Commonwealth of Massachusetts
Office of the State Auditor
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Official Audit Report-Issued August 6, 2013

Alternatives Unlimited, Inc.
Administration of Limited Unit Rate Service Agreements

For the period July 1, 2008 through June 30, 2011

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INTRODUCTION AND SUMMARY OF FINDINGS AND RECOMMENDATIONS

On April 3, 2013, the Office of the State Auditor (OSA) issued an audit report (No. 2012-0234-3C) on the Department of Developmental Services' (DDS's) administration of its Limited Unit Rate Service Agreements (LUSAs). LUSAs are a form of a master contract agreement that can be used by DDS to purchase services from a preapproved contractor on an intermittent, limited-time basis for clients who are not already covered through an existing contract. Our overall audit of DDS's administration of LUSAs included a review of $16.6 million in LUSA funding provided to 15 human-service contractors during fiscal years 2009 through 2011. Those transactions were a subset of the approximately $62.2 million in total DDS LUSA expenditures for the three-fiscal-year period covered by our audit. The primary focus of our overall audit was to examine transactions processed during the accounts-payable period[1] at the end of each fiscal year, which disproportionately involved over half of all LUSA funding. As part of this audit, OSA engaged each of the 15 contractors, including Alternatives Unlimited, Inc. (Alternatives), for on-site testing. Alternatives received approximately $663,840 of the above-stated $62.2 million in total DDS LUSA payments. Approximately $534,390 (80.5%) of the payments to Alternatives was processed during the accounts-payable periods for fiscal years 2009 through 2011. The overall audit of DDS was conducted as part of OSA's ongoing efforts to audit human-service contracting activity by state agencies and to promote accountability, transparency, and cost effectiveness in state contracting.

This supplemental report presents the results of our testing specific to Alternatives' accounts-payable-period LUSA transactions and should be read in the context of our overall report on DDS's administration of LUSA agreements. That report presents our system-wide audit, which determined that, although LUSA funding is supposed to be used for intermittent unanticipated services to clients as needed, DDS is not properly administering these contracts. Instead DDS Regional and Area Office staff have used LUSA contracts to provide additional year-end funding to some DDS human-service contractors for various purposes, many of which are not consistent with the intended use of these funds and resulted in unnecessary and excessive compensation to contractors. That report also documents other significant administrative problems, including improper retroactive

[1] The Commonwealth's fiscal year is divided into 13 accounting periods: one for each calendar month of the fiscal year ending June 30, and a thirteenth period known as the accounts-payable period. During the accounts-payable period, payments are processed for services provided during the fiscal year but not submitted and approved for payment before the June 30 fiscal year-end date. Accounts-payable-period processing generally continues through the end of August each year.

service authorization; irregularities in pricing, encumbering, and accounting for LUSA funding; and documentation at numerous contractors that was often inaccurate, misleading, missing, or otherwise deficient. DDS's practice of improperly administering and using LUSAs has led to the problems with the administration and use of these funds at various DDS contractors, such as Alternatives.

Highlight of Testing Results Specific to Alternatives Unlimited, Inc.

We found problems with $531,435 of Alternatives' $534,390 in accounts-payable-period LUSA transactions, including inadequate documentation to substantiate that LUSA services were properly authorized, inadequate documentation to support LUSA billings, and LUSA contract funding not being used for its intended purposes, as follows:

- For $465,115 in payments to Alternatives of $505,075 subject to DDS service authorization requirements, DDS and Alternatives retroactively processed the authorization, in violation of DDS requirements.

- We found additional documentation problems for $502,120 of the above $505,075 in LUSA payments to Alternatives, including $37,005 in payments for which required service authorization documentation was absent. The problems also included service documentation deficiencies and missing or inadequate documentation of client service delivery. The lack of adequate documentation violated provisions of the Commonwealth Terms and Conditions for Human and Social Services, and as a result, there was insufficient evidence to show that these LUSA payments had been properly authorized and accounted for; that they were not duplicative or excessive; and that the contractor had actually provided the LUSA services billed.

- DDS used additional LUSA funding to pay Alternatives $29,315 for transactions that should have been processed through non-LUSA contracts; this resulted in a variety of procurement, service utilization, and accounting problems. These transactions included $18,344 identified as Personal Support Services (PSS) paid as a matter of administrative convenience for year-end reconciliation payments involving PSS provided through regular contract programs, and $10,971 identified by DDS, possibly improperly, as Transitional Services that should have been competitively procured but were not. As a result of documentation deficiencies and ambiguities for the payments totaling $10,971, there was no assurance that the transactions involved were for Transitional Services as asserted by DDS or for other appropriate LUSA purposes.

Recommendations of the State Auditor

OSA's overall audit report on DDS's administration of LUSA contracts recommended that responsible oversight agencies, including the state's Operational Services Division and the Office of the State Comptroller, review the issues detailed in the report and take whatever actions they deem appropriate to address those issues, including strengthening their oversight over these DDS transactions. The payments to Alternatives are covered by that recommendation. In accordance with the recommendations of the overall report and the testing results specific to Alternatives, Alternatives should implement appropriate control measures to ensure that all LUSA services are performed, documented, billed, and accounted for in compliance with applicable requirements.

OVERVIEW OF AGENCY

Alternatives Unlimited, Inc. (Alternatives), with administrative offices located in Whitinsville, Massachusetts, was incorporated on August 28, 1974 as a nonprofit organization providing an array of services "aimed at improving the lives of persons with psychiatric or developmental disabilities," according to its Web site. Alternatives' stated mission is to provide "a real home, one that is safe, nurturing, and addresses each individual's personal needs and preferences." The organization serves approximately 1,200 people with a staff of more than 600 professionals. Services are provided throughout the Blackstone Valley as well as in the Greater Worcester, Greater Milford, Fitchburg/Leominster, and Wrentham/Plainville areas. Alternatives "provides a wide scope of services for adults with developmental disabilities," including a spectrum of community-based residential, day, employment, and clinical services. In addition to these services, Alternatives maintains a fleet of 75 vehicles to meet the transportation needs of all the people it serves.

Alternatives annually receives over $10.4 million in contract payments from the Department of Developmental Services (DDS). Revenues and support from other state agencies and public and private sources raise total revenues for Alternatives and its affiliated entities to approximately $35.1 million per year. DDS's Limited Unit Rate Service Agreement (LUSA) contract payments to Alternatives, including the accounts-payable-period transactions covered by our testing for fiscal years 2009 through 2011, were as follows:

Fiscal Year 2009 through 2011 LUSA Funding

Fiscal Year	Total LUSA Payments for Fiscal Year	LUSA Payments Processed During Accounts-Payable Period	Accounts-Payable-Period Percent of Annual Total
2009	$302,497	$275,430	91.1%
2010	228,865	146,300	63.9%
2011	132,478	112,660	85.0%
	$663,840	$534,390	80.5%

SCOPE, OBJECTIVES, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor (OSA) conducted an audit of the Department of Developmental Services' (DDS's) administration of Limited Unit Rate Service Agreement (LUSA) contracts for the period July 1, 2008 through June 30, 2011 (No. 2012-0234-3C). The scope of that audit included an assessment of the process and related internal controls DDS has established over its administration of LUSA contracts and the use of LUSA funding at 15 selected DDS contractors, together accounting for approximately $16.6 million (26.7%) of the $62.2 million in LUSA payments for the three-fiscal-year period covered by our audit. Based on our analysis of data contained in the Massachusetts Management Accounting and Reporting System, we determined that during our audit period, 12% of all LUSA payments, which are supposed to be provided on an as-needed basis, had been processed during the last month of the fiscal year and that an additional 51% of all LUSA payments had been processed during the Commonwealth's accounts-payable period. This expenditure pattern for LUSA services was in marked contrast to the pattern for DDS's non-LUSA contractor payments, for which fewer than 4% were processed during the accounts-payable period and fewer than 5% were processed during the last month of the fiscal year. Based on this analysis and the results of prior audits that identified issues with LUSA transactions, we concluded that LUSA payments processed late in the year, particularly during the accounts-payable period, might pose disproportionately high risks of improper use or other irregularities. Alternatives Unlimited, Inc. (Alternatives) was one of the 15 contractors selected for on-site testing as part of the overall DDS audit. Alternatives accounted for approximately $663,840 in LUSA payments for the three-fiscal-year period. Approximately $534,390 of Alternatives' LUSA payments was processed during the Commonwealth's accounts-payable periods.

The procedures completed at Alternatives were performed as part of the overall DDS audit, which was conducted in accordance with generally accepted government auditing standards. Our overall objectives for the DDS audit were to:

- Obtain information required to assess the system of internal controls DDS has established over its administration of LUSA contract funding.
- Determine whether LUSA funding is being used as intended and in compliance with applicable laws, regulations, policies, and procedures by conducting audit testing of a

judgmental sample of DDS human-service contractors that received significant LUSA funding.

Our audit testing at DDS and selected contractors, such as Alternatives, produced evidence that certain data involving the classification of DDS LUSA expenditures did not reliably represent the actual agreement between DDS and contractors regarding the true purpose and use of the state funding. We provide a complete description of our data reliability and methodology in our overall DDS audit report, No. 2012-0234-3C.

We selected Alternatives for on-site testing, focusing on accounts-payable-period transactions; conducted interviews with management and staff; reviewed prior audit reports where available; and reviewed applicable laws and regulations. We also obtained and reviewed policies and procedures, accounting records, and supporting source documents and performed tests of these records and transactions, where necessary. We performed testing on all identified accounts-payable-period LUSA transactions, so our findings do not involve the use of projections based on samples. At the conclusion of field work, we met with Alternatives managers to discuss testing results pertaining to Alternatives. We also solicited Alternatives information and input regarding DDS system-wide LUSA issues for use in the overall LUSA audit project.

TESTING RESULTS

1. QUESTIONABLE USE OF $531,435 IN LUSA FUNDS

Our testing identified a number of problems with the granting, receipt, and use of Limited Unit Rate Service Agreement (LUSA) funds that the Department of Developmental Services (DDS) provide to Alternatives Unlimited, Inc. (Alternatives). These included DDS and Alternatives retroactively processing service authorization approval for $465,115 in LUSA transactions, contrary to DDS requirements; Alternatives maintaining insufficient authorization, invoicing, and service delivery documentation for $502,120 in transactions; and DDS improperly using $29,315 of LUSA funding to pay Alternatives for transactions that should instead have been processed through other payment mechanisms. In many instances, the same transaction was associated with multiple problems. The unduplicated amount of questioned funding is $531,435.

LUSA contractual agreements are designed to be relatively flexible in order to address client service needs. DDS's Purchase of Service Manual states that LUSA contracts are "for purchasing intermittent, as-needed services for developmentally disabled individuals needing limited time placements." The LUSA's purpose is to provide a contract that can be accessed at any time during its multiyear term to pay for unexpected services for clients authorized by DDS where, because of special circumstances, services have not been included within the scope of an existing state-funded program contract. DDS has established separate categories for LUSA agreements (residential, day, work, and support service), and LUSA services may only be provided within the scope of the categories for which a contractor has been approved.

DDS requires that in order to obtain funding to pay for LUSA services, DDS managers and contractors such as Alternatives complete an Authorization for Services process before services begin. The process uses an Authorization for Services Form (ASF) signed by a DDS manager, typically an Area Director, to establish the specific type of service, service date ranges, appropriation source, and amount of LUSA funding that will reimburse the contractor for services provided to the client.[2]

[2] Certain exceptions to this authorization requirement involve DDS's use of LUSA funds for transactions that should instead have been processed through other payment mechanisms as described in Section c. of this finding. DDS has not uniformly required use of ASFs for those transactions.

In addition to obtaining ASF approval, contractors must maintain service delivery and related documentation as required by Section 7 of the Commonwealth Terms and Conditions for Human and Social Services, which specifies that:

> *The Contractor shall maintain records, books, files and other data as required by 808 CMR 1.00 and as specified in a Contract and in such detail as shall properly substantiate claims for payment under a Contract, for a minimum retention period of seven (7) years beginning on the first day after the final payment under a Contract, or such longer period as is necessary for the resolution of any litigation, claim, negotiation, audit or other inquiry involving a Contract.*

It is essential that, in addition to authorization, invoice, and accompanying summary service delivery reports, contractors maintain documentation sufficient to verify that invoiced services were actually delivered and to establish that the services rendered were not within the scope of activity already covered and reimbursed by regular, non-LUSA, program contracts. Documentation of compliance with the activity and reimbursement restriction is of particular concern, since DDS's regular non-LUSA contracts have typically been established using payment rates that have been increased by as much as 17.6% to ensure that contractors are appropriately reimbursed for full program costs where programs are underutilized for legitimate reasons such as unanticipated vacancies or client hospitalizations. As explained by applicable Operational Services Division (OSD) policy:[3]

> *The inclusion of a utilization factor in unit rate contracts may result in a situation where a specific contractor is serving consumers at a higher utilization level than negotiated or anticipated and thus reaches the maximum obligation of the contract (or "bills out") before the end of the contract period. In this case, the contractor is required to provide services up to the total capacity purchased by the contract . . . for the remainder of the contract period with no additional funding. The application of a utilization factor does not result in the contractor delivering "free" services; rather, in these cases, a contractor has merely been fully reimbursed for the costs associated with the program in a shorter period of time than the full contract duration . . . .*

As a result, if a LUSA agreement is erroneously used to pay for services that have already been effectively reimbursed through a regular contract, the contractor may improperly receive excessive or duplicative reimbursement of program costs.

The subsections below describe the Alternatives-related issues identified as part of testing procedures performed.

[3] OSD Procurement Policies and Procedures, "How to Draft a Request for Response" (issued November 1, 2005, revised August 13, 2007).

a. Retroactive Authorization of LUSA Services Totaling $465,115

Despite the above-described ASF processing requirement established by DDS, of $505,075 in accounts-payable-period LUSA payments to Alternatives that were subject to service authorization requirements, $465,115 had been paid for services that DDS and Alternatives had retroactively authorized, in violation of the requirements. Retroactive authorizations had been processed in each year of the testing period as follows:

Retroactive Authorization Amounts

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Total
Retroactive Authorization	$225,705	$132,045	$107,365	$465,115

As described in the next section, these amounts exclude payments totaling $37,005 for which documentation available at Alternatives was not sufficient to determine whether authorization had been properly processed in a timely manner.

b. Inadequate Documentation Related to $502,120 in LUSA Service Authorizations and Payments

We found additional documentation problems for $502,120 of the above $505,075 in accounts-payable-period LUSA payments to Alternatives. These problems included ASF documentation deficiencies and missing or inadequate documentation of client service delivery. The lack of adequate documentation violated the previously quoted provisions of the Commonwealth Terms and Conditions for Human and Social Services, and as a result, there was insufficient evidence to show that these LUSA payments had been properly authorized and accounted for; that they were not duplicative or excessive; and that the contractor had actually provided the LUSA services billed.

Documentation inadequacies were identified for each year of the testing period, as follows:

Service Authorization and Documentation Deficiencies

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Total
Major Documentation Deficiencies	$262,710	$132,045	$107,365	$502,120

ASF documentation was missing for $37,005 in payments. Even when ASF documentation was present, it was not always possible to determine when, or even whether, the service authorization process had been completed for individual clients. For example, an ASF might be present but documentation might not identify individual clients to be served.

Required documentation of actual service delivery was also absent or so ambiguous as to be questionable. Examples of the type of documentation that should be maintained include contemporaneously prepared daily program attendance sheets signed by employees present at the program site and time/service documentation records for one-on-one services to individual clients. However, Alternatives typically retained only copies of invoices and Service Delivery Reports, which are monthly calendars listing individual clients and the days or hours for which they were being billed. Those documents are prepared by administrative support personnel who themselves lack the personal knowledge necessary to attest to the accuracy of the billing submissions, and the billing documents are therefore insufficient for compliance-assurance purposes. Alternatives often, but not always, retained additional documentation. However, our testing determined that, even when present, the additional documentation was often too ambiguous to clearly substantiate the accuracy of invoices and to verify that activity was within the scope of authorized LUSA services and outside the scope of regular contract services. Only a single transaction, for $2,955, was found to be properly authorized and documented in all respects. Documentation in Alternatives' year-end financial report filings with OSD[4] was also not sufficient to adequately correlate to service delivery information, DDS LUSA payments, and service delivery costs to the organization's operational programs as needed to ensure that LUSA payments were outside the scope of regular DDS contracts and did not result in excessive or duplicative reimbursement. Because these deficiencies were so extensive, it was not possible to perform the analysis and testing required to reasonably estimate the extent to which the compensation DDS provided to Alternatives was excessive.

c. Inappropriate Use of LUSA Funds Totaling $29,315 to Pay for Personal Support and Other Services and Inadequate Documentation of These Services

During our testing period, DDS used LUSA funding to pay Alternatives $29,315 for transactions that should have been processed through non-LUSA contracts; this resulted in a variety of procurement, service utilization, and accounting problems. These transactions included $18,344

[4] Uniform Financial Statements and Independent Auditor's Reports, also known as UFRs.

identified as Personal Support Services (PSS) and $10,971 identified by DDS, possibly improperly, as Transitional Services.

Specifically, we found that DDS used $18,344 in LUSA funding to make year-end reconciliation payments to Alternatives for PSS provided through regular residential contract programs. PSS covers preauthorized staffing hours needed to provide MassHealth- (Medicaid-) eligible DDS clients with instrumental activities of daily living (IADL) assistance that has been contracted for through regular DDS human-service-program contracts. Because authorized service levels are routinely underutilized, only approximately 88% of the authorized PSS reimbursement is incorporated into each contractor's regular program contract. As a matter of administrative processing convenience, DDS has used LUSA payments for the purpose of making supplemental year-end reconciliation payments to contractors for any amounts determined to be owed where actual utilization is claimed to exceed 88%. Those payments were made through LUSAs even though the terms of LUSA agreements do not provide for the reconciliation process. DDS policies governing the use of LUSAs and DDS policy and contract language instead provide for the use of amendments to regular DDS contracts to address such situations. DDS should have processed the payments to Alternatives through other, non-LUSA, means, such as year-end amendments to Alternatives' regular non-LUSA contracts.

DDS accounting records identified $12,721 in LUSA payments as being for institutional-to-community-living Transitional Services, part of a special DDS initiative that was mandated by a legal settlement agreement resulting from a federal lawsuit. As detailed in our full report on DDS's administration of LUSA agreements, the Transitional Service transactions with Alternatives were part of a larger set of transactions that apparently should have been competitively procured and reimbursed through regular contracts rather than through LUSAs. In examining Alternatives' documentation, we found that one $1,750 payment included in the $12,721 total had also been included, correctly, in the above-identified PSS transactions. Although a double payment was not issued, the payment had been inaccurately classified by DDS in the state accounting system as being both PSS and Transitional Services and had been improperly charged to a LUSA accounting encumbrance designated for Transitional Services use. Documentation and classification issues were also noted for one other Alternatives LUSA invoice that, in part, billed for $10,971 in activity that DDS had identified in the state accounting system as being for Transitional Services. Alternatives had not identified that billing as being for

Transitional Services. Instead, Alternatives had simply documented and labeled the transaction as "extra supports on vocational programs and MSA [master service agreement] hours" without sufficiently detailed documentation to determine the true nature and appropriateness of service activity. The transaction was also associated with retroactively processed DDS ASF documentation in which the type of service listed was "3174 -Added days for unfunded people @ AUI day programs." As a result of these documentation deficiencies and ambiguities, there was no assurance that the transaction was for transitional services as asserted by DDS or for other appropriate LUSA purposes.

The table below breaks out these transactions with Alternatives by category and fiscal year:

Inappropriate LUSA PSS and Transitional Service Transactions

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Total
Personal Support Services	$ 1,750*	$11,300	$5,294	$18,344
Transitional Services	10,971*	0	0	$10,971
Total	$ 12,721	$11,300	$5,294	$29,315

*As described in the report text, the $1,750 had been simultaneously classified by DDS as both PSS and Transitional Services. The correct classification was PSS, and that transaction is excluded from the Transitional Services amount in this table.

Recommendations

OSA's overall audit report on DDS's administration of LUSA contracts recommended that responsible oversight agencies, including OSD and the Office of the State Comptroller (OSC), review the issues detailed in the report and take whatever actions they deem appropriate to address those issues, including strengthening their oversight over these DDS transactions. The payments to Alternatives are covered by that recommendation. In accordance with the recommendations of the overall report and the testing results specific to Alternatives, Alternatives should implement appropriate control measures to ensure that all LUSA services are performed, documented, billed, and accounted for in compliance with applicable requirements.

Alternatives' Response

In response to the issues presented in this report, Alternatives provided comments, which are excerpted below.

> *DDS has changed the method in which they administer LUSA contracts, which in turn has changed the parameters for which Alternatives does business with the DDS area offices. Regular meetings with each office are now held and focus on the issues surrounding ongoing changes in programs and ongoing changes in client needs. Additional costs are identified, an authorization is provided for LUSA billing, or when appropriate, contract dollars are amended. This has allowed Alternatives to better plan for ongoing service requirements . . . .*

In response to the specific matters of documentation, personal support services, and retroactive authorization, Alternatives responded as follows:

> *Retroactive authorizations for legitimate residential and employment services are for services that were actually rendered. The costs incurred were beyond the scope of the contracts. Throughout the FY 2009 – FY 2011 period, Alternatives met on a regular basis with DDS area office personnel. These meetings were used to document costs being incurred and services being rendered that were not covered within contract funding. Typical items identified were [residential relief and overtime staffing personnel costs and employment programs].*
>
> *Typically Alternatives' Employment Contracts always have clients that are not funded or not funded at the full level for which services are rendered. Regular attendance is kept for these individuals. At the end of the fiscal years audited, Alternatives' staff provided DDS with a list of clients and their days in attendance, with the understanding that these clients would be funded if funds were available . . . .*
>
> *It is not the practice of Alternatives' Business Office billing personnel to prepare billing documents without having obtained input and backup documentation from program managers and or* [sic] *program directors. Assuring the accuracy of attendance and hourly tracking is critical to the system. This record keeping process is completed at the program level by the respective supervisors and managers.*
>
> *Alternatives' billing process is as follows:*
>
> 1. *Information regarding time and attendance is provided to the Business Office by each program manager. That information consists of the client's name, the date they attended or were in the program, and in some instances the amount of time they spent in the program on that particular day.*
>
> 2. *Additionally, if Alternatives is providing additional staffing hours in relation to a client's needs, those hours are documented as well. The Business Office will receive a worksheet with the staff member's name, the hours worked and the person supported. Those hours can also be traced into our payroll documents . . . .*
>
> *Alternatives provided services to additional individuals in our Employment Program. They were labeled as additional supports given that these individuals had not been billed throughout the year. Alternatives' staff documented this and billed it in accordance with directions provided by DDS staff. As an agency we have no control of how DDS manages contracts, records authorizations, and records payments . . . .*
>
> *We believe that the documentation noted as inadequate in the LUSA audit is available.*

Auditor's Reply

As stated in our report, the retroactive processing of ASFs contravened established DDS policy. The processing description provided by Alternatives does, however, corroborate the information we obtained from other DDS contractors, as presented in our overall report on DDS administration of LUSAs: that DDS and its contractors were disregarding DDS LUSA and ASF policy restrictions, as well as applicable provisions of state finance law and associated OSC policies. Those restrictions require that payment obligations not be established without appropriate prior authorization and documentation. In its response, Alternatives asserts that it met on a regular basis with DDS area office personnel and that these meetings were used to document costs being incurred and services being rendered that were not covered within contract funding. However, Alternatives did not provide us with any documentation to substantiate this fact, and as mentioned in our report, required documentation of actual service delivery that Alternatives was maintaining was either absent or so ambiguous as to be questionable.

Although Alternatives contends that its business personnel would not prepare billing documents without backup documentation, we found a number of deficiencies with the documentation of LUSA payments that Alternatives maintained. These documentation deficiencies include not just deficiencies in documentation that a service was delivered, but the fact that even when ASF documentation was present, it was not always possible to determine when, or even whether, the service authorization process had been completed for individual clients. Alternatives often, but not always, retained additional documentation. However, our testing determined that, even when present, the additional documentation was often too ambiguous to clearly substantiate the accuracy of invoices and to verify that activity was within the scope of authorized LUSA services and outside the scope of regular contract services.

Regarding the $29,315 in LUSA funding that Alternatives used to pay for personal support and other service transactions, we acknowledge that Alternatives may have been following DDS's directions in the processing of these transactions. However, this does not mitigate the fact that DDS's providing $18,344 in LUSA funding to Alternatives to make year-end reconciliation payments for PSS was not appropriate, since LUSA agreements do not provide for the reconciliation process, or the fact that the $12,721 in LUSA payments for institutional-to-community-living

Transitional Services should have been competitively procured and reimbursed through regular contracts rather than through LUSAs.

Based on its response, Alternatives has, in collaboration with DDS, taken measures to address the issues presented in this report.