

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**HOLDSAMBECK AND ASSOCIATES, INC.**

**Programs and Services:**

Behavior Management Consultant – Vendor Number PT0279

Adaptive Skills Trainer – Vendor Number PT0426

Client/Parent Support Behavior Intervention Training – Vendor Number PT0467

Audit Period: JULY 1, 2015 through JUNE 30, 2016

**Audit Section**

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# HOLDSAMBECK AND ASSOCIATES, INC.

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Holdsambeck and Associates, Inc. (Holdsambeck). The audit was performed upon the Adaptive Skills Trainer (AST), Behavior Management Consultant (BMC) and Client/Parent Support Behavior Intervention (CPSBI) programs for the period of July 1, 2015, through June 30, 2016.

The audit disclosed the following issues of non-compliance:

### **Finding 1: Behavior Management Consultant Program - Overbillings**

The review of Holdsambeck's BMC program, Vendor Number PT0279, revealed that Holdsambeck had a total of \$69,847 of overbillings to Kern Regional Center (KRC).

### **Finding 2: Behavior Management Consultant Program - Unsupported Billings**

The review of Holdsambeck's BMC program, Vendor Number PT0279, revealed that Holdsambeck had a total of \$5,366 of unsupported billings to KRC.

### **Finding 3: Adaptive Skills Trainer Program - Overbillings**

The review of Holdsambeck's AST program, Vendor Number PT0426 revealed that Holdsambeck had a total of \$6,773 of overbillings to KRC.

The total of the findings identified in this audit amounts to \$81,986, 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 Holdsambeck's AST, BMC and CPSBI programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, and the regional centers' contracts with Holdsambeck for the period of July 1, 2015, through June 30, 2016.

### **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 Holdsambeck, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of Holdsambeck'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 Holdsambeck 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 KRC, Central Valley Regional Center (CVRC) and Tri-Counties Regional Center (TCRC) that utilized Holdsambeck's services during the audit period. DDS audited the services provided to KRC. The choice was based on the amount of purchase of services (POS) expenditure invoiced by Holdsambeck. 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. However, the high BMC audit finding amounts for the two sampled months necessitated an expansion of the review of that program for the KRC, to cover the additional months of October 2015 and March 2016.

## **Adaptive Skills Trainer Program**

During the audit period, Holdsambeck operated one AST program. The audit included the review of Holdsambeck's program, Vendor Number PT0426, SC 605 and testing was done for the sampled months of July 2015 and May 2016.

## **Behavior Management Consultant Program**

During the audit period, Holdsambeck operated one BMC program. The audit included the review of Holdsambeck's program, Vendor Number PT0279, SC 620 and testing was done for the sampled months of July 2015 and May 2016.

## **Client/Parent Support Behavior Intervention Training Program**

During the audit period, Holdsambeck operated one CPSBI program. The audit included the review of Holdsambeck's program, Vendor Number PT0467, SC 048 and testing was done for the sampled months of July 2015 and May 2016.

## **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 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 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.

## **CONCLUSION**

Based upon items identified in the Findings and Recommendations section, Holdsambeck 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, 2021. The findings in the report were discussed at an exit conference, via Zoom, with Holdsambeck on August 23, 2021. Subsequent to the exit conference, on October 29, 2021, Holdsambeck provided additional source documentation to support its billings to the regional centers. Holdsambeck disagreed with the findings.

## **RESTRICTED USE**

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

## FINDINGS AND RECOMMENDATIONS

### **Finding 1: Behavior Management Consultant Program – Overbillings**

The review of Holdsambeck's BMC program, Vendor Number PT0279, for the months of July 2015, October 2015, March 2016 and May 2016, revealed that Holdsambeck overbilled for services to KRC.

There were three causes of overbillings found in Holdsambeck's BMC program based on a review of the Parental Verification for Receipt of Behavioral Services (DS 5862 form) and the sign-in and sign-out timesheets as follows:

- Overbilling of \$37,544 for 878 hours where Holdsambeck billed for two or more employees providing services to the same consumer during the same or overlapping hours. Holdsambeck's Program Design provided for a staff-to-consumer ratio as one staff to one consumer (1:1) for the BMC program.
- Overbilling of \$3,372 for 64 hours where Holdsambeck billed for cancelled sessions.
- Overbilling of \$28,931 for 550 hours of staff travel time. For example, if an employee finished one session with a consumer at 3:00 p.m. and travelled to a different consumer's house to provide another session, the employee recorded the start time at the new place as 3:00 p.m. even though, it had taken the employee 30 minutes to travel to the consumer's house. The correct start time should have been 3:30 p.m.

The overbilled hours totaled 1,492 hours for a total overbilling of \$69,847, 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), (10) and (13) 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.
- (13) Comply with applicable staffing ratio requirements;”

**Recommendation:**

Holdsambeck must reimburse to DDS, \$69,847, for the overbillings. In addition, Holdsambeck should ensure proper adherence to the program design’s staffing ratio of 1:1 and that billings are only for units of services which are actually provided to consumers, exclusive of travel time.

**Vendor’s Response:**

Holdsambeck stated in the response dated October 29, 2021, that Holdsambeck disagreed with the finding 1. See Attachment C for the full text of vendor’s response to the draft audit report and Attachment D for DDS’ evaluation of vendor’s response.

**Finding 2: Behavior Management Consultant Program – Unsupported Billings**

The review of Holdsambeck’s BMC program, Vendor Number PT0279, for the months of July 2015, October 2015, March 2016 and May 2016, revealed that Holdsambeck had unsupported billings for services billed to KRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to KRC and non-compliance with the CCR, Title 17.

DDS reviewed the DS 5862 forms, the sign-in and sign-out timesheets and compared the hours of service documented to those billed to KRC. It was noted that the hours of service per the DS 5862 forms were less than the hours billed by a difference of 133 hours.

Holdsambeck was not able to provide appropriate supporting documentation for the 133 hours of service billed. The lack of documentation resulted in unsupported billings to KRC in the amount of \$5,366, which is due back to DDS. (See Attachment B)

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:**

Holdsambeck must reimburse to DDS, \$5,366 for the unsupported billings. In addition, Holdsambeck should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to KRC.

**Vendor's Response:**

Holdsambeck stated in the response dated October 29, 2021, that Holdsambeck disagreed with the finding 2. See Attachment C for the full text of vendor's response to the draft audit report and Attachment D for DDS' evaluation of vendor's response.

### **Finding 3: Adaptive Skills Trainer Program – Overbillings**

The review of Holdsambeck's AST program, Vendor Number PT0426, for the months of July 2015 and May 2016 revealed that Holdsambeck overbilled for services to KRC.

There were three causes of overbillings found in Holdsambeck's AST program based on a review of the DS 5862 forms and the sign-in and sign-out timesheets as follows:

- Overbilling of \$533 for 11 hours where Holdsambeck billed for two or more employees providing services to the same consumer during the same or overlapping hours. Holdsambeck's Program Design provided for a staff-to-consumer ratio as one staff to one consumer (1:1) for the AST program.
- Overbilling of \$1,932 for 38 hours where Holdsambeck billed for cancelled sessions.
- Overbilling of \$4,308 for 76 hours of staff travel time. For example, if an employee finished one session with a consumer at 3:00 p.m. and travelled to a different consumer's house to provide another session, the employee recorded the start time at the new place as 3:00 p.m. even though, it had taken the employee 30 minutes to travel to the consumer's house. The correct start time should have been 3:30 p.m.

The overbilled hours totaled 125 hours for a total overbilling of \$6,773, 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.

(13) Comply with applicable staffing ratio requirements;"

**Recommendation:**

Holdsambeck must reimburse to DDS \$6,773 for the overbillings. In addition, Holdsambeck should ensure proper adherence to the program design's staffing ratio of 1:1 and that billings are only for units of services which are actually provided to consumers, exclusive of travel time.

**Vendor's Response:**

Holdsambeck stated in the response dated October 29, 2021, that Holdsambeck disagreed with the finding 3. See Attachment C for the full text of vendor's response to the draft audit report and Attachment D for DDS' evaluation of vendor's response.

## **ATTACHMENTS A-B**

### **HOLDSAMBECK AND ASSOCIATES, INC.**

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

## **ATTACHMENTS C – VENDOR’S RESPONSE**

### **HOLDSAMBECK AND ASSOCIATES, 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 D – DDS’ EVALUATION OF HOLDSAMBECK’S RESPONSE**

DDS evaluated Holdsambeck’s written response to the draft audit report and determined that Holdsambeck did not agree with the draft audit report findings. Below is a summary of the vendor’s response as well as the DDS’ evaluation of the vendor’s response.

### **Finding 1: Behavior Management Consultant Program – Overbillings**

In its response, Holdsambeck stated that, *“During the audit of our payroll records, it was confirmed that each billed unit of service showed a corresponding payment by us to our staff. There was not a single instance documented of overbilling.”* For canceled and no-show appointment hours, Holdsambeck stated that, *“We believe it was within our agreement with KRC to bill for these late cancelations/no-show appointments, as we in turn, must pay our clinical team for attempting to provide the services. However, in an effort to compromise on this issue, we are willing to remit the requested reimbursement of \$5,304 in total covering both audited codes.”* For travel time, Holdsambeck stated, *“our contract allowed us to bill travel time.”*

DDS disagrees with Holdsambeck’s position on billed units being tied to the payroll records. While Holdsambeck may have tied billed units to its payroll records, some of those units were overlapping due to two staff providing services to the same consumer during the same session. This did not comply with Holdsambeck’s program design, which clearly states that the staffing ratio for the ABA services is 1:1 between the direct care service provider and the consumer. DDS does not agree that Holdsambeck could bill for late cancellations/no-show appointments or travel time as Holdsambeck’s contract with KRC states that, the *“VENDOR shall only bill for services that are actually provided to consumers as authorized by KRC. VENDOR shall not bill for client absences.”* Also, Holdsambeck’s contract with KRC only allows billing for Out of Office, Mileage and Direct Care Services.

DDS reviewed the additional documents that Holdsambeck submitted to support some of its billings to the regional centers for the four sampled months. This resulted in the reduction of the overbilled hours from 1,525 to 1,492 and the finding amount from \$71,447 to \$69,847, which is due to back to DDS. (See Attachment A)

### **Finding 2: Behavior Management Consultant Program – Unsupported Billings**

Holdsambeck admitted to instances in which it could not locate sufficient documentation and offered a compromised settlement with DDS. Holdsambeck stated, *“we are offering to compromise on the audit results and remit payment in the amount of \$29,035.25. We hope this will bring the matter at hand to an equitable solution.”*

DDS disagrees with the compromise settlement of \$29,035.25, which is for all the discrepancies identified in the draft audit report and not for only unsupported billings.

## **ATTACHMENT D – DDS’ EVALUATION OF HOLDSAMBECK’S RESPONSE**

DDS reviewed the additional documents that Holdsambeck submitted to support some of its billings to the regional center for the four sample months. The review resulted in the reduction of the unsupported hours from 865 to 133 and the finding amount from \$41,934 to \$5,366, which is due to back to DDS. (See Attachment B)

### **Finding 3: Adaptive Skills Training Program – Overbillings**

In its response to the draft audit report, Holdsambeck stated that, *“We believe it was within our agreement with KRC to bill for these late cancelations/no-show appointments, as we in turn, must pay our clinical team for attempting to provide the services. However, in an effort to compromise on this issue, we are willing to remit the requested reimbursement of \$5,304 in total covering both audited codes.”* For travel time billing, Holdsambeck stated that its contract with KRC allowed the vendor to bill for travel time.

DDS disagrees with Holdsambeck’s position on overbillings because *Holdsambeck’s contract with KRC states that, the “VENDOR shall only bill for services that are actually provided to consumers as authorized by KRC. VENDOR shall not bill for client absences.”* Also, Holdsambeck’s contract with KRC only allows billing for Out of Office, Mileage and Direct Care Services.

DDS reviewed the additional documents that Holdsambeck submitted to support some of its billings to the regional centers for the four sample months. This did not result in a change in the overbilling hours of 125 and amount of \$6,773, which is due back to DDS. (See Attachment A)

### **Conclusion:**

DDS made adjustments to the Draft Audit Report to reflect the additional documentation received. As a result, the findings were reduced from \$120,154 to \$81,986 for July 2015, October 2015, March 2016, and May 2016.