

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

**Program:**

Behavior Analyst – PN1222

Audit Period: January 1, 2022, through December 31, 2023

**Audit Services Branch**

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

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## EXECUTIVE SUMMARY

The Department of Developmental Services (Department) has audited Redwood Behavioral Services, Inc. (RBS). The audit was performed upon the Behavior Analyst (BA) for the period of January 1, 2022, through December 31, 2023.

The audit disclosed the following issue of non-compliance:

**Finding: Behavior Analyst – Overbillings**

The review of RBS's BA program, Vendor Number PN1222, revealed that RBS had a total of \$12,818 of overbillings to North Bay Regional Center (NBRC).

The total of the finding identified in this audit amounts to \$12,818, which is due back to the Department. A detailed discussion of this finding is contained in the Finding and Recommendation section of this report.

## **BACKGROUND**

The Department 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. The Department 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 Code (WIC), Section 4648.1, the Department 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 RBS' program was compliant with the WIC, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional centers' contracts with RBS for the period of January 1, 2022, 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 RBS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of RBS' 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 RBS complied with WIC and CCR, Title 17. Any complaints that the Department's 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 programs and services provided to NBRC that utilized RBS' services during the audit period. RBS provided two different types of services, of which the Department audited one. Services chosen by the Department were based on the amount of purchase of service (POS) expenditures invoiced by RBS. 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.

## **Behavior Analyst**

During the audit period, RBS operated one BA program. The audit included the review of one of RBS' BA program, Vendor Numbers PN1222, SC 612 and testing was done for the sampled months of February 2022 and March 2022.

### **Methodology**

The following methodology was used by the Department 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, the Department has determined that except for the item identified in the Finding and Recommendation section, the Redwood Behavioral Services, Inc. was in compliance with applicable audit criteria.

## **VIEWS OF RESPONSIBLE OFFICIALS**

The Department issued a draft audit report on March 24, 2025. The finding in the report was discussed at an exit conference with RBS on March 27, 2025. Subsequent to the exit conference, on March 27, 2025, RBS submitted a response via email and accepted the finding.

## **RESTRICTED USE**

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

## FINDING AND RECOMMENDATION

### Finding: Behavior Analyst – Overbillings

The review of RBS' BA program, Vendor Number PN1222, for the sampled months of February 2022 and March 2022, revealed that RBS had overbillings for services billed to NBRC. Overbillings occurred due to billing for two staff to one consumer when the authorization was 1:1 ratio and for canceled appointments.

The Department 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 NBRC. The Department noted that 168 direct care service hours should have not been billed.

RBS overbilled NBRC for a total of 168 hours. This resulted in an overbilled amount of \$12,818 and is due back to the Department. (See Attachment A)

WIC, 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:

RBS must reimburse the Department \$12,818 for the overbillings. In addition, RBS should provide services in accordance with the NBRC contract and the authorization with NBRC to ensure that hours are accurately billed to the NBRC.

### VENDOR'S Response:

RBS, stated in the response, dated March 27, 2025, that RBS accepts the finding.

See Attachment B for the full text of RBS' response to the draft audit report and Attachment C for the Department's evaluation of RBS' response.

## **ATTACHMENT A**

### **REDWOOD BEHAVIORAL SERVICES, INC.**

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



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

**REDWOOD BEHAVIORAL SERVICES, INC.**

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

## **ATTACHMENT C – DDS' EVALUATION OF RBS' RESPONSE**

The Department evaluated RBS' written response to the draft audit report, dated March 27, 2025, and determined that RBS agreed with the finding.