

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
ASSOCIATION OF BEHAVIOR CONSULTANTS, INC.**

Programs:

Supported Living Services – HR0422

Client/Parent Support Behavior Intervention Training – PN0697

Community Integration Training Program – P20700

Audit Period: July 1, 2013, through June 30, 2014

Audit Section

Auditors: Michael Masui, Chief of Vendor Audit Unit
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ASSOCIATION OF BEHAVIOR CONSULTANTS, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Association of Behavior Consultants, Inc. (ABCI). The audit was performed upon the Community Integration Training Program (CITP), Client/Parent Support Behavior Intervention Training (CPSBIT), and Supported Living Services (SLS) for the period of July 1, 2013, through June 30, 2014.

The audit disclosed the following issues of non-compliance:

Finding 1: Supported Living Services – Unsupported Billings

The review of ABCI's SLS program, Vendor Number HR0422, revealed that ABCI had a total of \$44,105 of unsupported billings to Redwood Coast Regional Center (RCRC).

Finding 2: Client/Parent Support Behavior Intervention Training – Unsupported Billings

The review of ABCI's CPSBIT program, Vendor Number PN0697, revealed that ABCI had a total of \$24,826 of unsupported billings to North Bay Regional Center (NBRC), Golden Gate Regional Center (GGRC), and Regional Center of the East Bay (RCEB).

Finding 3: Community Integration Training Program – Unsupported Billings

The review of ABCI's CITP, Vendor Number P20700, revealed that ABCI had a total of \$4,843 of unsupported billings to RCRC.

The total of unsupported billings identified in this audit amounts to \$73,774 and is due back to DDS. 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 integrated 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 ABCI's CITP, CPSBIT and SLS programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, and the regional centers' contracts with ABCI for the period of July 1, 2013, through June 30, 2014.

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 ABCI, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of ABCI'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 ABCI complied with the W&I Code and CCR, Title 17. Also, any complaints that DDS' Audit Section 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 four regional centers that utilize ABCI's services during the audit period. DDS audited services provided to all four regional centers: GGRC, NBRC, RCEB, and RCRC. These four regional centers were chosen due to the large volume of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

In addition, ABCI provided seven different types of services, of which DDS audited three. The three services chosen by DDS were based on the amount of POS expenditures invoiced by ABCI. By 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 would be sufficient to fulfill the audit objectives.

Supported Living Services

During the audit period, ABCI operated one SLS program. The audit included the review of ABCI's SLS program, Vendor Number HR0422, Service Code (SC) 896 and testing was done for the sampled months of September and October 2013. However, within the two sampled months, the audit sample demonstrated a significant amount of unsupported billings due to the lack of supporting documentation. Therefore, the testing sample was expanded to include the one-year audit period of July 1, 2013, through June 30, 2014.

Client/Parent Support Behavior Intervention Training

During the audit period, ABCI operated one CPSBIT program. The audit included the review of ABCI's CPSBIT, Vendor Number PN0697, SC 048 and testing was done for the sampled months of September and October 2013.

Community Integration Training Program

During the audit period, ABCI operated one CITP. The audit included the review of ABCI's CITP, Vendor Number P20700, SC 055 and testing was done for the sampled months of September and October 2013.

Methodology

The following methodology was used by DDS to ensure the audit objectives were met. The methodology was designed to obtain 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:

- Reviewed vendor files for contracts, rate letters, program designs, purchase of service (POS) authorizations, and correspondence pertinent to the review.
- Interviewed regional center staff for vendor background information and to obtain insight into the vendor's operations.
- Interviewed vendor staff and management to gain an understanding of its accounting procedures and processes for regional center billing.
- Obtained and reviewed the vendor's internal control questionnaire.
- Reviewed vendor service/attendance records to determine if the vendor had sufficient and appropriate evidence to support the direct care services billed to the regional centers.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

- Reviewed the vendor's general ledger, payroll records, and trial balance to determine the vendor's costs.
- Interviewed the vendor's Executive Director, Administrator, and Program Coordinators, for vendor background information and to gain an understanding of the accounting procedures and financial reporting process.

CONCLUSION

Based upon items identified in the Findings and Recommendations section, ABCI had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on August 22, 2017. The findings in the report were discussed at an exit telephone conference with William Palyo, ABCI's Executive Director, on August 30, 2017. Subsequent to the exit telephone conference, Mr. Palyo indicated, via email on August 30, 2017, that ABCI will not appeal and agreed with the findings to be moved forward with the final audit report.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Supported Living Services – Unsupported Billings

The review of ABCI's SLS program, Vendor Number HR0422, for the sampled period of July 1, 2013, through June 30, 2014, revealed that ABCI had unsupported billings for services billed to RCRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCRC.

ABCI was not able to provide appropriate supporting documentation for 41,756 hours of services billed. The lack of documentation resulted in unsupported billings to RCRC in the amount of \$44,105, which is due back to DDS. (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 that 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.”

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:

ABCI must reimburse DDS \$44,105 for the unsupported billings. In addition, ABCI should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCRC.

ABCI's Response:

William Palyo, ABCI's Executive Director, submitted a response on August 30, 2017, stating that ABCI will not appeal the audit and will agree to DDS' Audit Section producing the final report with an invoice.

See Attachment B for the full text of ABCI's response to the draft audit report and Attachment C for DDS' evaluation of ABCI's response.

Finding 2: Client/Parent Support Behavior Intervention Training – Unsupported Billings

The review of ABCI's CPSBIT program, Vendor Number PN0697, for the sampled months of September and October 2013 revealed that ABCI had unsupported billings to NBRC, GGRC, and RCEB. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NBRC, GGRC, and RCEB.

ABCI was not able to provide appropriate supporting documentation for 24,932 units of services billed. The lack of documentation resulted in unsupported billings to NBRC, GGRC, and RCEB in the amount of \$24,826, which is due back to DDS. (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 that 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.”

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:

ABCI must reimburse to DDS \$24,826 for the unsupported billings. In addition, ABCI should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to NBRC, GGRC, and RCEB.

ABCI’s Response:

William Palyo, ABCI’s Executive Director, submitted a response on August 30, 2017, stating that ABCI will not appeal the audit and will agree to DDS’ Audit Section producing the final report with an invoice.

See Attachment B for the full text of ABCI’s response to the draft audit report and Attachment C for DDS’ evaluation of ABCI’s response.

Finding 3: Community Integration Training Program - Unsupported Billings

The review of ABCI’s CITP, Vendor Number P20700, for the sampled months of September and October 2013 revealed that ABCI had unsupported billings to RCRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCRC.

ABCI was not able to provide appropriate supporting documentation for 229 hours of services billed. The lack of documentation resulted in unsupported billings to RCRC in the amount of \$4,843, which is due back to DDS. (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 that 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."

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:

ABCI must reimburse to DDS \$4,843 for the unsupported billings. In addition, ABCI should ensure that the number of direct care hours billed to RCRC are consistent with the number of direct care hours reported on its timecards.

ABCI's Response:

William Palyo, ABCI's Executive Director, submitted a response on August 30, 2017, stating that ABCI will not appeal the audit and will agree to DDS' Audit Section producing the final report with an invoice.

See Attachment B for the full text of ABCI's response to the draft audit report and Attachment C for DDS' evaluation of ABCI's response.

Association Of Behavior Consultants, Inc.
Summary of Unsupported Billings
Audit Period: July 1, 2013, through June 30, 2014

Attachment A

<i>Finding #</i>	<i>Vendor #</i>	<i>Svc Code</i>	<i>Description</i>	<i>Unit Type</i>	Unsupported Billings¹	
					<i>Units</i>	<i>Amount</i>
1			<u>Supported Living Services</u>			
	HR0422	896	Supported Living Services RCRC - Fiscal Year 2013-2014			
			July 2013	Hours	72	\$ 1,815
			August 2013	Hours	162	\$ 4,076
			September 2013	Hours	290	\$ 7,291
			October 2013	Hours	60	\$ 1,507
			November 2013	Hours	51	\$ 1,281
			December 2013	Hours	87	\$ 2,179
			January 2014	Hours	24	\$ 597
			February 2014	Hours	168	\$ 4,208
			March 2014	Hours	151	\$ 3,793
			April 2014	Hours	170	\$ 4,277
			May 2014	Hours	264	\$ 6,619
			June 2014	Hours	257	\$ 6,462
			<u>Total</u>		<u>1,756</u>	<u>\$ 44,105</u>

¹ Figures have been rounded to the nearest whole number or dollar.

**Association Of Behavior Consultants, Inc.
 Summary of Unsupported Billings
 Audit Period: July 1, 2013, through June 30, 2014**

Attachment A

<i>Finding #</i>	<i>Vendor #</i>	<i>Svc Code</i>	<i>Description</i>	<i>Unit Type</i>	Unsupported Billings¹	
					<i>Units</i>	<i>Amount</i>
2			<u>Client/Parent Support Behavior Intervention Training</u>			
	PN0697	048	NBRC- Client/Parent Support Behavior Intervention Training			
			September 2013	Various	12,287	\$ 9,141
			October 2013	Various	12,600	\$ 13,464
			<i>Sub Total</i>		<u>24,887</u>	<u>\$ 22,605</u>
			GGRC- Client/Parent Support Behavior Intervention Training			
			September 2013	Various	2	\$ 67
			October 2013	Various	-	\$ -
			<i>Sub Total</i>		<u>2</u>	<u>\$ 67</u>
			RCEB- Client/Parent Support Behavior Intervention Training			
			September 2013	Various	6	\$ 450
			October 2013	Various	37	\$ 1,704
			<i>Sub Total</i>		<u>43</u>	<u>\$ 2,154</u>
			Total		<u>24,932</u>	<u>\$ 24,826</u>
3			<u>Community Integration Training Program</u>			
	P20700	055	RCRC- Community Integration Training Program			
			September 2013	Hours	92	\$ 1,990
			October 2013	Hours	137	\$ 2,853
			<i>Total</i>		<u>229</u>	<u>\$ 4,843</u>
GRAND TOTAL ALL PROGRAMS					26,917	\$ 73,774

¹ Figures have been rounded to the nearest whole number or dollar.

ABCI's Response to Draft Report

As part of the audit report process, DDS afforded ABCI the opportunity to respond to the draft audit report and provide a written response to the findings identified. On August 30, 2017, ABCI submitted a written response, via email, to the draft audit report.

The response included a one-page email. The following page contains ABCI's written response.

From: William Palyo
To: Saechao.Chai@DDS; Sebhatu.Filmon@DDS; Tecele.Ermias@DDS
Subject: Re: Formal Exit
Date: Wednesday, August 30, 2017 10:55:39 AM

Hello Chai,

I was able to call Ermias and discuss the audit report with him. I reported to him that we shut down the independent living skills program over a year ago. I had some questions regarding the 048 audit and he answered them for me.

I will not appeal the audit and will agree to you producing the final report. It should include an invoice that we will pay upon receipt.

Again, apologies for missing the call.

Bill

--

William Palyo, Director
Association of Behavior Consultants, Inc.
Office: [707.575.3290](tel:707.575.3290)
Fax: [415.276.4536](tel:415.276.4536)

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

ABCI's response, dated August 30, 2017, stated that ABCI will not appeal the audit and will agree to DDS' Audit Section producing the final report with an invoice.