

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
ADVANCE KIDS, INC.

Programs and Services:

Client/Parent Support Behavior Intervention Training – PA1369, PA1210, PA0211, PA0212

Travel Reimbursement – PA0211, PA0212

Audit Period: July 1, 2014, through June 30, 2015
and
July 1, 2016, through June 30, 2017

Audit Section

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ADVANCE KIDS, INC.

TABLE OF CONTENTS

	Page(s)
EXECUTIVE SUMMARY	1
BACKGROUND.....	2
OBJECTIVE, SCOPE, AND METHODOLOGY	2
CONCLUSION.....	4
VIEWS OF RESPONSIBLE OFFICIALS	4
RESTRICTED USE	4
FINDING AND RECOMMENDATION	5
ATTACHMENT A.....	7
ATTACHMENT B – VENDOR’S RESPONSE	8
ATTACHMENT C – DDS’ EVALUATION OF AK’s RESPONSE	9

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Advance Kids, Inc. (AK). The audit was performed upon the Client/Parent Support Behavior Intervention Training (CPSBIT) and Travel Reimbursement (TR) programs for the periods of July 1, 2014, through June 30, 2015 and July 1, 2016, through June 2017.

The audit disclosed the following issue of non-compliance:

**Finding 1: Client/Parent Support Behavior Intervention Training Program–
Unsupported Billings**

The review of AK's CPSBIT program, Vendor Numbers PA1369, PA1210, PA0211 and PA0212, revealed that AK had a total of \$26,133 of unsupported billings to Alta California Regional Center (ACRC).

The total unsupported billings amount to \$26,133, which is due back to DDS. A detailed discussion of the finding is contained in the Finding and Recommendation 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 AK's CPSBIT program and TR program 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 AK for the periods of July 1, 2014, through June 30, 2015 and July 1, 2016 through June 30, 2017.

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 AK, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of AK'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 AK complied with 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 ACRC that utilized AK's services during the audit period. AK provided two types of services, which DDS audited. 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 three-month sample period would be sufficient to fulfill the audit objectives.

Client/Parent Support Behavior Intervention Training (Service Code 048)

During the audit period, AK operated four CPSBIT programs under Vendor Numbers PA1369, PA1210, PA0211 and PA0212. All AK's CPSBIT programs were selected for review, and testing was done for the sampled months of July 2014, March 2015 and June 2017.

Travel Reimbursement (Service Code 105)

During the audit period, AK operated two TR programs under Vendor Numbers PA0211 and PA0212. Both TR programs were selected for review, and testing was done for the sampled months of July 2014, March 2015 and June 2017.

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 finding and conclusion 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, 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 the vendor's 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 center.
- 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 understanding of accounting procedures and financial reporting process.

CONCLUSION

Based upon the item identified in the Finding and Recommendation section, AK had a finding of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on September 28, 2020. The finding in the report was discussed at an exit telephone conference with AK on October 14, 2020. Subsequent to the exit conference, on December 11, 2020, AK provided a response to the draft audit report, disputing the finding. AK provided additional documentation with its response to refute the finding.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding 1: Client/Parent Support Behavior Intervention Training Program – Unsupported Billings

The review of AK's CPSBIT program, Vendor Numbers PA1369, PA1210, PA0211 and PA0212, for the sampled months of July 2014, March 2015 and June 2017, revealed that AK had unsupported billings for services billed to ACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to ACRC and non-compliance with CCR, Title 17.

DDS reviewed Parental Verification for Receipt of Behavioral Services forms (DS 5862), session notes and sign-in and sign-out sheets for the sampled months and noted that AK was not able to provide appropriate supporting documentation for 1,656 units of services billed. The lack of documentation resulted in unsupported billings to ACRC in the amount of \$26,133 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:

AK must reimburse to DDS \$26,133 for the unsupported billings. In addition, AK should comply with the CCR, Title 17, as stated above, to ensure that proper documentation is maintained to support the amounts billed to ACRC.

AK'S Response:

AK stated in the response dated December 11, 2020, that it disagreed with the finding. AK provided additional supporting documentation to refute the disputed issues. (See Attachment B)

ATTACHMENT A

ADVANCE KIDS, INC.

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

ATTACHMENT B – VENDOR’S RESPONSE

ADVANCE KIDS, INC.

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

ATTACHMENT C – DDS’ EVALUATION OF AK’S RESPONSE

DDS evaluated Advance Kids, Inc.’s (AK) response to the draft report and determined that AK did not agree with the finding. Subsequent to the formal exit conference that was held on September 20, 2020, AK provided DDS with additional supporting documentation that included DS 5862 forms, session notes, and Attachments A, B, C, D, E and F.

Finding 1: Unsupported Billings

In its response to the draft audit report, AK provided DS 5862 forms and session notes that it had not provided during the audit fieldwork. DDS reviewed the additional documents and allowed 1,075 additional hours, which reduced the unsupported hours to 581. This resulted in a corresponding reduction in the amount of unsupported billings to \$26,133.

Conclusion:

DDS made adjustments to the final audit report to reflect the additional documentation received. As a result, the finding was reduced from \$64,995 to \$26,133.
(See Attachment A)