified in the draft audit report. See Attachment D for the full text of IABA's response to the draft audit report.

**Finding 7: Adaptive Skills Trainer – Unsupported Billings and Failure to Bill**

The review of IABA's Adaptive Skills Trainer, Vendor Numbers PL0044, PL0414, PL0920 and P32938, for the sample month of May 2012, revealed that IABA had both unsupported billings, as well as appropriate support for services that it failed to bill to NLACRC and WRC for one of its programs, Vendor Number PL0414.

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

IABA was not able to provide appropriate supporting documentation for 6.00 hours of services billed. The lack of documentation resulted in unsupported billings to NLACRC and WRC in the amount of \$321.93.

In addition, IABA provided appropriate supporting documentation for 2.00 hours of service that was not billed to NLACRC and WRC. This resulted in an unbilled amount of \$106.65.

As a result, \$215.28 is due back to DDS for the unsupported billings.  
(See Attachment B.)

W&I Code, section 4648.1 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 of 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...”

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:**

IABA must reimburse to DDS the \$215.28 for the unsupported billings. In addition, IABA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to NLACRC and WRC.

**IABA’s Response:**

IABA accepts the audit finding and has agreed to reimburse DDS the total amount identified in the draft audit report. See Attachment D for the full text of IABA’s response to the draft audit report.

**Finding 8: Behavior Management Assistant – Unsupported Billings**

The review of IABA’s Behavior Management Assistant, Vendor Number PL0949, for the sample month of May 2012, revealed that IABA had unsupported billings for services billed for NLACRC consumers.

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:

IABA was not able to provide appropriate supporting documentation for 2.33 hours of direct care (DTT) services billed, as well as 2.00 units billed that were associated with Out of Office Call (OOC) visits. The lack of documentation resulted in unsupported billings to NLACRC in the amount of \$135.60.

As a result, \$135.60 is due back to DDS for the unsupported billings.  
(See Attachment B.)

W&I Code, section 4648.1 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 of 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...”

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:**

IABA must reimburse to DDS the \$135.60 for the unsupported billings. In addition, IABA should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to NLACRC.

**IABA’s Response:**

IABA accepts the audit finding and has agreed to reimburse DDS the total amount identified in the draft audit report. See Attachment D for the full text of IABA’s response to the draft audit report.

**Finding 9: Behavior Analyst – Failure to Bill**

The review of IABA’s Behavior Analyst, Vendor Numbers PL0948 and PM0804, for the sample month of May 2012, revealed that IABA had appropriate support for services that it failed to bill to NLACRC and RCOC. It appeared that some of the information on the parental verification forms was not billed.

However, IABA provided appropriate supporting documentation for 21.00 hours of service to RCOC consumers and 1.00 hour of service to a NLACRC consumer, for which it did not bill. This resulted in an unbilled amount to NLACRC and RCOC of \$870.02, which was netted against the total amount due to DDS.

CCR, title 17, section 54326(a) (10) states:

“(a) All vendors shall:

- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center...”

**Recommendation:**

It is recommended that IABA strengthen its existing policies and procedures to ensure that all hours of service are properly billed to the regional center.

**IABA's Response:**

IABA accepts the audit finding and will continue to review its billings submissions to identify future errors. See Attachment D for the full text of IABA's response to the draft audit report.

**Institute for Applied Behavior Analysis (IABA)**  
**Summary of Overpayments Due to Incorrect Billing Service Code**  
**Audit Period: July 1, 2011 through June 30, 2012**

**Attachment A**

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	SC 612 Rate		SC 620 Rate <sup>1</sup>		Net Due to DDS
						Units	Amount A	Unit Rate	Amount B	Amount = A - B
<b><u>Behavior Analyst</u></b>										
1	PL0948	612	Behavior Analyst Program Sample Month - May 2012 NLACRC	Hours	\$ 71.81	69.50	\$ 4,990.80	\$ 50.87	\$ 3,535.47	\$ 1,455.33
			Sub-Total			<u>69.50</u>	<u>\$ 4,990.80</u>		<u>\$ 3,535.47</u>	<u>\$ 1,455.33</u>
	PM0804	612	Behavior Analyst Program Sample Month - May 2012 RCOC	Hours	\$ 50.00	133.00	\$ 6,650.00	\$ 38.01	\$ 5,055.33	\$ 1,594.67
			Sub Code- O1:1	Hours	60.00	43.50	2,610.00	38.01	1,653.44	956.56
			Sub Code- OSUP	Hours						
			Sub-Total			<u>176.50</u>	<u>\$ 9,260.00</u>		<u>\$ 6,708.77</u>	<u>\$ 2,551.23</u>
			<b>TOTAL- BEHAVIOR ANALYST</b>			<u>246.00</u>	<u>\$ 14,250.80</u>		<u>\$ 10,244.24</u>	<u>\$ 4,006.56</u>
			<b>TOTAL- Attachment A</b>							<u>\$ 4,006.56</u>

<sup>1</sup>SC 620 is the non-BCBA median rate used for NLACRC and RCOC

**Institute for Applied Behavior Analysis (IABA)**  
**Summary of Unsupported Billings and Failure to Bill**  
**Audit Period: July 1, 2011 through June 30, 2012**

**Attachment B**

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings		Failed to Bill		Net Due to DDS
						Units	Amount A	Units	Amount B	Amount = A - B
<b><u>Behavior Management Program</u></b>										
2	H13847	515	Behavior Management Program Sample Month - May 2012 RCOC	Hours	\$ 65.93	28.00	\$ 1,846.04	1.00	\$ 65.93	\$ 1,780.11
			Sample Month - May 2012 WRC Behavior Analyst Program	Hours	\$ 65.93	10.00	659.30	1.00	65.93	593.37
			Sub-Total			<u>38.00</u>	<u>\$ 2,505.34</u>	<u>2.00</u>	<u>\$ 131.86</u>	<u>\$ 2,373.48</u>
HT0041		515	Behavior Management Program Sample Month - May 2012 TCRC	Hours	\$ 74.31	37.00	\$ 2,749.47	6.50	\$ 483.02	\$ 2,266.45
			Sub-Total			<u>37.00</u>	<u>\$ 2,749.47</u>	<u>6.50</u>	<u>\$ 483.02</u>	<u>\$ 2,266.45</u>
HL0009		515	Behavior Management Program Sample Month - May 2012 NLACRC	Hours	\$ 82.86	0.50	\$ 41.43	-	\$ -	\$ 41.43
			Sub-Total			<u>0.50</u>	<u>\$ 41.43</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 41.43</u>
<b>TOTAL- BEHAVIOR MANAGEMENT PROGRAM</b>						<b><u>75.50</u></b>	<b><u>\$ 5,296.24</u></b>	<b><u>8.50</u></b>	<b><u>\$ 614.88</u></b>	<b><u>\$ 4,681.36</u></b>

**Institute for Applied Behavior Analysis (IABA)**  
**Summary of Unsupported Billings and Failure to Bill**  
**Audit Period: July 1, 2011 through June 30, 2012**

**Attachment B**

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings		Failed to Bill		Net Due to DDS
						Units	Amount	Units	Amount	Amount
						A	B	= A - B		
<b><u>Supported Living Service</u></b>										
3	P32840	896	Supported Living Service Sample Month - May 2012							
			NLACRC	Hours	various	217.00	\$ 2,376.76	6.00	\$ 139.11	\$ 2,237.65
			Sub-Total			217.00	\$ 2,376.76	6.00	\$ 139.11	\$ 2,237.65
	PW0016	896	Supported Living Service Sample Month - May 2012							
			WRC	Hours	various	230.23	\$ 1,934.11	33.52	\$ 176.65	\$ 1,757.46
				Hours	various	49.95	585.14	3.00	45.96	539.18
				Hours	\$ 22.69	2.25	51.05	58.00	1,316.02	(1,264.97)
			Sub-Total			282.43	\$ 2,570.30	94.52	\$ 1,538.63	\$ 1,031.67
	HT0025	896	Supported Living Service Sample Month - May 2012							
			TCRC	Hours	various	231.75	\$ 5,413.68	327.50	\$ 5,144.21	\$ 269.47
			Sub-Total			231.75	\$ 5,413.68	327.50	\$ 5,144.21	\$ 269.47
<b><i>TOTAL - SUPPORTED LIVING SERVICE</i></b>						<b>731.18</b>	<b>\$ 10,360.74</b>	<b>\$ 428.02</b>	<b>\$ 6,821.95</b>	<b>\$ 3,538.79</b>
<b><u>Community Activity Support Services</u></b>										
4	PM0525	063	Community Activities Support Services Sample Month - May 2012							
			RCOC	Hours	\$ 153.74	13.50	\$ 2,075.49		\$ -	\$ 2,075.49
<b><i>TOTAL - COMMUNITY ACTIVITIES SUPPORT SERVICES</i></b>						<b>13.50</b>	<b>\$ 2,075.49</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 2,075.49</b>



**Institute for Applied Behavior Analysis (IABA)**  
**Summary of Unsupported Billings and Failure to Bill**  
**Audit Period: July 1, 2011 through June 30, 2012**

**Attachment B**

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings		Failed to Bill		Net Due to DDS
						Units	Amount	Units	Amount	Amount
						A	B	= A - B		
<b><u>Supplemental Program Support (Other)</u></b>										
6	PM0820	111	Supplemental Program Support (Other)							
			Sample Month - May 2012							
			RCOC- Service Sub Codes							
			BEH	Hours	\$ 28.73	-	\$ -	3.00	\$ 86.19	\$ (86.19)
			DC	Hours	\$ 28.73	0.75	21.55		-	21.55
			RSPT	Hours	\$ 28.73	28.50	818.81	3.25	93.37	725.43
			SS	Hours	\$ 28.73	9.50	272.94	5.50	158.02	114.92
			Sub-Total			<u>38.75</u>	<u>\$ 1,113.29</u>	<u>11.75</u>	<u>\$ 337.58</u>	<u>\$ 775.71</u>
<b><i>TOTAL SUPPLEMENTAL PROGRAM SUPPORT</i></b>						<b><u>38.75</u></b>	<b><u>\$ 1,113.29</u></b>	<b><u>11.75</u></b>	<b><u>\$ 337.58</u></b>	<b><u>\$ 775.71</u></b>
<b><u>Adaptive Skills Trainer</u></b>										
7	PL0414	605	Adaptive Skills Trainer							
			Sample Month - May 2012							
			NLACRC	Hours	\$ 53.82	5.50	\$ 296.01	1.50	\$ 80.73	\$ 215.28
			WRC	Hours	\$ 51.83	0.50	25.92	0.50	25.92	-
			Sub-Total			<u>6.00</u>	<u>\$ 321.93</u>	<u>2.00</u>	<u>\$ 106.65</u>	<u>\$ 215.28</u>
<b><i>TOTAL- ADAPTIVE SKILLS TRAINER</i></b>						<b><u>6.00</u></b>	<b><u>\$ 321.93</u></b>	<b><u>2.00</u></b>	<b><u>\$ 106.65</u></b>	<b><u>\$ 215.28</u></b>

**Institute for Applied Behavior Analysis (IABA)**  
**Summary of Unsupported Billings and Failure to Bill**  
**Audit Period: July 1, 2011 through June 30, 2012**

**Attachment B**

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings		Failed to Bill		Net Due to DDS
						Units	Amount A	Units	Amount B	Amount = A - B
<b><u>Behavior Management Assistant</u></b>										
8	PL0949	615	Behavior Management Assistant Sample Month - May 2012 NLACRC- Service Sub Codes							
			DTT	Hours	\$ 50.17	2.33	\$ 116.90		\$ -	\$ 116.90
			OOB	Visits	\$ 9.35	2.00	18.70	-	-	18.70
			Sub-Total							
						4.33	\$ 135.60	-	\$ -	\$ 135.60
<b>TOTAL- BEHAVIOR MANAGEMENT ASSISTANT</b>						<b>4.33</b>	<b>\$ 135.60</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 135.60</b>
<b><u>Behavior Analyst</u></b>										
9	PL0948	612	Behavior Analyst NLACRC	Hours	\$ 71.81			1.00	\$ 71.81	\$ (71.81)
	PM0804	612	Behavior Analyst RCOC	Hours	\$ 38.01			21.00	\$ 798.21	\$ (798.21)
						-	\$ -	22.00	\$ 870.02	\$ (870.02)
<b>TOTAL- BEHAVIOR ANALYST</b>						<b>-</b>	<b>\$ -</b>	<b>22.00</b>	<b>\$ 870.02</b>	<b>\$ (870.02)</b>
<b>TOTAL- Attachment B</b>										<b>\$ 10,552.21</b>

Institute for Applied Behavior Analysis (IABA)  
 Summary of Unsupported Staffing Ratio  
 Audit Period: July 1, 2011 through June 30, 2012

Attachment C

Finding #	Vendor	Svc Code	Description	Units	Under Staffing Ratio A	Average Salary B	Overpayment Amount C=A*B
<b><u>Behavior Management Program</u></b>							
5			<b><u>Unsupported Staffing Ratio</u></b>				
	HT0041	515	Behavior Management Program				
			Sample Month - May 2012				
			TCRC				
			Required Direct Care Hours	864.00			
			Less Provided Direct Care Hours	779.25			
			Behavior Analyst Program	<u>84.75</u>	<u>84.75</u>	\$ 12.16	<u>\$ 1,030.56</u>
<b><i>TOTAL- BEHAVIOR MANAGEMENT PROGRAM</i></b>					<b><u>84.75</u></b>		<b><u>\$ 1,030.56</u></b>
<b><i>TOTAL- Attachment C</i></b>							<b><u>\$ 1,030.56</u></b>

**GRAND TOTAL for audit of IABA**

<i>Total for Attachment A</i>	\$ 4,006.56
<i>Total for Attachment B</i>	\$ 10,552.21
<i>Total for Attachment C</i>	\$ 1,030.56
<b><i>GRAND TOTAL ATTACHMENTS A, B and C</i></b>	<b>\$ 15,589.33</b>

May 9, 2014

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

Dear Mr. Yan,

The Institute for Applied Behavior Analysis (IABA) is in receipt of the Department of the Department of Developmental Services' audit for the period of July 1, 2011, through June 30, 2012 for the Behavior Analyst, Behavior Management Program, Supported Living Service, Community Activities Support Services, Supplemental Program Support (Other), Adaptive Skills Trainer and Behavioral Management Assistant Programs.

**Finding 1: Behavior Analyst – Incorrect Billing Service Code due to Staff Lacking Proper Certification**

*Vendor Numbers PL0948 and PM0804*

We accept the findings of the DDS' review of our Behavior Analyst, Vendor Numbers PL0948 and PM0804, indicating that though providers held master's degrees, were earning BCBA hours and supervised by a BCBA in good standing with the national Behavior Analyst Certification Board, their qualifications are not sufficient for this service and should instead have been authorized and billed for as 620 services, resulting in an overpayment to IABA in the amount of \$4,006.65. IABA will pursue changing it's services authorized as 612 service code to 620 service code for behavior program supervision hours that are provided by individuals with a master's degree who have not yet been awarded their BCBA certification.

**Finding 2: Behavior Management Program – Unsupported Billings and Failure to Bill**

*Vendor Numbers H13847, HT0041 and HLO009*

We accept the findings of our Behavior Managements Program, Vendor numbers H13847, HT0041 and HLO09 that revealed IABA had unsupported billings to RCOC, WRC, TCRC, and NLACRC, with a reimbursement sum totaling \$4,681.36.

We have made the following changes. Modifications have been made to our supporting documentation for client attendance and process. We now have field attendance, and a master attendance for each individual served that includes staff first and last name, signatures, as well as clearer delineation when a half-day of service is being provided.

Master and field attendance sheets are reconciled, and verified with staff time sheets when needed. Staff time sheets now include the first two initials for each client's first and last name, time sheets are reconciled with sign in sheets, service day schedules and our Supervisor's log of changes before approved.

**Finding 3: Supported Living Service – Unsupported Billings and Failure to Bill**

*Vendor Numbers HT0025, PW0016 and P32840*

IABA accepts the findings of the DDS review of our Supported Living Service, Vendor Numbers HT0025, PW0016 and P32840 that revealed IABA had unsupported billings to NLARC, WRC and TCRC in the net total amount of \$3,538.79.

1. W and I Code, section 4648.1 states:

*“A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines either of the following as occurred:*

*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.”*

As per the nature of the Supported Living Service, client schedules will continue to be fluid, representing a blend of Training and Habilitation and Personal Attendant hours throughout the client's day. In cases in which ratios are modified, for example, a 1:1 consumer joins two other consumers and becomes a 1:3, hours of service above and beyond hours provided will not be billed to the regional centers. A document will be created, which will more clearly show that service hours are provided in accordance with the Regional Centers' authorizations.

2. CCR, title 17, section 54326(a) (3) and (10) states:

*“All vendors shall:*

*Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed; Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center...”*

IABA will develop billing policies and procedures related to supporting documentation no later than 7/1/14. These policies and procedures will be implemented across all IABA Supported Living departments to ensure that proper documentation is being maintained. All departments will maintain specific sources of supporting documentation, including client schedules, staff timesheets, site attendance sheets, new document described in #1, as well as client data to support hours of service provided. These documents will provide sufficient detail to verify service hours billed. In order to avoid any discrepancies, these documents will be cross-referenced prior to submitting invoices for payment.

3. CCR, title 17, section 50604 (d) and (e) states:

“All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program...”

Please see response #2 above.

**Finding 4: Community Activities Support Services – Unsupported Billings**  
*Vendor Numbers PM0525 and PM0526*

We accept the findings of our Community Activities Support Services, Vendor numbers PM025 and PM026 that revealed IABA had unsupported billings for RCOC.

We have made the following changes: Modifications have been made to our supporting documentation for client attendance and process. We now have field attendance, and a master attendance for each individual served that includes staff first and last name, signatures, as well as clearer delineation when a half-day of service is being provided. Master and field attendance sheets are reconciled, and verified with staff time sheets when needed. Staff time sheets now include the first two initials for each client’s first and last name, time sheets are reconciled with sign in sheets, service day schedules and our Supervisor’s log of changes before approved.

**Finding 5: Behavior Management Program – Unsupported Staffing Ratio**  
*Vendor Numbers H13847, HL0009 and HT0041*

We accept the findings of Unsupported Staffing Ratio for Vendor number HT0041

We have made the following changes: We have rewritten our protocols on staffing ratios and support requirements and have retrained management. Staff time sheets now include the first two initials for each client’s first and last name. Any salaried staff providing direct support has verified documentation that supports units provided. Time sheets are reconciled with sign in sheets, service day schedules and our Supervisor’s log of changes before approved. We have established annual peer audits of our billing process and practices.

**Finding 6: Supplemental Program Support – Unsupported Billings and Failure to Bill**  
*Vendor Number PM0820*

We accept the findings of Unsupported Billings and Failure to Bill for vendor number PM0820. Management will continue to review billing submissions to capture these errors before sent to the regional center.

**Findings 7: Adaptive Skills Trainer – Unsupported Billings and Failure to Bill**  
*Vendor Numbers PL0044, PL0414, PL0920 and P32938*

We accept the findings of Unsupported Billings and Failure to Bill for vendor number PL0044, PL0414, PL0920 and P32938. Management will continue to review billing submissions to capture these errors before sent to the regional center.

**Findings 8: Behavior Management Assistant – Unsupported Billings**  
*Vendor Number PL0949*

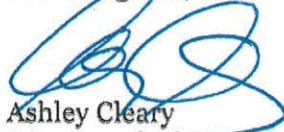
We accept the findings of Unsupported Billings for vendor number PLO949. Management will continue to review billing submissions to capture these errors before sent to the regional center.

**Findings 9: Behavior Analyst – Failure to Bill**  
*Vendor Numbers PLO948 and PM0840*

We accept the findings of Failure to Bill for vendor number PLO948 and PM0840. Management will continue to review billing submissions to capture these errors before sent to the regional center.

IABA accepts the net total of unsupported billings identified in this audit report totaling \$15,589.33.

Warm regards,



Ashley Cleary  
Director of Administrative Services

Cc: Alimou Diallo, DDS  
Mike Masui, DDS  
Nancy Bargmann, DDS  
Jean Johnson, DDS  
Gary LaVigna, IABA  
Tom Willis, IABA

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES'  
EVALUATION OF IABA'S RESPONSE**

As part of the vendor audit report process, IABA was afforded the opportunity to respond to the draft audit report and provide a written response to the findings identified therein. On May 9, 2014, IABA submitted a response to the draft audit report. Upon receipt of IABA's written response, DDS evaluated the response and determined that IABA accepted the draft audit report findings.