

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**

**AUDIT OF**

 **Behavior Management, Inc.**

**Program:**

Behavior Management Program – HX0796

Audit Period: July 1, 2019, through June 30, 2020

**Audit Section**

**Auditors:** Alimou Diallo, Chief of Vendor Audit Unit  
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**█ Behavior Management, Inc.**

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited [REDACTED] Behavior Management, Inc. ([REDACTED] BM). The audit was performed upon the Behavior Management Program (BMP) for the period of July 1, 2019, through June 30, 2020.

The audit disclosed the following issue of non-compliance:

### **Finding 1: Behavior Management Program – Unsupported Staffing Ratio**

The review of [REDACTED] BM's BMP, Vendor Number HX0796, revealed that [REDACTED] BM did not meet its required direct care staffing hours. This resulted in a shortage of 733 required direct care staffing and overpayments of \$9,676 for services billed to South Central Los Angeles Regional Center (SCLARC).

### **Finding 2: Non-Compliance to Obtain an Independent Audit of Financial Statements**

[REDACTED] BM obtained an independent audit of its financial statements, as a result Finding 2 is resolved.

The total of the findings identified in this audit amounts to \$9,676, 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 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 ■■■BM's fiscal accountability requirement and its 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 ■■■BM for the period of July 1, 2019, through June 30, 2020.

### **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 ■■■BM, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of ■■■BM'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 ■■■BM 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 program provided to SCLARC that utilized ■■■BM's services during the audit period. ■■■BM provided one type 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 two-month sample period would be sufficient to fulfill the audit objectives.

### **Behavior Management Program**

During the audit period, ■■■BM operated one BMP program. The audit included the review of one of ■■■BM's BMP program, Vendor Numbers HX0796, SC 515 and testing was done for the sampled months of September 2019 and October 2019.

## **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:

- 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(s).
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Interviewed the vendor's Executive Director for vendor background information and to gain understanding of accounting procedures and financial reporting process.

## **CONCLUSION**

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

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on September 13, 2022. The findings in the report were discussed at an exit conference with ■■■BM on September 16, 2022. Subsequent to the exit conference, ■■■BM stated in an e-mail on September 16, 2022, that ■■■BM does not wish to dispute the audit.

## **RESTRICTED USE**

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

## FINDING(S) AND RECOMMENDATION(S)

### Finding 1: Behavior Management Program – Unsupported Staffing Ratio

The review of ■■■ BM's BMP program, Vendor Number HX0796 for the sampled months of September and October 2019, revealed that ■■■ BM had overpayments of services billed to SCLARC. Overpayments occurred due to ■■■ BM not meeting the approved staff-to-consumer ratio of 1:3 for the units of service billed to SCLARC.

DDS reviewed the direct care service hours documented on the Monthly Attendance Record, Monthly Healthcheck Forms, Staff Biweekly Time Sheet and reconciled those hours to payroll records. DDS found that the actual direct care service hours were 733 hours less than the required hours to meet the approved staff-to-consumer ratio of 1:3 hours billed to SCLARC. The total unsupported direct care staffing hours of 733 multiplied by the average salary of the staff for the BMP for the sampled months, amounts to \$9,676, which is due back to DDS.

(See Attachment A)

CCR, Title 17, Section 56756 (a) (f) and (i) (1) and (2) states:

- “(a) A staffing ratio shall be approved for each adult day program by the Department pursuant to this section. This ratio shall be based on the program design, the curriculum as vendored, the characteristics and needs of the consumers to be served, and the number of consumers enrolled.
- (f) Behavior management programs shall provide a direct care staff-to-consumer ratio of 1:3.
- (i) The vendor shall maintain the approved staffing ratio during its direct service hours. The vendor shall not be required to schedule the ratio with each subgroup of consumers at all times, but shall maintain both:
  - (1) The ratio of staff on duty to consumers in attendance during all service hours which shall be determined by a numerical comparison of the number of individuals on duty as direct care staff with the number of consumers in attendance. If the numerical comparison results in a fraction, more than one-half of a staff person shall be rounded up to the next whole number. Less than one-half of a staff person shall be rounded up to the next one-half of a whole number. One-half of a staff person shall not be rounded.
  - (2) Sufficient supervision for each subgroup to protect the health and safety of the consumers.

**Recommendation:**

■ BM must reimburse to DDS \$9,676 for the overpayment of services for the unsupported direct care staffing hours. In addition, ■ BM should ensure that the approved staff-to-consumer ratio is met.

**■ BM's Response:**

■ BM, stated in the response, dated September 16, 2022, that ■ BM does not wish to dispute the audit.

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

**Finding 2: Non-Compliance to Obtain an Independent Audit of Financial Statements**

In response to DDS' recommendation during fieldwork, ■ BM obtained an independent audit of its financial statements, as a result Finding 2 is resolved.



## **ATTACHMENT A**

### **BEHAVIOR MANAGEMENT, 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**

**■ BEHAVIOR MANAGEMENT, INC.**

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

**ATTACHMENT C – DDS’ EVALUATION OF [REDACTED] BM’s RESPONSE**

DDS evaluated [REDACTED] BM’s written response to the draft audit report, dated September 16, 2022, with the vendor stating, “I do not wish to dispute the audit.”