

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES'
AUDIT
OF
CALIFORNIA PSYCHCARE, INC.**

Programs and Services:

Client/Parent Support Behavior Intervention Training – PK6151

Behavior Management Assistant – PL0813

Behavior Analyst – PL0812

Audit Period: July 1, 2021, through June 30, 2022

Audit Section

Auditors: Alimou Diallo, Chief of Vendor Audit Unit
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CALIFORNIA PSYCHCARE, INC.

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited California PsychCare, Inc. (CPC). The audit was performed upon the Client/Parent Support Behavior Intervention Training (CBIT), Behavior Management Assistant (BMA) and Behavior Analyst (BA) for the period of July 1, 2021, through June 30, 2022.

The audit disclosed the following issue of non-compliance:

Finding 1: Client/Parent Support Behavior Intervention Training (CBIT) Unsupported Billings

The review of CPC's CBIT program, Vendor Number PK6151, revealed that CPC had a total of \$2,976 of unsupported billings to Kern Regional Center (KRC).

The total of the finding identified in this audit amounts to \$2,976, which is due back to DDS. A detailed discussion of this 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 CPC'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 CPC for the period of July 1, 2021, through June 30, 2022.

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 CPC, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CPC'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 CPC 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 that utilized CPC's services during the audit period. CPC provided four different types of services, of which DDS audited three. Services chosen by DDS were based on the amount of purchase of service (POS) expenditures invoiced by CPC. 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.

Client/Parent Support Behavior Intervention Training

During the audit period, CPC operated one CBIT program. The audit included the review of one of CPC's CBIT program, Vendor Number PK6151, SC 048 and testing was done for the sampled months of October 2021 and November 2021.

Behavior Management Assistant

During the audit period, CPC operated one BMA program. The audit included the review of one of CPC's BMA program, Vendor Number PL0813, SC 615 and testing was done for the sampled months of October 2021 and November 2021.

Behavior Analyst

During the audit period, CPC operated one BA program. The audit included the review of one of CPC's BA program, Vendor Number PL0812, SC 612 and testing was done for the sampled months of October 2021 and November 2021.

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 Chief Financial Officer and Administrator for vendor background information and to gain understanding of accounting procedures and financial reporting process

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on Tuesday, November 15, 2022. The finding in the report was discussed during an exit conference via Microsoft Teams with CPC on Wednesday, November 15, 2022. DDS received CPC's written response to the draft audit report via mail on Wednesday, December 14, 2022. "CPC agrees to accept the audit findings and reimburse DDS \$2,976.00."

RESTRICTED USE

This report is solely for the information and use of DDS, Department of Health Care Services, KRC and CPC. 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 – Unsupported Billings

The review of CPC’s CBIT program, Vendor Number PK6151, for the sampled months of October 2021 and November 2021, revealed that CPC 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 direct care service hours documented on the form DS 5862 (Parental Verification for Receipt of Behavioral Services), Daily Session Notes and compared those hours to the direct care service hours billed to KRC. DDS noted that the direct care service hours on the form DS 5862 and Daily Session Notes reconciled with the vendor’s payroll hours. CPC was not able to provide appropriate supporting documentation for 52 hours of services billed. The lack of documentation resulted in unsupported billings to KRC in the amount of \$2,976, 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:

CPC must reimburse to DDS \$2,976 for the unsupported billings. In addition, CPC 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:

CPC stated in its response dated Wednesday, December 14, 2022, that “CPC agrees to accept the audit findings and reimburse DDS \$2,976.00.”

(Attachment B)

ATTACHMENT A

CALIFORNIA PSYCH CARE, 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

CALIFORNIA PSYCH CARE, 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 CPC'S RESPONSE

DDS evaluated CPC's written response to the draft audit report, dated December 14, 2022, and determined that CPC agreed with the finding.