

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
Desert Area Resources and Training**

Day Programs:

**Infant Development - H01986 and HK3458
Social Recreation - P74097 and P74098
Community Integration - P74116**

Transportation Programs:

**CREST – P74097 and CREST Jr. - P74098
Caltrans North and South - HK2631
Additional Component – HK2624**

Miscellaneous Programs:

**Community Activity Support Services – PK2418
Communication Aides - P74120**

Habilitation Programs:

**Supported Employment Program - HK2934
Work Activity Program - HK2936**

Supported Living Services Programs:

Supported Living Services – H01986

(Audit Period: July 1, 2003 through June 30, 2005)

Audit Branch

**Michael Masui, Chief of Vendor Audits
Armando Parra, Supervisor
Auditors: Rupal Engineer and
Monica Preciado**

Assignment # 06-VN-2-008

DESERT AREA RESOURCES AND TRAINING

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AUDIT REPORT

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Desert Area Resources and Training (DART). The audit was performed upon the Day, Transportation, Miscellaneous, Habilitation, and Supported Living Services (SLS) programs for the time period of July 1, 2003 through June 30, 2005. The last day of fieldwork was November 7, 2006.

The results of the audit disclosed the following significant issues of noncompliance:

Day Programs

1. DART could not provide supporting documentation for the Infant Development programs. This resulted in \$38,047.97 which was over billed to the regional center.

Transportation

2. DART could not provide supporting documentation for transportation services billed to the regional center. This resulted in \$34,081.15 which was over billed.

Habilitation

3. DART could not provide supporting documentation for services billed, and failed to bill for services provided in the Habilitation Work Activity Program (WAP). The net effect of the billing discrepancies is a vendor credit of \$23.40.
4. DART incorrectly billed for full days of service when a consumer's attendance in the program was less than a full day. This resulted in \$1,567.47 which was incorrectly billed to the regional center.

Supported Living Services (SLS)

5. DART could not provide supporting documentation for services billed, and failed to bill for services provided in the SLS program. The net effect of the billing discrepancies is a vendor credit of \$47.93.

The net total of the findings identified by this audit is \$73,625.26 overpaid to DART.

BACKGROUND

The Department of Developmental Services (DDS) is responsible under the Lanterman Developmental Disabilities Services Act for ensuring that persons with developmental disabilities receive the services and supports they need to lead more independent, productive, and normal lives. DDS contracts with 21 private, nonprofit regional centers that provide fixed points of contact in the community for serving eligible individuals with developmental disabilities and their families in California. In order for regional centers to fulfill their objectives, they secure

services and supports from qualified service vendors and/or contractors. Per the Welfare and Institutions (W & I) Code, Section 4648.1, DDS has the authority to audit those service providers and/or contractors that provide services and supports to the developmentally disabled.

OBJECTIVE, SCOPE, AND METHODOLOGY

This audit was conducted to determine whether DART's Day, Transportation, Miscellaneous, Habilitation, and SLS programs were compliant with the Welfare and Institutions Code (W&I), California Code of Regulations Title 17 (Title 17), and the regional centers' contracts with DART for the period of July 1, 2003 through June 30, 2005.

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. The auditors did not review the financial statements of DART, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of DART's internal controls to gaining an understanding of the transaction flow and invoice preparation process as necessary to develop appropriate auditing procedures. The audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance that DART complied with required regulations.

The fourteen programs reviewed are listed below:

Day Programs

1. Infant Development – Home Visits and Preschool
2. Infant Development – Home Visits
3. Social Recreation - CREST
4. Social Recreation - CREST Jr.
5. Community Integration Training

Transportation Programs

6. CREST
7. CREST Jr.
8. Caltrans North and South
9. Transportation - Additional Components

Miscellaneous Programs

10. Community Activity Support Services
11. Communication Aides

Habilitation Programs

12. Supported Employment Program (SEP)
13. Work Activity Program (WAP)

Supported Living Services

14. Supported Living Services (SLS)

For the programs listed above, the procedures performed included but were not limited to:

Day, Miscellaneous, and SLS Programs

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing DART staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing DART's service/attendance records to determine whether DART had sufficient, competent, and relevant evidence to support the direct care services billed to the regional center(s).
- Performing an analysis of DART's payroll and attendance/service records to determine if DART provided the staffing level required.

Habilitation Programs – Supported Employment Program (SEP)

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing DART staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing DART's consumer and staff service/attendance records to determine if DART had sufficient, competent and relevant evidence to support the services billed to the regional center(s).
- Confirming that job coach hours used for calculating monthly billing were accurate and the allocation for services was in accordance with regulations.

Habilitation Programs – Work Activity Program (WAP)

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing DART staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing DART's service/attendance records to determine whether DART had sufficient, competent and relevant evidence to support the services billed to the regional center(s).

Transportation Programs

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing DART staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing DART's service/attendance records and mileage logs to determine whether DART had sufficient, competent, and relevant evidence to support the services billed to the regional center(s).

CONCLUSION

Based upon the procedures performed, DART complied with the requirements of Title 17 with the exception of the following findings:

- **Day Program**

- **Billing**

- DART could not provide supporting documentation for the two Infant Development programs. This resulted in \$38,047.97 which was over billed to the regional center.

- **Transportation**

- **Billing**

- Of DART's four Transportation programs, three lacked complete source documentation to support the amounts billed for transportation services. This resulted in \$34,081.15 which was over billed to the regional center.

- **Habilitation**

- **Billing**

- DART could not provide supporting documentation for services billed and failed to bill for services provided in the WAP. The net effect of over and under billings is a vendor credit of \$23.40.

- DART incorrectly billed for full days of program service when the consumer's attendance in the WAP was less than a full day. This resulted in \$1,567.47 which was incorrectly billed to the regional center.

- **Supported Living Services (SLS)**

- **Billing**

- DART could not provide source documentation for SLS services billed and failed to bill for services provided. The net effect of over and under billings is a vendor credit of \$47.93.

The net total of the findings identified by this audit is \$73,625.26 overpaid to DART. A detailed description of the findings is contained in the Findings and Recommendations section of this report.

VIEWS OF RESPONSIBLE OFFICIALS

The DDS issued a draft audit report on December 17, 2007. In the response from Desert Area Resources and Training's (DART's) Chief Executive Officer Virginia DeAngelis, dated February 19, 2008, the following is indicated:

Disagreement with Finding 1–Unsupported Billing–Day Program for vendor number H01986;

No response to Finding 1–Unsupported Billing–Day Program for vendor number HK3458;

Disagreement with Finding 2–Unsupported Billing–Transportation;

No response to Finding 3–Unsupported and Failure to Bill–Habilitation (WAP);

No written response was provided for Finding 4—Incorrect Billing Habilitation (WAP). However, DART provided copies of additional documentation regarding this finding; and

No response to Finding 5–Unsupported Billing and Failure to Bill–SLS.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services (DDS), Department of Health Care Services (DHCS), Kern Regional Center (KRC), and DART. The user regional center, Inland Regional Center (IRC), will be notified of any findings that pertain to their respective consumers. This report is not intended and should not be used by anyone other than those specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

ARTHUR J. LEE, CPA
Manager
Audit Branch

FINDINGS AND RECOMMENDATIONS

FINDING 1: Unsupported Billing – Day Program

The review of DART’s Day Programs found that DART was not able to provide source documentation to support consumer services billed to the regional center. (See Attachment A.)

The unsupported billing total for the Day Programs consisted of the following items:

- For the Infant Development Program, vendor number H01986, a six month sample (July-December) from each fiscal year (FY) of the review period was tested. The test revealed that DART could not provide supporting documentation for 789.74 service hours in FY 2003-04 and 148.13 service hours in FY 2004-05. This resulted in \$35,976.70 over billed.
- For the Infant Development Program, vendor number HK3458, a six month sample (July-December) from each FY of the review period was tested. The test revealed that DART could not provide supporting documentation for 27.25 service hours in FY 2004-05. This resulted in \$2,071.27 over billed.

The combined total for FYs 2003-04, and 2004-05, over billed for the two Infant Development Programs is \$38,047.97.

Title 17, Section 50604(d) states:

“All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include....”

Title 17, Section 50604(e) states:

“All service providers’ records shall be supported by source documentation.”

Title 17, Section 54326(a) states:

“All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed.”

RECOMMENDATION:

DART should repay DDS \$38,047.97, the total amount over billed to the regional center(s) for the Infant Development Programs. In addition, DART should develop policies and procedures to ensure that supporting documentation is maintained for all billing invoices and also ensure only actual services provided are included in all billing invoices.

AUDITEE'S RESPONSE:

In response to this finding, DART disagreed with one of the two Infant Development Programs audited. DART did not respond to the finding related to vendor number HK3458 and disagreed with the finding related to vendor number H01986.

DART's response included a number of reasons it billed for a full hour of service when it only provided a partial hour of service. DART sighted the following reasons it was acceptable to bill for the full hour of service:

- The appointment was cut short due to the child's disability.
- The child was a no show.
- The parents cancelled.
- The child was asleep.
- The service was provided by a Program Director, but not documented.

See Attachment B for the full text of the DART response and Attachment C for DDS's evaluation of DART's response.

FINDING 2: Unsupported Billing – Transportation

The review of DART's Transportation programs found that DART was not able to provide source documentation to support transportation services billed to the regional center. (See Attachment A.)

The unsupported billing total for transportation services consisted of the following items:

- **Vendor Number P74097 – Crest**

For FY 2003-04, the sample months of September, November, and December 2003, were tested. The test revealed that DART could not provide source documentation for 350.80 miles billed. This resulted in \$1,038.37 that was over billed to KRC.

- **Vendor Number HK2631 - Caltrans North and South**

For FY 2004-05, the sample months of July, August, and December 2004, were tested for the Caltrans North transportation program. The test revealed that DART could not provide source documentation for 4,127.50 miles billed. This resulted in \$6,769.10 that was over billed to KRC.

For FY 2004-05, the sample months of July, August, and December 2004, were tested for the Caltrans South transportation program. The test revealed that DART could not provide source documentation for 4,102 miles billed. This resulted in \$6,727.28 that was over billed to IRC.

- **Vendor Number HK2624 – Additional Component**

For FY 2004-05, a six-month sample from July through December 2004, was selected for review. The test revealed that DART could not provide source documentation for a total

of 389.91 service hours billed. The approved rate for July 2004, was \$59.55 with 79.45 service hours or \$4,731.25 that was over billed. The approved rate from August through December 2004, was \$47.72 with 310.46 service hours or \$14,815.15 that was over billed.

The combined total over billed for FYs 2003-04, and 2004-05, for transportation services is \$34,081.15.

Title 17, Section 50604(d) states:

“All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include....”

Title 17, Section 50604(e) states:

“All service providers’ records shall be supported by source documentation.”

Title 17, Section 54326(a) states:

“All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed.”
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

RECOMMENDATION:

DART should repay DDS \$34,081.15, the total over billed for transportation services. In addition, DART should develop policies and procedures to ensure that supporting documentation is maintained for all billing invoices and also ensure only actual services provided are included in all billing invoices.

AUDITEE’S RESPONSE:

In response to the draft audit report, DART is in disagreement with Transportation program finding. For the vendor numbers P74097 Crest, HK2631 Caltrans North (KRC), HK2631 Caltrans South (IRC), and HK2624 Additional Components, DART provided additional documentation.

DART states they billed correctly for the months audited for three Transportation programs.

See Attachment B for the full text of the DART response and Attachment C for DDS’s evaluation of DART’s response.

FINDING 3: Unsupported and Failure to Bill – Habilitation (WAP)

The review of DART’s Habilitation programs found that DART was not able to provide source documentation to support services billed to the regional center and failed to bill for some services provided. (See Attachment A.)

The total for WAP billing discrepancies consisted of the following items:

- For vendor number HK2936, a six month sample (July-December) for FY 2004-05, was tested. The test revealed that DART billed the regional center 46 days when there was no attendance documentation to support the billings. This resulted in \$2,152.34 that was over billed.
- In addition, source documentation revealed that DART failed to bill the regional center for 46.5 days of consumer services in FY 2004-05. This resulted in \$2,175.74 that was under billed.

The net total of the over and under billed amounts for FY 2004-05, is a vendor credit of \$23.40.

Title 17, Section 50604(d) states:

“All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include....”

Title 17, Section 50604(e) states:

“All service providers’ records shall be supported by source documentation.”

Title 17, Section 54326(a) states:

“All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed.”

RECOMMENDATION:

DART should develop policies and procedures to ensure that supporting documentation is maintained for all billing invoices and only bill for actual services provided. The net total that is owed to DART is \$23.40.

AUDITEE’S RESPONSE:

DART provided no response to Finding 3.

FINDING 4: Incorrect Billing – Habilitation (WAP)

The review of DART’s Habilitation programs found that DART incorrectly billed the regional center for consumer services. (See Attachment A.)

The total for incorrect WAP billings consisted of the following items:

- A six month sample (July-December) for FY 2004-05, was tested for DART’s WAP, vendor number HK2936. The test revealed that DART incorrectly billed for 67 full days of service when regulation requires a half day of service be billed. This resulted in 33.50 days or \$1,567.47 that was incorrectly billed to the regional center.

The total incorrectly billed for WAP services in FY 2004-05, is \$1,567.47.

Title 17, Section 58880(b) states:

“The regional center shall make payment for services using a daily rate as follows:

- (1) A Work Activity Program may bill for a full day of service when the Work Activity Program has written documentation that the consumer has received allowable Work Activity Program services as specified in Section 4851(h) of the Welfare and Institutions Code;
- (2) A Work Activity Program may bill for a half day of service when the Work Activity Program has written documentation that the consumer has received services as specified in Section 4851(i) of the Welfare and Institutions Code;
- (3) A Work Activity Program may not bill for a consumer who is absent or who receives services for less than two hours, excluding the lunch period, except that the Department may authorize payment for absences which are the direct result of situations or occurrences for which a state of emergency has been declared.”

W&I Code, Section 4851 states:

- (h) “ ‘Full day of service’ means, for purposes of billing, a day in which the consumer attends a minimum of the declared and approved work activity program day, less 30 minutes, excluding the lunch period.”
- (i) “ ‘Half day of service’ means, for purposes of billing, any day in which the consumer’s attendance does not meet the criteria for billing for a full day of service as defined in subdivision (g), and the consumer attends the work activity program not less than two hours, excluding the lunch period.”

RECOMMENDATION:

DART should repay DDS \$1,567.47, the total incorrectly billed for WAP services. In addition, DART should develop policies and procedures to ensure compliance with Title 17 regulations and the W & I codes.

AUDITEE’S RESPONSE:

DART did not provide any written response for this finding. However, the documentation submitted by DART included a doctor’s note for a consumer that participated in the WAP services.

See Attachment B for the full text of the DART response and Attachment C for DDS’s Evaluation to DART’s response.

FINDING 5: Unsupported Billing and Failure to Bill – SLS

The review of DART’s SLS program found that DART was not able to provide source documentation to support the consumer services billed to the regional center and failed to bill for some consumer services provided. (See Attachment A.)

The total for SLS billing discrepancies consisted of the following items:

- For the SLS program, vendor number H01986, one month from FY 2003-04, and two months from FY 2004-05, were selected for review. The test revealed that DART could not provide attendance documentation to support 10 service hours billed to the regional center in FY 2004-05. This resulted in \$319.50 over billed.
- In addition, source documentation revealed that DART failed to bill the regional center for 11.5 service hours in FY 2003-04. This resulted in \$367.43 under billed.

The net total of the over and under billed amounts for FYs 2003-04, and 2004-05, is a vendor credit of \$47.93.

Title 17, Section 50604(d) states:

“All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include....”

Title 17, Section 50604(e) states:

“All service providers’ records shall be supported by source documentation.”

Title 17, Section 54326(a) states:

“All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed.”

RECOMMENDATION:

DART should develop policies and procedures to ensure that supporting documentation is maintained for all billing invoices and only include actual services provided in all billing invoices. The net total that is owed to DART is \$47.93.

AUDITEE’S RESPONSE:

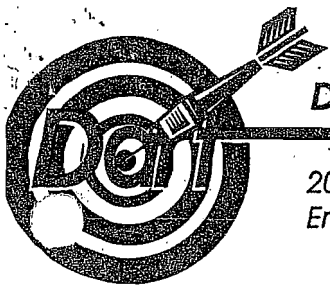
DART provided no response to Finding 5.

**Desert Area Resources and Training
Summary of Findings
FY 2003-04 & 2004-05**

Vendor Number	Program Description	FY 2003-04			FY 2004-05			TOTAL	
		Rate	Units	Amount	Rate	Units	Amount	Amount	
Finding 1									
<u>Day Programs:</u>									
H01986	Infant Development Program	\$ 38.36	per hour	789.74	\$ 38.36	per hour	148.13	\$5,682.27	\$35,976.70
HK3458	Infant Development Program			-	\$ 76.01	per hour	27.25	\$2,071.27	\$2,071.27
Total Day Programs				\$30,294.43	\$7,753.54			\$38,047.97	
Finding 2									
<u>Transportation Programs:</u>									
P74097	CREST	\$ 2.96	per mile	350.80			-	-	\$1,038.37
HK2631	North - Caltrans (Kern Regional Center)			-	\$ 1.64	per mile	4,127.50	\$6,769.10	\$6,769.10
	South - Caltrans (Inland Regional Center)			-	\$ 1.64	per mile	4,102.00	\$6,727.28	\$6,727.28
HK2624	Transportation-Additional Components (July 2004 rate)			-	\$ 59.55	per hour	79.45	\$4,731.25	\$4,731.25
	Transportation-Additional Components (August thru December 2004 rate)			-	\$ 47.72	per hour	310.46	\$14,815.15	\$14,815.15
Total Transportation Programs				\$1,038.37	\$33,042.78			\$34,081.15	
Finding 3									
<u>Habilitation Program:</u>									
HK2936	Work Activity Program (WAP)			-	\$ 46.79	per day	46.00	\$2,152.34	\$2,152.34
	Work Activity Program (WAP)			-	\$ 46.79	per day	(46.50)	(\$2,175.74)	(\$2,175.74)
Total Habilitation Program - WAP				\$0.00	(\$23.40)			(\$23.40)	
Finding 4									
<u>Habilitation Program:</u>									
HK2936	Work Activity Program (WAP)			-	\$ 46.79	per day	33.50	\$1,567.47	\$1,567.47
Total Habilitation Program - WAP				\$0.00	\$1,567.47			\$1,567.47	
Finding 5									
<u>Supported Living Services (SLS) Program:</u>									
H01986	SLS			-	\$ 31.95	per hour	10.00	\$319.50	\$319.50
	SLS	\$ 31.95	per hour	(11.50)			-	(\$367.43)	(\$367.43)
Total SLS Program				(\$367.43)	\$319.50			(\$47.93)	
								\$73,625.26	

Desert Area Resources and Training (DART) Response to Draft Report

Certain documents provided by DART as attachments to their response are not included in this report due to the detailed and confidential nature of the information. In addition, we have redacted the response for confidential information.

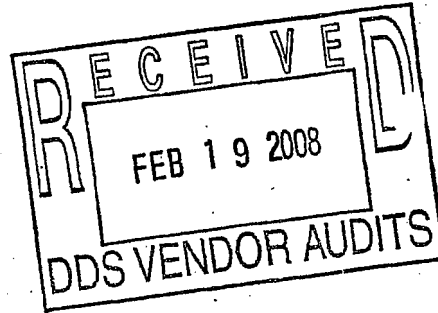


Desert Area Resources and Training

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February 20, 2008

Arthur J. Lee, CPA, Manager
Department of Developmental Services
Audit Branch
1600 Ninth Street, Room 230, MS 2-10
Sacramento, CA 95814



Dear Mr. Lee,

Desert Area Resources and Training is responding to the draft documents of the audit of the Department of Developmental Services. The period of review was from July 1, 2003 through June 30, 2005, for the Day programs, Transportation Programs, Miscellaneous Programs, Habilitation Programs, and Supported Living Services Program. The enclosed documents are specific to the findings and respond to our supportive documentation and other letters attached from the Kern Regional Center to explain items that were questioned in the draft we received prior to January 23, 2007, in our formal exit conference.

We believe that what you will review will clarify questions you have from your original findings, and modify - if not eliminate, most, if not all, of the finding of the draft report.

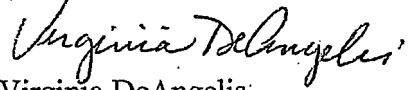
Our agency has been, without question, fully cooperative with all requests for information and fully disclosed all records to DDS staff and assigned audit members during the course of the review. The DART staff has been at an unlimited availability to answer any and all questions and has gone beyond what we believe the expectations of the State have been to fully comply with this audit.

Each finding of the draft will be addressed in the enclosed documents and financial attachments and specifically clarified. The individual and/or persons who prepared each program or service report will also be identified should there be any need to question or contact them.

This audit has proven to impose a great hardship on Desert Area Resources and Training, as a 48 year, non-profit vendor of services and programs to the State of California. We have endured the hardship of time, additional staff costs, additional administrative costs, the use of office supply resources, communication expenses, and duplication costs associated with this audit which began almost three years ago.

It is our goal to comply with all sections of Title 17 and the recommendations you made in the draft report within this response.

Sincerely,



Virginia DeAngelis
CEO

Enclosures

cc: Dr. M. Clark, Kern Regional Center
David Cornell, DART Board of Directors

KERN REGIONAL CENTER

Supporting Equality, Independence & Opportunity



February 11, 2008

Ms. Jinny DeAngelis, Executive Director
DART
201 E. Ridgecrest Blvd.
Ridgecrest, CA 93555

RE: Response to DDS Draft Audit

Dear Ms. DeAngelis,

You requested that Kern Regional Center (KRC) provide you with clarification of our policies and expectations in several areas pertaining to questions that have come up in the DDS audit of some of your programs. The following comments provide you with our response. It is worth noting that I discussed these items with appropriate line staff to verify that they are consistent with our expectations for the time period in question.

The first four points all have to do with infant development services that you provide as a part of Early Start Services to infants and toddlers aged 0 - 36 months:

- 1) KRC considers both direct therapeutic service to the child and education/training provided to parents, family members or primary care providers for the child to be legitimate time to be billed. These services are being provided in "natural environments" and working with the child's primary care providers is a major part of any successful intervention program.
- 2) These services have an hourly rate. KRC's expectation has always been that any period that substantially approximates an hour may be billed as an hour.
- 3) KRC has given DART permission to bill for "make up" hours. We have viewed monthly authorizations as an average number of hours which may be billed per month. Certainly, the number of hours to be billed over a year period would be capped by the number authorized. What this means to us is that it is acceptable to "make up" hours that were missed by providing them in a succeeding month.
- 4) KRC audited the DART Infant Program in 2004. That audit showed that DART had been billing for "no shows". After receiving the audit report, DART agreed to change this practice and no longer bill for "no shows". DART also refunded the monies identified in the audit as having been improperly billed.

The last point has to do with transportation services and billing. In 2004, KRC contracted with R&D Transportation to provide transportation brokering services. R&D negotiated contracts with our transportation vendors. R&D provided transportation routing. In that capacity, they built a model of a provider's transportation system. Billings were submitted to R&D. R&D reviewed the billing and matched them up to their model. They then approved a payment amount to be paid by the regional center.

I believe this information is responsive to the questions raised by you and provides you with the information requested. If you need further information, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "MCC/vl".

Michal C. Clark, Ph.D.
Executive Director
MCC/vl

DART AUDIT BY DDS

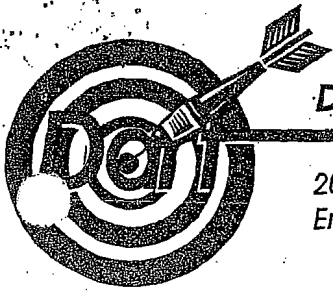
RESPONSE TO DDS FINDINGS #1: UNSUPPORTED BILLING (S/B INFANT DEVELOPEMTN PROGRAM)

VENDOR #H01986 AUDITED JULY THRU DECEMBER FY 2003-2004 & 2004 2005

BILLING OVER AUTHORIZED WAS A MISUNDERSTANDING. DART WOULD MAKE UP HOURS CANCELLED FROM PRIOR MONTHS BECAUSE IT WAS NECESSARY TO PROVIDE SERVICES AND TRAINING WHEN THE CLIENT AND FAMILY WAS AVAILABLE AND DART THOUGHT CANCELLATIONS HOURS WERE AUTHORIZED PER FISCAL YEAR NOT PER MONTH (RESPIRE USE ALL HRS AND ASK FOR MORE IF IT WAS FOR THE BENEFIT OF THE CLIENT). KRC FOUND IN AUDIT COMPLETED FOR THE MONTH OF JANUARY 2004 THE FINAL AUDIT ISSUED 06/24/04 (THIS WAS A REQUIRED AUDIT PER CONTRACT WITH KRC AND DDS TO COMPLETE A S/C 805 AUDIT BY KRC) (THIS AUDIT WAS FOUND BY DDS AUDITOR [REDACTED] THAT WAS DATED JUNE 21, 2004 IN KRC'S DART INFANT PROGRAM VENDOR FILE BECAUSE THE AUDIT IN VENDOR FILE HAD BEEN COPIED AND OUT OF ORDER WHEN REPLACED IN VENDOR FILE). DART RESPONDED QUICKLY BECAUSE KRC'S AUDIT REVELED THAT DART WAS PROVIDING SERVICES ABOVE AND BEYOND DART'S VENDORIZATION BY PROVIDING A ONE TO ONE SERVICE AT THE CLIENTS HOME INSTEAD OF A ONE TO THREE RATIO AT DART'S PROGRAM. KRC HAD TO RESPOND IMMEDIATELY TO VENDOR A SERVICE THAT WAS PROVIDED BY DART THAT BENEFITED KRC CLIENTS THAT DART HAD TO HAVE A DIFFERENT VENDORIZATION FOR ONE ON ONE; HOWEVER, KRC WOULD NOT STOP SERVICES UPON THE AUDIT BECAUSE IT WOULD HAVE CAUSED GREAT CONFLICT WITH THE FAMILIES OF THE CLIENTS SERVED BY DART (THIS SERVICE WAS NEEDED AND PROVIDED AT A LOSS TO DART, PER BETTE COHEN). KRC WITH THE IMMEDIATE COOPERATION OF DART PROCEEDED WITH THE PROCESS OF VENDERING DART FOR S/C 805 ONE ON ONE AT AROUND THREE TIMES THE RATE THEY WERE RECEIVING FOR A ONE TO THREE RATIO AT THEIR PROGRAM. THIS AUDIT CONDUCTED AND FINALIZED IN 06/21/04 RESULTED IN DART REALIZING THEY HAD TO CORRECT THEIR BILLING DOCUMENTATION, SUCH AS SALARIED STAFF NOT KEEPING TIME CARDS (KRC GAVE CREDITS THROUGH PAYROLL DOCUMENTATION). SERVICES WERE PROVIDED TO THE CLIENTS WITH INVOLVED TRAINING THE FAMILIES/PARENTS TO CARE FOR THEIR DD SON/DAUGHTER. IN ADDITION, KRC'S SERVICE COORDINATOR [REDACTED] [REDACTED] APPROVED AND FOLLOWED THE PROGRESS OF THESE INFANTS RECOMMENDED TO DART FOR TRAINING. (I PRESUME DDS

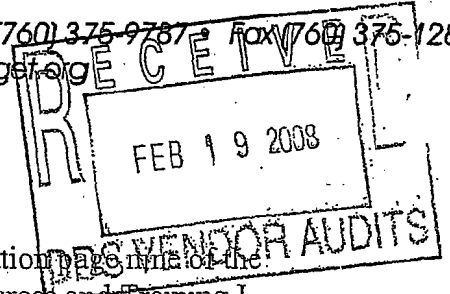
AUDITOR ██████ FOUND KRC'S FISCAL MONITOR REPORT IN DART'S INFANT DEVELOPMENT FILE SERVICE CODE 805 AND USED HER MS. QUILLINGS FINDINGS TO JUSTIFY REIMBURSEMENT FOR THE FY IN AUDIT BY MS QUILLING FINDINGS IN HER JANUARY 2004 AUDIT THAT WAS NOT COMPLETED UNTIL JUNE 21, 2004. CONSEQUENTLY, ██████ AUDITOR OF DDS, FOR 2003-2004 TO IMPLEMENT THIS AUDIT REIMBURSEMENT OF \$30,533.41. DID DDS ACCOUNT FOR THE FACT THAT DART REIMBURSED KRC FOR THEIR AUDIT FINDINGS OF \$5,610.15 FOR THE MONTH OF JANUARY 2004. DOES DDS RELIZE THAT UPON FINDING THE PROBLEMS BOTH KRC AND DART WORKED TOGETHER TO GET THEM VENDORED FOR A SERVICE THAT WAS NEEDED AND KRC ASKED FOR THE VENDORIZATION FOR ONE ON ONE SERVICE FROM DDS TO BEGIN EFFECTIVE NOVEMBER 2004 WHEN DART STARTED PROVIDING THIS SERVICE. DDS ONLY APPROVED THE START DATE EFFECTIVE MARCH 1, 2005. THIS WAS A LOSS TO DART OF ABOUT \$18,000.00. IN ADDITION, IT IS CLEARLY SHOWN THROUGH FY 2004-2005 THAT DART IMPLEMENTED THE RECOMMENDATIONS OF KRC AND WAS IN THE PROCESS OF THE ONE ON ONE VENDORIZATION. EVEN DDS AUDIT FINDING SHOW THAT THE DISCREPANCIES AND MISUNDERSTANDINGS FOUND FROM KRS'S AUDIT IN 2003-2004 MADE A DRASTIC IMPLEMENTATION ON DARTS BEHALF TO CORRECT THE AUDIT FINDINGS AND IMPLEMENT A NEW VENDORIZATION AS QUICKLY AS POSSIBLE BY THE DIFFERENCE IN THE AUDIT FINDINGS (FY 2003-2004 OWE \$30,533.41 & FY 2004-2005 OWE \$8,684.53) BY ██████ FOR JULY THROUGH DECEMBER 2004 (FY 2004-2005 THAT WAS AUDITED BY DDS).

DID DDS TAKE INTO ACCOUNT THE FACT THAT WITH THE FINAL AUDIT CONDUCTED BY KRC 06/21/04 THAT DART WAS THEN AND ONLY THEN ALERTED TO THE PROBLEMS; IN ADDITION TO KRC.



Desert Area Resources and Training

201 E. Ridgecrest Blvd. • Ridgecrest, California 93555 • (760) 375-9787 • Fax (760) 375-1288
Email: dart@dartontarget.org • Website: www.dartontarget.org



In response to Finding 2: Unsupported Billing – Transportation page 11 of the Department of Developmental Services Audit of Desert Area Resources and Training I have this to say before reporting my findings of the transportation programs under Audit.

Desert Area Resources and Training has always in good faith provided services and does its best to accurately bill the regional centers. The whole billing process, not just transportation is quite the monthly ordeal. We often get short paid due to the POS authorization process and track it until it is fully paid. In transportation we have an hourly rate for one program and other programs are paid by the mile. Our staff has been cooperative with the auditors from the start in January of 2006. Dart has provided time sheets, mileage logs, passenger logs, fuel bills, and just recently lotus spreadsheets that the mileage logs had been entered into. I admit that our files have not been the most organized in the past but will be in the future. I did not see the transportation documents until after the auditors had copied them and have since reorganized them.

When we met with the DDS auditors on January 23, 2008 to go over the findings of the audit I asked the question: If they did not have any discrepancies with our Work Activity Program (HK2936) or the Supported Employment Program (HK2934) and agree that our consumers worked for those months, how did they get to work? The answer I received was that they could not trace our passenger logs to the transportation logs.

As the Chief Financial Officer I also looked at our financial statements from July 1, 2004 thru December 31, 2004. For the six months ending we made a profit of \$4,882 with transportation program HK 2631, a net loss of \$48,468 with transportation program HK 2624, overall a net loss of \$43,586 for our transportation program for the six months. If you look at the monthly averages in billable dollars and hours/mi. for the six month period they look reasonable for the amount of service we provide to our consumers. Dart is currently experiencing a loss from the transportation programs and needs to consider if these programs should continue to be provided.

After reviewing the audit finding these are my findings for the Transportation programs.

Thank you for your time and consideration,

Daniel M. Deegan
Chief Financial Officer

Desert Area Resources and Training

Transportation Programs:

Crest – P74097 SC#880 (Exhibit A)

September 2003 - Billed for 940 miles when miles to bill were 743.9 miles. DDS Auditor's calculated 731.90 miles from mileage logs. When reviewing September 2003 mileage logs, 891.4 miles should have been billed, DART over billed 48.6 miles or \$143.86. (See Exhibit A1)

November 2003 – Billed for 705.4 miles, DDS Auditor's calculated 562.70 miles from mileage logs. When reviewing November 2003 mileage logs, 922.1 miles should have been billed. Dart under billed 216.70 miles or \$641.43. (See Exhibit A2).

The Crest program was under billed by 168.1 miles or \$497.57. (See Exhibit A).

Cal-Trans North (KRC) – HK2631 SC#880 (Exhibit B)

July 2004 – Billed for 6,283.10 miles. DDS Auditor's calculated 5,955.3 miles, the auditor missed vehicle #21 with 308 miles (See Exhibit B1.1) as per lotus spreadsheet mileage logs 6,283.10. Dart billed correctly this month.

August 2004 – Billed for 7,116.40 miles. DDS Auditor's calculated 6,790.70 miles. Dart is missing August's lotus spreadsheet mileage logs and is missing mileage logs for vehicle 20 & 21. Dart might have over billed for the month by 325.70 miles or \$534. (See exhibit B2.1)

December 2004 – Billed for 6,298 miles. DDS Auditor's calculated 2,824 miles, the Auditor's missed vehicles numbers 14, 16, 23, 27, 30, & 32. Vehicle number 30 was driven for both IRC and KRC during the month, it appears that Dart over billed this vehicle by 874 miles or \$1,433.36. Unsure if this mileage was November mileage not billed in November. (See exhibit B3.1)

The Cal –Trans North (KRC) program possibly was over billed by 1,199.7 miles or \$1,967.51. (See Exhibit B)

Cal – Trans South (IRC) – HK2631 SC#880 (Exhibit C)

Originally this program was not under audit by DDS. We asked them to audit this program because we are currently under dispute with IRC for the periods April, May, and June of 2004. They did not pay us for this time period and owe us over \$44,000.

July 2004 – Billed 10,872.7 miles. DDS Auditor's calculated 9,944.30 from actual mileage logs, as per lotus spreadsheet mileage logs 10,872.7 miles were calculated. Dart correctly billed for this month. (See exhibit C1.1)

August 2004 – Billed 11,453.60 miles. DDS auditors calculated 11,254 miles from actual mileage logs. Dart is missing actual mileage logs and is missing August's lotus spreadsheet mileage logs. It appears that dart over billed for this program by 199.60 miles or \$327.34. (See Exhibit C2.1)

December 2004 – Billed 11,158 miles. DDS auditors calculated 8,184 miles from actual mileage logs. According to lotus spreadsheet mileage logs Dart should have billed 11,309 miles. Vehicle #11 was under billed by 151 miles or \$247.64. (See Exhibit C3.1)

The Cal – Trans South (IRC) program was possibly over billed by 48.6 or \$79.70. (See exhibit C)

Local Transportation Additional Components – HK2624 (Exhibit D)

This program was originally billed by the mile at a rate of \$2.96 a mile. I believe this change occurred during April or May of 2004. Desert Area Resources had difficulties in this transition and was fully on track with the billing method by October of 2004. During this time KRC was using R & D Transportation Services. This company provided DART with driver routes based on our consumers needs. They authorized Dart each month based on the route and base days.

July 2004 – Billed for 348.25 hours amounting to \$16,618.49 at the 47.72 rate but KRC did pay us the 59.55 rate. The DDS auditors say we billed for 372.23 and only had support for 292.78. R & D transportation had authorized 421.89 hours at \$47.72 or \$20,132.50. Our mileage logs show total billable miles at 6,722.6 miles and would have billed \$19, 898.90 for those miles. I believe that Dart billed correctly for the month of July, but under billed compared to the mileage and the R& D calculation. (See Exhibit D1 and D1.1)

August 2004 – Billed for 392.37 hours amounting to \$18,723.90 The DDS calculated support for 270.49. R & D transportation had authorized 441.50 hours at \$47.72 or \$21,068.39. Our mileage logs show total billable miles at 6,957.3 miles and would have billed \$20,593.61 for those miles. I believe Dart billed correctly for the month of August, but under billed compared to the mileage and the R& D calculation. (See Exhibit D2 and D2.1).

September 2004 – Billed for 379.25 hours amounting to \$18,097.81. The DDS calculated support for 270.24. R & D transportation had authorized 421.75 hours at \$47.72 or \$20,125.91. Our mileage logs show total billable miles at 6,364 miles and would have billed \$18,837.44 for those miles. I believe Dart billed correctly for the month of September, but under billed compared to the mileage and the R& D calculation. (See Exhibit D3 and D3.1).

October 2004 – Billed for 419.83.38 hours amounting to \$20,034.29. The DDS calculated support for 368.47. R & D transportation had authorized 420.01 hours at \$47.72 or \$20,042.87. Our mileage logs show total billable miles at 6,343 miles and would have billed \$18,775.28 for those miles. Exhibit D3.2 are the mileage/time logs that DART used to input the driver logs to calculate I believe Dart billed correctly for the month of October, but under billed compared to the mileage and the R& D calculation. (See Exhibit D4, D4.1, and D4.2)

November 2004 – Billed for 370.41 hours amounting to \$17,675.97. The DDS calculated support for 342.20. R & D transportation had authorized 381.5 hours at \$47.72 or \$18,205.19.87. Our mileage logs show total billable miles at 6,189 miles and would have billed \$18,319.44 for those miles. Exhibit D5.2 are the mileage/time logs that DART used to input the driver logs to calculate I believe Dart billed correctly for the month of November, but under billed compared to the mileage and the R& D calculation. (See Exhibit D5, D5.1, and D5.2)

December 2004 - DDS auditors calculated 374.75 and DART only billed for 368.38 hours under billing by 6.37 hours or \$303.98.

The Local Transportation program was under billed by \$303.98 for the period under audit. I believe during time under audit DART billed consistently when comparing R & D calculations and the mileage for this program.

**THE DEPARTMENT OF DEVELOPMENTAL SERVICES' (DDS)
EVALUATION
OF VENDOR'S RESPONSE**

As part of the vendor audit report process, DART was given the opportunity to respond to the draft audit report with a written response. The DDS evaluation of the information contained in the DART response is shown below.

Finding 1: Unsupported Billing –Day Program

The condition for this finding involved two Infant Development Programs, vendor numbers H01986 and HK3458. In the response to the draft report, DART provided a large volume of documentation for the portion of the finding that relates to vendor number H01986.

DART did not provide any response to the portion of the finding that relates to vendor number HK3458. In the absence of a response, it is assumed that DART is in agreement with the portion of this finding that relates to vendor number HK3458.

With regard to the portion of the finding for vendor number H01986, the large volume of documentation submitted with the DART response included a detailed analysis of the unsupported billing hours presented in the draft audit report. We analyzed this large volume of documentation and identified the following information:

- DART billed the regional center(s) for services, which included missed appointments and appointments cut short.
- DART billed for intake services provided by the director of the program.
- DART provided additional documentation to support hours billed that were not previously provided during the audit field work.
- DART billed the regional center(s) for all services in full hour increments.
- Kern Regional Center (KRC) has previously audited vendor number H01986.

Missed Appointments and Appointments Cut Short:

For the missed appointments and appointments cut short, DART indicated that it billed for services when no services were provided and when the following occurred:

- The “child was a no show” for an appointment;
- The parent cancelled the appointments; ...
- The “child was asleep” at the time of the appointment.

In addition, the documentation submitted by DART indicated that a full hour of service was billed when appointments were “cut short due to the severity of the child’s disability.”

Billing for services that have not been provided due to missed appointments and appointments being cut short is not in compliance with Title 17, Section 54326 (a) (10), which states:

“(a) All vendors shall:

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

Therefore, all the billings for missed appointments and appointments being cut short, where no services were provided, are not allowed under Title 17. As a result, no adjustments have been made to the audit finding for missed appointments and appointments cut short.

Billing for Intake Services by the Program Director:

The documentation submitted by DART indicated that their program director provided intake services. Within the documentation provided, DART indicates that “intakes are never put onto a verification form as this is done by the director of the program.” No additional documentation was submitted by DART to show that the director of the program actually provided the intake services. As indicated in Finding 1, Title 17 Section 50604 (d) requires that “complete service records to support all billing/invoicing for each regional center consumer” be maintained. Since DART has not provided any records to support that the director of the program provided the intake services, no adjustment is made to this audit finding for these intake services.

Additional Documentation:

From the analysis of the large volume of documentation submitted with the DART response, we identified that the documentation supported 31.50 hours of service which were disallowed in the draft report. As a result, Finding 1 has been adjusted to reflect that the 31.50 hours of service are allowable billings to the regional center(s). Details for these hours are contained in Attachment D.

Billing for Full Hours of Service:

Within the documentation submitted by DART, it is indicated that “all visits were billed in hour increments.” To support this billing practice, DART attached a letter from KRC, dated February 11, 2008, indicating that “KRC’s expectation has always been that any period that substantially approximates an hour may be billed as an hour.” To get clarification from KRC on the definition of what period of time would be defined as “substantially approximates an hour,” DDS sent a letter to KRC.

In a letter dated March 12, 2008 from the Executive Director of KRC, Michal Clark, it states:

“Kern Regional Center’s expectation for vendors paid on an hourly rate is that they will bill for services provided. If they work a full hour, they would be provided an hour’s pay. If they work a fraction of an hour, the fraction of the hour would be rounded to the

nearest quarter of an hour." DART was provided this information in an audit report presented to them by KRC in late June 2004. (See Attachment D.)

Since DART billed for all services to the regional center(s) in full hour increments, the amount identified in the draft report for Finding 1 has been recalculated to comply with the information provided by KRC that fractions of an hour of service provided should be rounded to the nearest quarter of an hour for billing purposes. This recalculation was completed upon both Infant Development programs and resulted in disallowing DART 1.00 billable service hour for vendor number H01986 and no change to vendor number HK3458. The adjustment for these hours has been completed and is reflected in Finding 1 in the final report. (See Attachment E.)

KRC's Previous Audit:

In the response, DART indicates that KRC performed an audit upon the Infant Development Program, vendor number H01986, for the period of January 2004. The KRC audit report was issued in June 2004. The results of the KRC report indicated that DART owed KRC \$5,610.15. DART questions if DDS accounted for this KRC audit report and the subsequent payment made to KRC by DART.

The DDS was aware of the KRC audit and thus sampled the audit period of July 2003 through December 2003 and July 2004 through December 2004. There was no overlap of audit periods.

DDS Conclusion:

Based upon the evaluation of the DART response to the draft report and an analysis of the documentation submitted to DDS, adjustments to the amounts in Finding 1 have been made in this final audit report. The adjustments made are allowing 31.50 hours due to additional documentation submitted and disallowing 1.00 billable hour for adjustments due to the KRC clarification that fractions of an hour of service provided should be rounded to the nearest quarter of an hour for billing purposes. The net result of the adjustments made to Finding 1 for Infant Development Program, vendor number H01986, are that the amount of unsupported billings of \$30,533.41 has been reduced to \$30,294.43 for Fiscal Year 2003-04 and the amount of \$6,613.26 has been reduced to \$5,682.27 for Fiscal Year 2004-05.

This resulted in a combined total overpayment for vendor number H01986 of \$35,976.70.

Finding 2: Unsupported Billing - Transportation

In the response, DART provides a written analysis of the monthly billings in which DART indicates disagreement with Finding 2. To support their analysis, DART provided a large volume of documents. From the results of our evaluation of the DART response and the corresponding documentation submitted, it was identified that DART either:

- Submitted documentation that was not applicable to the transportation program;
- Documentation submitted was summary information and not source documentation; or

- DART did not recognize that the audit had already taken into account the same documentation as submitted with its response.

From the evaluation of the DART response, we identified the following details:

CREST - P74097, SC 880: The DART response questioned the audit findings for the months of September 2003 and November 2003. However, the documentation submitted by DART to support their response did not apply to the Transportation Program CREST vendor number P74097. The documentation submitted by DART was applicable to the Transportation Program CREST Jr., vendor number P74098.

Caltrans North KRC – HK2631, SC 880: The DART response for this program contained computer spreadsheets in an attempt to support the billings, and no source documents were submitted. In the response for this program, DART does not address the requirements of Title 17, Section 50604 (e), which states:

“All service providers’ records shall be supported by source documentation.”

For the month December 2004, DART indicates that the documentation for six vehicles, which are numbered 14, 16, 23, 27, 30, and 32, was missed by the auditors. The review of the supporting documentation revealed the following:

Vehicle 14: DART submitted an incomplete mileage log that only contained beginning mileage readings.

Vehicle 16: DART submitted a computer spreadsheet in an attempt to support the billings, but no source documents were submitted.

Vehicle 23 and 27: DART indicated that the mileage for these vehicles was not counted by the DDS audit. However, DART is incorrect; the mileage of these vehicles was included in the DDS audit.

Vehicles 30 and 32: The DART response indicates that the mileage for these vehicles should be counted for the Caltrans North Program. However, source documentation for these vehicles indicated that the mileage was applicable to the Caltrans South Program. Accordingly, the DDS counted the mileage for the Caltrans South Program.

Caltrans South IRC – HK2631, SC 880: The DART response provided computer spreadsheets in an attempt to support the billings, and no source documents were submitted. As stated above, DART does not address the requirements of Title 17, Section 50604 (e), which requires all records be supported by source documentation.

Transportation Additional Component – HK2624, SC 880:

In the response, DART references this program as being paid for by a billing rate per mile. Throughout the response regarding the Transportation Additional Component HK2624, DART makes reference to billable miles. DART indicates in the response that mileage logs show billable miles.

However, a review of the service contract for this program identified that the billing rate for this program is based on "per Vehicle Service hour." Since the service contract clearly states the rate of payment is by hour, DART's response regarding billable miles is not applicable to this program.

DART also references the use of R&D Transportation Services, indicating that this company provided driver routes based upon the consumers' needs. DART's response references calculations made by R&D Transportation Services as a basis to support the billings for this program. However, DART does not provide any documentation to indicate that the calculations made by R&D Transportation Services can be used to support the amounts billed by DART.

In addition, the contact between KRC and R&D Transportation Services identifies that R&D Transportation Services will develop "Routing and time schedules for transport of clients to and from their day programs." There are no provisions in this contract to indicate that the R&D Transportation Services calculations can be used to support amounts billed by DART.

The calculations made by R&D Transportation Services are not source documentation and the calculations do not provide support that DART only billed for services actually provided to consumers. In performing the audit, DDS utilized the information contained in DART's source documentation and compared this information to the services for which DART received in payment.

As previously stated above, Title 17 Section 50604 (e) requires that "all service providers' records shall be supported by source documentation" and Title 17 Section 54326 (a) (10), requires that "all vendors shall bill only for services actually provided to consumers."

DDS Conclusion:

Based upon the above, DART has not provided adequate evidence and source documentation to support any changes to Finding 2.

Finding 3: Unsupported and Failure to Bill Habilitation (WAP)

DART did not provide a response to this finding. In the absence of a response, it is assumed that DART is in agreement with Finding 3.

Finding 4: Incorrect Billing – Habilitation (WAP)

DART did not provide a written response to Finding 4, but the documentation submitted by DART included a doctor's note for a consumer that participates in the WAP program. The doctor's note states that the consumer "should only work part-time." The note did not indicate how many hours the consumer could work.

However, this note supports the finding that the consumer did participate in the WAP program, but did not work full days. The actual consumer attendance documentation indicated the consumer worked 3.5 hours per day.

DDS Conclusion:

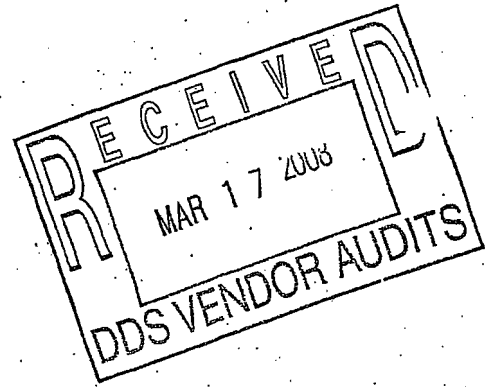
Based upon the regulations for WAP, the consumer only worked enough hours to support DART billing for half days of service. Therefore, no changes are made to Finding 4.

Finding 5: Unsupported Billing and Failure to Bill – SLS

DART did not provide a response to this finding. In the absence of a response, it is assumed that DART is in agreement with Finding 5.

KERN REGIONAL CENTER

Supporting Equality, Independence & Opportunity



March 12, 2008

Michael Masui, Chief Vendor Audits
 Dept. of Developmental Services
 1600 9th Street
 Sacramento, CA 95814

Dear Mr. Masui:

This letter is a response to your letter to me dated 3/10/08. The following paragraph presents you the information you requested.

Kern Regional Center's expectation for vendors paid on hourly rate is that they will bill for services provided. If they work a full hour, they would be provided an hour's pay. If they work a fraction of an hour, the fraction of the hour would be rounded to the nearest quarter of an hour. That is if someone provided 32 minutes of service, they would bill for one half hour service. If someone provided 38 minutes of service, they would bill for three quarters hours of service, etc.

In general, we communicate this expectation to vendors through discussion with them, training sessions with them, in response to questions raised with our Accounting Department and in the vendor audits that we complete at the Regional Center. Specifically, DART was provided this information in audit report presented to them by KRC in late June of 2004.

I believe that this answers the questions that you raised to me. If you need any further information, please feel free to contact me.

Sincerely,

Michal C. Clark, Ph.D.
 Executive Director
 MCC/vl

cc: J. DeAngelis, Executive Director, DART
 T. Quilling, Fiscal Monitor, KRC

**DESERT AREA RESOURCES AND TRAINING
INFANT DEVELOPMENT - H01986, SC# 805
Hours Adjusted per Vendor's Response
Fiscal Year 2003-04 and 2004-05**

Home Visits:
FY 2003-04

A B C D
A - B - C

Months	Unsupported Hours per Initial Draft Report	Additional Documentation	Fraction of an hour	Adjusted Unsupported Hours
July, 2003	86.51	-	0.25	86.26
August, 2003	83.40	-	(0.05)	83.45
September, 2003	108.00	-	(0.75)	108.75
October, 2003	92.48	-	0.15	92.33
November, 2003	102.65	-	0.22	102.43
December, 2003	125.02	-	0.17	124.85
Total Home Visits	598.06	-	(0.01)	598.07

Preschool:

Months	Unsupported Hours per Initial Draft Report	Additional Documentation	Fraction of an hour	Adjusted Unsupported Hours
July, 2003	44.17	2.00	0.15	42.02
August, 2003	46.45	-	0.53	45.92
September, 2003	9.00	-	(0.40)	9.40
October, 2003	22.87	-	0.26	22.61
November, 2003	31.25	-	(0.50)	31.75
December, 2003	44.17	4.00	0.20	39.97
Total Preschool	197.91	6.00	0.24	191.67

Home Visits:
FY 2004-05

Months	Unsupported Hours per Initial Draft Report	Additional Documentation	Fraction of an hour	Adjusted Unsupported Hours
July, 2004	33.00	-	-	33.00
August, 2004	56.75	5.00	-	51.75
September, 2004	29.92	-	0.05	29.87
October, 2004	21.08	1.00	0.05	20.03
November, 2004	24.16	4.00	0.10	20.06
December, 2004	(34.15)	-	(0.25)	(33.90)
Total Home-Visits	130.76	10.00	(0.05)	120.81

Preschool:

Months	Unsupported Hours per Initial Draft Report	Additional Documentation	Fraction of an hour	Adjusted Unsupported Hours
July, 2004	11.75	-	0.21	11.54
August, 2004	(9.99)	-	(0.30)	(9.69)
September, 2004	(3.75)	-	(0.02)	(3.73)
October, 2004	18.69	-	(0.13)	18.82
November, 2004	15.27	1.50	(0.20)	13.97
December, 2004	9.67	14.00	(0.74)	(3.59)
Total Preschool	41.64	15.50	(1.18)	27.32

Fiscal Year	VN# H01986 Unsupported Hours per Initial Draft Report	Additional Documentation	Fraction of an hour	Adjusted Unsupported Hours
2003-04	795.97	6.00	0.23	789.74
2004-05	172.40	25.50	(1.23)	148.13
Total Hours	968.37	31.50	(1.00)	937.87
Rate per Hour	\$ 38.36	\$ 38.36	\$ 38.36	\$ 38.36
Grand Total	\$ 37,146.67	\$ 1,208.34	\$ (38.36)	\$ 35,976.70