

DEPARTMENT OF DEVELOPMENTAL SERVICES
AUDIT OF
FOOTHILL CHILD DEVELOPMENT SERVICES, INC.

Programs and Services:

Behavior Analyst – PL0826

Adaptive Skills Trainer – PL0954

Behavior Management Assistant – PL0827

Audit Period: July 1, 2012, through June 30, 2013

Audit Section

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FOOTHILL CHILD DEVELOPMENT SERVICES, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Foothill Child Development Services, Inc. (FCDS). The audit was performed upon the Behavior Analyst (BA), Adaptive Skills Trainer (AST), and Behavior Management Assistant (BMA) programs for the period of July 1, 2012, through June 30, 2013.

The audit disclosed the following issues of non-compliance:

Finding 1: Behavior Analyst – Overbillings

The review of FCDS' BA program, Vendor Number PL0826, revealed that FCDS had a total of \$151,336 of overbillings to Frank D. Lanterman Regional Center (FDLRC), North Los Angeles County Regional Center (NLACRC), and San Gabriel/Pomona Regional Center (SG/PRC).

Finding 2: Adaptive Skills Trainer – Overbillings

The review of FCDS' AST program, Vendor Number PL0954, revealed that FCDS had a total of \$117,197 of overbillings to FDLRC and NLACRC.

Finding 3: Behavior Management Assistant – Overbillings

The review of FCDS' BMA program, Vendor Number PL0827, revealed that FCDS had a total of \$876 of overbillings to NLACRC.

Finding 4: Adaptive Skills Trainer – Unsupported Billings

The review of FCDS' AST program, Vendor Number PL0954, revealed that FCDS had a total of \$15,318 of unsupported billings to FDLRC and NLACRC.

Finding 5: Behavior Analyst – Unsupported Billings

The review of FCDS' BA program, Vendor Number PL0826, revealed that FCDS had a total of \$7,202 of unsupported billings to FDLRC, NLACRC and SG/PRC.

Finding 6: Behavior Management Assistant – Unsupported

The review of FCDS' BMA program, Vendor Number PL0827, revealed that FCDS had a total of \$1,925 of unsupported billings to FDLRC, NLACRC and SG/PRC.

Finding 7: Behavior Analyst – Lack of Requisite Qualifications by Staff

The review of FCDS' BA program, Vendor Number PL0826, revealed that staff who provided services to consumers did not meet the credential qualification for this program. The lack of requisite credentials resulted in overbillings in the amount of \$8,647 to NLACRC.

The total of the findings identified in this audit amounts to \$302,501, which 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 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 California 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 FCDS' programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State and Federal laws and regulations and the regional centers' contracts with FCDS for the period of July 1, 2012, 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 FCDS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of FCDS' 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 FCDS complied with W&I Code and CCR, Title 17. Any complaints that DDS' Audit Section was aware of regarding non-compliance with laws and regulations were also reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to three regional centers that utilized FCDS's services during the audit period. DDS audited services provided to FDLRC, NLACRC, and SG/PRC. These three regional centers were chosen due to the large volume of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

FCDS provided five different types of services, of which, DDS audited three. Services chosen were based on the amount of POS expenditures invoiced by FCDS. By analyzing the information received during the 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.

Behavior Analyst

During the audit period, FCDS operated one BA program. The audit included the review of FCDS' BA program, Vendor Number PL0826, Service Code 612, and testing was done for the sampled months of November 2012 and April 2013. However, the two sample months demonstrated an unusual amount of overbillings. As a result, the testing was expanded to the entire audit period of July 1, 2012, through June 30, 2013.

Adaptive Skills Trainer

During the audit period, FCDS operated one AST program. The audit included the review of FCDS' AST program, Vendor Number PL0954, Service Code 605, and testing was done for the sampled months of November 2012 and April 2013. However, the two sample months demonstrated an unusual amount of overbillings. As a result, the testing was expanded to the entire audit period of July 1, 2012, through June 30, 2013.

Behavior Management Assistant

During the audit period, FCDS operated one BMA program. The audit included the review of FCDS' BMA program, Vendor Number PL0827, Service Code 615, and testing was done for the sampled months of November 2012 and April 2013.

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, POS authorizations, and correspondence pertinent to the review.
- Obtain and review the vendor's internal control questionnaire.
- 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 centers.
- Analysis of the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

Review of the vendor's general ledger, payroll records and trial balance to determine the vendor's costs.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on August 9, 2017. The findings in the report were discussed at an exit conference with FCDS on August 28, 2017. Subsequent to the exit conference, on November 27, 2017, FCDS provided a response to the Draft Audit Report and did not agree with Findings 1, 2, 3, 4, 5, and 7. FCDS declined to contest Finding 6 due to the relatively small amount involved.

RESTRICTED USE

This report is solely for the information and use of DDS, Department of Health Care Services, FDLRC, NLACRC, SG/PRC, and FCDS. 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 – Overbillings

The review of FCDS' BA program, Vendor Number PL0826, for the audit period of July 1, 2012, through June 30, 2013, revealed that FCDS had overbillings to FDLRC, NLACRC, and SG/PRC.

Overbilling occurred due to billing for in-direct service hours such as office time, general administrative duties and overlapping hours between staff. There were instances where two individuals with same qualifications billing for the same service hours.

DDS reviewed the direct care service hours documented on the DS 5862 Parental Verification for Receipt of Behavioral Services, Summary Data Sheets and Session Notes and compared those hours to the direct care service hours billed to FDLRC, NLACRC and SG/PRC.

FCDS overbilled the FDLRC, NLACRC and SG/PRC for a total of 2,044 hours. This resulted in an overbilled amount of \$151,336 and is due back to DDS. (See Attachment A)

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) (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:

FCDS must reimburse to DDS \$151,336 for the overbillings. In addition, FCDS should provide services in accordance with the FDLRC, NLACRC and SG/PRC contract and/or authorization with FCDS in order to ensure that hours are accurately billed to the FDLRC, NLACRC and SG/PRC.

VENDOR'S Response:

FCDS stated in the response, dated November 27, 2017, that FCDS disagreed with the finding. See Attachment D for the full text of FCDS' response to the draft audit report and Attachment E for DDS' evaluation of FCDS' response.

Finding 2: Adaptive Skills Trainer – Overbillings

The review of FCDS' AST program, Vendor Number PL0954, for the audit period of July 1, 2012, through June 30, 2013, revealed that FCDS had overbillings to FDLRC and NLACRC.

Overbilling occurred due to billing for in-direct service hours such as office time, general administrative duties and overlapping hours between staff. There were instances where two individuals with same qualifications billing for the same service hours.

DDS reviewed the direct care service hours documented on the DS 5862 Parental Verification for Receipt of Behavioral Services, Summary Data Sheets and Session Notes and compared those hours to the direct care service hours billed to FDLRC and NLACRC.

FCDS overbilled the FDLRC and NLACRC for a total of 2,333 hours. This resulted in an overbilled amount of \$117,197 and is due back to DDS. (See Attachment A)

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) (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:

FCDS must reimburse to DDS \$117,197 for the overbillings. In addition, FCDS should provide services in accordance with the FDLRC and NLACRC contract and/or authorization with FCDS in order to ensure that hours are accurately billed to the FDLRC and NLACRC.

VENDOR'S Response:

FCDS stated in the response, dated November 27, 2017, that FCDS disagreed with the finding. See Attachment D for the full text of FCDS' response to the draft audit report and Attachment E for DDS' evaluation of FCDS' response.

Finding 3: Behavior Management Assistant – Overbillings

The review of FCDS' BMA program, Vendor Number PL0827, for the sampled months November 2012 and April 2013, revealed that FCDS had overbillings to NLACRC.

Overbilling occurred due to billing for in-direct service hours such as office time, general administrative duties and overlapping hours between staff. There were instances where two individuals with same qualifications billing for the same service hours.

DDS reviewed the direct care service hours documented on the DS 5862 Parental Verification for Receipt of Behavioral Services, Summary Data Sheets and Session Notes and compared those hours to the direct care service hours billed to FDLRC and NLACRC.

FCDS overbilled the NLACRC for a total of 21 hours. This resulted in an overbilled amount of \$876 and is due back to DDS. (See Attachment A)

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) (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:

FCDS must reimburse to DDS \$876 for the overbillings. In addition, FCDS should provide services in accordance with the NLACRC contract and/or authorization with FCDS in order to ensure that hours are accurately billed to the NLACRC.

VENDOR’S Response:

FCDS stated in the response, dated November 27, 2017, that FCDS disagreed with the finding. See Attachment D for the full text of FCDS’ response to the draft audit report and Attachment E for DDS’ evaluation of FCDS’ response.

Finding 4: Adaptive Skills Trainer – Unsupported Billings

The review of FCDS’ AST program, Vendor Number PL0954, for the audit period of July 1, 2012, through June 30, 2013, revealed that FCDS had unsupported billings for services billed to FDLRC and NLACRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to FDLRC and NLACRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the DS 5862 Parental Verification for Receipt of Behavioral Services, Summary Data Sheets and Session Notes and compared those hours to the direct care service hours billed to FDLRC and NLACRC.

FCDS was not able to provide appropriate supporting documentation for 359 hours of services billed. The lack of documentation resulted in unsupported billings to FDLRC and NLACRC in the amount of \$18,018.

In addition, FCDS provided appropriate supporting documentation for 54 hours of services that were not billed to FDLRC and NLACRC. This resulted in an unbilled amount of \$2,700.

As a result, \$15,318 (\$18,018 - \$2,700) 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...”

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:

FCDS must reimburse to DDS \$15,318 for the unsupported billings. In addition, FCDS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to FDLRC and NLACRC.

VENDOR’S Response:

FCDS stated in the response, dated November 27, 2017, that FCDS disagreed with the finding. See Attachment D for the full text of FCDS’ response to the draft audit report and Attachment E for DDS’ evaluation of FCDS’ response.

Finding 5: Behavior Analyst – Unsupported Billings

The review of FCDS' BA program, Vendor Number PL0826, for the audit period of July 1, 2012, through June 30, 2013, revealed that FCDS had unsupported billings for services billed to FDLRC, NLACRC and SG/PRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to FDLRC, NLACRC and SG/PRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the DS 5862 Parental Verification for Receipt of Behavioral Services, Summary Data Sheets and Session Notes and compared those hours to the direct care service hours billed to FDLRC, NLACRC and SG/PRC.

FCDS was not able to provide appropriate supporting documentation for 112 hours of services billed. The lack of documentation resulted in unsupported billings to FDLRC, NLACRC and SG/PRC in the amount of \$8,276.

In addition, FCDS provided appropriate supporting documentation for 15 hours of services that were not billed to FDLRC, NLACRC, and SG/PRC. This resulted in an unbilled amount of \$1,074.

As a result, \$7,202 (\$8,276 - \$1,074) 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...”

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:

FCDS must reimburse to DDS \$7,202 for the unsupported billings. In addition, FCDS should comply with Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to FDLRC, NLACRC and SG/PRC.

VENDOR’S Response:

FCDS stated in the response, dated November 27, 2017, that FCDS disagreed with the finding. See Attachment D for the full text of FCDS’ response to the draft audit report and Attachment E for DDS’ evaluation of FCDS’ response.

Finding 6: Behavior Management Assistant – Unsupported Billings

The review of FCDS’ BMA program, Vendor Number PL0827, for the sampled months November 2012 and April 2013, revealed that FCDS had unsupported billings for services billed to FDLRC, NLACRC and SG/PRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to FDLRC, NLACRC and SG/PRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the DS 5862 Parental Verification for Receipt of Behavioral Services, Summary Data Sheets and Session Notes and compared those hours to the direct care service hours billed to FDLRC, NLACRC and SG/PRC.

FCDS was not able to provide appropriate supporting documentation for 154 hours of services billed. The lack of documentation resulted in unsupported billings to FDLRC, NLACRC and SG/PRC in the amount of \$6,670.

In addition, FCDS provided appropriate supporting documentation for 106 hours of services that were not billed to FDLRC, NLACRC, and SG/PRC. This resulted in an unbilled amount of \$4,745.

As a result, \$1,925 (\$6,670 - \$4,745) 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...”

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:

FCDS must reimburse to DDS \$1,925 for the unsupported billings. In addition, FCDS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to FDLRC, NLACRC and SG/PRC.

VENDOR’S Response:

FCDS stated in the response, dated November 27, 2017, that FCDS declines to contest Finding 6 at this time due to the relatively small amount involved.

See Attachment D for the full text of FCDS’ response to the draft audit report and Attachment E for DDS’ evaluation of FCDS’ response.

Finding 7: Behavior Analyst – Lack of Requisite Qualification by Staff

The review of FCDS' BA Vendor Number PL0826, for the audit period of July 1, 2012, through June 30, 2013, revealed that some of the staff who provided services to consumers of NLACRC, did not meet the credential requirements for such services. Services under the BA program must be provided by staff who are Board Certified Behavior Analysts (BCBA).

Based on the review of the DS 5862 forms and employee's credentials, DDS determined that of the 4,593 hours of service that were billed to the regional center, 4,206 hours were provided by staff with a BCBA and 388 were provided by staff with the following degrees: Master's, Bachelor's, Associate's or high school diploma. DDS allowed billings at the rate of \$74.06 per hour for services that were provided to consumers by FCDS' BCBAs. DDS lowered the rates for the hours of service that were provided by staff who did not have the required credentials.

Overbillings of \$8,647 for 388 hours occurred when FCDS billed NLACRC at the rate of \$74.06 per hour for services that were provided by staff without a BCBA. CCR, Title 17 requires staff without a BCBA provide their services as Behavior Management Assistants (BMA), Service Code 615. For the audit period, FCDS' BMA rates were \$51.75 for NLACRC. DDS used this rate to calculate the billable amount for the hours that were provided by staff who were not a BCBA and determined that FCDS overbilled the regional centers by \$8,647. (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 54326 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”

CCR, Title 17, Section 54342 (a)(11) and (b) state:

- “(a) The following service codes shall be assigned to the following types of services:
- (11) Behavior Analyst - Service Code 612. Behavior Analyst... .
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:

FCDS must reimburse to DDS \$8,647 for the overbillings. In addition, FCDS should comply with the W&I Code, Section 4648.1 and CCR, Title 17 as stated above to ensure that proper documentation is maintained and that only individuals recognized by the national Behavior Analyst Certification Board as a BCBA perform the functions of a Behavior Analyst.

VENDOR’S Response:

FCDS stated in the response, dated November 27, 2017, that FCDS disagreed with the finding. See Attachment D for the full text of FCDS’ response to the draft audit report and Attachment E for DDS’ evaluation of FCDS’ response.

ATTACHMENTS A-C

FOOTHILL CHILD DEVELOPMENT SERVICES, INC.

To request a copy of the attachments for this audit report, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT D – VENDOR’S RESPONSE

FOOTHILL CHILD DEVELOPMENT SERVICES, INC.

To request a copy of the vendor’s response to the audit findings, please contact the DDS Audit Section at (916) 654-3695.

ATTACHMENT E – DDS’ EVALUATION OF FCDS’S RESPONSE

DDS evaluated FCDS’s written response to the draft audit report and determined that FCDS disagreed with Findings 1, 2, 3, 4, 5, and 7. DDS will address assertions pertinent to the facts of the audit findings. DDS not addressing each of the assertions contained in FCDS’ response is not an admission of acceptance or correctness of any statement in FCDS’ response. Below is a summary of the vendor’s response as well as DDS’ evaluation of the vendor’s response.

Finding 1: Behavior Analyst – Overbillings

FCDS stated in their response, *“While the DAR quotes from Title 17’s section 54326 (a)(10) as well as Welfare and Institutions Code (‘WIC’) section 4648.1, it does not indicate whether ... the services in question were (1) not actually provided to regional center consumers, (2) not provided in accordance with FCDS’s regional center contracts or authorizations, or (3) not provided in accordance with state laws and regulations.”*

The audit found that the services billed by FCDS to FDLRC, NLACRC and SG/PRC were not in accordance with NLACRC’s contracts and authorizations. The payment agreement between FCDS and the NLACRC states that FCDS would be paid by NLACRC for direct services hours only. FCDS billed for office time and supervision and for duplicate hours which were not authorized by NLACRC.

FCDS stated in their response, *“There is a vague reference to ‘non-direct’ and ‘overlapping’ hours. I have no way of knowing what is meant by these terms.”*

During the course of the audit and as explained in the exit conference meeting, non-direct services were for office time and supervision that FCDS billed to NLACRC and overlapping hours were identified when two or more staff were billed for the same hours. After the exit conference meeting, the audit team provided to FCDS a detailed breakdown for the unsupported billings and overbillings along with records of the non-direct and overlapping hours.

Finding 2: Adaptive Skills Trainer – Overbillings

FCDS stated in their response, *“Without explanation or elaboration, Finding 2 boldly asserts that ‘FCDS overbilled 2333 hours of services’ under SC 605 during the Audit Period. This finding suffers from the exact same deficiencies pointed out above with regard to Finding 1.”*

As stated in DDS’ evaluation of Finding 1, FCDS did not provide services in accordance with NLACRC contracts and authorizations.

ATTACHMENT E – DDS’ EVALUATION OF FCDS’S RESPONSE

The payment agreement between FCDS and NLACRC states that FCDS would be paid by NLACRC for direct services hours only. FCDS billed for indirect office time and supervision and for duplicate hours which were not authorized by NLACRC.

Finding 3: Behavior Management Assistant – Overbillings

FCDS stated in their response, *“Without explanation or elaboration, Finding 3 boldly asserts that ‘FCDS overbilled for 21 hours of services’ under SC 615 during the Audit Period. This finding suffers from the exact same deficiencies pointed out above with respect to Finding 1.”*

As stated in DDS’ evaluation of Finding 1 and 2, FCDS did not provide services in accordance with NLACRC contracts and authorizations. FCDS was not authorized to bill for indirect office time and supervision; therefore, all indirect hours billed were disallowed.

Finding 4: Adaptive Skills Trainer – Unsupported Billings

FCDS stated in their response, *“FCDS submits that the DAR’s Finding 4 computations are inaccurate.”*

DDS disagrees with FCDS’ statement. FCDS did not submit any documentation to repudiate DDS’ computations. DDS provided the schedules detailing how the findings were computed to FCDS. CCR, Title 17 § 50604, requires vendors to provide sufficient documentation to verify its services. The purpose of the record-keeping requirement is to verify the accuracy of bills presented by FCDS to FDLRC and NLACRC for payment. FCDS stated in their response, *“the discrepancies most assuredly do not indicate nonperformance of billed services, merely imperfect maintenance of source documentation.”*

The Audit team discussed with FCDS during the audit that the definition of “Unsupported Units” means billed hours of service without adequate supporting documentation. FCDS stated in their response, *“FCDS submits that the DDS auditors who prepared the DAR should have reviewed not only source documentation in FCDS’s possession, but also source documents that FCDS sent to the various regional centers per sections 50604(d)(3)(D) & 50608(c) & (d).”*

DDS disagrees with FCDS’ statement. DDS auditors reviewed both source documentation in FCDS’ possession as well as source documents that FCDS sent to the FDLRC and NLACRC consisting of form DS 5862 – Parental Verifications for Receipt of

ATTACHMENT E – DDS’ EVALUATION OF FCDS’S RESPONSE

Behavioral Services, summary data sheets and session notes to determine delivery of service(s). These documents were reviewed to verify delivery of the units of service billed. FCDS stated in their response, *“FCDS respectfully submits that the recommendation in Finding 4 should be amended by deleting its second sentence, and by modifying its first sentence to read ‘FCDS must reimburse to DDS \$2,710.41 for the unsupported billings.’”* DDS disagrees with FCDS’ statement. FCDS did not provide any additional supporting documents and did not comply with CCR, Title 17 regulations; therefore, DDS finds no reason to modify its recommendation. FCDS must reimburse to DDS \$15,318 for the unsupported billings.

Finding 5: Behavior Analyst – Unsupported Billings

FCDS stated in their response, *“FCDS submits that the DAR’s Finding 5 computations are inaccurate.”*

DDS disagrees with FCDS’ statement. FCDS did not submit any documentation to repudiate DDS’ computations. DDS provided the schedules detailing how the findings were computed to FCDS. CCR, Title 17 § 50604, requires vendors to provide sufficient documentation to verify its services. The purpose of the record keeping requirement is to verify the accuracy and correctness of bills presented by FCDS to FDLRC, NLACRC and SG/PRC.

FCDS stated in their response, *“FCDS respectfully submits that the recommendation in Finding 5 should be amended by deleting the second sentence, and by modifying its first sentence to read ‘FCDS must reimburse to DDS \$4,665.78 for the unsupported billings.’”* DDS disagrees with FCDS statement. FCDS did not provide any additional supporting documents and did not comply with CCR, Title 17 regulations; therefore, DDS finds no reason to modify its recommendation. FCDS must reimburse to DDS \$7,202 for the unsupported billings.

Finding 6: Behavior Management Assistant – Unsupported Billings

FCDS stated in their response, *“Without admitting fault or malfeasance, FCDS declines to contest Finding 6 at this time due to the relatively small amount of the sum at issue.”* FCDS must reimburse to DDS \$1,925 for the unsupported billings.

ATTACHMENT E – DDS’ EVALUATION OF FCDS’S RESPONSE

Finding 7: Behavior Analyst – Lack of Requisite Qualifications by Staff

FCDS stated in their response, *“As defined for purposes of section 54342(a)(11), ‘vendor’ means approved ‘applicant’, which in the case of a group practice is a business entity with ‘more than one individual...providing services’. (See Tit. 17 § 54302(a)(9), (a)(33) & (a)(74).) In contrast, the words ‘an individual’ are used in the singular. It follows that only one individual within a group practice need possess a BCBA in order for the business to be vendored for SC 612.”*

DDS disagrees with FCDS’s interpretation of the regulation. In addition to Title 17 § 54342(a)(11), California Code of Regulations, Title 17, Section 54319(f)(2) also states: “(f) Any group practice which is incorporated shall:

- (1) Possess the appropriate license, certificate, and/or registration for all persons providing the services as group practice, if applicable.

During the audit period, FCDS operated as a group practice; therefore, all staff that provided behavior analyst service must possess the appropriate license, certificate and/or registration.

Conclusion:

DDS has reviewed FCDS’s response to the draft audit report and found that no new information or source documentation was provided to refute Findings 1, 2, 3, 4, 5 or 7. Therefore, DDS finds no reason to revise the findings and the related recommendations. DDS is requesting reimbursement of \$302,501 for the overbillings and unsupported billings.