

CHILD HAVEN, INC. FOLLOW-UP REVIEW REPORT FORM

The following is a list of findings identified in prior reports and their current status.

<p>A. Overbillings for Group Services</p> <p>Errors were noted in the billing and supporting documentation for Group Rehabilitation, Group Psychotherapy, and Individual Rehabilitation services billed as follows:</p> <ul style="list-style-type: none"> a) The Contractor incorrectly allocated staff time incurred in group sessions to Medi-Cal patients only. b) In group sessions where only one Medi-Cal patient was present, the Contractor incorrectly allocated staff time and billed the services under the incorrect billing code, "Individual Rehabilitation." 	<p>Contractor:</p> <ul style="list-style-type: none"> A. Develop and submit to H&SS a Corrective Action Plan (CAP) to identify and correct billing errors in Group Psychotherapy, Group Rehabilitation, and Individual Rehabilitation services within 30 days of final issuance of this report. Corrective action plan should include the following: <ul style="list-style-type: none"> i. Complete review of 100% of group billings and supporting documentation, including client charts, progress notes, group logs, billing codes, billing calculations, etc., by an independent party. All errors should be corrected. ii. Work with H&SS to correct errors in InSyst. iii. Consult with Solano County Compliance Department to ensure compliance with state requirements. iv. Provide training to staff on proper billing procedures and implement internal control policies and procedures to ensure future compliance with billing procedures. B. Present CAP to Health and Social Services (H&SS) for review and approval. <p>H&SS:</p> <ul style="list-style-type: none"> A. Review and approve CAP and any subsequent revisions to CAP in writing. B. Work with Solano County compliance officer to determine required notification to appropriate state agencies. C. Evaluate Contractor's corrected billing and determine any disallowances. D. Provide additional guidance and training to H&SS Contractors on proper billing procedures. 	<p>In-progress. In response to findings identified in the initial audit of the Contractor, a Corrective Action Plan (CAP) was developed detailing the procedures necessary to correct the overbillings for group services. We performed review procedures to validate the corrective action was taken.</p> <p>Our review identified the Contractor did not execute the CAP accurately resulting in the improper disallowance of the original overbilling. The Contractor entered corrected group services into the County's billing system prior to H&SS processing the Notification of Overbilling. The error left two group billings in the system for the same service. H&SS and the Contractor are currently working together to implement additional controls designed to ensure all overbillings are properly disallowed through the State's Disallowed Claims System.</p>
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<p>B. Accounting Books and Records</p> <p>As of November 2008, the Contractor did not provide complete and accurate financial statements as of June 30, 2008, in accordance with Generally Accepted Accounting Principles (GAAP). Based on a limited scope review of books and records, we identified errors in equity, fixed assets, depreciation expense, and undeposited funds. In addition, the books and records provided did not include audit adjustments for the fiscal year ended June 30, 2007, as recommended by the external auditor.</p>	<p>Contractor:</p> <ul style="list-style-type: none"> A. Investigate general ledger problems and post the necessary entries to produce GAAP compliant financial statements. Contractor should consider the need for assistance from an outside accountant. B. Engage an external auditor and complete their annual audit according to the requirements of OMB Circular A-133, which identifies all funds granted, received, disbursed and expended, and provide the audit to the County within thirty days of completion (as required in Exhibit D section 7 of Contract). C. Update and submit to H&SS the Cost Report upon completion of external audit. <p>H&SS:</p> <ul style="list-style-type: none"> A. Add a due date for Contractor's annual audit to contract language of all future contracts in order to ensure Contractor completes the annual audit requirement prior to the submission of the annual cost report. 	<p>Resolved.</p>
<p>C. Performance Measure Monitoring</p> <p>H&SS does not track client improvement performance measures required of the Contractor and documented in the contract.</p>	<p>H&SS:</p> <ul style="list-style-type: none"> A. Implement policies and procedures to evaluate performance measures as prescribed in the contract. 	<p>Resolved.</p>