

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
ZMB CONSULTING & BEHAVIOR MANAGEMENT, INC.**

Programs and Services:

Client/Parent Support Behavior Intervention Training – PN0621

Adaptive Skills Trainer – PN0622

Audit Period: July 1, 2009, through June 30, 2013

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
Alimou Diallo, Supervisor
Wilfredo Golez, Auditor

ZMB CONSULTING & BEHAVIOR MANAGEMENT, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) audited ZMB Consulting & Behavior Management, Inc. (ZMB). The audit was performed on the Client/Parent Support Behavior Intervention Training and Adaptive Skills Trainer programs for the period of July 1, 2009, through June 30, 2013.

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

Finding 1: Client/Parent Support Behavior Intervention Training – Unsupported Billings and Failure to Bill

The review of ZMB's Client/Parent Support Behavior Intervention Training program, Vendor Number PN0621, revealed that ZMB had both unsupported billings, as well as appropriate support for services that it failed to bill the North Bay Regional Center (NBRC). As a result, ZMB had a total of \$8,204.01 of unsupported billings and a total of \$1,084.33 for which it failed to bill.

Finding 2: Adaptive Skills Trainer – Unsupported Billings and Failure to Bill

The review of ZMB's Adaptive Skills Trainer, Vendor Number PN0622, revealed that ZMB had both unsupported billings, as well as appropriate support for services that it failed to bill NBRC. As a result, ZMB had a total of \$6,459.27 of unsupported billings and a total of \$35.91 for which it failed to bill.

The net total of unsupported billings identified in this audit amounts to \$13,543.04 and is due back to DDS. A detailed discussion of these findings is contained in the Findings and Recommendations section of the Final 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 ZMB's Client/Parent Support Behavior Intervention Training and Adaptive Skills Trainer programs were compliant with the W&I Code, California Code of Regulations, (CCR, Title 17), and NBRC contracts with ZMB for the period of July 1, 2009, through June 30, 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 ZMB, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of ZMB'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 ZMB complied with W&I Code and CCR, Title 17. Also, any complaints that DDS' Audit Branch was aware of regarding non-compliance with laws and regulations were reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to NBRC during the audit period.

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 two month sample period selected from the audit period of July 1, 2009, through June 30, 2013, would be sufficient to fulfill the audit objectives.

Client/Parent Support Behavior Intervention Training

During the audit period, ZMB operated one Client/Parent Support Behavior Intervention Training program, Vendor Number PN0621, Service Code 048. The audit included the review of ZMB's Client/Parent Support Behavior Intervention Training program and testing was done for the months of January 2011 and March 2011.

Adaptive Skills Trainer

During the audit period, ZMB operated one Adaptive Skills Trainer program, Vendor Number PN0622, Service Code 605. The audit included the review of ZMB's Adaptive Skills Trainer program and testing was done for the months of January 2011 and March 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 were not limited to, the following:

- Review of vendor files for contracts, rate letters, program designs, Purchase of Services (POS) 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.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a Draft Audit Report on June 20, 2014. The findings in the Draft Audit Report were discussed at a formal exit conference with Zoe Bartholomew, ZMB's President and CEO, on June 26, 2014. Ms. Bartholomew responded on July 9, 2014, that ZMB would like DDS to consider waiving the findings based on the lack of clarity of the regulations found in Title 17 and within the regional center regulations.

RESTRICTED USE

The Final Audit Report is solely for the information and use of the DDS, Department of Health Care Services, NBRC and ZMB. This restriction is not intended to limit distribution of the Final Audit Report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Client/Parent Support Behavior Intervention Training – Unsupported Billings and Failure to Bill

The review of ZMB’s Client/Parent Support Behavior Intervention Training, Vendor Number PN0621, for the sample months of January 2011 and March 2011, revealed that ZMB had both unsupported billings, as well as appropriate support for services that it failed to bill to NBRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NBRC. The failure to bill occurred when ZMB had appropriate supporting documentation, but it did not bill NBRC.

ZMB was not able to provide appropriate supporting documentation for 117.15 direct care hours and 1,933.63 miles billed. The lack of documentation resulted in unsupported billings to NBRC in the amount of \$8,204.01.

In addition, ZMB provided appropriate supporting documentation for 15.10 direct care hours that was not billed to NBRC. This resulted in an unbilled amount of \$1,084.33.

As a result, \$7,119.68 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...”
- (e) All service providers’ records shall be supported by source documentation.”

Recommendation:

ZMB must reimburse \$7,119.68 to DDS for the unsupported billings. In addition, ZMB should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to NBRC.

ZMB's Response:

Zoe Bartholomew, ZMB President and CEO, stated via letter to Edward Yan, Manager, dated July 9, 2014, that ZMB would like DDS to consider waiving the findings based on the lack of clarity of the regulations found in CCR, Title 17. A copy of the letter is enclosed as Attachment B.

Finding 2: Adaptive Skills Trainer – Unsupported Billings and Failure to Bill

The review of ZMB's Adaptive Skills Trainer, Vendor Number PN0622, for the sample months of January 2011 and March 2011, revealed that ZMB had both unsupported billings, as well as appropriate support for services that it failed to bill to NBRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NBRC. The failure to bill occurred when ZMB had appropriate supporting documentation, but it did not bill NBRC.

ZMB was not able to provide appropriate supporting documentation for 90.65 direct care hours and 1,390.82 miles billed. The lack of documentation resulted in unsupported billings to NBRC in the amount of \$6,459.27.

In addition, ZMB provided appropriate supporting documentation for 0.50 direct care hours that was not billed to NBRC. This resulted in an unbilled amount of \$35.91.

As a result, \$6,423.36 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. . .

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

Recommendation:

ZMB must reimburse \$6,423.36 to DDS for the unsupported billings. In addition, ZMB should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to NBRC.

ZMB's Response:

Zoe Bartholomew, ZMB President and CEO, stated via letter to Edward Yan, Manager, dated July 9, 2014, that ZMB would like DDS to consider waiving the findings based on the lack of clarity of the regulations found in CCR, Title 17. A copy of the letter is enclosed as Attachment B.

ZMB Consulting and Behavior Mgmt. Inc.
Summary of Unsupported Billings and Failure to Bill
Audit Period: July 1, 2009 through June 30, 2013

Attachment A

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
<u>Client/Parent Support Behavior Intervention Training</u>										
1	PN0621	48	Sample Months - January and March 2011							
			Sub Service Code - OOT (January 2011)	Mileage	\$ 0.48	684.53	\$ 328.57	-	\$ -	\$ 328.57
			Sub Service Code - OOT (March 2011)	Mileage	0.48	1,249.10	599.57	-	-	599.57
			<u>Sub - Total</u>			<u>1,933.63</u>	<u>\$ 928.14</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 928.14</u>
			Sub Service Code - BHV (January 2011)	Hours	\$ 47.88	42.50	\$ 2,034.90	-	\$ -	\$ 2,034.90
			Sub Service Code - SUPV (January 2011)	Hours	71.81	19.70	1,414.66	5.00	359.05	1,055.61
			Sub Service Code - BHV (March 2011)	Hours	47.88	5.00	239.40	-	-	239.40
			Sub Service Code - SUPV (March 2011)	Hours	71.81	49.95	3,586.91	10.10	725.28	2,861.63
			<u>Sub - Total</u>			<u>117.15</u>	<u>\$ 7,275.87</u>	<u>15.10</u>	<u>\$ 1,084.33</u>	<u>\$ 6,191.54</u>
			Total			<u>2,050.78</u>	<u>\$ 8,204.01</u>	<u>15.10</u>	<u>\$ 1,084.33</u>	<u>\$ 7,119.68</u>
<u>Adaptive Skills Trainer</u>										
2	PN0622	605	Sample Months - January and March 2011							
			Sub Service Code - OOT (January 2011)	Mileage	\$ 0.48	682.46	\$ 327.58	-	\$ -	\$ 327.58
			Sub Service Code - OOT (March 2011)	Mileage	0.48	708.36	340.01	-	-	340.01
			<u>Sub - Total</u>			<u>1,390.82</u>	<u>\$ 667.59</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 667.59</u>
			Sub Service Code - ASST (January 2011)	Hours	\$ 47.88	28.00	\$ 1,340.64	-	\$ -	\$ 1,340.64
			Sub Service Code - EIABP (January 2011)	Hours	71.81	5.00	359.05	-	-	359.05
			Sub Service Code - SUPV (January 2011)	Hours	71.81	29.75	2,136.35	-	-	2,136.35
			Sub Service Code - ASST (March 2011)	Hours	47.88	2.00	95.76	-	-	95.76
			Sub Service Code - SUPV (March 2011)	Hours	71.81	25.90	1,859.88	0.50	35.91	1,823.97
			<u>Sub - Total</u>			<u>90.65</u>	<u>\$ 5,791.68</u>	<u>0.50</u>	<u>\$ 35.91</u>	<u>\$ 5,755.77</u>
			Total			<u>1,481.47</u>	<u>\$ 6,459.27</u>	<u>0.50</u>	<u>\$ 35.91</u>	<u>\$ 6,423.36</u>
			Grand Total							<u>\$ 13,543.04</u>



July 9, 2014

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

Attention: Edward Yan, Manager

ZMB Consulting & Behavior Management, Inc. has received and reviewed the preliminary audit findings. We would like to provide a response to the findings. DDS audit found that ZMB did not provide supported billings for the PN0621 & PN0622 services in the designated months audited. ZMB provided all records pertaining to these audit months during the audit. The designated audit months were from January and March of 2011, which was during the time ZMB employed about 10 staff. Unfortunately, this audit was conducted in 2013, which the employees who submitted records are no longer employed at ZMB. ZMB has not had staff since June 2012 and we are unable to contact any of the staff to locate any additional records to better support billing.

ZMB would like to report that we provided additional revised record-keeping systems, which were created when we were audited by North Bay Regional Center. We have changed our policies and procedures to ensure we are keeping track of all services provided to clients. ZMB currently employs one staff, which is the owner of the company. The current record systems appear to be in alignment with Title 17 regulations. All these forms were given to the auditors during the audit.

We would also like to express some concerns about the suggested unsupported billings findings. The Title 17 regulation does not specify the types of record-keeping systems required to support billings. Instead, the regulation is written in general terms and can be left up to interpretation. The regional center does not provide any templates or samples, which would align with the recordkeeping systems DDS was seeking within this audit. Since, ZMB's vendorization in 2008, ZMB has created their own recordkeeping systems and revised them based on regional center audits. We recommend DDS collaborate with the regional centers to design a "uniform" set of templates for the types of record-keeping systems DDS is seeking to be aligned with Title 17 regulations.

ZMB Consulting Inc.
PO Box 273
Benicia, CA 94610
USA

ZMB would like DDS to consider waiving their findings based on the lack of clarity of the regulations found in Title 17 and within the regional center regulations. ZMB did provide records that should be considered sufficient enough to meet the "general" requirements of the Title 17 regulations. ZMB currently has 40 hrs. of billable services with the North Bay Regional Center. This decline of hours occurred in 2011 when the regional center was instructed to comply with the SB 946 law, which forces clients with a primary diagnosis of Autism to seek services through their insurance providers. Regional center removed ALL of ZMB's clients, which resulted in a "major" decrease in hours impacting our business. ZMB was forced to layoff staff and relocate their office into a smaller office. We have still not recovered from this change in regulations and will be unable to pay the amount reported in the audit. ZMB requests that DDS consider the recommendations provided and seek an alternative penalty found in this audit.

Sincerely,

/e/ Zoe Bartholomew

Zoe Bartholomew, Ed.D (ABD)
Owner/Behavior Consultant



THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF ZMB'S RESPONSE

As part of the vendor audit report process, ZMB was afforded the opportunity to respond to the Draft Audit Report and provide a written response to the findings identified therein. The Draft Audit Report was issued on June 20, 2014. The Audit Branch received ZMB's response on July 9, 2014. Provided below are the excerpts from ZMB's response and DDS' evaluation of the response. (See Attachment B for the full text of ZMB's response.)

DDS evaluated the response and determined that ZMB did not expressly agree or disagree with the audit findings. However, ZMB suggested that DDS consider an alternative penalty because ZMB will be unable to pay the amount reported in the audit. ZMB would like DDS to consider waiving the audit findings.

ZMB argues the following in response to the draft audit findings:

Unsupported Billings

"The Title 17 regulation does not specify the types of record-keeping systems required to support billings. Instead, the regulation is written in general terms and can be left up to interpretation. The regional center does not provide any templates or samples, which would align with the recordkeeping system DDS was seeking within this audit..."

It is the vendor's opinion that the regulation are written in general terms; however, it is the owner's responsibility to be cognizant of the record-keeping regulations. CCR, Title 17 requires all vendors maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed.

ZMB billed a total of 207.80 direct service hours and 3,324.45 mileages for its Client/Parent Support Intervention Training and Adaptive Skills Trainer programs. However, DDS was unable to confirm that the services were actually provided because there was no source documentation to validate that services were provided for the sample months of January 2011 and March 2011.

"ZMB would like DDS to consider waiving their findings based on the lack of clarity of the regulations found in Title 17 and within the regional center regulations..."

Pursuant to CCR, Title 17, Section 50610 (a)(3), all vendors are require to accept financial liability for any audit findings and/or recommendations disclosed by audit and promptly repay amounts owed. Therefore DDS cannot waive the amount identified in the draft audit report.

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

DDS' Conclusion:

ZMB did not submit additional source documentation that meets the criteria set forth in CCR, Title 17, for each consumer served during the audit period. No additional source documentations were provided by ZMB to support their exceptions. Therefore, DDS will make no adjustment to the Draft Audit Report and ZMB must reimburse DDS the \$13,543.04 identified therein.