



**SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER
AUDIT DIVISION**

**Joseph Sawicki, Jr.
Comptroller**

An Audit of
Building Blocks Developmental Preschool
Special Education Preschool Program – Related Services

For the Period
January 1, 2009 through December 31, 2009

**Report No.: 2013-09
Date Issued: October 22, 2013**

**SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER**

Joseph Sawicki, Jr.
Comptroller

Christina Capobianco, CPA
Chief Deputy Comptroller

Frank Bayer, CPA
Executive Director of Auditing Services

Audit Staff:

Diane Melfi, CPA, Investigative Auditor
Barbara Marano, CPA, Investigative Auditor
Bob Carter, Auditor

TABLE OF CONTENTS

	<u>Page</u>
LETTER OF TRANSMITTAL	1
SUMMARY OF SIGNIFICANT AUDIT FINDINGS.....	3
GENERAL INFORMATION	4
SCOPE AND METHODOLOGY	7
DETAILED RESULTS OF AUDIT	
Fiscal Details.....	9
Compliance with Laws, Regulations and the County Contract	9
Internal Controls	10
APPENDICES	
<u>Appendix A</u> Response to Audit Report	13
<u>Appendix B</u> Audit & Control’s Assessment of Response to Audit Report	15

LETTER OF TRANSMITTAL

September 24, 2013

Donna Charbonneau, Executive Director
Building Blocks Developmental Pre-School
29 Pinewood Drive
Commack, NY 11725

Dear Ms. Charbonneau:

In accordance with the authority vested in the County Comptroller by the Suffolk County Charter (Article V), an audit was conducted of the Special Education Preschool Program Related Services billed to the County by Building Blocks Developmental Preschool (the Agency) and paid during the period January 1, 2009 through December 31, 2009. The Related Services were provided under a contract with the Suffolk County Department of Health Services (DHS).

The audit objectives were as follows:

- To review internal controls as they relate to billings for Related Services.
- To verify that services were provided as reported on the Suffolk County Special Education Preschool Program Record of Related Services.
- To determine that the Agency complied with applicable New York State laws, regulations, and County contract provisions.

We conducted our audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Such standards require that we plan and perform our audit to adequately assess those operations that are included in our audit scope. Further, these standards require that we understand the internal control structure of the Agency and its compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting the transactions recorded in the accounting and operating records and applying such other auditing procedures, as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our findings and recommendations.

As a result of our audit, we found that the Agency's billings are free from material misstatement. An isolated instance in which Suffolk County was over-billed \$270 for speech services is noted.

Respectfully,

A handwritten signature in black ink that reads "Frank Bayer". The signature is written in a cursive style with a large initial "F" and "B".

Frank Bayer, CPA
Executive Director of Auditing Services

SUMMARY OF AUDIT FINDINGS

Fiscal Details – Our audit determined that the Agency’s billings are free from material misstatement. However, we note an instance in which the Agency billed the County for speech services that were not provided in accordance with the Individualized Education Plan (IEP) of the respective child.

Compliance with Laws, Regulations and the County Contract – The results of our tests disclosed the following:

- The Agency does not always prepare the Suffolk County Special Education Preschool Program Record of Related Services completely, accurately and in accordance with the DHS Related Services Policies and Procedures Manual.

Internal Controls – Our examination disclosed the following internal control deficiencies:

- The Agency does not have an automated system to ensure that therapists are not over-lapping time between sessions.
- The Agency does not enforce its policy requiring speech therapists to sign out on a daily basis.

GENERAL INFORMATION

Building Blocks Developmental Preschool (the Agency) is a non-profit corporation that has been providing programs and services to young children and their families since 1984. The Agency currently offers a range of programs and services to children from infancy to age five (5) including, but not limited to, Early Intervention, Special Education Preschool Classes, Special Education Itinerant Teacher (SEIT) and Related Services, the audited program. The Agency was governed by a six-member Board of Directors during the audit period.

Related Services are provided pursuant to Section 4410 of the NYS Education Law, Part 200 of the Regulations of the NYS Commissioner of Education, the Related Services Agreement with the Suffolk County Department of Health Services (DHS) and the DHS Related Services Policy and Procedures Manual. The Related Services provided by the Agency are speech services and parent/family training, which are billed to the County on a fee-for-service basis. Suffolk County is reimbursed by the State for 59.5% of the billings. The Agency billed the County for \$146,010 during the audit period for Related Services; \$76,545 was billed for parent/family training and \$69,465 was billed for speech services. The New York State Related Services rates for Suffolk County in effect during the audit period are as follows:

- \$45 for each 30-minute individual speech or parent/family training session
- \$30 for each 30-minute group speech or parent/family training session

The Related Services process begins with an evaluation of a child by an evaluator selected by the parent from a list of County-contracted evaluators. This is followed up with a meeting set up by the Committee of Preschool Special Education (CPSE) of the

school district in which the child resides. At the meeting, the CPSE determines eligibility for Related Services based on the evaluation and establishes the services to be provided, the frequency and duration of the services, the providers who are eligible to conduct the services and the start and end dates for the services. The CPSE enters these and other pertinent details into an Individualized Education Plan (IEP), which must be followed by the provider unless there is a subsequent revision by the CPSE.

All therapists providing Related Services for Building Blocks are employees of the Agency. On a monthly basis, the therapists prepare a Suffolk County Special Education Preschool Program Record of Related Services form for each child. The form in effect during the audit period records the dates that the sessions were provided, the start and end times of the sessions and related notes. At the end of the month, the form was signed by the therapist and the parent/guardian. These records, which are maintained by the Agency, provide the basis for the monthly Suffolk County Payment Voucher which is submitted to DHS for payment to the Agency.

The Agency is also responsible for preparing and submitting a Consolidated Fiscal Report (CFR) to the New York State Education Department in accordance with the New York State Consolidated Fiscal Reporting and Claiming Manual and the Reimbursable Cost Manual for Programs Receiving Funding under Article 81 and Article 89 of the Education Law.

In July 2007, clarification from the New York State Education Department was issued which prompted the Agency to reclassify parent/family training services from the SEIT program to Related Services. The Agency erroneously continued to bill the County for these services via the Record of SEIT services in accordance with SEIT methodology.

It came to our attention that for the period July 2007 through December 2009, the Agency erroneously billed the County for cancellations, which are paid under the SEIT methodology but not under Related Services. Since guidance on this reclassification was not issued until September 28, 2007, the Agency reimbursed the County for all cancelled parent/family training sessions from September 28, 2007 through December 31, 2009 that were erroneously billed and paid by the County. As a result of our detection, parent/family training sessions are currently reported and billed correctly as Related Services.

SCOPE AND METHODOLOGY

The scope of this audit includes payments made by the County during the period January 1, 2009 through December 31, 2009 for Special Education Preschool Program Related Services provided by the Agency.

To accomplish the audit objectives stated in the Letter of Transmittal (p. 1), the following procedures were performed:

- Conducted an interview with DHS personnel to gain an understanding of the processes and procedures involving the Related Services program.
- Conducted an interview with the Agency's administration to gain an understanding of the procedures related to billing, payroll and scheduling of staff for Related Services.
- Secured the Agency's contract with Suffolk County and reviewed specific contract provisions which relate to the audit scope.
- Reviewed New York State Department of Health (NYSDOH) laws and regulations as they relate to the Related Services Program. Searched the NYSDOH website for technical guidance relating to specific issues and reviewed the additional information.
- Obtained and reviewed the Suffolk County DHS Related Services Policy and Procedures Manual (Fifth Edition 2006) which clarifies policies and procedures that must be followed by the Agency.
- Obtained the Suffolk County Payment Vouchers with attached supporting Special Education Preschool Program Record of Related Service form (Record) paid during the audit period.
- Verified certifications for a sample of 25 therapists providing Related Services.
- Prepared a Schedule of Payments based on information in the Suffolk County Integrated Financial Management System and matched the payment details to the Payment Vouchers. Verified the mathematical accuracy of the Payment Vouchers and attached Records.
- Prepared a schedule verifying the information reported on Records attached to the Payment Vouchers to supporting documentation for a 50% sample.

- Obtained case files from the Agency for the sample selected above and verified that the contents and provided services are in accordance with the County contract.
- Sent out confirmations to parents of children receiving parent/family training services to gain an understanding of the provision of services, accuracy of the records prepared by the Agency, and level of satisfaction with the Agency.
- Prepared a schedule tracking all therapist's dates and times of sessions to determine if sessions are recorded at consecutive times at different locations, if there are duplicated sessions or if there are any other unusual combinations of dates and times.
- Prepared a schedule correlating the billed dates for a sample of 25 sessions to the staff schedule, staff attendance record and child's attendance record.
- Prepared a schedule to verify that the payroll component for the above sessions was charged to the proper program.
- Prepared a schedule of cancelled parent/family training sessions that were erroneously billed and paid during the audit period and matched the sessions to the list provided by the Agency to determine that the Agency appropriately reimbursed the County.

We use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on operations that have been identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little effort is devoted to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report therefore highlights those areas needing improvement and does not address activities that may be functioning properly.

DETAILED RESULTS OF AUDIT

Fiscal Details

The Agency billed the County for speech services that were not provided in accordance with the IEP of the respective child. Six speech services were billed and paid as individual therapies at \$45/session (\$270) as required by the child's IEP; however, the services were actually provided as group therapies due to a miscommunication on the part of the Agency and therefore not provided in accordance with the IEP.

Recommendation 1

The Agency should ensure that all services are provided in accordance with the finalized IEP of each respective child. In addition, the Department should consider adjusting a future claim of the Agency to recoup the \$270 erroneously billed.

Compliance with Laws, Regulations and the County Contract

The Agency does not always prepare the Suffolk County Special Education Preschool Program Record of Related Services completely, accurately and in accordance with the DHS Related Services Policies and Procedures Manual. The manual states that the form should be signed and dated by the child's parent or care provider. Our review of 36 Records of Related Services for speech services revealed that 16 (44%) are not dated at all, 6 (17%) appear to be dated by the therapist, 5 (14%) are not dated on the last day of the month. Our review of 38 Records of Related Services for parent/family training revealed missing dates and date discrepancies for 15 children (39%). Additionally, the location of the parent/family training session is not accurately reflected on the form in three instances (8%) and left blank in one instance (3%).

Recommendation 2

It is important for therapists to exercise greater diligence in preparing complete and accurate records of services. The Agency must initiate oversight over dated parent signatures on the service records. We note that in May 2010, DHS revised the Record of Related Services form to require the signature of the parent/caregiver for each session provided as well as at the bottom of the form.

Internal Controls

The Agency does not have an automated system to ensure that therapists are not over-lapping time between student sessions. Although there is a master schedule that brings all schedules together by student and is color-coded by program, there is no control that would identify and correct over-lapped sessions. Since some services are conducted outside the facility, time should also be allocated for travel. Our testing revealed eight instances in which recorded session times do not allow for travel time between locations and two instances in which two sessions are erroneously recorded concurrently.

Recommendation 3

The Agency should implement an automated system to prevent over-lapping therapy sessions between students. Programs such as Microsoft Excel or Access should be considered.

The Agency does not enforce its policy requiring speech therapists to sign out on a daily basis. A review of 25 speech sessions revealed that for eight sessions (32%) involving four of the fourteen speech therapists tested (29%), the therapist neglected to sign out on the daily sign-in/sign-out sheet at the end of the day, although it is the Agency's policy to do so.

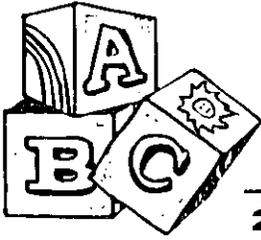
Recommendation 4

Therapists must account for their time by signing in and out on the daily sign-in/sign-out sheets in accordance with Agency policy. Strict enforcement and oversight over this policy should be initiated and monitored by the Agency

APPENDICES

Appendix A

Response to Audit Report



BUILDING BLOCKS

DEVELOPMENTAL PRESCHOOL □

29 PINWOOD DRIVE, COMMACK, NEW YORK 11725

(631) 499-1237 FAX: (631) 499-1074 www.bbdps.org

October 9, 2013

Mr. Frank Bayer, CPA
Ms. Barbara Marano, Investigative Auditor
County of Suffolk, Office of the Comptroller
100 Veterans Memorial Highway
P.O. Box 6100
Hauppauge, N.Y. 11788

Dear Mr. Bayer and Ms. Marano,

I have reviewed the Draft Audit Report of the Special Education Preschool Program Related Services billed to the county by Building Blocks Developmental Preschool during the period January 1, 2009 through December 31, 2009. I welcome the opportunity to discuss the material contained in the preliminary draft with Suffolk County Office of the Comptroller.

I appreciate the auditor's acknowledgement that "(our) agency's billings are free from material misstatement" and "there was noted to be one isolated instance in which Suffolk County was over billed for six speech services which were not delivered in accordance with the IEP." More specifically, due to a miscommunication on the part of our agency, group speech was delivered and then erroneously billed as individual. I would like to respectfully request that since group therapy was in fact actually delivered on the six days in question, that Suffolk County consider adjusting a future claim of Building Blocks by the difference between the established group rate of \$30/session and the individual rate of \$45/session. Since the time when this audit commenced, Building Blocks Developmental Preschool has further strengthened its internal controls regarding IEP review and implementation and has assigned a supervisor to the task of IEP monitoring.

Next I would like to address the audit findings as they pertain to the accurate completion of the record of related services log. The audit identifies 16 logs that were missing a date of parent signature, as well as 6 that appear to be dated by the therapist, and 5 logs that were not signed on the last day of the month. Regarding the logs that appear to be dated by the therapists, there were instances in the past when therapists, in an effort to assist parents of young special needs children, had, with full parental consent and knowledge, performed a purely administrative task by providing the date on the log for the parent. Subsequently, however, all direct service staff employed by Building Blocks have been directed to ensure that parents not only sign, but likewise date the logs themselves. Regarding

Appendix A
Response to Audit Report

those logs not dated on the last day of the month, it should be noted that each of these were signed on the first session of the next month. If the parent or legal guardian authorized to sign the logs was not personally present for the child's therapy session on the last day of the month or unable to review the logs on that day, the therapist would have in the past held the logs for the next session in order to provide the parent with adequate time to review the treatment notes. The forms prescribed by the county at that time allowed for such postponed signatures. Since 2010, Suffolk County has, in fact, revised their log forms which now require a parent signature and date after each session, thus eliminating the problem of obtaining a postponed parent signature for verification of treatment. In an ongoing effort to improve the accuracy of all related service logs, Building Blocks has provided to its staff additional training with regards to truth in record keeping. Building Blocks has also developed a quality assurance committee whose responsibility it is to monitor the therapeutic services delivered to students. The QA personnel routinely observe each of the clinical staff during service provision, as well as randomly monitor required logs and paperwork for accuracy. A monitoring form is used by the QA staff to ensure that all required information, signatures, and dates are included on logs. If a mistake is found the quality assurance personnel contact the treating provider to have the error corrected.

Your audit findings include recommendations regarding therapists accurately accounting for the times of sessions delivered outside of the school. I am in total agreement with the auditors that it is imperative for all service providers to allow for travel time when completing their logs. Home based teachers and therapists have been further trained by Building Blocks administration on the need to accurately reflect the actual time of services delivered not scheduled. For instance, if traffic is encountered and the therapist is 15 minutes late for a session, they are to record the actual time that they arrived and then stay the required amount of time to ensure compliance with the student's IEP. Time sheets submitted by the therapists on a monthly basis for payment, are being reviewed in concert with the actual logs in order to ensure accuracy of payroll.

Lastly, in response to the finding that all therapists had not signed out on a daily basis, Building Blocks had, at the actual time of the onsite audit in the fall of 2010, begun a heightened enforcement of its policy to have all staff sign in and out. An administrative assistant in the school's main office has been assigned the daily responsibility of reviewing the sign in/out sheet for completion and following up with any problems.

Thank you again for the opportunity to have been a collaborative member of this audit process and I hope that you will find our corrective measures to be acceptable.

Sincerely,



Donna M. Charbonneau, M.A., P.D.
Executive Director

Appendix B

Audit & Control's Assessment of Response to Audit Report

The Agency did not request an exit conference. In their written response at Appendix A, the Agency is in agreement with the findings and maintains that it has further strengthened its internal controls and has implemented quality control procedures since the time the audit commenced.

Our report includes a recommendation that the Department consider adjusting a future claim by the dollar amount of services that were paid but not rendered in accordance with the respective child's IEP, as is the practice of the Department. In their written response, however, the Agency has requested that the County alternatively consider adjusting a future claim by the difference between the services paid and the services erroneously rendered.