# AUDIT OF THE
# EASTERN LOS ANGELES REGIONAL CENTER
# FOR FISCAL YEARS 2007-08 AND 2008-09

Department of Developmental Services

This report was prepared by the
California Department of Developmental Services
1600 Ninth Street
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# EXECUTIVE SUMMARY

The fiscal compliance audit of Eastern Los Angeles Regional Center (ELARC) revealed that ELARC was in substantial compliance with the requirements set forth in California Code of Regulations 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, ELARC maintains accounting records and supporting documentation for transactions in an organized manner. This report identifies some areas where ELARC's administrative, operational controls could be strengthened, but none of the findings were of a nature that would indicate systemic issues or constitute major concerns regarding ELARC's operations.

The following findings need to be addressed, but do not significantly impair the financial integrity of ELARC or seriously compromise its ability to account for or manage State funds.

**Finding 1:** **<u>Family Cost Participation Program (FCPP)</u>**

**A.** **<u>Late Notification Letters</u>**

The sample review of 33 FCPP files revealed that 10 notification letters informing parents of their assessed share of cost were not sent within 10 working days of receipt of the income documentation. This is not in compliance with Title 17 Section 50261(a) and W&I Code, Section 4783(g)(3).

**B.** **<u>Over-Stated Claims</u>**

A sample review of 33 FCPP files revealed ELARC over claimed one consumer's share of cost to the State. It was determined that the cost was the responsibility of the family. The total overpayment was $3,415.25. This is not incompliance with Title 17, Section 50255(a).

**Finding 2:** **<u>Equipment Not Tagged</u>**

A sample review of 35 items from the equipment inventory list revealed that eight items were not properly tagged. This is not in compliance with Article IV, Section 4, of the contract with DDS and the State's Equipment Management System Guidelines.

# BACKGROUND

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 Eastern Los Angeles Regional Center for the Developmentally Disabled, Inc., entered into a contract, HD049004, effective July 1, 2004, through June 30, 2009. This contract specifies that Eastern Los Angeles Regional Center for the Developmentally Disabled, Inc. will operate an agency known as the Eastern Los Angeles Regional Center (ELARC) to provide services to persons with DD and their families in the Alhambra, East Los Angeles, Northeast, and Whittier areas. The contract is funded by state and federal funds that are dependent upon the ELARC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at ELARC 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 ELARC's contract.

## CRITERIA

The following criteria were used for this audit:

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

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

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

Our review of ELARC'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 fiscal years (FYs):

- 2007-08, issued October 27, 2008
- 2008-09, issued November 18, 2009

In addition, we noted no management letters issued for ELARC. Further 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

We 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:

- We tested the sample items to determine if the payments made to service providers were properly claimed and could be supported by appropriate documentation.

- We 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 ELARC. 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 Title 17.

- We 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, we determined if any retro Social Security benefit payments received were not above the $2,000 resource limit longer than nine months. We 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 were maintained.

- The Client Trust Holding Account, an account used to hold unidentified consumer trust funds, is not used by ELARC. An interview with ELARC staff revealed that ELARC 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.

- We selected a sample of Uniform Fiscal Systems (UFS) reconciliations to determine if any accounts were out-of-balance or if there were any outstanding reconciling items.

- We analyzed all of the ELARC's bank accounts to determine if DDS had signatory authority as required by the contract with DDS.

- We 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

We audited the ELARC'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 to ensure 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 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.

- We reviewed ELARC's policies and procedures for compliance to the 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 ELARC's Rate Study. We examined the month of May 2007 and traced the reported information to source documents.

- Reviewed the ELARC's Case Management Time Study. We selected a sample of payroll time sheets for this review and compared it 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, regional centers are required to provide service coordinator caseload data to DDS annually. 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. However, 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 lease 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.

We also reviewed the Service Coordinator Caseload Survey methodology used in calculating the caseload ratios to determine reasonableness and that supporting documentation is maintained to support the survey and ratios as required by W&I Code, Section 4640.6.

## 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 Early Start Plan and Federal Part C funding to determine if the funds were properly accounted for in ELARC’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 ELARC is in compliance with Title 17 and the W&I Code, we performed the following procedures during our audit review.

- Reviewed the parents’ income documentation to verify their level of participation based on the Family Cost Participation Schedule.
- Reviewed copies of the notification letters to verify the parents were notified of their assessed cost participation within 10 working days.
- Reviewed vendor payments to verify ELARC is paying for only its assessed share of cost.

## VII. Other Sources of Funding

Regional centers may receive many other sources of funding. For other sources of funding identified for ELARC, we performed sample tests to ensure that the 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 other sources of funding identified for this audit are:

- Self Determination
- Start Up Programs

## 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. We identified prior audit findings that were reported to the ELARC and reviewed supporting documentation to determine the degree and completeness of the ELARC's implementation of corrective actions.

# CONCLUSIONS

Based upon the audit procedures performed, we have determined that except for the items identified in the Findings and Recommendations Section, ELARC was in substantial compliance to applicable sections of Title 17, the HCBS Waiver, and the terms of ELARC'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 were adequately supported.

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

# VIEWS OF RESPONSIBLE OFFICIALS

We issued a draft report on ELARC. The findings in the report were discussed at an exit conference with ELARC on December 12, 2010. At the exit conference, we stated that the final report will incorporate the views of responsible officials.

# RESTRICTED USE

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 the Eastern Los Angeles Regional Center.  It is not intended and should not be used by anyone other than these specified parties.  This restriction does not limit distribution of this report, which is a matter of public record.

# FINDINGS AND RECOMMENDATIONS

The following findings need to be addressed, but do not significantly impair the financial integrity of ELARC or seriously compromise its ability to account for or manage State funds.

**Finding 1:** **Family Cost Participation Program (FCPP)**

**A.** **Late Notification Letters**

The sample review of the 33 FCPP files revealed that 10 notification letters sent to inform parents of their assessed share of cost were not sent within 10 working days of receipt of the income documentation. These families were notified months after completing the Individual Program Plan (IPP) because the ELARC staff responsible for FCPP was not following policies and procedures in place. (See Attachment A.)

W&I Code, Section 4783(g)(3) states:

"The regional center shall notify parents of the parents' assessed cost participation within 10 working days of receipt of the parents' complete income documentation."

**Recommendation:**

ELARC should ensure that staff responsible for FCPP is aware of the policies and procedures. In particular, the staff should be aware that notification letters detailing the parents' assessed share of cost are to be sent within 10 working days as required by W&I Code, Section 4783(g)(3).

**B.** **Over–Stated Claims**

A sample review of 33 FCPP files revealed ELARC over claimed one consumer's share of cost to the State from July 2008 to June 2010. ELARC paid the total number of units authorized and did not allocate 10 percent of the units to the family. This occurred when ELARC employees did not monitor this consumer's account to ensure the units paid were properly allocated . As a result, the total overpayment was $3,415.25. (See Attachment B.)

Title 17, Section 50255(a) states:

"The parents of a child who meets the definition under Section 4783(a)(1) of the Welfare and Institutions Code shall be jointly and severally responsible for the assessed amount of family cost participation."

**Recommendation:**

ELARC should reimburse the $3,415.25 of the overpayment that resulted from incorrectly paying the family's assessed share of cost. ELARC should ensure that all consumers receiving FCPP services are assessed and those costs are shared between the parents and the State.

**Finding 2:** **Equipment Not Tagged**

A sample review of 35 items from the equipment inventory list revealed that eight items were not properly tagged. It was found that six items did not have State tags and two items had State tag numbers that did not reconcile to the inventory list. (See Attachment C.)

Article IV, Section 4(a) of the Contract between DDS and ELARC states in part:

"Contractor shall comply with the State's Equipment Management System Guidelines for regional center equipment and appropriate directions and instructions which the State may prescribe as reasonably necessary for the protection of State of California property."

In addition, the State's Equipment Management System Guidelines, Section III(c) states in part:

"All State-owned equipment must be promptly and clearly tagged as State of California, DDS' property. The RC Property Custodian will order supplies of appropriate tags as described below by the Customer Support Section (CSS)."

**Recommendation:**

ELARC should follow the State Equipment Management Systems Guidelines, Section III(c) to ensure that all State-owned equipment is tagged as property of the State of California and properly recorded to ELARC's inventory listing prior to the distribution for use.

# EVALUATION OF RESPONSE

As part of the audit report process, ELARC has been provided with a draft report and was requested to provide a response to each finding. ELARC's response dated January 24, 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 ELARC's response. Except as noted below, ELARC's response addressed the audit findings and provided reasonable assurance that corrective action would be taken to resolve the issues. DDS's Audit Branch will confirm ELARC's corrective actions identified in the response during the follow-up review of the next scheduled audit.

**Finding 1: <u>Family Cost Participation Program (FCPP)</u>**

**A. <u>Late Notification Letters</u>**

The sample review of the 33 FCPP files revealed that 10 notification letters sent to inform parents of their assessed share of cost were not sent within 10 working days of receipt of the income documentation. This is not in compliance with the W&I Code, Section 4783(g)(3).

ELARC stated that it is reviewing its FCPP policies and procedures in order to ensure compliance with Title 17 and the W&I Code. In addition, ELARC will be conducting FCPP training for its employees in February, March and April 2011 to ensure employees responsible for the FCPP Program are familiar with the policies and procedures. Furthermore, ELARC stated that it has incorporated a module that focuses on FCPP familiarization into its new employee training manual. DDS Audits will conduct a follow-up review during the next scheduled audit to ensure that the FCPP policies and procedures are followed and that notification letters detailing the parents' assessed share of cost are sent within 10 working days.

**B. <u>Over–Stated Claims</u>**

A sample review of 33 FCPP files revealed ELARC over claimed one consumer's share of cost to the State from July 2008 to June 2010 resulting in an overpayment totaling $3,415.25. This is not in compliance with Title 17, Section 50255(a).

In its response, ELARC stated that it will implement an internal auditing process for the FCPP invoice processing to ensure that all parents are assessed their share of cost. Furthermore, staff responsible for FCPP will receive training to assist them in understanding the newly implemented FCPP policies and procedures' requirements. ELARC will also require that the FCPP assessment be attached to each purchase of service authorization prior to signature in order to ensure that the consumer's share of cost is correct and shared between the State and the parents.

DDS will conduct a follow-up review to ensure ELARC has reimbursed the State a total of $3,415.25 for the overpayment that resulted from incorrectly paying the family's assessed share of cost. The DDS Audit team will also ensure that ELARC consumers receiving FCPP services are assessed and those costs are shared between the parents and the State.

**Finding 2:** **<u>Equipment Not Tagged</u>**

A sample review of 35 items from ELARC's equipment inventory list revealed that eight items were not properly tagged. It was found that six items did not have State tags and two items had State tag numbers that did not reconcile to the inventory list. This is not in compliance with State Equipment Guidelines. In its response, ELARC stated that all eight items have been properly tagged and updated to coincide with the Equipment report. DDS will conduct a follow-up review during the next scheduled audit to ensure that all State-owned equipment is tagged as property of the State of California and properly recorded in ELARC's inventory listing prior to distributing it for use.

**Eastern Los Angeles Regional Center**
**Late Notification Letters**
**Fiscal Years 2007-08 and 2008-09**

| | Unique Client Identification Number |
|---|---|
| 1 | [redacted] |
| 2 | [redacted] |
| 3 | [redacted] |
| 4 | [redacted] |
| 5 | [redacted] |
| 6 | [redacted] |
| 7 | [redacted] |
| 8 | [redacted] |
| 9 | [redacted] |
| 10 | [redacted] |

**Eastern Los Angeles Regional Center**
**FCPP Over-Stated Claims**
**Fiscal Years 2007-08 and 2008-09**

| | Unique Client Identification Number | Vendor Number | Vendor Name | Service Code | Sub Code | Authorization Number | Payment Period | Family Share of Cost | Rate Per Unit | Over Payments | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | [redacted] | HE0248 | Tapia Family Child | 851 | AIDE | [redacted] | 200707 | 18.00 | $7.50 | $135.00 | |
| 2 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200707 | 18.00 | $13.00 | $234.00 | |
| 3 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200708 | 17.50 | $7.50 | $131.25 | |
| 4 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200708 | 17.50 | $13.00 | $227.50 | |
| 5 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200710 | 12.00 | $7.50 | $90.00 | |
| 6 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200710 | 12.00 | $13.00 | $156.00 | |
| 7 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200712 | 21.00 | $7.50 | $157.50 | |
| 8 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200712 | 21.00 | $13.00 | $273.00 | |
| 9 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200801 | 18.00 | $8.00 | $144.00 | |
| 10 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200801 | 18.00 | $13.00 | $234.00 | |
| 11 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200802 | 17.00 | $8.00 | $136.00 | |
| 12 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200802 | 17.00 | $13.00 | $221.00 | |
| 13 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200803 | 17.00 | $8.00 | $136.00 | |
| 14 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200803 | 17.00 | $13.00 | $221.00 | |
| 15 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200806 | 15.00 | $8.00 | $120.00 | |
| 16 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200806 | 15.00 | $13.00 | $195.00 | |
| 17 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200807 | 18.00 | $8.00 | $144.00 | |
| 18 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200807 | 18.00 | $13.00 | $234.00 | |
| 19 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200808 | 6.00 | $8.00 | $48.00 | |
| 20 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200808 | 6.00 | $13.00 | $78.00 | |
| 21 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200812 | 3.00 | $8.00 | $24.00 | |
| 22 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200812 | 2.00 | $13.00 | $26.00 | |
| 23 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200901 | 2.00 | $8.00 | $16.00 | |
| 24 | | HE0248 | Tapia Family Child | 851 | HRLY | | 200901 | 2.00 | $13.00 | $26.00 | |
| 25 | | HE0248 | Tapia Family Child | 851 | AIDE | | 200904 | 1.00 | $8.00 | $8.00 | |
| | | | | | | | | | | **Total FCPP Share of Cost Overpayments** | $3,415.25 |
| | | | | | | | | | | **Grand Total for Overpayments** | **$3,415.25** |

**Eastern Los Angeles Regional Center**
**Equipment Not Properly Tagged**
**Fiscal Years 2007-08 and 2008-09**

| | Item Description | Serial Number | Comment |
|---|---|---|---|
| 1 | Motorolla Cellular Phone | None | No State Tag |
| 2 | PC Server DL380G | USM54004G8 | Wrong State Tag Number |
| 3 | Karaoke Machine | SMG 146 | No State Tag |
| 4 | Pro Amplifer Headset | 1550F17504545 | No State Tag |
| 5 | Kodak Camera | KCKCM3023594 | No State Tag |
| 6 | Kodak Camera | KCKCM35023619 | No State Tag |
| 7 | Hewlett Packard 1250 Fax Machine | CN63VCH2BF | Wrong State Tag Number |
| 8 | Visioneer 9220 Scanner | 331C001065D1 | No State Tag |

# APPENDIX A

## EASTERN LOS ANGELES REGIONAL CENTER

## RESPONSE TO AUDIT FINDINGS

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

**EASTERN LOS ANGELES REGIONAL CENTER**

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JAN 31 2011
AUDIT BRANCH

January 24, 2011

Edward Yan
Manager, Audit Branch
Department of Developmental Services
1600 Ninth Street
Room 230, MS 2-10
Sacramento, CA 95814

Dear Mr. Yan:

We had a conference call on Monday, January 10, 2011 at 3:30pm with the DDS auditors to discuss the findings of the audit conducted at the Eastern Los Angeles Regional Center from April 26, 2010 through May 28, 2010 for the fiscal years 2007-08 and 2008-09.

Our responses to the findings are attached. These findings were discussed during our teleconference and any issues were addressed. We discussed the corrections and new procedures in place to correct our findings. There are no disputes existing and we, at Eastern Los Angeles Regional Center, are in agreement with the auditor's findings.

Sincerely,

Patricia Alvarez

Patricia Alvarez
Chief of Administrative Services

Enclosure

EASTERN LOS ANGELES REGIONAL CENTER

**Family Cost Participation Program (FCPP)**

**Finding 1: A. Late Notification Letters**

In response to the Audit finding, ELARC will review the Family Cost Participation Program (FCPP) Policy and Procedures with Consumer Services Staff to ensure compliance with Title 17 Section 50261 (a) and WIC section 4783 (g)(3). An overall review of the FCPP will provided to each consumer services units during the months of February, March and April 2011 and competency test will be given to each staff member upon completion of the training.

In addition, ELARC recently (July 27, 2010) incorporated a new training module on the FCPP to the ELARC New Staff Training Curriculum, which is held every 4th Tuesday of every month.

**Finding 1: B Over-Stated Claims**

In response to the Audit finding, ELARC will implement an internal auditing process and begin centralizing processing with specific support staff. Support staff will receive new protocol to assist them with new procedure. Management staff will now require that the FCP Assessment be attached to each purchase of service authorization prior to signature.

ELARC will also explore possible system safeguard options to ensure that a consumer's share of cost is processed in compliance with Title 17, section 50255, including but not limited to agency-wide implementation of the SANDIS POS Program and or the SANDIS Automated IPP.

**Eastern Los Angeles Regional Center**
**Equipment Not Properly Tagged**
**Fiscal Years 2007-08 and 2008-09**

FINDING 2: EQUIPMENT NOT TAGGED

| | Item Description | Serial Number | Comment |
|---|---|---|---|
| 1 | Motorolla Cellular Phone | None | DELETED No State Tag |
| 2 | PC Server DL380G | USM54004G8 | Wrong State Tag Number |
| 3 | Karaoke Machine | SMG 146 | No State Tag |
| 4 | Pro Amplifer Headset | 1550F17504545 | No State Tag |
| 5 | Kodak Camera | KCKCM3023594 | No State Tag |
| 6 | Kodak Camera | KCKCM35023619 | No State Tag |
| 7 | Hewlett Packard 1250 Fax Machine | CN63VCH2BF | Wrong State Tag Number |
| 8 | Visioneer 9220 Scanner | 331C001065D1 | No State Tag |

All equipment has been properly affixed with barcode stickers. Equipment with wrong stickers have been corrected and now coincide with Equipment report. See below as correct were made.

1. Deleted from equipment report
2. 00355694
3. 00355609
4. 00355602
5. 00355605
6. 00355608
7. 00347647
8. 00355731