

DEPARTMENT OF DEVELOPMENTAL SERVICES'
AUDIT OF
LIBERTY BEHAVIORAL AND COMMUNITY SERVICES, INC.
DBA LES SUPPORTED EMPLOYMENT SERVICES, INC.

Programs and Services:

Adaptive Skills Trainer – Vendor Number PW7269

Community Integration Training Program – Vendor Number PW6962

Supported Employment Program – Individual Services – Vendor Number HW0604

Supported Employment Program – Group Services – Vendor Number HW0603

Audit Periods: July 1, 2016, through June 30, 2017
July 1, 2019, through June 30, 2020
January 1, 2023, through December 31, 2023

Audit Section

Auditors: Hung Bang, Chief of Vendor Audit Unit
Grace Gwarada, Supervisor
Sanjesh Pal, Auditor

**LIBERTY BEHAVIORAL AND COMMUNITY SERVICES, INC. DBA
LES SUPPORTED EMPLOYMENT SERVICES, INC.**

TABLE OF CONTENTS

	Page(s)
EXECUTIVE SUMMARY	1
BACKGROUND.....	2
OBJECTIVE, SCOPE AND METHODOLOGY	2
RESTRICTED USE	5
FINDINGS AND RECOMMENDATIONS.....	6
ATTACHMENTS A-B.....	13
ATTACHMENT C – VENDOR’S RESPONSE	14
ATTACHMENT D – DDS’ EVALUATION OF LES’ RESPONSE	15

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Liberty Behavioral and Community Services, Inc. dba LES Supported Employment Services, Inc. (LES). The audit was performed upon the Adaptive Skills Trainer (AST), Community Integration Training Program (CITP), and Supported Employment Program – Individual Services (SEP-IS) for the period of July 1, 2019, through June 30, 2020, and Supported Employment Program – Group Services (SEP-GS) for the period of July 1, 2016, through June 30, 2017. The audit that was performed upon the AST program was expanded for the period of January 1, 2023, through December 31, 2023.

The audit disclosed the following issues of non-compliance:

Finding 1: Adaptive Skills Trainer – Unsupported Billings

The review of LES' AST program, Vendor Number PW7269, revealed a total of \$319,013 in unsupported billings to Frank D Lanterman Regional Center (FDLRC) and Westside Regional Center (WRC).

Finding 2: Adaptive Skills Trainer – Overbillings

The review of LES' AST program, Vendor Number PW7269, revealed a total of \$45,344 in overbillings to FDLRC and WRC.

Finding 3: Supported Employment Program – Individual Services – Unsupported Billings

The review of LES' SEP-IS, Vendor Number HW0604, revealed a total of \$5,182 in unsupported billings to FDLRC and WRC.

Finding 4: Community Integration Training Program – Unsupported Billings

The review of LES' CITP, Vendor Number PW6962, revealed a total of \$3,853 in unsupported billings to WRC.

Finding 5: Supported Employment Program – Group Services – Overbillings

The review of LES' SEP- GS, Vendor Number HW0603, revealed a total of \$60,479 in overbillings to FDLRC and WRC.

The total of the findings identified in this audit amounts to \$433,871, 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 LES' 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 LES for the periods of July 1, 2016, through June 30, 2017, July 1, 2019, through June 30, 2020, and January 1, 2023 through December 31, 2023.

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 LES, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of LES'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 LES 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 two regional centers that utilized LES' services during the audit period. DDS audited services provided to FDLRC and WRC. These two regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

LES provided nine different types of services, of which DDS audited four. Services chosen were based on the amount of POS expenditures invoiced by LES. By analyzing the information received from 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.

ADAPTIVE SKILLS TRAINER

During the audit period, LES operated one AST program. The audit included the review of LES' AST program, Vendor Number PW7269, SC 605 and testing was done for the sampled months of December 2019, January 2020 and August 2023.

COMMUNITY INTEGRATION TRAINING PROGRAM

During the audit period, LES operated one CITP. The audit included the review of LES' CITP, Vendor Number PW6962, SC 055 and testing was done for the sampled months of December 2019 and January 2020.

SUPPORTED EMPLOYMENT PROGRAM – INDIVIDUAL SERVICES

During the audit period, LES operated one SEP-IS program. The audit included the review of LES' SEP-IS program, Vendor Number HW0604, SC 952 and testing was done for the sampled months of December 2019 and January 2020.

SUPPORTED EMPLOYMENT PROGRAM – GROUP SERVICES

During the audit period, LES operated one SEP-GI program. The audit included the review of LES' SEP-GS program, Vendor Number HW0603, SC 950 and testing was done for the sampled months of December 2016 and January 2017. Subsequently, LES stopped providing services to WRC's consumers under this program in Fiscal Year (FY) 2016-2017.

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 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 Vice President 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, LES had findings of non-compliance with the requirements of CCR, Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on May 21, 2024. The findings in the report were discussed at an exit conference with LES on May 28, 2024. Subsequent to the exit conference, LES responded via email on July 2, 2024, stating that LES agreed with the findings.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Adaptive Skills Trainer Program – Unsupported Billings

The review of LES' AST program, Vendor Number PW7269, for the sampled months of December 2019, January 2020, and August 2023, revealed unsupported billings to FDLRC and WRC. The unsupported billings occurred because LES was unable to provide documentation to support the units of service billed to FDLRC and WRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the employees' timesheets, employee schedules, payroll records, consumer attendance records and consumers' daily case notes and compared those hours to the direct care service hours billed to FDLRC and WRC. DDS noted that the direct care service hours on the timesheets, schedules and consumers' daily case notes were 6,550 hours less than the direct care service hours billed to FDLRC and WRC. LES was not able to provide appropriate supporting documentation for 6,550 hours of services billed. The lack of documentation resulted in unsupported billings to FDLRC and WRC in the amount of \$319,013, 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:

LES must reimburse to DDS \$319,013 for the unsupported billings. In addition, LES 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 WRC.

Vendor's Response:

LES stated in its response, dated July 2, 2024, that LES agreed with the finding.

See Attachment C for the full text of LES' response to the draft audit report and Attachment D for DDS' evaluation of LES' response.

Finding 2: Adaptive Skills Trainer Program – Overbillings

The review of LES' AST program, Vendor Number PW7269 for the sampled months of December 2019, January 2020 and August 2023, revealed overbillings for services billed to FDLRC and WRC. The overbillings occurred due to LES billing for the same staff hours to multiple consumers.

DDS reviewed the direct care service hours documented on the employee timesheets, employee schedules, payroll records, consumers' attendances records and consumers' daily case notes and compared those hours to the direct care service hours billed to FDLRC and WRC. DDS noted that 949 direct care service hours were overbilled to FDLRC and WRC. This was due to one staff providing services to multiple consumers during the same hours. This was contrary to LES' AST's program which required one staff to provide services to one consumer at a time.

LES overbilled FDLRC and WRC for a total of 949 hours. This resulted in an overbilled amount of \$45,344, 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)(13):

“(a) All vendors shall: ...

(13) Comply with all applicable staffing ratio requirements; ...

LES’ Rate Agreement states in part:

“Westside Regional Center has agreed to reimburse Les Supported Employment Services, Inc. at the following Senate Bill SB 81 time limited Supplemental Reimbursement Increase Effective January 1,2020 thru December 31, 2021

\$47.03 per hour for 1:1 services”

Recommendation:

LES must reimburse to DDS \$45,344 for the overbillings. In addition, LES should provide services in accordance with the regional centers’ rate agreements to ensure that hours are accurately billed to FDLRC and WRC.

Vendor’s Response:

LES stated in its response, dated July 2, 2024, that LES agreed with the finding.

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

Finding 3: Supported Employment Program - Individual Services – Unsupported Billings

The review of LES’ SEP-IS program, Vendor Number HW0604, for the sampled months of December 2019 and January 2020, revealed unsupported billings for services billed to FDLRC and WRC. The unsupported billings occurred because LES was unable to provide documentation to support the units of service billed to FDLRC and WRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the Job Coach Reports, employee timesheets, payroll records, consumers’ attendance records and consumers’ daily case notes and compared those hours to the direct care service hours billed to FDLRC and WRC. DDS noted that the direct care service hours on the timesheets, Job Coach Reports and consumers’ attendance records were 146 hours less than the direct care service hours billed to WRC and FDLRC. LES was not able to provide

appropriate supporting documentation for 146 hours of services billed. The lack of documentation resulted in unsupported billings to FDLRC and WRC in the amount of \$5,182, 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:

LES must reimburse to DDS \$5,182. for the unsupported billings. In addition, LES 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 WRC.

Vendor’s Response:

LES stated in its response, dated July 2, 2024, that LES agreed with the finding.

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

Finding 4: Community Integration Training Program – Unsupported billings

The review of LES' CITP, Vendor Number PW6962 for the sampled months of December 2019 and January 2020, revealed unsupported billings for services billed to WRC. The unsupported billings occurred because LES was unable to provide documentation to support the units of service billed to WRC.

DDS reviewed the direct care service hours documented on the employee timesheets, employee schedules, payroll records, consumers' attendance records and consumers' daily case notes and compared those hours to the direct care service hours billed to the WRC. DDS noted that the hours on the consumers' attendance records and consumers' daily case notes were 42 hours less than the direct care service hours billed to WRC. LES was not able to provide appropriate supporting documents for 42 hours of services billed. The lack of documentation resulted in unsupported billings to WRC in the amount of \$3,853, 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:

LES must reimburse to DDS \$3,853 for the unsupported billings. In addition, LES should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to WRC.

Vendor's Response:

LES stated in its response, dated July 2, 2024, that LES agreed with the finding.

See Attachment C for the full text of LES' response to the draft audit report and Attachment D for DDS' evaluation of LES' response.

Finding 5: Supported Employment Program – Group Services – Overbillings

The review of LES' SEP-GS, Vendor Number HW0603, for the sampled months of December 2016 and January 2017, revealed overbillings for services billed to WRC. The overbillings occurred due to LES not limiting the hours it billed to WRC to the time the Job Coaches (JC) were with the consumers at the worksite. Also, the overbillings were a result of LES billing for groups that were not consistent with the requirements of LES' program design and CCR Title 17. Per the program design and CCR Title 17, groups should consist of one JC and three to eight consumers. Subsequently, LES stopped providing services to WRC's consumers under this program in FY 2016-17.

DDS reviewed the direct care service hours documented on the SEP Group Tracking Forms, JC timesheets, payroll records, consumers' timesheets and compared those hours to the direct care service hours billed to WRC. DDS noted that LES billed for the total maximum allowable payroll hours for the JCs instead of billing those hours based on the time the JCs were present with the consumers at the job sites. DDS also noted that LES billed for services provided to groups with one or two consumers only. Due to this, LES overbilled WRC by 1,654 hours. This resulted in overbillings to WRC in the amount of \$60,479, 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 58830 (d)(2)

“(d) Group services shall be limited to:

- (1) Job coaching provided at the worksite;
- (2) Employment placements at a job coach-to-consumer ratio of not less than one-to-four nor more than one-to-eight except for those groups that may be authorized by the passage of the trailer Bill to the Budget Act Fiscal Year 2004-05 to grand-father specific groups of a one-to-three consumer to job coach ratio:...”

Section 1 of LES’ Program Design States, Paragraph Six on Page 4 states in part:

“LES SE GROUP provides one Job Coach per group with a ratio of 1:3 or 1:4 per group”

Recommendation:

LES must reimburse to DDS \$60,479 for the unsupported billings. In addition, LES should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to WRC.

Vendor’s Response:

LES stated in its response, dated July 2, 2024, that LES agreed with the finding.

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

ATTACHMENTS A-B

LES SUPPORTED EMPLOYMENT SERVICES

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

ATTACHMENT C – VENDOR’S RESPONSE

LES SUPPORTED EMPLOYMENT SERVICES

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 LES’ RESPONSE

DDS evaluated LES’ written response to the draft audit report, dated July 2, 2024 and determined that LES agreed with the findings.