



**AUDIT OF THE  
CENTRAL VALLEY REGIONAL CENTER  
FOR FISCAL YEARS 2007-08 AND 2008-09**

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**Department of Developmental Services**

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## EXECUTIVE SUMMARY

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The fiscal compliance audit of Central Valley Regional Center (CVRC) revealed that CVRC was in substantial compliance with the requirements set forth in the California Code of Regulations, Title 17 (CCR, title 17), the California Welfare and Institutions (W&I) Code, the Home and Community Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract with the Department of Developmental Services. The audit indicated that, overall, CVRC maintains accounting records and supporting documentation for transactions in an organized manner. This report identifies some areas where CVRC's administrative and operational controls could be strengthened, but none of the findings were of a nature that would indicate systemic issues or constitute major concerns regarding CVRC's operations.

The findings of this report have been separated into the categories below.

### **I. Findings that need to be addressed.**

#### **Finding 1: Deceased Consumers**

##### **A. Multiple Dates of Death**

The review of the Uniform Fiscal System (UFS) Death Report identified five consumers with multiple dates of death recorded. In all the instances, there were two different dates of death recorded. This is not in compliance with the State Contract, article IV, section 1(c)(1).

##### **B. Unclaimed Balances**

The review of the Client Trust accounts revealed 11 deceased consumers' accounts that had a total remaining balance of \$18,080.25. Five of these account balances have been outstanding for more than three years after the death of the consumer. This is not in compliance with the California Code of Civil Procedures (CCP), article 2, section 1518(a).

#### **Finding 2: Client Trust Disbursements Not Supported**

A review of the client trust files revealed that CVRC did not retain receipts to support money management disbursement checks that were issued to vendors for the spending down of funds for four consumers. These receipts are retained by the vendors and are provided to CVRC upon request. However, the vendors could not provide receipts for these four consumers. Without supporting receipts, there is no evidence to ensure that the disbursements from the client trust funds are appropriate. This is not in compliance with the Social Security Handbook, chapter 16, section 1616.

**Finding 3: Medi-Cal Provider Agreement Forms**

The review of 38 Day and Transportation Program vendor files revealed seven instances in which Medi-Cal Provider Agreement forms were either improperly completed or missing. The improperly completed forms were either missing vendor numbers or had multiple vendor numbers and/or service codes. This is not in compliance with CCR, title 17, section 54326(a)(16).

**Finding 4: Targeted Case Management Time Study – Recording of Attendance**

The review of the Targeted Case Management (TCM) time study revealed that one of the 15 sampled employees, vacation and sick hours recorded on the employee's time sheets did not properly reflect what was recorded on the TCM time study form (DS1916).

## **BACKGROUND**

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The Department of Developmental Services (DDS) is responsible, under the Lanterman Developmental Disabilities Services Act (Lanterman Act), for ensuring that persons with developmental disabilities (DD) receive the services and supports they need to lead more independent, productive and normal lives. To ensure that these services and supports are available, DDS contracts with 21 private, nonprofit community agencies/corporations that provide fixed points of contact in the community for serving eligible individuals with DD and their families in California. These fixed points of contact are referred to as regional centers. The regional centers are responsible under State law to help ensure that such persons receive access to the programs and services that are best suited to them throughout their lifetime.

DDS is also responsible for providing assurance to the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) that services billed under California's Home and Community-Based Services (HCBS) Waiver program are provided and that criteria set forth for receiving funds have been met. As part of DDS's program for providing this assurance, the Audit Branch conducts fiscal compliance audits of each regional center no less than every two years, and completes follow-up reviews in alternate years. Also, DDS requires regional centers to contract with independent Certified Public Accountants (CPA) to conduct an annual financial statement audit. The DDS audit is designed to wrap around the independent CPA's audit to ensure comprehensive financial accountability.

In addition to the fiscal compliance audit, each regional center will also be reviewed by DDS Federal Programs Operations Section staff to assess overall programmatic compliance with HCBS Waiver requirements. The HCBS Waiver compliance monitoring review will have its own criteria and processes. These audits and program reviews are an essential part of an overall DDS monitoring system that provides information on the regional center's fiscal, administrative and program operations.

DDS and Central Valley Regional Center, Inc., entered into contract HD049002, effective July 1, 2004, through June 30, 2009. This contract specifies that Central Valley Regional Center, Inc. will operate an agency known as the Central Valley Regional Center (CVRC) to provide services to persons with DD and their families in the Fresno, Kings, Madera, Mariposa, Merced, and Tulare Counties. The contract is funded by State and federal funds that are dependent upon the CVRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at CVRC from April 26, 2010 through May 28, 2010 and was conducted by DDS's Audit Branch.

## **AUTHORITY**

The audit was conducted under the authority of the Welfare and Institutions (W&I) Code, section 4780.5, and Article IV, Provision Number 3 of CVRC's contract.

## **CRITERIA**

The following criteria were used for this audit:

- California Welfare and Institutions (W&I) Code
- "Approved Application for the Home and Community-Based Services Waiver for the Developmentally Disabled"
- California Code of Regulations, Title 17 (CCR, title 17)
- Federal Office of Management Budget (OMB) Circular A-133
- CVRC's contract with DDS

## **AUDIT PERIOD**

The audit period was July 1, 2007, through June, 30, 2009, with follow-up as needed into prior and subsequent periods.

## OBJECTIVES, SCOPE, AND METHODOLOGY

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This audit was conducted as part of the overall DDS monitoring system that provides information on regional centers' fiscal, administrative, and program operations. The objectives of this audit are:

- To determine compliance to Title 17, California Code of Regulations (CCR, title 17),
- To determine compliance to the provisions of HCBS Waiver for the developmentally disabled, and
- To determine that costs claimed were in compliance to the provisions of CVRC's contract with DDS.

The audit was conducted in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. However, the procedures do not constitute an audit of CVRC's financial statements. We limited our scope to planning and performing audit procedures necessary to obtain reasonable assurance that the CVRC was in compliance with the objectives identified above. Accordingly, we examined transactions, on a test basis, to determine whether CVRC was in compliance with CCR, title 17, the HCBS Waiver for the developmentally disabled, and the contract with DDS.

Our review of CVRC's internal control structure was limited to gaining an understanding of the transaction flow and the policies and procedures as necessary to develop appropriate auditing procedures.

We reviewed the annual audit report that was conducted by an independent accounting firm for:

- FY 2007-08, issued November 4, 2008
- FY 2008-09, issued December 12, 2009

There was no associated management letters that were issued by the independent accounting firm during this review. This review was performed to determine the impact, if any, upon our audit and as necessary, develop appropriate audit procedures.



The audit procedures performed included the following:

**I. Purchase of Service**

DDS selected a sample of Purchase of Service (POS) claimed and billed to DDS. The sample included consumer services, vendor rates, and consumer trust accounts. The sample also included consumers who were eligible for the HCBS Waiver. For POS the following procedures were performed:

- DDS tested the sample items to determine if the payments made to service providers were properly claimed and could be supported by appropriate documentation.
- DDS selected a sample of invoices for service providers with daily and hourly rates, standard monthly rates, and mileage rates to determine if supporting attendance documentation was maintained by CVRC. The rates charged for the services provided to individuals were reviewed to ensure that the rates paid were set in accordance with the provisions of CCR, title 17.
- DDS selected a sample of individual trust accounts to determine if there were any unusual activities and if any individual account balances were not above \$2,000 as required by the Social Security Administration (SSA). In addition, DDS determined if any retroactive Social Security benefit payments received were not held longer than nine months. DDS also reviewed these accounts to ensure that the interest earnings were distributed quarterly, personal and incidental funds were paid before the tenth of each month, and that proper documentation for expenditures are being maintained.
- The Client Trust Holding Account, an account used to hold unidentified consumer trust funds, was tested to determine whether funds received were properly identified to a consumer or returned to the SSA in a timely manner. An interview with CVRC staff revealed that CVRC has procedures in place to determine the correct recipient of unidentified consumer trust funds. If the correct recipient cannot be determined, the funds are returned to SSA (or other source) in a timely manner.
- DDS selected a sample of months of Uniform Fiscal Systems (UFS) reconciliations to determine if any accounts were out-of-balance or if there were any outstanding reconciling items.
- DDS analyzed all of CVRC's bank accounts to determine if DDS had signatory authority as required by the contract with DDS.

- DDS selected a sample of bank reconciliations for Operations and Consumer Trust bank accounts to determine if the reconciliations are properly completed on a monthly basis.

## **II. Regional Center Operations**

DDS audited the CVRC's operations and conducted tests to determine compliance to the contract with DDS. The tests included various expenditures claimed for administration to ensure that accounting staff is properly inputting data, transactions were being recorded on a timely basis, and that expenditures charged to various operating areas were valid and reasonable. These tests included the following:

- A sample of the personnel files, time sheets, payroll ledgers and other support documents was selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of operating expenses, including, but not limited to, purchases of office supplies, consultant contracts, insurance expenses, and lease agreements was tested to determine compliance to CCR, title 17 and the contract with DDS.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the contract with DDS.
- DDS reviewed the CVRC's policies and procedures for compliance to the CCR, title 17 Conflict of Interest requirements and selected a sample of personnel files to determine if the policies and procedures were followed.

## **III. Targeted Case Management and Regional Center Rate Study**

The Targeted Case Management (TCM) rate study is the study that determines DDS rate of reimbursement from the Federal Government. The following procedures were performed upon the study:

- Reviewed applicable TCM records and verified the information submitted by CVRC to calculate the TCM rate can be traced to the general ledger and payroll register.
- Reviewed the CVRC's Case Management Time Study. DDS selected a sample of payroll time sheets for this review and compared to the DS1916 forms to ensure that the DS1916 forms were properly completed and supported.

#### **IV. Service Coordinator Caseload Survey**

Under the W&I Code, section 4640.6(e), regional centers are required to provide service coordinator caseload data to DDS annually for each fiscal year. Prior to January 1, 2004, the survey required regional centers to have an average service coordinator-to-consumer ratio of 1:62 for all consumers who have not moved from developmental centers to the community since April 14, 1993, and an average ratio of 1:45 ratio for all consumers who have moved from developmental centers to the community since April 14, 1993. Commencing January 1, 2004, the following average service coordinator-to-consumer ratios apply:

- A. For all consumers that are three years of age and younger and for consumers enrolled in the HCBS Waiver, the required average ratio shall be 1:62.
- B. For all consumers who have moved from a developmental center to the community since April 14, 1993, and have lived continuously in the community for at least 12 months, the required average ratio shall be 1:62.
- C. For all consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not covered under 'A' above, the required average ratio shall be 1:66.

However, commencing February 1, 2009, to June 30, 2010, under W&I Code, section 4640.6(i), regional centers are no longer required to provide service coordinator caseload data to DDS on an annual basis. Instead, regional centers are to maintain service coordinator caseload data on file to document compliance with the service coordinator-to-consumer ratio requirements.

Therefore, DDS reviewed the Service Coordinator Caseload Survey methodology used in calculating the caseload ratios to determine reasonableness and verified that supporting documentation is maintained as required by W&I Code, section 4640.6(e) and (i).

#### **V. Early Intervention Program (Part C Funding)**

For the Early Intervention Program, there are several sections contained in the Early Start Plan. However, only the Part C section was applicable for this review. For this program, we reviewed the Early Intervention Program, including the Early Start Plan and Federal Part C funding to determine if the funds were properly accounted for in CVRC's accounting records.

#### **VI. Family Cost Participation Program**

The Family Cost Participation Program (FCPP) was created for the purpose of assessing cost participation to parents based on income level and dependents. The Family Cost

Participation assessments are only applied to respite, day care, and camping services that are included in the child's individual program plan. To determine whether CVRC is in compliance with CCR, title 17 and the W&I Code, DDS performed the following procedures during our audit review:

- A. Reviewed the list of consumers who received respite, day care and camping services, for ages 0 through 17 who live with their parents and are not Med-Cal eligible, to determine their contribution for the Family Cost Participation.
- B. Reviewed the parents' income documentation to verify their level of participation based on the Family Cost Participation Schedule.
- C. Reviewed copies of the notification letters to verify that the parents were notified of their assessed cost participation within 10 working days.
- D. Reviewed vendor payments to verify CVRC is paying for only its assessed share of cost.

#### **VII. Other Sources of Funding from DDS**

Regional centers may receive other sources of funding from DDS. DDS performed sample tests on identified sources of funds from DDS to ensure CVRC's accounting staff were inputting data properly, and that transactions were properly recorded and claimed. In addition, tests were performed to determine if the expenditures were reasonable and supported by documentation. The sources of funding from DDS identified in this audit are:

- Foster Grandparents Program.
- Start-Up Program.

#### **VIII. Follow-Up Review on Prior DDS's Audit Findings**

As an essential part of the overall DDS monitoring system, a follow-up review of the prior DDS audit findings was conducted. DDS identified prior audit findings that were reported to CVRC and reviewed supporting documentation to determine the degree and completeness of CVRC's implementation of corrective actions.

## CONCLUSIONS

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Based upon the audit procedures performed, DDS has determined that except for the items identified in the Findings and Recommendations Section, CVRC was in substantial compliance with applicable sections of CCR, title 17, the HCBS waiver, and the terms of CVRC's contract with DDS for the audit period of July 1, 2007, through June 30, 2009.

Except for those items described in the Findings and Recommendations Section, the costs claimed during the audit period were for program purposes and adequately supported.

From the review of prior audit issues, it has been determined that CVRC has taken appropriate corrective actions to resolve all prior audit issues.

## **VIEWS OF RESPONSIBLE OFFICIALS**

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We issued a draft report on May 5, 2011. The findings in the report were discussed at an exit conference with CVRC on May 24, 2011. At the exit conference, we stated that the final report will incorporate the views of responsible officials.

## **RESTRICTED USE**

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This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, the Centers for Medicare and Medicaid Services, and Central Valley Regional Center. This restriction does not limit distribution of this report, which is a matter of public record.

## **FINDINGS AND RECOMMENDATIONS**

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The findings of this report have been separated into the two categories below:

### **I. Findings that need to be addressed.**

#### **Finding 1: Deceased Consumers**

##### **A. Multiple Dates of Death**

The review of the UFS Death Report identified five consumers with multiple dates of death recorded. In all instances, there were two different dates of death; however, further review found that no payments were made beyond the actual date of death for the five consumers. (See Attachment A.)

State Contract, article IV, section 1(c)(1) states in part:

“Contractor shall make available accurate and complete UFS and/or CADDIS information to the state. Accordingly Contractor shall:

- 1) Update changes to all mandatory items of the Client Master File at least annually except for the following elements, which must be updated within thirty (30) days of Contractor being aware of the following events:
  - a) The death of a consumer;
  - b) The change of address of a consumer; or
  - c) The change of residence type of a consumer.”

In addition, for good internal controls and sound accounting practices, CVRC should ensure the consumer’s actual date of death is accurately recorded in UFS to avoid any potential payments after the consumer’s death.

#### **Recommendation:**

CVRC should follow its written procedures and train its employees on the recording of dates of death in UFS. In addition, CVRC should review all current deceased consumer files to ensure that only one date of death is recorded in UFS.

##### **B. Unclaimed Balances**

The review of the Consumer Client Trust Accounts revealed 11 deceased consumers’ accounts that had a total remaining balance of \$18,080.25. Five of these account balances have been outstanding for more than three years after the death of the consumer. CVRC stated that the consumer’s next of kin



could not be located for the proper disbursement of these balances. CVRC has since forwarded four of these unclaimed balances to the State Controller's Office (SCO), Unclaimed Property Division, but the balances were returned to CVRC due to their failure to follow administrative procedures for submitting unclaimed property to the SCO. CVRC stated that fulfilling these procedures would be a time consuming administrative burden for its staff. (See Attachment B.)

California Code of Civil Procedures (CCP), article 2, section 1518(a) states:

“...all intangible personal property, and the income or increment on such tangible and intangible property, held in fiduciary capacity for the benefit of another person escheats to this state if after it becomes payable or distributable, the owners has not, within a period of three years, increased or decreased the principal, accepted payment of principle or income, corresponded in writing concerning the property, or other wise indicated an interest as evidenced by a memorandum or other record on file with the fiduciary...”

**Recommendation:**

CVRC should develop and implement policies and procedures to ensure that any funds belonging to deceased consumers which remain unclaimed for more than three years are forwarded to the SCO, Division of Unclaimed Property. CVRC should also ensure that all requirements are met when forwarding unclaimed property to the State.

**Finding 2: Client Trust Disbursements Not Supported**

A review of the client trust files revealed that CVRC did not retain receipts to support money management disbursements checks that were issued to vendors for the spending down of funds for four consumers. These receipts are retained by the vendors and are provided to CVRC upon request. However, the vendors could not provide receipts for these four consumers. Without supporting receipts, there is no evidence to ensure that the disbursements from the client trust funds are appropriate. The unsupported money management disbursements totaled \$5,527.85. (See Attachment C.)

Social Security Handbook, chapter 16, section 1616 states:

“The responsibilities of a representative payee are to:

- D. Keep written records of all payments received from SSA along with receipts to show how funds were spent and/or saved on behalf of the beneficiary.”

**Recommendation:**

As the representative payee, CVRC should ensure that all vendors retain receipts to support any disbursements for purchases made on behalf of the consumers. This will ensure all money management checks disbursed to vendors are for appropriate expenditures made on behalf of the consumer.

**Finding 3: Medi-Cal Provider Agreement Forms**

The review of 38 Day and Transportation Program vendor files revealed seven instances in which Medi-Cal Provider Agreement forms were either improperly completed or missing. The improperly completed forms were either missing vendor numbers or had multiple vendor numbers and/or service codes. (See Attachment D.)

CCR, title 17, section 54326(a) states:

“All vendors shall...

(16) Sign the Home and Community Based Service provider Agreement (6/99), if applicable pursuant to Section 54310(a)(10)(I)(d).”

In addition, for good internal practices, all required forms shall be properly completed and retained in the vendor file.

**Recommendation:**

CVRC should enforce its policies and procedures to ensure there is a properly completed Medi-Cal Provider Agreement form on file for every vendor providing services to consumers so that this issue is not a repeat finding in future audits.

**Finding 4: Targeted Case Management Time Study – Recording of Attendance**

The review of the Targeted Case Management (TCM) time study revealed that one of the 15 sampled employees, vacation and sick hours recorded on the employee’s time sheets did not properly reflect what was recorded on the TCM time study form (DS 1916). The difference between the employee timesheet and the TCM study form was a total of six hours. Although the difference did not have a significant impact on the TCM rate, hours recorded incorrectly in the TCM study can affect the TCM rate billed to the Federal government.

Good internal controls and sound accounting practices dictate that vacation and sick leave be recorded correctly on the DS 1916 forms. Time recorded incorrectly may result in an incorrect calculation of the TCM rate, which could result in the requirement to return overpayments of the TCM rate to the Federal government.

**Recommendation:**

CVRC should ensure all employee timesheets are in agreement with the DS 1916 forms.

## EVALUATION OF RESPONSE

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As part of the audit report process, CVRC has been provided with a draft report and was requested to provide a response to each finding. CVRC's response dated June 23, 2011, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendation section as well as a summary of the findings in the Executive Summary section.

DDS's Audit Branch has evaluated CVRC's response. Except as noted below, CVRC's response addressed the audit findings; however, supporting documentation was not provided to DDS to assure corrective action had been taken to resolve the issues. As a result, CVRC should provide supporting documentation to DDS by October 31, 2011 indicating these issues are resolved. In addition, a follow-up review will be performed in the next scheduled audit to confirm CVRC's corrective actions identified in the response.

### **Finding 1: Deceased Consumers**

#### **A. Multiple Dates of Death**

CVRC concurs with the finding that only one date of death should exist in the UFS, but points out that UFS should have automated and built-in controls and edits to prevent the multiple dates of death. Since the UFS lacks controls, CVRC implemented a procedure to reconcile the consumer's date of death to the initial and final mortality review processes, which will include verification and comparison of the UFS date of death to a copy of the actual death certificate. CVRC has also explained it is currently monitoring the computer records for duplicate death records on a monthly basis and that they have been working with DDS and SANDIS staff to improve the reliability of the death date in the UFS.

CVRC did not provide any documentation to verify the five consumers with multiple dates of death has been corrected; therefore, CVRC should provide supporting documentation to DDS by October 31, 2011 indicating that this issue is resolved. In addition, a follow-up review will be performed in the next scheduled audit to determine if CVRC is following its procedures and has trained its employees on the recording of dates of death in UFS.

#### **B. Unclaimed Balances**

CVRC concurs with the finding and explained that the account balances for five consumers has been submitted to the State Controller's Office (SCO). Further, CVRC states that revisions to existing policies and procedures have

been implemented and will be used when forwarding outstanding deceased consumer funds to the SCO.

However, CVRC did not provide any documentation to verify the account balances for the five consumers were submitted to the SCO and did not address the remaining six consumers with account balances; therefore, CVRC should provide supporting documentation to DDS by October 31, 2011 indicating that this issue is resolved. In addition, a follow-up review will be performed in the next scheduled audit to determine if CVRC is following its procedures.

**Finding 2: Client Trust Disbursements Not Supported**

CVRC concurs with the finding and explained it has completed a review of the four clients that did not have receipts on file. CVRC also stated it will reiterate to the service coordinators the importance of the vendors to retain receipts to support disbursements for purchases made on behalf of consumers.

CVRC explained it has completed a review of the four clients that did not have receipts on file; however, CVRC never indicated whether or not these disbursements were supported. Therefore, CVRC should provide supporting documentation to DDS by October 31, 2011 indicating that this issue is resolved. In addition, a follow-up review will be performed in the next scheduled audit to determine if CVRC is following its procedures and that receipts are retained by all vendors as support for purchases made.

**Finding 3: Medi-Cal Provider Agreement Forms**

CVRC concurs with the finding and explained it has completed a review of all vendor files and made the appropriate adjustments to ensure the Medi-Cal Provider Agreement forms are properly completed.

A follow-up review will be performed in the next scheduled audit to determine if CVRC is following its procedures to ensure there is a properly completed Medi-Cal Provider Agreement form on file for every vendor providing services to consumers.

**Finding 4: Targeted Case Management Time Study – Recording of Attendance**

CVRC concurs with the finding and has explained it has enhanced its monitoring and training to ensure the TCM activity matches the time sheet. To prevent this finding from reoccurring, CVRC has provided additional training in SANDIS and has emphasized the need for both the Service Coordinator and Program Manager, the first and second levels of reviewers, to verify accurate recording on the DS

1916. In addition, CVRC has implemented a third level review of all DS 1916 forms.

A follow-up review will be performed in the next scheduled audit to determine if CVRC is following its procedures to ensure current CVRC employee timesheets are in agreement with the DS 1916 forms.

**Central Valley Regional Center  
Deceased Consumers - Multiple Dates of Death  
Fiscal Years 2007-08 and 2008-09**

	Unique Client Identification Number
1	
2	
3	
4	
5	

**Central Valley Regional Center  
Deceased Consumers -Unclaimed Balances  
Fiscal Years 2007-08 and 2008-09**

	Unique Client Identification Number	Payment Period	Unclaimed Amount
1		7/8/2004	\$445.06
2		7/26/2004	\$49.00
3		12/15/2005	\$1,650.00
4		6/3/2006	\$3,655.00
5		1/16/2007	\$1,383.58
6		1/28/2008	\$653.00
7		4/21/2008	\$1,500.00
8		5/8/2009	\$2,295.24
9		6/6/2009	\$4,470.09
10		6/23/2009	\$591.83
11		1/6/2010	\$1,387.45
<b>Total Unclaimed Deceased Consumer Funds</b>			<b>\$18,080.25</b>



**Central Valley Regional Center  
Unsupported Client Trust Disbursements  
Fiscal Years 2007-08 and 2008-09**

	<b>Unique Client Identification Number</b>	<b>Unsupported Disbursement Amount</b>
1		927.85
		1,000.00
2		500.00
		400.00
3		1,200.00
		500.00
4		1,000.00
	<b>Total Unsupported Disbursements</b>	<b>5,527.85</b>

**Central Valley Regional Center  
Medi-Cal Provider Agreement Forms  
Fiscal Years 2007-08 and 2008-09**

	<b>Vendor Name</b>	<b>Vendor Number</b>	<b>Service Code</b>	<b>Comment</b>
1	First Transit, Inc.	HC0813	875	1
2	Adult Achievement Center	HC0621	880	2
3	Community Support Options, Inc.	H93812	510	2
4	Lloyd Liberty Homes, Inc.	HC0688	510	2
5	Watch Resource, Inc. - ADP	S29382	510	2
6	Community Catalysts	H39487	510	2
7	R&D Transportation	H18007	875	3

**Legend:**

- 1 = Missing Medi-Cal Provider Agreement Form
- 2 = Incomplete Medi-Cal Provider Agreement Form
- 3 = Medi-Cal Provider Agreement Form with Multiple Vendor Numbers and/or Service Codes

**APPENDIX A**

**CENTRAL VALLEY REGIONAL CENTER**

**RESPONSE  
TO AUDIT FINDINGS**

**(Certain documents provided by the Central Valley Regional Center as attachments to its response are not included in this report due to the detailed and sometimes confidential nature of the information.)**

# CENTRAL VALLEY REGIONAL CENTER INC.

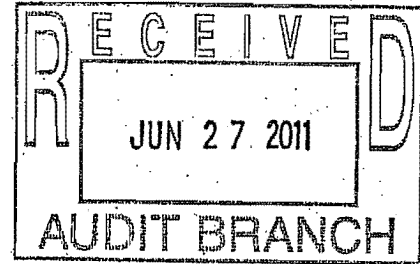
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June 23, 2011

Edward Yan, Manager, Audit Branch  
Department of Developmental Services  
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Dear Mr. Yan:

We are in receipt of your draft report entitled "Audit of the Central Valley Regional Center for the Fiscal Years 2007-08 and 2008-09" dated May 5, 2011. We welcome the opportunity to respond to the issues included in the draft report.

Listed below are the findings and recommendations from the draft report in addition to our responses to the issues presented.

**Finding 1: Deceased Consumers**

**A: Multiple Dates of Death**

The review of the Uniform Fiscal System (UFS) Death Report identified five consumers with multiple dates of death recorded. In all the instances, there were two different dates of death recorded; however, further review found that no payments were made beyond the actual date of death for the five consumers. This is not in compliance with the State Contract, article IV, section 1(c)(1).

**Recommendation**

CVRC should follow its written procedures and train its employees on the recording of dates of death in UFS. In addition, CVRC should review all current deceased consumer files to ensure that only one date of death is recorded in UFS.

**CVRC Response**

We agree with the concept of ensuring that only one date of death exists in UFS. We also believe that enterprise-wide information systems such as UFS should have automated and built-in controls and edits to prevent this type of situation from occurring at data entry. Unfortunately, it has come to our attention long ago that due to a weakness in the UFS system controls and edits during data entry, staff may accidentally enter multiple dates of death. We have added a consistency check for date of death to our initial and final mortality review processes. Our process will also include a verification and comparison to a copy of the actual death certificate in our possession. Furthermore, we are working with DDS and SANDIS staff to improve the reliability of the death date written to the consumer

Edward Yan  
June 23, 2011

history record. In the meantime, we are reviewing and monitoring computer records for duplicate death records on a monthly basis.

### **B. Unclaimed Balances**

The review of the Client Trust accounts revealed 11 deceased consumers' accounts that had a total remaining balance of \$18,080.25. Five of these account balances have been outstanding for more than three years after the death of the consumer. CVRC stated that the consumers next of kin could not be located for proper disbursement these balances. This is not in compliance with the California Code of Civil Procedures (CCP), article 2, section 1518(a).

### **Recommendation**

CVRC should develop and implement policies and procedures to ensure that any funds belonging to deceased consumers which remain unclaimed for more than three years are forwarded to the State Controller's Office (SCO), Division of Unclaimed Property. CVRC should also ensure that all requirements are met when forwarding unclaimed property to the State.

### **CVRC Response**

We agree with the findings that five consumers had been deceased more than three years, and the funds related to those five consumers have been forwarded to the State Controller's Office. Revisions to existing policies and procedures have been implemented that reflect the three-year requirement, in addition to the other SCO requirements included in forms UFS-1 "Universal Holder Face Sheet" and UDS-1 "Annual Report of Unclaimed Personal Property" that must be forwarded to the SCO.

### **Finding 2: Client Trust Disbursements Not Supported**

A review of the client trust files revealed CVRC did not retain receipts to support money management disbursement checks that were issued to vendors for the spending down of funds for four consumers.

These receipts are retained by the vendors and are provided to CVRC upon request. However, the vendors could not provide receipts for these four consumers.

Without supporting receipts, there is no evidence to ensure that the disbursements from the client trust funds are appropriate. This is not in compliance with the Social Security Handbook, chapter 16, section 1616.

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**Recommendation**

As the representative payee, CVRC should ensure that all vendors retain receipts to support any disbursements for purchases made on behalf of the consumers. This will ensure all money management checks disbursed to vendors are for appropriate expenditures made on behalf of the consumer.

**CVRC Response**

We agree with the finding and the recommendation. CVRC completed a review of the four clients in question. It is the responsibility of CVRC, as the clients' payee, to ensure that receipts are retained by all vendors to support disbursements for purchases made on behalf of consumers. CVRC Service Coordinators will inform and remind all vendors of their responsibility at the time a disbursement is sent.

**Finding 3: Medi-Cal Provider Agreement Forms (Repeat Finding)**

The review of 38 Day and Transportation Program vendor files revealed seven instances in which Medi-Cal Provider Agreement forms were either improperly completed or missing. The improperly completed forms were missing vendor numbers or have multiple vendor numbers and/or service codes. This issue is identified in the prior DDS report. This is not in compliance with CCR title 17 section 54326(a)(16).

**Recommendation**

CVRC should enforce its policies and procedures to ensure there is a properly completed Medi-Cal Provider Agreement form on file for every vendor providing services to consumers so that this issue is not a repeat finding in future audits.

**CVRC Response**

We concur with the auditor's finding and the recommendation. CVRC completed our review of all vendors and made the appropriate adjustments. In some situations, where one vendor had more than one service code, a separate form was used for each and every service code. Regarding all vendors included on Attachment C, all required revisions and corrections have been made and the vendor files are in compliance.

**Finding 4: Targeted Case Management Time Study – Recording of Attendance**

The review of the Targeted Case Management (TCM) time study revealed that on one of the 15 sampled employees, vacation and sick hours recorded on the

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employee's time sheets did not properly reflect what was recorded on the TCM time study form (DS1916).

**Recommendation**

CVRC should ensure all employee timesheets are in agreement with the DS 1916 forms.

**CVRC Response**

We agree with the recommendation. Since the discrepancy was noted for May 23 and 24 of 2007, CVRC has enhanced its monitoring and training regarding the issue of TCM activity logged for days of work not supported by time sheet information. CVRC instituted a third level review of all DS1916 forms by support staff to ensure that they are accurate and supported by time sheet information. Additionally, the TCM training presentation timed for the latest TCM time study was modified to emphasize the need for both the Service Coordinator (SC) and Program Manager (PM), our first and second levels of review, to verify that no TCM units are logged for time not recorded as worked on the time sheet. Both SCs and PMs were trained in utilizing a SANDIS menu option to check for TCM units mistakenly logged for days off. SANDIS subsequently facilitated such monitoring with its new "Easy Preview" function.

Thank you very much for the opportunity to respond to your draft report. I look forward to your review of our responses and the adjustments we have made to our procedures since the audit. Please feel free to contact me if you should have any questions.

Sincerely,



Darryll Walker  
Chief Fiscal Officer  
Central Valley Regional Center

cc: Robert Riddick, CVRC  
Ed Ariam, CVRC