



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report-Issued August 6, 2013

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Barry L. Price Rehabilitation Center, 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<sup>1</sup> 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 Barry L. Price Rehabilitation Center, Inc. (BLP), for on-site testing. BLP received approximately \$507,404 of the above-stated \$62.2 million in total DDS LUSA payments. Approximately \$505,379 (99.6%) of the payments to BLP 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 BLP's 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

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<sup>1</sup> 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 BLP.

***Highlight of Testing Results Specific to Barry L. Price Rehabilitation Center, Inc.***

We found problems with \$505,378 of BLP's 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 \$472,938 in payments to BLP of \$494,177 subject to DDS service authorization requirements, DDS and BLP retroactively processed the authorization, in violation of DDS requirements.
- We found additional documentation problems for all of the above \$494,177 in LUSA payments to BLP. These problems included service documentation deficiencies such as unsigned authorizations (for \$14,999 of transactions); documentation not identifying individual clients to be served, number of units, or unit rate; and 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 BLP \$11,201 identified by DDS as Transitional Services that should have been competitively procured but were not. Since service delivery documentation was also deficient for these transactions, there was no assurance that the payment involved was 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 BLP are covered by that recommendation. In accordance with the recommendations of the overall report and the testing results specific to BLP, BLP 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

According to its Web site, the Barry L. Price Rehabilitation Center, Inc. (BLP), with administrative offices located in Newton, Massachusetts, was incorporated on January 11, 1977 as a nonprofit corporation providing “clinical, therapeutic, and support services to individuals and families.” BLP’s stated mission is to help adults with intellectual disabilities live meaningful, fulfilling lives. To achieve this, BLP offers six core programs, including residential, employment, day, and other support services provided to Department of Developmental Services (DDS) clients. BLP’s Web site states that its “services include residential programs in Brookline and Newton, day habilitation and intensive day habilitation programs in Newton and Dedham, and employment services that feature job-readiness training, vocational assessments and job placement opportunities in Boston and Metrowest area communities.”

BLP annually receives over \$2.5 million in contract payments from DDS. Revenues and support from other state agencies and public and private sources raise total revenues for BLP to approximately \$5.4 million per year. DDS’s Limited Unit Rate Service Agreement (LUSA) contract payments to BLP, 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	\$134,290	\$134,290	100.0%
2010	\$149,403	\$149,403	100.0%
2011	<u>\$223,711</u>	<u>\$221,686</u>	99.1%
	<u>\$507,404</u>	<u>\$505,379<sup>2</sup></u>	99.6%

<sup>2</sup> The single-dollar variance between the consolidated LUSA funding total appearing here and the sum of amounts in the report that are specific to particular audit findings is attributable to category rounding adjustments.

## 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. Barry L. Price Rehabilitation Center, Inc. (BLP) was one of the 15 contractors selected for on-site testing as part of the overall DDS audit. BLP accounted for approximately \$507,404 in LUSA payments for the three-fiscal-year period. Approximately \$505,379 of BLP's LUSA payments was processed during the Commonwealth's accounts-payable periods.

The procedures completed at BLP 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 BLP, 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 report, No. 2012-0234-3C.

We selected BLP 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 BLP managers to discuss testing results pertaining to BLP. We also solicited BLP information and input regarding DDS system-wide LUSA issues for use in the overall LUSA audit project.

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## TESTING RESULTS

### 1. QUESTIONABLE USE OF \$505,378 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) provided to Barry L. Price Rehabilitation Center, Inc. (BLP). These included DDS and BLP retroactively processing service authorization approval for \$472,938 in LUSA transactions, contrary to DDS requirements; BLP maintaining insufficient authorization, invoicing, and service delivery documentation for \$494,177 in transactions; and DDS improperly using \$11,201 of LUSA funding to pay BLP for services that should instead have been competitively procured and processed through other payment mechanisms. In many instances, the same transaction was associated with multiple problems. As a result, these amounts partially overlap. The net unduplicated amount of questioned funding is \$505,378.

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 BLP 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.<sup>3</sup>

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<sup>3</sup> 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:<sup>4</sup>

*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 BLP-related issues identified as part of testing procedures performed.

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<sup>4</sup> 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 \$472,938**

Despite the above-described ASF processing requirement established by DDS, of \$494,177 in accounts-payable-period LUSA payments to BLP that were subject to service authorization requirements, \$472,938 had been paid for services that DDS and BLP 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	\$134,290	\$138,201	\$200,447	\$472,938

**b. Inadequate Documentation Related to \$494,177 in LUSA Service Authorizations and Payments**

We found additional documentation problems for all of the above \$494,177 in accounts-payable-period LUSA payments to BLP. 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	\$134,290	\$138,201	\$221,686	\$494,177

ASF documentation was unsigned for \$14,999 in payments. Even when ASF documentation was signed, 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, number of units, or unit rate.

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, BLP 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. However, our testing determined that BLP's documentation in support of those billing documents was characterized by missing daily program attendance sheets and missing employee- and client-specific documentation underlying billings for one-on-one supplemental staffing service time and activity. 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. Documentation in BLP's year-end financial report filings with OSD<sup>5</sup> 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 payments were outside the scope of regular DDS contracts and did not result in excessive or duplicative reimbursement.

Overall, the limited documentation furnished by BLP for review was not sufficient to provide the necessary assurance of compliance. BLP was one of the contractors for which these problems appeared to be widespread, with many transactions characterized by multiple deficiencies. Virtually all of these BLP transactions involved major documentation deficiencies. No transactions were found to be properly authorized and documented. 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 BLP was excessive.

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<sup>5</sup> Uniform Financial Statements and Independent Auditor's Reports, also known as UFRs.

However, all excessive compensation amounts involved would be an overlapping subset of the presented totals associated with documentation deficiencies.

**c. Inappropriate Use of \$11,201 in LUSA Funding for Noncompetitively Procured Transitional Program Services and Inadequate Documentation of Those Services**

During our testing period, DDS used LUSA funding to pay BLP \$11,201 for transactions that should have been competitively procured and processed through non-LUSA contracts; this resulted in a variety of procurement, service utilization, and accounting problems. DDS had identified these transactions as Transitional Services.

DDS accounting records identified \$11,201 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 BLP were part of a larger set of transactions that apparently should have been competitively procured and reimbursed through regular contracts rather than through LUSAs. The table below breaks out these transactions by fiscal year.

**Inappropriate LUSA Transitional Service Transactions**

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Total
Transitional Services	\$11,201	\$0	\$0	\$11,201

In addition to the inappropriate DDS use of LUSA payment mechanisms, our testing determined that for all of these transactions, BLP documentation that was needed to substantiate service delivery to individual clients was characterized by the same deficiencies described in Section b. above, in violation of the above-quoted contracting terms and conditions. As a result of these documentation deficiencies, there was no assurance that the transactions were for Transitional Services, as asserted by DDS, or for other appropriate LUSA purposes.

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**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, 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 BLP are covered by that recommendation. In accordance with the recommendations of the overall report and the testing results specific to BLP, BLP should implement appropriate control measures to ensure that all LUSA services are performed, documented, billed, and accounted for in compliance with applicable requirements.

**BLP's Response**

In response to our draft report, BLP provided the following comments:

*My overall impression of the Audit Report is that (1) many of the issues raised were with DDS and were not within the Price Center's control; (2) much of the criticism of the Price Center was inaccurate, and (3) most of the issues involved the struggles of both DDS and the Price Center to provide necessary services to individuals in need within an antiquated rate system that, before the recent implementation of Chapter 257<sup>6</sup>, did not easily allow for rate adjustment. Further, to the extent that the Audit Report suggests that the Price Center may have misused LUSA funds, or failed to deliver services to clients paid for by those funds, I strenuously disagree. For the most part, a closer look at the LUSA funding in question demonstrates that the Price Center consistently went to great lengths to deliver necessary services that kept individuals safe and well cared for even when state funding was not guaranteed or available . . . .*

*The Price Center is aware of instances when DDS retroactively authorized services and provided funding at year-end. These were typically instances in which the Price Center had requested funds during the year and was told that there were none available. The Price Center then paid for the services itself with no guarantee of receiving compensation and was advised by DDS only at yearend that, in fact, funding was available to reimburse the expenditures made during the prior year . . . . The Price Center provided the auditors with e-mails to DDS from the beginning of each of the fiscal years requesting payment for the needed services . . . . For the three years audited, much of the LUSA billing was recurrent billing for care of the same individuals. This was care that DDS had recognized year after year as necessary, but was unable to add to contracts due to scarcity of funds . . . .*

*ASF documentation deficiencies are the responsibility of DDS, not the Price Center. As written, the Audit Report improperly implicates the Price Center in the deficiencies. Going forward, the Price Center will in written documentation notify DDS if an approval is not signed, and ask for the appropriate signature.*

*The Price Center possesses the documentation cited by the Audit Report as "absent or ambiguous," and was never asked to provide it . . . . For some of the billing time/service*

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<sup>6</sup> Chapter 257 of the Acts of 2008, which directs the Executive Office of Health and Human Services to develop and phase in modified pricing methods for the purchase of contracted human services.

*documentation, records for one-on-one services to individual clients were not required by DDS prior to the time of the audit. We could show a staff schedule showing that a staff was assigned to an individual, but not a billing record. We have been advised that this will be required in the future, and we will maintain this documentation going forward. To our knowledge, we have consistently complied with any and all requests made by DDS.*

*The allegation that documentation in the Price Center's year-end report filing with OSD was insufficient is vague and ambiguous. We have talked to our external auditors who prepared our reports to the state about this issue. They informed us that payments received from DDS in each fiscal year were reported on the Uniform Financial Report in accordance with OSD's year-end POS Expenditure and Federal Fund Listing. Any differences between amounts reported by OSD and amounts reported by the Price Center on the Uniform Financial Report were clearly reported in the Uniform Financial Report.*

*We don't have a record of a LUSA billing of this specific amount in this fiscal year. In general, it is the responsibility of DDS, not the Price Center, to competitively procure and process transactions. If a competitive process was not followed by DDS, the Price Center would have no knowledge of or control over this issue . . . .*

*The Price Center gave the auditors everything they requested, and explained procedures to their apparent satisfaction. At no time did the auditors ask for documentation that the Price Center could not produce, nor did they point out any deficiencies to the Price Center during or at the end of the audit. In fact, at the close of their work, the auditors advised us that there were no findings at that time.*

*A great benefit of the audit of LUSA expenditures by the State Auditor's Office has been that both DDS and the Price Center have been more conscientious about putting necessary costs into contracts as the fiscal year unfolds. This has solved a large problem for the Price Center in that we are no longer at risk for incurred costs that may or may not be able to be covered at the end of the year. This helps us do better budgeting and planning. Also, because of the implementation of Chapter 257, going forward we are being required to provide much more detail in our billing than ever before. The audit has also helped us in improving these systems. We also have become more conscientious in following the regulations regulating LUSA expenditures and will use this knowledge to work collaboratively with DDS to ensure that we are doing things exactly as regulation requires.*

### **Auditor's Reply**

This report, as well as our overall report of DDS's administration of LUSA funds, points out that many of the problems we identified with the administration of LUSA funding, including the misuse of some of these funds, was attributable to actions taken by DDS. However, the information in this report is accurate with regard to specific problems with BLP's administration of these funds and, more specifically, its lack of documentation of the funds' use. Further, OSA does not assert that BLP did not provide all of the billed LUSA services but rather points out that the documentation was insufficient to substantiate the invoices for those services. While we do not dispute that BLP was doing what it deemed necessary to provide services to its needy consumers, BLP shares with DDS the responsibility of ensuring that LUSA funds are provided and used in accordance with

established requirements. During our testing period, BLP was paid \$472,938 for services that had been retroactively authorized, in violation of DDS's service authorization requirements. While we acknowledge that DDS should have provided the necessary LUSA funding to BLP as needed throughout the fiscal year, the agency still needs to make sure that it follows established procedures when requesting this funding.

Contrary to what BLP asserts in its response, making sure that ASFs have been properly authorized is BLP's responsibility. BLP also asserts that for certain services (e.g., one-on-one services), DDS did not require documentation. However, state regulations and policy requirements referred to in this report documentation of such services. Also, notwithstanding BLP's assertion to the contrary, OSA staff requested and in some cases received and analyzed additional BLP documentation related to service delivery, including program attendance sheets, nursing summaries, daily medication or treatment charts, and individual log notes, as well as employee payroll information. However, even when present, 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. OSA's staff discussed these documentation deficiencies with BLP managers while on site.

In its response, BLP's asserts that the amounts received from DDS were included in BLP's filings with OSD. However, the mere inclusion of the amounts is not sufficient to determine whether these funds were used appropriately. Moreover, OSD filing requirements require the identification of individual contracts and the definition and use of specific categories when reporting this information. However, BLP's filings did not comply with those requirements, and as a result, the information in these year-end filings was 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 payments were outside the scope of regular DDS contracts and did not result in excessive or duplicative reimbursements.

The \$11,201 in transitional service payments referred to in our report had been labeled as such by DDS in the Commonwealth's accounting system. BLP's documentation of these services was deficient, and as a result, there was no assurance that the transactions were in fact for Transitional Services. However, BLP is correct in saying that if the services in question were Transitional Services, the responsibility of ensuring that they were competitively procured rested with DDS. This

issue was presented in our report of BLP to provide a full disclosure of the problems we identified with the use of these funds, including those associated with DDS as well as BLP.

Based on its response, BLP, in collaboration with DDS, is taking measures to address the issues we identified in this report.