

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES'  
AUDIT  
OF  
REDWOOD DEVELOPMENTAL SERVICES, INC.**

**Program:**

Adaptive Skills Trainer – PG3785

Audit Period: January 1, 2023, through December 31, 2023

**Audit Services Branch**

**Auditors:** Hung Bang, Chief of Vendor Audit Section  
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# REDWOOD DEVELOPMENTAL SERVICES, INC.

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Redwood Developmental Services, Inc. (RDS). The audit was performed upon the Adaptive Skills Trainer (AST) program for the period of January 1, 2023, through December 31, 2023.

The audit disclosed the following issue of non-compliance:

**Finding:     Adaptive Skills Trainer – Overbillings**

The review of RDS' AST program, Vendor Number PG3785, revealed that RDS had a total of \$46,031 of overbillings to Golden Gate Regional Center (GGRC).

The total of the finding identified in this audit amounts to \$46,031, 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 RDS's program was 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 RDS for the period of 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 RDS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of RDS' 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 RDS complied with W&I Code and CCR, Title 17. Any complaints that DDS' Audit Services Branch 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 GGRC that utilized RDS' services during the audit period. RDS provided one type of service, which DDS audited. By analyzing the information received from 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 two-month sample period demonstrated a significant amount of overbillings. As a result, the testing was expanded to include the entire calendar year 2023.

## **Adaptive Skills Trainer**

During the audit period, RDS operated one AST program. The audit included the review of one of RDS' AST program, Vendor Numbers PG3785, SC 605 and testing was done for the calendar year 2023.

## **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.
- E-mailed 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.

## **CONCLUSION**

Based upon the audit procedures performed, DDS has determined that except for the item identified in the Finding and Recommendation section, the Redwood Developmental Services, Inc. was in compliance with applicable audit criteria.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on February 18, 2025. The finding in the report was discussed at an exit conference with Redwood Developmental Services, Inc., on February 19, 2025. Redwood Developmental Services, Inc. was afforded the opportunity to respond to the draft audit. However, Redwood Developmental Services, Inc. did not submit a response to the draft audit report.

## **RESTRICTED USE**

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

## FINDING AND RECOMMENDATION

### Finding: Adaptive Skills Trainer – Overbillings

The review of RDS' AST program, Vendor Number PG3785, for calendar year 2023, revealed that RDS had overbillings for services billed to GGRC. Overbillings occurred due to billing for two staff to one consumer when the authorization was 1:1 ratio.

DDS reviewed the direct care service hours documented on the Appointment Lists/Parental Verification Forms and compared those hours to the direct care service hours billed to the GGRC. DDS noted that 453 direct care service hours should have not been billed.

RDS overbilled the GGRC for a total of 453 hours. This resulted in an overbilled amount of \$46,031 and 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.”

### Recommendation:

RDS must reimburse to DDS \$46,031 for the overbillings. In addition, RDS should provide services in accordance with the GGRC contract and the authorization with GGRC in order to ensure that hours are accurately billed to the GGRC.

### RDS' Response:

RDS was afforded the opportunity to respond to the draft audit. However, RDS did not submit a response to the draft audit report. (See Attachment B)

## **ATTACHMENT A**

### **REDWOOD DEVELOPMENTAL SERVICES, INC.**

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



## **ATTACHMENT B – VENDOR’S RESPONSE**

### **REDWOOD DEVELOPMENTAL SERVICES, INC.**

**As part of the audit report process, RDS was afforded the opportunity to respond to the draft audit report. However, RDS did not submit a response to the draft audit report.**