



**AUDIT OF THE  
INLAND REGIONAL CENTER  
FOR FISCAL YEARS 2010-11 AND 2011-12**

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**Department of Developmental Services**

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## EXECUTIVE SUMMARY

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The Department of Developmental Services' (DDS) fiscal compliance audit of Inland Regional Center (IRC) was conducted to ensure IRC's 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 DDS. The audit indicated that IRC had numerous repeat findings that were identified in the prior audit. Due to the significant findings from the prior audit, DDS incorporated special language into its contract with IRC, requiring annual audits of IRC be conducted to ensure all findings have been addressed. These annual audits will be performed on IRC until it demonstrates successful implementation of the corrective action plan objectives related to the special contract language. In addition, this report identifies some areas where IRC's administrative, operational controls could be strengthened.

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

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

#### **Finding 1: Unsupported Transportation Assessment Contract Billing (Repeat)**

The review of the prior audit report indicated that IRC could not provide records to support Southwestern Transportation (SWT) assessments for 3,024 consumers totaling \$949,566.18. IRC disagreed with the finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524. This is not in compliance with CCR, title 17, sections 50602(k), 54326(a)(3), (4) and (10), and 50604(d)(1), (2), and (e).

#### **Finding 2: Unsupported Contract Billing**

The review of 57 sampled Purchase of Service (POS) vendor contracts revealed IRC reimbursed one vendor, Pathway, Inc., vendor number PJ2311, service code 107, at a rate of \$5,820.00 per month without any supporting documentation. This resulted in an overpayment totaling \$138,405.00. This is not in compliance with CCR, title 17, sections 50602(k), 54326(a)(3), (4) and (10), and 50604(d)(4), (5), (6)(B) and (f).

#### **Finding 3: Circumvention of the Regulations**

##### **A. Rate Freeze (Repeat)**

The follow-up review of the prior audit report indicated IRC continues to pay SWT at a rate 40 percent higher than IRC paid its previous providers for transportation services. However, IRC appealed this finding and was



granted a 10 percent Health and Safety Waiver, which reduced the rate increase to 30 percent. As a result, the total overpayment from October 2010 to June 2012 is \$2,277,735.80. IRC also has \$2,391,826.92 still outstanding from October 2008 through September 2010 that was identified in the prior audit. IRC disagreed with the finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524. IRC continues to be out of compliance with W&I Code, sections 4648.4(b)(2) and 4648.1(e)(1).

#### **B. Median Rate**

The review of 57 sampled POS vendor contracts revealed one vendor, The Chicago Home, vendor number HJ0995, service code 113, was reimbursed at a rate of \$589.25 per day when the Statewide Median Rate was \$474.68 per day for Community Placement Program (CPP) consumers and \$296.37 per day for non-CPP consumers' services. This resulted in an overpayment totaling \$694,834.57 for both CPP and non-CPP consumers. This is not in compliance with W&I Code, section 4691.9(b).

#### **Finding 4: Transportation Services Provided Under Transportation Broker, Service Code 883 (Repeat)**

The review of the Transportation Program invoices revealed that IRC continues to reimburse SWT as a Transportation Broker for Transportation Services. IRC continues to issue POS authorizations for SWT to provide transportation services. In addition, IRC has not re-vendorized the 25 Transportation Services providers that were de-vendorized in 2008 and became SWT subcontractors. IRC disagreed with the finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524. IRC has not taken action to comply with CCR, title 17, sections 58501(a)(11) and 54342(a)(83).

#### **Finding 5: Whistleblower Policy Has Not Alleviated Employee Concerns (Repeat)**

The prior audit report indicated that IRC issued a new Board approved Whistleblower policy dated July 11, 2011. The new policy states that employees who report improprieties will not be retaliated against. However, during the current audit, IRC employees continued to express fear of the possibility of being intimidated, reprimanded, or retaliated against by IRC management for reporting suspected improprieties. IRC is in the process of implementing section 510(2) of its Whistleblower Policy in an attempt to alleviate employee concerns.

**Finding 6: Purchase of Service Funds Inappropriately Used for Operations Expenses (Repeat)**

The follow-up review of the Resource Library, vendor number PJ2424, service code 112, revealed that IRC continued to reimburse the Resource Library as a Communications Aide vendor using POS funds. Services provided by the vendor included salaries, purchase of books, rental expenses and other overhead costs. These services are considered administrative costs that should have been reimbursed through IRC's Operational funds. This resulted in an overpayment totaling \$323,727.06 from December 2010 through December 2011. This was not in compliance with the DDS description of Communications Aides service code 112 and CCR, title 17, section 54340.

The prior audit report identified that IRC reimbursed the Resource Library \$1,082,838.82 using POS funds from August 2005 through November 2010.

The total overpayment to the Resource Library from August 2005 through December 2011 is \$1,406,565.88. IRC disagreed with the finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524.

**Finding 7: Policies and Procedures for Procurement**

The review of IRC's Procurement policies and procedures revealed that IRC did not have any provisions for fair and equitable recoupment of CPP funds should the vendor cease to provide services to consumers after a specified period of time. This is not in compliance with the State Contract, Article II, section 2(c).

**Finding 8: Overstated Claims**

**A. Payments Above the Median Rate (Repeat)**

The review of 57 sampled POS vendor contracts finalized after June 2008 revealed two vendors, [REDACTED], vendor number VJ6138, service code 405, and Pathway, Inc., vendor number P26834, service code 063, that were contracted above the Statewide/IRC Median Rate. This resulted in overpayments totaling \$46,443.56. This is not in compliance with W&I Code, section 4691.9(b).

Also, the prior audit report identified three vendor contracts finalized after June 2008, Sanders, Adriana M., vendor number PJ3290, service code 056, First Step Independent Living Program, Inc., vendor number H96662, service code 110, and Pacific Child & Family Associates, LLC., vendor number PJ3482, service

code 612, that were above the Statewide/IRC Median Rate. This resulted in overpayments totaling \$39,631.59 which remains outstanding.

The total overpayment for the five vendors is \$86,075.15. IRC disagreed with the \$39,631.59 finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524.

IRC provided additional information with its response to the draft report indicating that it has taken action to resolve \$45,876.31 in overpayments. The remaining outstanding balance is \$40,480.84.

**B. Payment Above the Authorized Number of Units (Repeat)**

The review of IRC's POS expenses revealed 18 instances where 11 vendors were paid above the authorized number of units. This resulted in overpayments totaling \$2,113.17. This is not in compliance with CCR, title 17, section 54326(a)(10).

IRC provided additional information with its response to the draft report which indicated the overpayment totaling \$258.54 has been resolved. The remaining outstanding balance is \$1,854.63.

In addition, the prior audit report identified instances in which IRC paid two vendors, Carolyn Hyde Center for Children, Youth & Families, vendor number H05201, and V.I.P. Tots, vendor number H07885, service code 805, over the authorized number of units. This resulted in overpayments totaling \$28,548.56 which remains outstanding.

The total overpayment for the 13 vendors is \$30,403.19. IRC disagreed with the \$28,548.56 finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524.

**C. Payment for Services not Provided**

The review of 20 sampled POS vendor files revealed 237 instances where IRC reimbursed eight transportation vendors for services that were not provided to several consumers. This resulted in an overpayment totaling \$8,968.15. This is not in compliance with CCR, title 17, section 54326(a)(10).

**Finding 9: Missing Supporting Documentation**

The review of 131 sampled POS vendor files, revealed IRC reimbursed two vendors, V57250 and VJ6132, service code 880, for services provided to the consumers

without monthly invoices and/or attendance documentation. This resulted in unsupported payments totaling \$23,946.94.

In addition, IRC was unable to locate two consumers' Prevention Program Plan and one consumer's file. Further, IRC did not retain source documents to justify how it calculated the Service Coordinator Caseload Ratios for the Developmental Center (DC) Movers. This is not in compliance with CCR, title 17, section 50604(d) and the State Contract, Article IV, section 3(a) and (b).

IRC provided DDS with attendance documentation and invoices to support \$23,946.94 in unsupported payments to vendors V57250 and VJ6132. In addition, IRC provided copies of the Prevention Program Plan for two consumers and the one consumer file that were missing as an indication that this issue has been resolved.

**Finding 10: Transparency and Access to Public Information Policy**

The review of IRC's Transparency website revealed IRC did not post a complete salary schedule for all personnel classifications. In addition, IRC did not post the prior fiscal year expenditures from its Operations budget for all administrative services, including managerial, consultant, accounting, personnel, labor relations, and legal services, whether procured under written contract or otherwise. This is not in compliance with W&I Code, section 4639.5(b) and IRC's Board approved policy, section 1.2.4(I)(4)(a)(b).

**Finding 11: Improper Expenditure of Community Placement Program and POS Funds (Repeat)**

The review of 32 sampled CPP consumer expenses revealed IRC improperly allocated CPP funds. IRC continued to reimburse two vendors, Kaiser Specialized Residential, vendor number HJ2507, service code 113 and Jones Division, vendor number HJ2556, under service code 113, using CPP funds after the initial fiscal year had ended. This resulted in an overstated claim totaling \$319,804.30, which needs to be adjusted as a non-CPP expense. This is not in compliance with the DDS Guidelines for Regional Center Community Placement Plan (I)(4).

IRC provided additional information with its response to the draft report which indicated that CPP funds can include costs associated with transitioning and placement. Therefore, the total overpayment is considered resolved.

Further, the prior audit report identified that IRC had granted the California Housing Foundation (CHF) a total of \$6,129,823.00 of CPP and POS funds to develop housing for consumers moving from the DCs into the community. It was found that \$3,205,739.00 was expensed to Service Code 999 without a DDS approved community placement plan for the acquisition of housing.

Also, it was identified in the prior audit that IRC improperly allocated \$1,222,678.00 in POS funds to CHF and expensed it under Service Code 101 for move in costs and the purchasing of household items. The expenses incurred were not tied to any consumer Unique Client Identification (UCI) numbers as required by the DDS service code definition. This was not in compliance with W&I Code, section 4418.25(c) and (d), State Contract, Exhibit E (1) and (2), and CCR, title 17, section 54326(a)(3). These two prior issues remain outstanding.

The total overstated claim for the prior audit is \$4,428,417.00. IRC disagreed with the \$4,428,417.00 finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524.

**Finding 12: Bank Charges not Properly Reviewed**

The review of seven sampled IRC bank reconciliations revealed that IRC paid \$257,963.55 in bank charges over a two-year period without any supporting documentation. Good business and sound accounting practice requires all charges appearing in the bank statements to be reviewed and verified to ensure the charges by the bank are accurate and supported.

**II. Findings that have been addressed and corrected by IRC.**

**Finding 13: Multiple Dates of Death**

The review of 20 sampled deceased consumer files from the Uniform Fiscal System (UFS) deceased consumers report revealed five consumers with multiple dates of death. This is not in compliance with Article IV, section 1(c)(1) of the contract between DDS and IRC. IRC has taken corrective action by updating the UFS system to reflect the correct date of death.

**Finding 14: Home and Community-Based Services Provider Agreement Forms (Repeat)**

The review of 107 sampled POS vendor files revealed that nine HCBS Provider Agreement forms were not properly completed by IRC. The forms were either missing the service code, vendor number, or had multiple vendor numbers and/or service codes. This is not in compliance with CCR, title 17, section 54326(a)(16). IRC has taken corrective action by providing DDS with the properly completed HCBS Provider Agreement forms.

## BACKGROUND

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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 HCBS Waiver Program are provided, and that criteria set forth for receiving funds have been met. As part of DDS' 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. DDS also 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 monitored by DDS' Federal Programs Operations Section staff to assess overall programmatic compliance with HCBS Waiver requirements. HCBS Waiver compliance monitoring review has 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 Inland Counties Regional Center, Inc. entered into a contract, HD099008, effective July 1, 2009, through June 30, 2016. This contract specifies that Inland Counties Regional Center, Inc. will operate an agency known as the Inland Regional Center (IRC) to provide services to persons with DD and their families in the Riverside and San Bernardino Counties. The contract is funded by State and Federal funds that are dependent upon the IRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at IRC from October 1, 2012, through October 31, 2012, and was conducted by the DDS' Audit Branch.

## **AUTHORITY**

The audit was conducted under the authority of the W&I Code, section 4780.5, and Article IV, section 3 of the State Contract.

## **CRITERIA**

The following criteria were used for this audit:

- California W&I Code
- “Approved Application for the HCBS Waiver for the Developmentally Disabled”
- CCR, title 17
- Federal Office of Management Budget (OMB) Circular A-133
- State Contract between DDS and IRC, effective July 1, 2009

## **AUDIT PERIOD**

The audit period was July 1, 2010, through June 30, 2012, 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 with the W&I Code (or the Lanterman Act),
- To determine compliance with CCR, title 17,
- To determine compliance with the provisions of the HCBS Waiver Program for the Developmentally Disabled, and
- To determine that costs claimed were in compliance with the provisions of the State Contract.

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 IRC's financial statements. DDS limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that IRC was in compliance with the objectives identified above. Accordingly, DDS examined transactions, on a test basis, to determine whether IRC was in compliance with the Lanterman Act, CCR, title 17, HCBS Waiver for the Developmentally Disabled, and the State Contract.

DDS' review of IRC's internal control structure was conducted to gain an understanding of the transaction flow and the policies and procedures as necessary to develop appropriate auditing procedures.

DDS reviewed the annual audit report that was conducted by an independent accounting firm for fiscal year 2010-11, issued on December 27, 2011. No management letter was issued by the independent accounting firm. This review was performed to determine the impact, if any, upon the DDS audit and, as necessary, develop appropriate audit procedures.



The audit procedures performed included the following:

**I. Purchase of Service**

DDS selected a sample of POS claims 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 Program. For POS claims 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 IRC. The rates charged for the services provided to individual consumers were reviewed to ensure that the rates paid were set in accordance with the provisions of CCR, title 17 and the W&I Code.
- DDS selected a sample of individual consumer trust accounts to determine if there were any unusual activities and whether any account balances exceeded \$2,000 as prohibited by the Social Security Administration. In addition, DDS determined if any retroactive Social Security benefit payments received exceeded the \$2,000 resource limit for 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 was 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 Social Security Administration in a timely manner. An interview with IRC staff revealed that IRC 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 Social Security Administration (or other source) in a timely manner.
- DDS selected a sample of UFS reconciliations to determine if any accounts were out-of-balance or if there were any outstanding items that were not reconciled.
- DDS analyzed all of IRC's bank accounts to determine whether 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 were properly completed on a monthly basis.

## **II. Regional Center Operations**

DDS audited IRC's operations and conducted tests to determine compliance with the State Contract. The tests included various expenditures claimed for administration to ensure that IRC accounting staff is properly inputting data, transactions were 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 with CCR, title 17 and the State Contract.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the State Contract.
- DDS reviewed IRC's policies and procedures for compliance with the DDS Conflict of Interest regulations and DDS 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 the DDS rate of reimbursement from the Federal Government. The following procedures were performed upon the study:

- Reviewed applicable TCM records and IRC's Rate Study. DDS examined the month of May 2011 and traced the reported information to source documents.
- The last Case Management Time Study was performed in May 2010, which was reviewed in the prior DDS audit that included fiscal year 2009-10. As a result, there was no Case Management Time Study to review for this audit period.

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

Under W&I Code, section 4640.6(e), regional centers are required to provide service coordinator caseload data to DDS. The following average service coordinator-to-consumer ratios apply per W&I Code, section 4640.6(c)(3):

- A. For all consumers that are three years of age and younger and for consumers enrolled in the 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. The required average ratio shall be 1:45 for consumers who have moved within the first year.
- 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. The 1:66 ratio was lifted in February 2009, upon imposition of the 3 percent rate reduction to regional centers as required per W&I Code 4640.6(i) and (j). The ratio continued to be suspended from July 2010 until July 2012 with imposition of the subsequent 4.25 and 1.25 percent payment reductions.

DDS 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 the ratios as required by W&I Code, section 4640.6(e).

#### **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, DDS 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 the regional center's accounting records.

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

The Family Cost Participation Program (FCPP) was created for the purpose of assessing consumer costs 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 (IPP). To determine whether IRC is in compliance with CCR, title 17 and the W&I Code, DDS performed the following procedures during the audit review:

- 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 Medi-Cal eligible, to determine their contribution for the FCPP.
- Reviewed the parents' income documentation to verify their level of participation based on the FCPP Schedule.
- Reviewed copies of the notification letters to verify that the parents were notified of their assessed cost participation within 10 working days of receipt of the parents' complete income documentation.
- Reviewed vendor payments to verify that IRC is paying for only its assessed share of cost.

## **VII. Annual Family Program Fee**

The Annual Family Program Fee (AFPF) was created for the purpose of assessing an annual fee of up to \$200 based on income level of families of children between the ages of 0 through 17 years of age receiving qualifying services through a regional center. The AFPF fee shall not be assessed or collected if the child receives only respite, day care, or camping services from the regional center, and a cost for participation is assessed to the parents under FCPP. To determine whether IRC is in compliance with the W&I Code, DDS requested a list of AFPF assessments and verified the following:

- The adjusted gross family income is at or above 400 percent of the Federal poverty level based upon family size.
- The child has a developmental disability or is eligible for services under the California Early Intervention Services Act.
- The child is less than 18 years of age and lives with his or her parent.
- The child or family receives services beyond eligibility determination, needs assessment, and service coordination.
- The child does not receive services through the Medi-Cal program.
- Documentation was maintained by the regional center to support reduced assessments.

## **VIII. Procurement**

The Request for Proposal (RFP) process was implemented to ensure regional centers outline the vendor selection process when using the RFP process to address consumer service need. As of January 1, 2011, DDS requires regional centers to document their contracting practices, as well as how particular vendors are selected to provide consumer services. By implementing a procurement process, regional centers will ensure that the most cost effective service providers amongst comparable service providers are selected as required by the Lanterman Act and the State Contract as amended.

To determine whether IRC implemented the required RFP process by January 1, 2011, DDS performed the following procedures during the audit review:

- Reviewed the IRC contracting process to ensure the existence of a Board approved procurement policy and to verify that the RFP process ensures competitive bidding as required by Article II of the State Contract as amended.
- Reviewed the RFP contracting policy to determine whether the protocols in place included applicable dollar thresholds and comply with Article II of the State Contract as amended.
- Reviewed the RFP notification process to verify that it is open to the public, and clearly communicated to all vendors. All submitted proposals are evaluated by a team of individuals, to determine whether proposals are properly documented, recorded and authorized by appropriate officials at IRC. The process was reviewed to ensure that the vendor selection process is transparent, impartial, and avoids the appearance of favoritism. Additionally, DDS verified that supporting documentation is retained for the selection process and, in instances where a vendor with a higher bid is selected, there is written documentation retained as justification for such a selection.

DDS performed the following procedures to determine compliance with the Article II of the State Contract for new contracts in place as of January 1, 2011:

- Selected a sample of Operational, Start-Up and negotiated POS contracts subject to competitive bidding to ensure IRC notified the vendor community and the public of contracting opportunities available.
- Reviewed the contracts to ensure that IRC has adequate and detailed documentation for the selection and evaluation process of vendor proposals, written justification for final vendor selection decisions, and those contracts are properly signed and executed by both parties to the contract.

In addition, DDS performed the following procedures to determine compliance with the W&I Code, section 4625.5 for new contracts in place as of March 2011:

- Reviewed to ensure IRC has a written policy requiring the Board to review and approve any of its contracts of two hundred fifty thousand dollars (\$250,000) or more, before entering into a contract with the vendor.
- Reviewed IRC Board approved POS, Start-Up and Operational vendor contracts over \$250,000 to ensure the inclusion of a provision for fair and equitable recoupment of funds for vendors that cease to provide services to consumers. Verified that the funds provided were specifically used to establish new or additional services to consumers and that the usage of funds are of direct benefit to consumers, and that contracts are supported with sufficiently detailed and measurable performance expectations and results.

The process above was conducted in order to assess IRC's current RFP process and Board approval of contracts over \$250,000 as well as to determine whether the process in place satisfies the W&I Code and the IRC's State Contract requirements as amended.

#### **IX. Statewide/Regional Center Median Rates**

The Statewide and Regional Center Median Rates were implemented on July 1, 2008, and amended on December 15, 2011, to ensure regional centers are not negotiating rates higher than the set median rates for services. Despite the median rate requirement, rate increases could be obtained from DDS under health and safety exemptions where regional centers demonstrate the exemption is necessary for the health and safety of the consumers.

To determine whether IRC was in compliance with the Lanterman Act, DDS performed the following procedures during the audit review:

- Reviewed sample vendor files to determine whether IRC is using appropriately vendorized service providers and correct service codes and that IRC is paying authorized contract rates and complying with the median rate requirements of the W&I Code, section 4691.9.
- Reviewed vendor contracts to verify that IRC is reimbursing vendors using authorized contract median rates and verified that rates paid represented the lower of the statewide or regional center median rate set after June 30, 2008. Additionally, DDS verified that providers vendorized before June 30, 2008, did not receive any unauthorized rate increases, except in situations where health and safety exemptions were granted by DDS.

**X. Other Sources of Funding from DDS**

Regional centers may receive many other sources of funding from DDS. DDS performed sample tests on identified sources of funds from DDS to ensure IRC'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 other sources of funding from DDS identified in this audit are:

- Start-Up Funds, Community and Placement Program.
- Prevention Program.
- Family Resource Center (FRC).

**XI. Follow-up Review on Prior DDS 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 the prior audit findings that were reported to IRC and reviewed supporting documentation to determine the degree and completeness of IRC'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, IRC was in compliance with applicable sections of the CCR, title 17, the HCBS waiver, and the State Contract with DDS for the audit period, July 1, 2010, through June 30, 2012.

The costs claimed during the audit period were for program purposes, however, some of these costs were not adequately supported by IRC. From the review of prior audit report, it has been determined that IRC has not taken appropriate actions to resolve the audit findings indicated in this report as repeat issues. IRC has filed a formal appeal for Finding numbers 1, 3, 4, 7, 9, and 12.



## **VIEWS OF RESPONSIBLE OFFICIALS**

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DDS issued a draft report on December 2, 2013. The findings in the report were discussed at a formal exit conference with IRC on December 19, 2013. At the exit conference, DDS stated it would incorporate the views of the responsible officials in the final report.

## **RESTRICTED USE**

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This report is solely for the information and use of DDS, Department of Health Care Services, CMS, and IRC. 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: Unsupported Transportation Assessment Contract Billing (Repeat)**

The review of the prior DDS audit report indicated that IRC reimbursed SWT a total of \$949,566.18 without supporting documentation to substantiate the assessments, development, implementation, and management of routes and time schedules for 3,024 consumers. IRC disagreed with the finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524.

CCR, title 17, section 50602(k) states:

“‘Record’ means any book or document evidencing operational, financial, and service activities of a service provider or regional center pertaining to the service program and/or the provision of services to persons with developmental disabilities. Examples include books of account, general ledgers, subsidiary ledgers, check registers, canceled checks, contracts, correspondence, financial statements, internal reports, bank statements, standard cost statements, consumer files, purchase of service authorizations, and documents evidencing consumer services. All consumer records shall be treated as confidential.”

Also, CCR, title 17, section 54326(a)(3), (4) and (10) states in part:

“(a) All vendors shall:

- (3) Maintain records of service provided to consumers in sufficient detail to verify delivery of the units of service billed...
- (4) Make available any books and records pertaining to the vendored service, including those of the management organization and disclosure information required in Section 54311, if applicable, for audit, inspection or authorized agency representatives....

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

In addition, CCR, title 17, section 50604 states in pertinent part:

- “(d) 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 but not be limited to:
  - (1) Information identifying each regional center consumer including the Unique Client Identifier and Consumer name;
  - (2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center.
  - (3) A record of services provided to each consumer. The record should include:
    - (B) For transportation services, the dates of service, city or county where service was provided, and the number of miles driven or trips provided...
- (e) All service providers’ records shall be supported by source documentation.”

**Recommendation:**

IRC is responsible for operating its business in a manner consistent with the law and must remit to DDS the overpayment totaling \$949,566.18. IRC shall ensure that its contracts are adequate and in compliance with CCR, title 17 requirements. In addition, IRC must ensure that proper documentation is maintained and on file to support payments for the services performed by its contractors/vendors.

**Finding 2: Unsupported Contract Billing**

The review of 57 sampled POS vendor contracts revealed one vendor, Pathway, Inc., vendor number PJ2311, service code 107, was reimbursed at a rate of \$5,820.00 per month without supporting documentation. IRC did not provide justification as to how the rate was determined. Furthermore, the contract with the vendor did not specify any measurable deliverables to substantiate the work performed. Invoices submitted by the vendor did not detail when or what types of

services were provided. In addition, IRC did not provide purchase of services authorization or consumer UCI numbers tied to the services provided. This resulted in an overpayment totaling \$138,405.00. (See Attachment A.)

CCR, title 17, section 50602(k) states:

“‘Record’ means any book or document evidencing operational, financial, and service activities of a service provider or regional center pertaining to the service program and/or the provision of services to persons with developmental disabilities. Examples include books of account, general ledgers, subsidiary ledgers, check registers, canceled checks, contracts, correspondence, financial statements, internal reports, bank statements, standard cost statements, consumer files, purchase of service authorizations, and documents evidencing consumer services. All consumer records shall be treated as confidential.”

CCR, title 17, section 54326(a)(3), (4) and (10) states in part:

“(a) All vendors shall:

- (3) Maintain records of service provided to consumers in sufficient detail to verify delivery of the units of service billed...
- (4) Make any books and records pertaining to the vendored service, including those of the management organization, if applicable for audit, inspection or authorized agency representatives...
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

CCR, title 17, section 50604 states in pertinent part:

- “(d) 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 but not be limited to:
  - (4) Information identifying each regional center consumer including the Unique Client Identifier and Consumer name;

- (5) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center.
- (6) A record of services provided to each consumer. The record should include:
  - (B) For transportation services, the dates of service, city or county where service was provided, and the number of miles driven or trips provided...
- (f) All service providers' records shall be supported by source documentation."

**Recommendation:**

IRC is responsible for operating its business in a manner consistent with the law and must remit to DDS the overpayment totaling \$138,405.00. IRC shall closely monitor its contractors/vendors to ensure it has received the agreed upon services as stated in the contract. IRC shall ensure that its contracts are adequate and in compliance with CCR, title 17 requirements. In addition, IRC must ensure that proper documentation is maintained and on file to support payments for the services performed by its contractors/vendors.

**Finding 3: Circumvention of the Regulations**

**A. Rate Freeze (Repeat)**

The follow-up review of the prior audit report indicated IRC continues to pay SWT at a rate 40 percent higher than IRC paid its previous transportation providers for transportation services. IRC appealed this finding and was granted a 10 percent Health and Safety Waiver, which reduced the rate increase from 40 percent to 30 percent. Based on the 30 percent rate increase, the total overpayment from October 2010 through June 2012 is \$2,277,735.80.

The prior audit report identified that from October 2008 through September 2010, IRC overpaid SWT \$3,189,102.56. Based on the Health and Safety Waiver, this amount was subsequently reduced to \$2,391,826.92.

The total overpayment amount for the prior and current audit is \$4,669,562.72. IRC disagreed with the finding and it is currently under

appeal and is subject to the Administrative hearing, reference number OAH 2012050524. (See Attachment B.)

W&I Code, section 4648.4(b)(2) states, in pertinent part:

“(b) Notwithstanding any other provision of law or regulation, except for subdivision (a), no regional center may pay any provider of the following services or supports a rate that is greater than the rate that is in effect on or after June 30, 2008, unless the increase is required by a contract between the regional center and the vendor that is in effect on June 30, 2008, or the regional center demonstrates that the approval is necessary to protect the consumer’s health or safety and the department has granted prior written authorization:

(2) Transportation, including travel reimbursement.”

In addition, W&I Code, section 4648.1(e)(1) states:

“(e) A regional center or the department may recover from provider funds paid for services when the department or the regional center determines that either of the following has occurred:

(1) The services were not provided in accordance with the regional center’s contract or authorization with the provider, or with applicable state laws or regulations.”

**Recommendation:**

IRC must reimburse DDS a total of \$4,669,562.72, pursuant to W&I Code, section 4648.1, subdivision (e), for the overpayment due to the 30 percent rate increase it granted SWT. In addition, IRC must ensure that all rates to vendors comply with W&I Code, section 4648.4(b).

**B. Median Rate**

The review of 57 sampled POS vendor contracts revealed one vendor, The Chicago Home, vendor number HJ0995, service code 113, was reimbursed at a rate of \$589.25 per day when the Statewide Median Rate was \$296.37 per day for non-CPP consumers and \$474.68 per day for CPP consumers. Documentation in the vendor file indicated that IRC knowingly entered into a rate agreement with the vendor on June 1, 2008, in order to establish the existence of the rate prior to the Statewide Median Rate cutoff date of June 30, 2008. However, The Chicago Home was not vendored to be a service provider by IRC until November 4, 2010. Therefore, the rate

established for The Chicago Home was not valid since it was not a vendor when the rate agreement was signed and must conform to the Statewide Median Rate. This resulted in an overpayment totaling \$694,834.57. (See Attachment C.)

W&I Code, section 4691.9(b) states:

“(b) No regional center may negotiate a rate with a new service provider, for services where rates are determined through a negotiation between the regional center and the provider, that is higher than the regional center’s median rate for the same service code and unit of service, or the statewide median rate for the same service code and unit of service, whichever is lower...”

**Recommendation:**

IRC must reimburse to DDS the \$694,834.57 pursuant to W&I Code, section 4691.9(a). In addition, IRC must renegotiate the contract to ensure compliance with the Statewide Median Rates. IRC must also ensure that all rates negotiated after June 30, 2008, are either equal to or below the Statewide Median Rates.

**Finding 4: Transportation Services Provided Under Transportation Broker, Service Code 883 (Repeat)**

The review of the transportation program revealed that IRC continues to reimburse SWT as a Transportation Broker for Transportation Services as identified in the prior audit report. IRC also continues to issue POS authorizations for SWT to provide Transportation Services. In addition, IRC has not re-vendorized 25 of its Transportation Services providers who were de-vendorized in 2008 to become SWT subcontractors. CCR, title 17, section 54342, specifically precludes a regional center from classifying a vendor as a Transportation Broker if the vendor is also a Transportation Provider. IRC disagreed with the finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524.

CCR, title 17, section 58501(a) states, in pertinent part:

“(a) The following definitions shall apply to the regulations contained in this subchapter:

(11) ‘Transportation Service’ means the conveyance of a consumer including boarding and exiting the vehicle.”



In addition, CCR, title 17, section 54342(a) states, in pertinent part:

“(a) The following service codes shall be assigned to the following types of services:

(83) Transportation Broker – Service Code 883. A regional center shall classify a vendor as a transportation broker if the vendor:

(A) Is not the transportation service provider; and

(B) Develops routing and time schedules for the transport of consumers to and from their day program;

(C) In addition to performing the duties specified in (A) and (B) above, a transportation broker may:

1. Conduct monitoring and quality assurance activities; and/or

2. Perform safety reviews; and/or

3. Assist the regional center in implementing contracted transportation services.”

**Recommendation:**

IRC must amend its current broker services agreement with SWT to ensure it is in compliance with the responsibilities and duties of a Transportation Broker pursuant to CCR, title 17. IRC shall additionally ensure that transportation services comply with pertinent DDS regulations.

**Finding 5: Whistleblower Policy Has Not Alleviated Employee Concerns (Repeat)**

The review of the prior audit report noted that IRC issued a new Board approved Whistleblower policy dated July 11, 2011. The new policy states that employees can report improprieties without the fear of retaliation by IRC management. The new policy also lists multiple contacts for IRC, IRC’s Board of Trustees and DDS where complaints may be filed.

In its response to the prior audit report, IRC stated that it has taken steps to alleviate employee concerns by notifying its employees of the Whistleblower Policy on the intranet and internet sites for easy access. In addition, IRC stated that it had communicated to its employees that the Whistleblower Policy allows individuals to report any issues directly to DDS and/or the Board; and will ensure any employees who report improprieties are not retaliated against. However,

during the audit review, IRC employees continued to express their fear of being intimidated, reprimanded, or retaliated against by IRC management for reporting suspected improprieties.

IRC's Whistleblower Policy, section 510(2) states in part:

“Inland Regional Center's (IRC) Code of Ethics ("Code") requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. This Policy is established to ensure that IRC's Board members, officers, employees, consumers, families, service providers, agencies, community members, and regional center staff report good faith suspicions, concerns, or evidence of illegal, unethical or other inappropriate activity without fear of retaliation.

- (2) No Retaliation. No director, officer, or employee who in good faith reports a violation of the IRC Code of Ethics (*Operations Manual, Chapter 2, 2.0(a)*) shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including immediate termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within IRC prior to seeking resolution outside Inland Regional Center.”

**Recommendation:**

IRC shall follow its implemented Whistleblower policy to ensure that all employees who participate in reporting improprieties are not intimidated, reprimanded or retaliated against. IRC should also continue to communicate to its employees that the current Whistleblower policy in place allows individuals to report any issues directly to DDS.

**Finding 6: Purchase of Service Funds Inappropriately Used for Operations Expenses (Repeat)**

The follow-up review of the Resource Library found that IRC continued to reimburse its Resource Library, vendor number PJ2424, service code 112, a total of \$323,727.06 from December 2010 through December 2011, as a Communications Aide vendor using POS funds for the operation of the Resource Library. Services reimbursed included salaries, purchase of books, rental expenses and other overhead costs. These services are considered administrative costs that should be reimbursed through IRC's Operational funds. The services provided by this vendor were not specific to the service code's definition of a

Communications Aide, to a consumer's IPP, nor tied to a specific consumer UCI number and authorization.

In addition, the prior DDS audit report indicated that IRC reimbursed the Resource Library \$1,082,838.82 using POS funds from August 2005 through November 2010, using service code 112. This service code is specifically designated for assisting persons with hearing, speech, and/or vision impairment to be able to effectively communicate with service providers, family, friends, co-workers, and the general public.

IRC has since ceased using this vendor effective January 31, 2012; however, from August 2005 through December 2011, IRC inappropriately used \$1,406,565.88 of POS funds to fund the Resource Library. IRC disagreed with the finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524. (See Attachment D.)

DDS description of Services Codes states:

112, Communications Aides:

“A regional center shall only classify a vendor as Communications Aide vendor if they provide those human services necessary to facilitate and assist persons with hearing, speech, or vision impairment to be able to effectively communicate with service provider, family, friends, co-workers, and general public. The following are allowable communication aides, as specifies in consumer's IPP:

1. Facilitators;
2. Interpreters and interpreter services
3. Translators and translator services
4. Readers and reading services

Communication aide services include evaluation for communication aides and training in use of communication aides, as specified in consumer IPP.”

CCR, title 17, section 54340 states, in pertinent part:

- “(c) The vendoring regional center shall assign a service code to a vendor based upon the program design and/or the service provided.
- (d) 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 but not be limited to:

- (1) Information identifying each regional center consumer including the Unique Client Identifier and Consumer name;
- (2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center."

**Recommendation:**

IRC must reimburse to DDS a total of \$1,406,565.88 for using POS funds for the operation of the IRC Resource Library.

**Finding 7: Policies and Procedures for Procurement**

A review of IRC's Procurement policies and procedures revealed IRC did not have any provisions for fair and equitable recoupment of CPP funds should the vendor cease to provide services to consumers after a specified period of time. IRC indicated that the provision is in its contracts with vendors, and believed the language in the contract would be sufficient.

Article II, section 2(c) of the State Contract states:

- "c. Such policies shall include provisions for fair and equitable recoupment of start-up funds should the vendor and/or fund recipient cease to provide services to consumers after a specified period of time. This includes start-up funds to purchase real property."

**Recommendation:**

IRC must ensure that it complies with Article II, section 2(c) of the State Contract and ensure that its policy has a provision to recoup Start-up funds in case the vendor ceases to provide service to the consumers after a specified time period.

**Finding 8: Overstated Claims**

**A. Payments Above the Median Rate (Repeat)**

The review of 57 sampled POS vendor contracts finalized after June 2008 revealed two vendors that were contracted above the Statewide/IRC Median Rate. [REDACTED], vendor number VJ6138, service code 405, was reimbursed at a rate of \$402.50 per month when the Statewide Median Rate

was \$200.00 per month. In addition, Pathways, Inc. vendor number P26834, service code 063, was reimbursed at a rate of \$27.61 per hour when the Statewide Median Rate was \$22.50 per hour. This resulted in overpayments totaling \$46,443.56.

Also, the prior DDS audit report identified that IRC had three vendor contracts that were finalized after June 2008. Sanders, Adriana M., vendor number PJ3290, service code 056, First Step Independent Living Program, Inc., vendor number H96662, service code 110, and Pacific Child & Family Associates, LLC., vendor number PJ3482, service code 612, were contracted above the Statewide/IRC Median Rate. This resulted in overpayments totaling \$39,631.59.

The total overpayment from both the prior and current audit is \$86,075.15. IRC disagreed with the \$39,631.59 finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524.

IRC provided additional information with its response to the draft report indicating that it has taken action to resolve \$45,876.31 in overpayments. The remaining outstanding balance is \$40,480.84. (See Attachment E.)

W&I Code, section 4691.9(b) states:

“(b) No regional center may negotiate a rate with a new service provider, for services where rates are determined through a negotiation between the regional center and the provider, that is higher than the regional center’s median rate for the same service code and unit of service, or the statewide median rate for the same service code and unit of service, whichever is lower.”

**Recommendation:**

IRC must reimburse to DDS the \$40,480.84 in total overpayments made to the five vendors. IRC shall immediately renegotiate the rates for the five vendors in order to comply with the W&I Code, section 4691.9. In addition, IRC must ensure that all rates negotiated after June 30, 2008, are at or below the Statewide/IRC Median Rates.

**B. Payment Above the Authorized Number of Units (Repeat)**

The review of IRC’s POS expenses revealed 18 instances where 11 vendors were paid above their authorized number of units. The overpayments were due to an oversight by IRC. This resulted in overpayments totaling \$2,113.17.

IRC provided additional information with its response to the Draft Report which indicated the overpayment totaling \$258.54 has been resolved. The remaining outstanding balance is \$1,854.63.

In addition, the prior audit report identified instances in which IRC paid two vendors under service code 805, Carolyn E. Wiley Center for Children, Youth & Families, vendor number H05201, and V.I.P. Tots, vendor number H07885, over the authorized number of units. The total overpayment for services provided by the two vendors was \$28,548.56.

The total overpayment for the prior and current audit is \$30,403.19.  
(See Attachment F.)

CCR, title 17, section 54326(a)(10) states, in pertinent part:

“(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...”

**Recommendation:**

IRC must reimburse to DDS the \$30,403.19 in total overpayments made to the 10 remaining vendors. In addition, IRC must comply with the CCR, title 17, section 54326(a).

**C. Payment for Services not Provided**

The review of 20 sampled POS vendor files revealed 237 instances where IRC reimbursed eight transportation vendors for services that were not provided. Since these are individual authorizations for consumer services, IRC must reimburse transportation vendors only when the consumer utilizes these services. IRC stated that it did not want to penalize the transportation vendors if it was not known beforehand that the consumer would not utilize the transportation services. This resulted in overpayments totaling \$8,968.15.  
(See Attachment G.)

CCR, title 17, section 54326 (a)(10) 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.”

**Recommendation:**

IRC must reimburse to DDS \$8,968.15 in total overpayments made to the eight vendors. In addition, IRC must comply with CCR, title 17, section 54326(a) and ensure that vendors are paid only for services provided.

**Finding 9: Missing Supporting Documentation**

The review of 131 sampled POS vendor files revealed IRC reimbursed two of its vendors for services provided to the consumers without monthly invoices and/or attendance documentation. This resulted in overpayments totaling \$23,946.94. IRC was unable to provide turnaround invoices and/or attendance documentation for [REDACTED], vendor number V57250 service code 880, for December 2010 and May 2011 and Employment & Community Options, vendor number VJ6132, service code 880, for May and July 2011. This resulted in unsupported payments totaling \$2,718.04 and \$21,228.90 respectively. Attempts were made to IRC, during and after the audit, for the turnaround invoices and attendance, without success.

In addition, IRC was unable to locate the Prevention Program Plan for two consumers, UCI numbers [REDACTED] and [REDACTED]; and one consumer file UCI number [REDACTED]. Further review indicated that IRC did not retain source documents to support its March 2011 and 2012, Service Coordinator Caseload Ratios for the DC Movers.

IRC provided DDS with attendance documentation and invoices to support \$23,946.94 in unsupported payments to vendors V57250 and VJ6132. In addition, IRC provided copies of the Prevention Program Plan for two consumers and the one consumer file that were missing as an indication that this issue has been resolved.

CCR, 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, but not be limited to:

- (2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center.
- (3) A record of services provided to each consumer. The record shall include:
  - (C) For community-based day programs, the dates of service, place where service was provided, the start and end times of service provided to the consumer and the daily or hourly units of service provided.”

State Contract, Article IV, section 3(a) and (b) states:

“...Contractor shall keep records, as follows:

- a. The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget, revenues, expenditures, and consumers served under this contract...
- b. The Contractor shall make available at the office of the Contractor at any time during the terms of this agreement during normal working hours, and for a period of three years after final payment under this annual contract, any of its records (personnel records excepted) for the inspection, audit, examination or reproduction by an authorized representative of the State, federal auditor, the State Auditor of the State of California, or any other appropriate State agency, which shall be conducted with the minimum amount of disruption to Contractor’s program...”

**Recommendation:**

IRC must ensure turnaround invoices and attendance documentation are retained and that no payments are made to vendors without turnaround invoices or attendance documentation. In addition, IRC must ensure all consumer files are retained, properly safeguarded and are readily available for review. Furthermore, IRC must retain the supporting documentation to justify the calculation for all its Service Coordinator Caseload Ratios.

**Finding 10: Transparency and Access to Public Information Policy**

The review of IRC’s transparency website revealed IRC did not post a complete salary schedule for all personnel classifications. In addition, IRC did not post the



prior fiscal year expenditures from its Operations budget for all administrative, managerial, consultant, accounting, personnel, labor relations, and legal services, procured under written contract. IRC did not provide an explanation why the website was missing the required information, but stated that the issue would be corrected.

W&I Code, section 4639.5(b) states:

“(b) By December 1 of each year, each regional center shall report information to the State Department of Developmental Services on all prior fiscal year expenditures from the regional center operations budget for all administrative services, including managerial, consultant, accounting, personnel, labor relations, and legal services, whether procured under a written contract or otherwise. Expenditures for the maintenance, repair, or purchase of equipment or property shall not be required to be reported for purposes of this subdivision. The report shall be prepared in a format prescribed by the department and shall include, at a minimum, for each recipient the amount of funds expended, the type of service, and purpose of the expenditure...”

IRC’s Board approved policy, section 1.2.4(I)(4)(a)(b) states:

- “I. To promote transparency, we include on our Website the following information:...
4. Regional center annual reports pursuant to Section 4639.5 of the Lanterman Act [§4629.5(b)(3)]
    - a) A complete current salary schedule for all personnel classifications
    - b) Prior fiscal year expenditures from the regional center operations budget for all administrative services, including managerial, consultant, accounting, personnel, labor relations, legal services, whether procured under written contract or otherwise...”

**Recommendation:**

IRC must ensure that it complies with W&I Code, section 4639.5(b) and its Board approved policy by posting a complete current salary schedule for all personnel classifications and the prior fiscal year expenditures from Operations budget for

all administrative services, including managerial, consultant, accounting, personnel, labor relations, and legal services.

**Finding 11: Improper Expenditure of Community Placement Program and POS Funds (Repeat)**

The review of 32 sampled CPP consumer expenses revealed IRC improperly allocated CPP funds. IRC continued to reimburse two vendors, Kaiser Specialized Residential, vendor number HJ2507, and Jones Division, vendor number HJ2556, service code 113, using CPP funds after the initial fiscal year had ended. IRC was not aware of the need to utilize non-CPP funds after the initial fiscal year of service. This resulted in an overstated claim totaling \$319,804.30, which needs to be adjusted as a non-CPP expense.

IRC provided additional information with its response to the draft report which indicated that CPP funds can include costs associated with transitioning and placement. Therefore, the total overpayment is considered resolved.

Further, the prior DDS audit report identified that IRC granted CHF a total of \$6,129,823.00 of CPP and POS funds to develop housing for consumers moving from the DCs into the community. It was found that \$3,205,739.00 of those funds were expensed to Service Code 999 without a DDS approved community placement plan for the acquisition of housing.

Also, it was identified in the prior audit report that IRC improperly allocated \$1,222,678.00 in POS funds to CHF and expensed them under Service Code 101 for move-in costs and for the purchase of household items. Additionally, expenses incurred were not tied to any consumer UCI numbers as required by the DDS service code definition. These two prior issues remain outstanding. (See Attachment H.)

The total overstated claim amount for the prior audit is \$4,428,417.00. IRC disagreed with the \$4,428,417.00 finding and it is currently under appeal and is subject to the Administrative hearing, reference number OAH 2012050524.

W&I Code, section 4418.25 states, in relevant part:

- “(c) The department shall review, negotiate, and approve regional center community placement plans for feasibility and reasonableness, including recognition of each regional centers' current developmental center population and their corresponding placement level, as well as each regional centers' need to develop new and innovative service models. The department shall hold regional centers accountable for the development and implementation of

their approved plans. The regional centers shall report, as required by the department, on the outcomes of their plans. The department shall make aggregate performance data for each regional center available, upon request, as well as data on admissions to, and placements from, each developmental center.

- (d) Funds allocated by the department to a regional center for a community placement plan developed under this section shall be controlled through the regional center contract to ensure that the funds are expended for the purposes allocated. Funds allocated for community placement plans that are not used for that purpose may be transferred to Item 4300-003-0001 for expenditure in the state developmental centers if their population exceeds the budgeted level. Any unspent funds shall revert to the General Fund.”

Also CCR, title 17, section 54326(a) states, in relevant part:

“(a) All vendors shall:

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

In addition, the State Contract, Exhibit E states, in relevant part:

“(1) Community Placement Plan

Contractor shall develop and submit an approved Community Placement plan in accordance with Welfare & Institution Code [Sections] 4418.25, 4418.3 and 4418.7 for approval by the State.

Contractor’s Community Placement Plan shall, where appropriate, include budget requests for regional center operations, consumer assessments, resource development, deflections and ongoing placements.

(2) Dedicated Funding

Contractor shall use funds allocated to the regional center’s approved Community Placement Plan only for the purposes allocated. The State shall reduce the contract in the amount of any unspent funds allocated for the Community Placement Plan that are not used for that purpose. Any unspent funds shall revert to the General Fund or

be transferred to another regional center for Community Placement Plan activities.”

Guidelines for Regional Center Community Placement Plan (I)(4) states:

“For Deflection POS, the RC will be reimbursed only for placement costs of individuals projected to be placed in CPP-funded deflection living arrangements during the facilities’ initial fiscal year of service provision...”

**Recommendation:**

IRC must reimburse DDS the \$4,428,417.00 that was improperly expensed. In addition, IRC must ensure that all CPP projects comply with W&I Code, section 4418.25, the State Contract, Exhibit E, CCR, title 17, section 54326(a), and the Guidelines for Regional Center Community Placement Plan (I)(4).

**Finding 12: Bank Charges not Properly Reviewed**

The review of seven sampled IRC bank reconciliations revealed that IRC paid \$257,963.55 in bank charges over a two-year period without any supporting documentation. A discussion with the Chief Financial Officer (CFO) revealed that IRC failed to review its bank’s Master Account Analysis Statements for fiscal years 2010-11 and 2011-12. This statement details all charges incurred by IRC for items such as, outstanding checks, NSF checks, bank fees, bank credits and other charges that may have occurred during the course of doing business with the bank. This occurred because the CFO was unfamiliar with the Master Account Analysis Statement and its importance in completing bank reconciliations. IRC accepted the bank charge without verifying what was being charged and used these figures to complete its bank reconciliation. Requests were made for these statements; however, IRC did not have the Master Account Analysis Statement for the auditor’s review.

Good business and sound accounting practice dictates that all charges appearing in the bank statements should be reviewed and verified.

**Recommendation:**

IRC must review the Master Account Analysis Statement as part of its bank reconciliation process to ensure that charges by the bank for all its bank accounts are accurate and verifiable.

## **II. Findings that have been addressed and corrected by IRC.**

### **Finding 13: Multiple Dates of Death**

The review of 20 sampled deceased consumer files from the UFS deceased consumers report revealed five consumers with multiple dates of death. This was due to IRC entering both the date indicated on the Special Incident Report (SIR) and the date on the death certificate into UFS. UFS recognizes the date on the SIR as the date of death, even when the death certificate indicates a different date.

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

“Contractor shall make available accurate and complete UFS and SANDIS 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, IRC should ensure the consumer’s actual date of death is accurately recorded in UFS to avoid any potential payments after the consumer’s death. IRC has taken corrective action by updating the UFS system to reflect the correct date of death.

### **Recommendation:**

IRC should train its staff on how to correctly record the consumer’s date of death in UFS. In addition, IRC should review all current deceased consumer records to ensure that only one date of death is recorded in UFS.

### **Finding 14: Home and Community-Based Services Provider Agreement Forms (Repeat)**

The review of 107 Day Program, Residential, Transportation, and Negotiated-Rate vendor files revealed that HCBS Provider Agreement forms for nine vendors were not properly completed by IRC. The forms were either missing the service code, vendor number, or had multiple vendor numbers and/or service codes.

CCR, title 17, section 54326(a)(16) states, in relevant part:

“(a) All vendors shall...

(16) Sign the Home and Community-Based Services Provider Agreement (6/99), if applicable pursuant to section 54310(a)(10)(I), (d) and (e)..."

IRC has taken corrective steps to comply with CCR, title 17, section 54326(a)(16) by providing DDS with the properly completed HCBS Provider Agreement forms.

**Recommendation:**

IRC should continue to reinforce its procedures to ensure there is a properly completed HCBS Provider Agreement form on file for every vendor providing services to consumers.

## EVALUATION OF RESPONSE

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As part of the audit report process, IRC has been provided with a draft report and was requested to provide a response to each finding. IRC's response dated January 21, 2014, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendations section, as well as a summary of the findings in the Executive Summary section.

DDS' Audit Branch has evaluated IRC's response. Except as noted below, IRC's response addressed the audit findings and provided reasonable assurance that corrective actions would be taken to resolve the issues. During the follow-up review of the next scheduled audit, DDS' Audit Branch will confirm IRC's corrective actions identified in the response to the draft report.

**Finding 1: Unsupported Transportation Assessment Contract Billing (Repeat)**

IRC stated that it continues to disagree with the DDS audit finding which states that the transportation assessment contract billings by SWT totaling \$949,566.18 were unsupported. IRC stated in its response that it references its position in the SODI and in documents submitted in connection with the prior DDS audit report for fiscal years 2008-09 and 2009-10, which is currently under appeal, and is subject to the Administrative hearing case number OAH 2012050524.

**Finding 2: Unsupported Contract Billing**

IRC disagrees with the audit finding regarding an overpayment totaling \$138,405.00 to Pathway, Inc. due to unsupported contract billing. IRC provided a copy of Pathway, Inc.'s contract, invoices from December 2009 through September 2011 which identified 16 consumers who received job development and placement services, and bi-weekly payroll information for Pathway, Inc.'s employees to support the monthly rate. However, the invoices provided contain insufficient details to determine when or how the 16 consumers listed received educational services, as defined under service code 107. In addition, four of the 16 consumers on the invoices did not have a UCI number. Therefore, this finding remains unchanged and IRC must remit to DDS the overpayment totaling \$138,405.00.

**Finding 3: Circumvention of the Regulations**

**A. Rate Freeze (Repeat)**

IRC stated that it continues to disagree with the DDS audit finding that it issued a rate increase to SWT after the rate freeze resulting in an overpayment

totaling \$4,669,562.72. This was identified in the current and prior audit reports. IRC stated in its response that it references its position in the SODI and in documents submitted in connection with the prior DDS audit report for fiscal years 2008-09 and 2009-10, which is currently under appeal, and is subject to the Administrative hearing case number OAH 2012050524.

**B. Median Rate**

IRC disagrees that The Chicago Home, vendor number HJ0995, service code 113, was reimbursed above the Statewide Median Rate which resulted in an overpayment totaling \$694,834.57. IRC states that The Chicago Home is not a new vendor but a subsidiary of Supporting Unlimited Possibilities, Inc. (SUP). SUP received funding from DDS in fiscal year 2007-08 to start-up a specialized residential facility for consumers coming out of the DC into the community. IRC stated that, before SUP would agree to build this facility, it negotiated a rate of reimbursement per consumer with SUP. IRC argues that, since this facility is doing business as a division of SUP, it should not be considered a new vendor and the rate negotiated with The Chicago Home is not subject to the Statewide Median Rate requirements.

However, DDS disagrees with IRC's assessment. The Chicago Home went through a vendorization process and received its own vendor number and service code in November 2010, making it a new vendor. As a new vendor, its rates must conform to the 2008 Statewide Median Rate of \$296.37 per day for non-CPP consumers and \$474.68 per day for CPP consumers. IRC did not submit sufficient evidence to show that The Chicago Home is not a new vendor. Therefore, this finding remains unchanged and IRC must remit to DDS the overpayment totaling \$694,834.57 and conform to the Statewide Median Rate.

**Finding 4: Transportation Services Provided Under Transportation Broker, Service Code 883 (Repeat)**

IRC stated that it continues to disagree with the DDS audit finding regarding services provided under the transportation broker. IRC stated in its response that it references its position in the SODI and in documents submitted in connection with the prior DDS audit report for fiscal years 2008-09 and 2009-10 which is currently under appeal and is subject to the Administrative hearing case number OAH 2012050524.

**Finding 5: Whistleblower Policy Has Not Alleviated Employee Concerns (Repeat)**

IRC disagrees with the finding and stated that it had a new Whistleblower policy approved on July 11, 2011, and also created an Employee Relations and



Administrative Services Department in September 2012. IRC states this has reduced the number of anonymous complaints from 80 to zero percent in the last quarter of 2013.

DDS acknowledges that IRC had a Whistleblower policy approved as of July 11, 2011, and recognizes its effort in creating an Employee Relations and Administrative Services Department in order to foster an environment where employees can report improprieties without the fear of retaliation. However, during the audit, IRC employees continued to express fear of being reprimanded and/or retaliated against by IRC management for reporting suspected improprieties.

DDS will conduct a follow-up review during the next scheduled audit to ensure IRC maintains an environment under which employees feel comfortable reporting suspected improprieties and that it continues to communicate to its employees that individuals are allowed to report any issues directly to DDS and/or the Board.

**Finding 6: Purchase of Service Funds Inappropriately Used for Operations Expenses (Repeat)**

IRC stated that it continues to disagree with the DDS audit finding that it inappropriately used \$1,406,565.88 identified in the current and prior audits for the operation of its Resource Library. IRC stated in its response that it references its position in the SODI and in documents submitted in connection with the prior DDS audit report for fiscal years 2008-09 and 2009-10, which is currently under appeal, and is subject to the Administrative hearing case number OAH 2012050524.

**Finding 7: Policies and Procedures for Procurement**

IRC agrees with the finding and stated it will develop a new Board approved Procurement Policy. DDS will conduct a follow-up review during the next scheduled audit to ensure the new Procurement Policy complies with the requirements set forth in Article II, section 2(c) of the State Contract.

**Finding 8: Overstated Claims**

**A. Payments Above the Median Rate (Repeat)**

IRC stated that it continues to disagree that three vendors were paid above the Statewide Median Rate which resulted in an overpayment totaling \$39,631.59 that was identified in the prior DDS audit report. IRC stated in its response that it references its position in the SODI and in documents submitted in

connection with the prior DDS audit report for fiscal years 2008-09 and 2009-10, which is currently under appeal, and is subject to the Administrative hearing case number OAH 2012050524.

In addition, IRC disagrees with the current audit finding which states that two vendors were paid a total of \$46,443.56 above the Statewide Median Rate. For the vendor Pathways, Inc., vendor number P26834, service code 063, IRC has submitted sufficient documentation to demonstrate that this vendor had established the \$28.84 rate prior to the Median Rate requirement. Therefore, based on the additional information, the \$45,876.31 overpayment issue is considered resolved.

For the vendor [REDACTED], vendor number VJ6138, service code 405, IRC disagreed with the finding which stated that it overpaid the vendor a total of \$567.25. IRC states that per W&I Code, section 4643.5(c), it was required to continue the services and maintain the rate of \$402.50 per month established by the transferring regional center rather than using the Statewide Median Rate of \$200.00 per month. However, the statute cited by IRC does not address vendor rates; but rather focuses solely on the continuation of services.

Further, IRC provided additional documentation with its response which indicated that IRC's Median Rate for service code 405 is \$106.00 per month; this rate is lower than the Statewide Median Rate of \$200.00 per month. Therefore, the overpayment identified in the finding has been recalculated which resulted in the overpayment being increased from \$567.25 to \$849.25. IRC must remit to DDS the overpayment totaling \$849.25 and reduce the rate to comply with the IRC Median Rate of \$106.00 per month.

**B. Payment Above the Authorized Number of Units (Repeat)**

IRC stated that it continues to disagree with the overpayment totaling \$28,548.56 from the prior audit related to vendors Carolyn E. Wiley Center for Children, Youth & Families and V.I.P. Tots. IRC stated that it references its position in the SODI and in documents submitted in connection with the prior DDS audit report for fiscal years 2008-09 and 2009-10, which is currently under appeal, and is subject to the Administrative hearing case number OAH 2012050524.

For the current audit, IRC provided sufficient documentation indicating it has collected \$258.54 of the \$2,113.17 in overpayments and will reimburse DDS the \$1,854.63 still outstanding. Therefore, this finding remains unchanged and IRC must remit to DDS the overpayment totaling \$1,854.63.

### **C. Payment for Services not Provided**

IRC disagrees with the overpayment to eight vendors totaling \$8,968.15 for services not provided. In its response, IRC provided documentation indicating that the transportation service providers utilized rates from the standardized rate schedule (SRS) approved by DDS, which lists the monthly rates payable under service code 880. However, the review of the documentation provided revealed that the Transportation contracts did not describe the services to be provided, the rates used to reimburse vendors, or the effective and end date. DDS does not consider these Transportation contracts valid.

Therefore, this finding remains unchanged and IRC must remit to DDS the overpayment totaling \$8,968.15 and ensure its vendor contracts have clearly defined terms and deliverables.

#### **Finding 9: Missing Supporting Documentation**

IRC agrees with part of the finding and provided DDS with attendance and invoices to support \$23,946.94 in unsupported payments to vendors V57250 and VJ6132. In addition, IRC provided copies of the Prevention Program Plan for two consumers and the one consumer file that were missing as an indication that this issue has been resolved. However, the documentation for the Service Coordinator Caseload Ratios provided by IRC did not correspond with the March 2011 or 2012 Service Coordinator Caseload Ratios Report submitted to DDS for the DC Movers. DDS will conduct a follow-up review during the next scheduled audit to ensure the caseload ratio data is retained for review.

#### **Finding 10: Transparency and Access to Public Information Policy**

The review of the transparency website indicated that IRC has resolved this issue by posting a current salary schedule for all personnel classifications and the prior fiscal year expenditures from the Operations budget for all administrative services, including managerial, consultant, accounting, personnel, labor relations, and legal services on its website. DDS will conduct a follow-up review during the next audit to ensure IRC it is in compliance with the Transparency and Access to Public Information Policy.

#### **Finding 11: Improper Expenditure of Community Placement Program and POS Funds (Repeat)**

IRC stated that it continues to disagree with the DDS audit finding that it improperly expended CPP and POS funds related to CHF totaling \$4,428,417.00. IRC stated in its response that it references its position in the SODI and in documents submitted in connection with the prior DDS audit report for fiscal

years 2008-09 and 2009-10, which is currently under appeal, and is subject to the Administrative hearing case number OAH 2012050524.

IRC disagrees with DDS' current audit issue related to the three consumers who continued to receive CPP funded services totaling \$319,804.30 after the initial fiscal year of placement. IRC stated that it used the CPP funds based on the DDS approved Transition Guidelines for the consumers who moved out of the Lanterman Developmental Center. A discussion with DDS' Community Support Section indicated that CPP funds can include costs associated with transitioning and placement. Therefore, DDS agrees with IRC's response and considers this issue resolved.

**Finding 12: Bank Charges not Properly Reviewed**

IRC agrees with the recommendation and has implemented a monthly review of the Master Account Analysis Statement. IRC provided a copy of the Master Account Analysis Statement reconciliation for July 2012. DDS will conduct a follow-up review during the next scheduled audit to ensure that all bank statements are reconciled monthly.

**Inland Regional Center  
Unsupported Contract Billing  
Fiscal Years 2010-11 and 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
PJ2311	Pathway, Inc	107		11/2009	\$5,820.00
				12/2009	\$5,820.00
				01/2010	\$5,820.00
				02/2010	\$5,820.00
				03/2010	\$5,820.00
				04/2010	\$5,820.00
				05/2010	\$5,820.00
				07/2010	\$5,745.00
				08/2010	\$5,745.00
				09/2010	\$5,745.00
				10/2010	\$5,745.00
				11/2010	\$5,745.00
				12/2010	\$5,745.00
				01/2011	\$5,745.00
				02/2011	\$5,745.00
				03/2011	\$5,745.00
				04/2011	\$5,745.00
				05/2011	\$5,745.00
				06/2011	\$5,745.00
				07/2011	\$5,745.00
				08/2011	\$5,745.00
				09/2011	\$5,745.00
				10/2011	\$5,745.00
				11/2011	\$5,745.00
Total Unsupported Contract Billings					\$138,405.00

**Inland Regional Center**  
**Circumvention of the Regulations - Rate Freeze (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Payment Period	Overpayment Due to Circumvention of the Rate Freeze
Circumvention of the Rate Freeze for Fiscal Years 2008-09 and 2009-10				
PJ3262	Southwestern Transportation	883	10/2008	\$91,905.68
			11/2008	\$87,076.53
			12/2008	\$98,829.25
			01/2009	\$105,441.20
			02/2009	\$103,051.87
			03/2009	\$102,384.56
			04/2009	\$96,886.29
			05/2009	\$97,285.48
			06/2009	\$97,144.15
			07/2009	\$101,912.12
			08/2009	\$101,859.04
			09/2009	\$96,642.61
			10/2009	\$101,077.05
			11/2009	\$87,126.05
			12/2009	\$85,648.64
			01/2010	\$94,649.78
			02/2010	\$100,852.74
			03/2010	\$104,647.14
			04/2010	\$104,940.07
			05/2010	\$105,401.29
			06/2010	\$109,314.75
			07/2010	\$104,099.99
			08/2010	\$108,768.92
			09/2010	\$104,881.71
Total Overpayments for FY 2008-09 and 2009-10				\$2,391,826.92

**Inland Regional Center  
Circumvention of the Regulations - Rate Freeze (Repeat)  
Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Payment Period	Overpayment Due to Circumvention of the Rate Freeze
Circumvention of the Rate Freeze for Fiscal Years 2010-11 and 2011-12				
PJ3262	Southwestern Transportation (Continued)	883	10/2010	\$105,021.64
			11/2010	\$93,644.31
			11/2010	\$87,504.44
			12/2010	\$105,113.78
			01/2011	\$106,349.69
			01/2011	\$107,251.67
			02/2011	\$111,657.07
			03/2011	\$105,282.35
			03/2011	\$111,649.70
			04/2011	\$106,544.52
			05/2011	\$113,962.42
			05/2011	\$109,137.97
			06/2011	\$112,435.33
			07/2011	\$103,525.53
			08/2011	\$102,421.52
			08/2011	\$110,189.38
			09/2011	\$115,015.60
			10/2011	\$113,961.28
			10/2011	\$120,829.65
			11/2011	\$115,107.19
			12/2011	\$121,130.76
Total Overpayments for FY 2010-11 and 2011-12				\$2,277,735.80
Total Overpayment From Circumvention of the Rate Freeze				\$4,669,562.72



**Inland Regional Center  
Circumvention of the Regulations - Median Rate  
Fiscal Years 2010-11 and 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
HJ0995	The Chicago Home	113		11/2010	\$83.00
				11/2010	\$114.57
				11/2010	\$83.00
				11/2010	\$1,489.40
				12/2010	\$3,551.65
				01/2011	\$3,551.65
				02/2011	\$3,207.94
				03/2011	\$3,551.65
				04/2011	\$3,437.08
				05/2011	\$3,551.65
				06/2011	\$3,437.08
				11/2010	\$1,078.99
				12/2010	\$3,551.65
				01/2011	\$3,551.65
				02/2011	\$3,207.94
				03/2011	\$3,551.65
				04/2011	\$3,437.08
				05/2011	\$3,551.65
				06/2011	\$3,437.08
				11/2010	\$1,244.99
				12/2010	\$3,551.65
				01/2011	\$3,551.65
				02/2011	\$3,207.94
				03/2011	\$3,551.65
				04/2011	\$3,437.08
				05/2011	\$3,551.65



**Inland Regional Center  
Circumvention of the Regulations - Median Rate  
Fiscal Years 2010-11 and 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
HJ0995	The Chicago Home (Continued)	113		06/2011	\$3,437.08
				11/2010	\$1,244.99
				12/2010	\$3,551.65
				01/2011	\$3,551.65
				02/2011	\$3,207.94
				03/2011	\$3,551.65
				04/2011	\$3,437.08
				05/2011	\$3,551.65
				06/2011	\$3,437.08
				11/2010	\$114.57
				04/2011	\$6,736.35
				05/2011	\$9,079.42
				06/2011	\$8,786.54
				04/2011	\$4,686.15
				05/2011	\$9,079.42
				06/2011	\$8,786.54
				07/2011	\$9,079.42
				08/2011	\$9,079.42
				09/2011	\$8,786.54
				10/2011	\$9,079.42
				11/2011	\$8,786.54
				12/2011	\$9,079.42
				01/2012	\$9,079.88
				02/2012	\$8,494.09
				03/2012	\$9,079.88
				04/2012	\$8,786.99
				05/2012	\$9,079.88

**Inland Regional Center  
Circumvention of the Regulations - Median Rate  
Fiscal Years 2010-11 and 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
HJ0995	The Chicago Home (Continued)	113		06/2012	\$8,786.99
				07/2011	\$9,079.42
				08/2011	\$9,079.42
				09/2011	\$8,786.54
				10/2011	\$9,079.42
				11/2011	\$8,786.54
				12/2011	\$9,079.42
				01/2012	\$9,079.88
				02/2012	\$8,494.09
				03/2012	\$9,079.88
				04/2012	\$8,786.99
				05/2012	\$9,079.88
				06/2012	\$8,786.99
				07/2011	\$9,079.42
				08/2011	\$9,079.42
				09/2011	\$8,786.54
				10/2011	\$9,079.42
				11/2011	\$8,786.54
				12/2011	\$9,079.42
				01/2012	\$9,079.88
				02/2012	\$8,494.09
				03/2012	\$9,079.88
				04/2012	\$8,786.99
				05/2012	\$9,079.88
				06/2012	\$8,786.99
				07/2011	\$9,079.42
				08/2011	\$9,079.42

**Inland Regional Center  
Circumvention of the Regulations - Median Rate  
Fiscal Years 2010-11 and 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
HJ0995	The Chicago Home (Continued)	113		09/2011	\$8,786.54
				10/2011	\$9,079.42
				11/2011	\$8,786.54
				12/2011	\$9,079.42
				01/2012	\$9,079.88
				02/2012	\$8,494.09
				03/2012	\$9,079.88
				04/2012	\$8,786.99
				05/2012	\$9,079.88
				06/2012	\$8,786.99
				07/2011	\$9,079.42
				08/2011	\$9,079.42
				09/2011	\$8,786.54
				10/2011	\$9,079.42
				11/2011	\$8,786.54
				12/2011	\$9,079.42
				01/2012	\$9,079.88
				02/2012	\$8,494.09
				03/2012	\$9,079.88
				04/2012	\$8,786.99
				05/2012	\$9,079.88
				06/2012	\$8,786.99
				07/2011	\$9,079.42
				Total Overpayment Due to Contract Rate Above the Median Rate For 2010-11 and 2011-12	

**Inland Regional Center**  
**Purchase of Service Funds Inappropriately Used for Operations Expenses (Repeat)**  
**Fiscal Years 2005-06 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
PJ2424	Vicki Gonzales	112		07/2005	\$95,474.01
				09/2005	\$47,114.54
				07/2006	\$165,200.67
				08/2006	\$51,421.75
				07/2007	\$240,162.61
				07/2008	\$231,830.20
				07/2010	\$21,312.90
				08/2010	\$17,845.56
				09/2010	\$17,844.58
				10/2010	\$18,251.48
				11/2010	\$18,398.96
				12/2010	\$22,658.67
				01/2011	\$18,664.47
				02/2011	\$22,437.70
				03/2011	\$18,232.48
				04/2011	\$18,779.98
				05/2011	\$18,399.55
				06/2011	\$18,534.49
				07/2011	\$20,936.06
				08/2011	\$18,489.87
				09/2011	\$19,134.15
				10/2011	\$18,404.96
				11/2011	\$19,211.14
				12/2011	\$21,100.79
				01/2012	\$19,748.64

**Inland Regional Center**  
**Purchase of Service Funds Inappropriately Used for Operations Expenses (Repeat)**  
**Fiscal Years 2005-06 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
PJ2424	Vicki Gonzales (Continued)	112		02/2012	\$23,608.69
				03/2012	\$18,509.81
				04/2012	\$21,385.37
				05/2012	\$20,293.19
				06/2012	\$21,948.70
				07/2012	\$17,847.15
				08/2012	\$18,604.60
				09/2012	\$17,540.83
				10/2012	\$19,345.27
				11/2012	\$17,304.69
				12/2012	\$10,587.37
			Total Purchase of Service Funds Inappropriately Used for Operations Expenses		



**Inland Regional Center**  
**Overstated Claims - Payments Above the Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments	Resolved	Outstanding Overpayments
<b>Overpayment Due to Contract Rate Above the Median Rate For Fiscal Years 2008-09 and 2009-10</b>								
1	H96662	First Step Independent Living Program, Inc.	110		07/2008	\$55.62	\$0.00	\$55.62
					08/2008	\$54.32	\$0.00	\$54.32
					09/2008	\$54.32	\$0.00	\$54.32
					10/2008	\$60.72	\$0.00	\$60.72
					11/2008	\$47.51	\$0.00	\$47.51
					12/2008	\$54.78	\$0.00	\$54.78
					01/2009	\$53.24	\$0.00	\$53.24
					02/2009	\$15.96	\$0.00	\$15.96
					03/2009	\$17.64	\$0.00	\$17.64
					04/2009	\$18.48	\$0.00	\$18.48
					05/2009	\$16.73	\$0.00	\$16.73
					06/2009	\$18.06	\$0.00	\$18.06
					07/2009	\$18.06	\$0.00	\$18.06
					08/2009	\$16.56	\$0.00	\$16.56
					09/2009	\$17.64	\$0.00	\$17.64
					10/2009	\$18.03	\$0.00	\$18.03
					11/2009	\$14.14	\$0.00	\$14.14
					12/2009	\$15.30	\$0.00	\$15.30
					01/2010	\$8.23	\$0.00	\$8.23
					02/2010	\$12.36	\$0.00	\$12.36
					03/2010	\$18.06	\$0.00	\$18.06
					04/2010	\$16.66	\$0.00	\$16.66
					05/2010	\$14.74	\$0.00	\$14.74
2	PJ3290	Sanders, Adriana M	056		08/2008	\$1,912.50	\$0.00	\$1,912.50
					09/2008	\$1,462.50	\$0.00	\$1,462.50

**Inland Regional Center**  
**Overstated Claims - Payments Above the Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments	Resolved	Outstanding Overpayments
	PJ3290	Sanders, Adriana M (Continued)	056		10/2008	\$1,665.00	\$0.00	\$1,665.00
					11/2008	\$1,170.00	\$0.00	\$1,170.00
					12/2008	\$967.50	\$0.00	\$967.50
					01/2009	\$1,878.75	\$0.00	\$1,878.75
					02/2009	\$1,800.56	\$0.00	\$1,800.56
					03/2009	\$1,953.34	\$0.00	\$1,953.34
					04/2009	\$2,269.80	\$0.00	\$2,269.80
					05/2009	\$1,549.58	\$0.00	\$1,549.58
					06/2009	\$1,527.75	\$0.00	\$1,527.75
					09/2009	\$818.44	\$0.00	\$818.44
					10/2009	\$2,084.29	\$0.00	\$2,084.29
					11/2009	\$1,658.70	\$0.00	\$1,658.70
					12/2009	\$1,746.00	\$0.00	\$1,746.00
					01/2010	\$2,095.20	\$0.00	\$2,095.20
					02/2010	\$1,942.43	\$0.00	\$1,942.43
					03/2010	\$2,095.20	\$0.00	\$2,095.20
					04/2010	\$2,095.20	\$0.00	\$2,095.20
					05/2010	\$2,095.20	\$0.00	\$2,095.20
3	PJ3482	Pacific Child & Family Associates, LLC	612		09/2009	\$38.80	\$0.00	\$38.80
					10/2009	\$12.13	\$0.00	\$12.13
					08/2009	\$73.53	\$0.00	\$73.53
					09/2009	\$72.75	\$0.00	\$72.75
					10/2009	\$77.60	\$0.00	\$77.60
					01/2009	\$14.55	\$0.00	\$14.55
					08/2009	\$19.40	\$0.00	\$19.40
					09/2009	\$24.25	\$0.00	\$24.25

**Inland Regional Center**  
**Overstated Claims - Payments Above the Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments	Resolved	Outstanding Overpayments
PJ3482	Pacific Child & Family Associates, LLC (Continued)	612		10/2009	\$24.25	\$0.00	\$24.25
				11/2009	\$26.67	\$0.00	\$26.67
				12/2009	\$24.25	\$0.00	\$24.25
				08/2009	\$99.43	\$0.00	\$99.43
				08/2009	\$41.23	\$0.00	\$41.23
				09/2009	\$55.77	\$0.00	\$55.77
				10/2009	\$53.35	\$0.00	\$53.35
				09/2009	\$29.10	\$0.00	\$29.10
				10/2009	\$29.10	\$0.00	\$29.10
				11/2009	\$19.40	\$0.00	\$19.40
				12/2009	\$29.10	\$0.00	\$29.10
				08/2009	\$58.20	\$0.00	\$58.20
				09/2009	\$33.95	\$0.00	\$33.95
				10/2009	\$33.95	\$0.00	\$33.95
				11/2009	\$24.25	\$0.00	\$24.25
				12/2009	\$43.65	\$0.00	\$43.65
				01/2010	\$58.20	\$0.00	\$58.20
				08/2009	\$58.20	\$0.00	\$58.20
				09/2009	\$46.07	\$0.00	\$46.07
				10/2009	\$48.50	\$0.00	\$48.50
				11/2009	\$48.50	\$0.00	\$48.50
				12/2009	\$53.35	\$0.00	\$53.35
				08/2009	\$72.75	\$0.00	\$72.75
				09/2009	\$60.63	\$0.00	\$60.63
				10/2009	\$76.44	\$0.00	\$76.44
				08/2009	\$38.80	\$0.00	\$38.80



**Inland Regional Center**  
**Overstated Claims - Payments Above the Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments	Resolved	Outstanding Overpayments
PJ3482	Pacific Child & Family Associates, LLC (Continued)	612		09/2009	\$21.83	\$0.00	\$21.83
				10/2009	\$19.40	\$0.00	\$19.40
				11/2009	\$38.80	\$0.00	\$38.80
				12/2009	\$12.13	\$0.00	\$12.13
				01/2010	\$26.67	\$0.00	\$26.67
				02/2010	\$38.80	\$0.00	\$38.80
				03/2010	\$35.89	\$0.00	\$35.89
				09/2009	\$16.97	\$0.00	\$16.97
				10/2009	\$72.75	\$0.00	\$72.75
				11/2009	\$55.00	\$0.00	\$55.00
				12/2009	\$12.13	\$0.00	\$12.13
				01/2010	\$38.80	\$0.00	\$38.80
				02/2010	\$38.80	\$0.00	\$38.80
				11/2009	\$43.65	\$0.00	\$43.65
				12/2009	\$19.40	\$0.00	\$19.40
				01/2010	\$58.20	\$0.00	\$58.20
				08/2009	\$21.83	\$0.00	\$21.83
				12/2009	\$19.40	\$0.00	\$19.40
				11/2009	\$33.95	\$0.00	\$33.95
				12/2009	\$14.55	\$0.00	\$14.55
				01/2010	\$29.10	\$0.00	\$29.10
				02/2010	\$29.10	\$0.00	\$29.10
				11/2009	\$55.77	\$0.00	\$55.77
				01/2010	\$77.60	\$0.00	\$77.60
				11/2009	\$24.25	\$0.00	\$24.25
				12/2009	\$41.23	\$0.00	\$41.23

**Inland Regional Center**  
**Overstated Claims - Payments Above the Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments	Resolved	Outstanding Overpayments
PJ3482	Pacific Child & Family Associates, LLC (Continued)	612		01/2010	\$58.20	\$0.00	\$58.20
				02/2010	\$58.20	\$0.00	\$58.20
				03/2010	\$24.25	\$0.00	\$24.25
				11/2009	\$48.50	\$0.00	\$48.50
				12/2009	\$43.65	\$0.00	\$43.65
				01/2010	\$43.65	\$0.00	\$43.65
				11/2009	\$14.55	\$0.00	\$14.55
				12/2009	\$48.50	\$0.00	\$48.50
				12/2009	\$14.55	\$0.00	\$14.55
				01/2010	\$72.75	\$0.00	\$72.75
				02/2010	\$26.67	\$0.00	\$26.67
				03/2010	\$48.50	\$0.00	\$48.50
				04/2010	\$16.97	\$0.00	\$16.97
				11/2009	\$38.80	\$0.00	\$38.80
				01/2010	\$38.80	\$0.00	\$38.80
				01/2010	\$58.20	\$0.00	\$58.20
				01/2010	\$53.35	\$0.00	\$53.35
				01/2010	\$19.40	\$0.00	\$19.40
				02/2010	\$38.80	\$0.00	\$38.80
				03/2010	\$33.95	\$0.00	\$33.95
				04/2010	\$38.80	\$0.00	\$38.80
				02/2010	\$58.20	\$0.00	\$58.20
				03/2010	\$33.95	\$0.00	\$33.95
				04/2010	\$53.35	\$0.00	\$53.35
				01/2010	\$48.50	\$0.00	\$48.50
				02/2010	\$38.80	\$0.00	\$38.80

**Inland Regional Center**  
**Overstated Claims - Payments Above the Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number			Payment Period	Overpayments	Resolved	Outstanding Overpayments
	PJ3482	Pacific Child & Family Associates, LLC (Continued)	612				03/2010	\$53.35	\$0.00	\$53.35
							04/2010	\$58.20	\$0.00	\$58.20
							02/2010	\$38.80	\$0.00	\$38.80
							03/2010	\$48.50	\$0.00	\$48.50
							04/2010	\$48.50	\$0.00	\$48.50
							02/2010	\$38.80	\$0.00	\$38.80
							02/2010	\$29.10	\$0.00	\$29.10
							02/2010	\$75.95	\$0.00	\$75.95
							03/2010	\$77.60	\$0.00	\$77.60
							03/2010	\$38.80	\$0.00	\$38.80
							03/2010	\$53.35	\$0.00	\$53.35
							04/2010	\$58.20	\$0.00	\$58.20
							03/2010	\$58.20	\$0.00	\$58.20
							03/2010	\$12.13	\$0.00	\$12.13
							03/2010	\$29.10	\$0.00	\$29.10
							Total Overpayment Due to Contract Rate Above the Median Rate For 2008-09 and 2009-10			

<b>Overpayment Due to Contract Rate Above the Median Rate For Fiscal Years 2010-11 and 2011-12</b>								
1	VJ6138		405		08/2008	\$202.50	\$0.00	\$296.50
					09/2008	\$202.50	\$0.00	\$296.50
					10/2008	\$162.25	\$0.00	\$256.25
2	P26834	Pathway, Inc.	063		03/2011	\$465.01	\$465.01	\$0.00
					04/2011	\$608.09	\$608.09	\$0.00
					05/2011	\$199.29	\$199.29	\$0.00
					07/2011	\$591.48	\$591.48	\$0.00
					08/2011	\$715.40	\$715.40	\$0.00



**Inland Regional Center**  
**Overstated Claims - Payments Above the Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments	Resolved	Outstanding Overpayments
P26834	Pathway, Inc. (Continued)	063		09/2011	\$715.40	\$715.40	\$0.00
				10/2011	\$666.86	\$666.86	\$0.00
				11/2011	\$654.08	\$654.08	\$0.00
				12/2011	\$628.53	\$628.53	\$0.00
				01/2012	\$679.63	\$679.63	\$0.00
				02/2012	\$686.02	\$686.02	\$0.00
				03/2012	\$711.57	\$711.57	\$0.00
				04/2012	\$631.09	\$631.09	\$0.00
				05/2012	\$679.63	\$679.63	\$0.00
				06/2012	\$692.40	\$692.40	\$0.00
				10/2010	\$163.52	\$163.52	\$0.00
				11/2010	\$329.60	\$329.60	\$0.00
				01/2011	\$334.71	\$334.71	\$0.00
				02/2011	\$291.27	\$291.27	\$0.00
				03/2011	\$439.46	\$439.46	\$0.00
				04/2011	\$427.96	\$427.96	\$0.00
				05/2011	\$417.74	\$417.74	\$0.00
				06/2011	\$411.36	\$411.36	\$0.00
				07/2011	\$378.14	\$378.14	\$0.00
				08/2011	\$439.46	\$439.46	\$0.00
				09/2011	\$439.46	\$439.46	\$0.00
				10/2011	\$439.46	\$439.46	\$0.00
				11/2011	\$419.02	\$419.02	\$0.00
				12/2011	\$229.95	\$229.95	\$0.00
				04/2011	\$185.24	\$185.24	\$0.00
				05/2011	\$255.50	\$255.50	\$0.00

**Inland Regional Center**  
**Overstated Claims - Payments Above the Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments	Resolved	Outstanding Overpayments
P26834	Pathway, Inc. (Continued)	063		06/2011	\$122.64	\$122.64	\$0.00
				09/2011	\$281.05	\$281.05	\$0.00
				10/2011	\$281.05	\$281.05	\$0.00
				11/2011	\$275.94	\$275.94	\$0.00
				12/2011	\$178.85	\$178.85	\$0.00
				02/2012	\$178.85	\$178.85	\$0.00
				04/2012	\$214.62	\$214.62	\$0.00
				06/2012	\$76.65	\$76.65	\$0.00
				12/2010	\$613.20	\$613.20	\$0.00
				01/2011	\$613.20	\$613.20	\$0.00
				02/2011	\$613.20	\$613.20	\$0.00
				03/2011	\$613.20	\$613.20	\$0.00
				04/2011	\$613.20	\$613.20	\$0.00
				06/2011	\$613.20	\$613.20	\$0.00
				07/2011	\$613.20	\$613.20	\$0.00
				08/2011	\$613.20	\$613.20	\$0.00
				09/2011	\$613.20	\$613.20	\$0.00
				10/2011	\$608.09	\$608.09	\$0.00
				11/2011	\$587.65	\$587.65	\$0.00
				12/2011	\$577.43	\$577.43	\$0.00
				01/2012	\$613.20	\$613.20	\$0.00
				02/2012	\$613.20	\$613.20	\$0.00
				03/2012	\$597.87	\$597.87	\$0.00
				04/2012	\$613.20	\$613.20	\$0.00
				05/2012	\$613.20	\$613.20	\$0.00
				06/2012	\$613.20	\$613.20	\$0.00

**Inland Regional Center**  
**Overstated Claims - Payments Above the Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments	Resolved	Outstanding Overpayments
P26834	Pathway, Inc. (Continued)	063		12/2010	\$204.40	\$204.40	\$0.00
				01/2011	\$608.09	\$608.09	\$0.00
				02/2011	\$572.32	\$572.32	\$0.00
				03/2011	\$86.87	\$86.87	\$0.00
				12/2010	\$562.10	\$562.10	\$0.00
				01/2011	\$715.40	\$715.40	\$0.00
				02/2011	\$204.40	\$204.40	\$0.00
				12/2010	\$209.51	\$209.51	\$0.00
				01/2011	\$281.05	\$281.05	\$0.00
				03/2011	\$357.70	\$357.70	\$0.00
				04/2011	\$465.01	\$465.01	\$0.00
				05/2011	\$199.29	\$199.29	\$0.00
				08/2011	\$715.40	\$715.40	\$0.00
				09/2011	\$590.21	\$590.21	\$0.00
				10/2011	\$618.31	\$618.31	\$0.00
				11/2011	\$581.26	\$581.26	\$0.00
				12/2011	\$615.76	\$615.76	\$0.00
				01/2012	\$605.54	\$605.54	\$0.00
				02/2012	\$592.76	\$592.76	\$0.00
				03/2012	\$641.31	\$641.31	\$0.00
				04/2012	\$666.86	\$666.86	\$0.00
				05/2012	\$679.63	\$679.63	\$0.00
				06/2012	\$651.53	\$651.53	\$0.00
				03/2011	\$715.40	\$715.40	\$0.00
				04/2011	\$643.86	\$643.86	\$0.00
				05/2011	\$214.62	\$214.62	\$0.00



**Inland Regional Center**  
**Overstated Claims - Payments Above the Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number			Payment Period	Overpayments	Resolved	Outstanding Overpayments					
	P26834	Pathway, Inc. (Continued)	063			10/2011	\$23.00	\$23.00	\$0.00						
						11/2011	\$306.60	\$306.60	\$0.00						
						12/2011	\$321.93	\$321.93	\$0.00						
						01/2012	\$265.72	\$265.72	\$0.00						
						02/2012	\$183.96	\$183.96	\$0.00						
						03/2012	\$245.28	\$245.28	\$0.00						
						04/2012	\$176.30	\$176.30	\$0.00						
						05/2012	\$40.88	\$40.88	\$0.00						
						06/2012	\$199.29	\$199.29	\$0.00						
						03/2011	\$286.16	\$286.16	\$0.00						
						04/2011	\$408.80	\$408.80	\$0.00						
						05/2011	\$367.92	\$367.92	\$0.00						
						06/2011	\$189.07	\$189.07	\$0.00						
						07/2011	\$408.80	\$408.80	\$0.00						
						08/2011	\$408.80	\$408.80	\$0.00						
						10/2011	\$388.36	\$388.36	\$0.00						
						11/2011	\$388.36	\$388.36	\$0.00						
						12/2011	\$367.92	\$367.92	\$0.00						
						01/2012	\$408.80	\$408.80	\$0.00						
						Total Overpayment Due to Contract Rate Above the Median Rate For Fiscal Years 2010-11 and 2011-12							\$46,443.56	\$45,876.31	\$849.25
						Grand Total Overpayment Due to Contract Rate Above the Median Rate							\$86,075.15	\$45,876.31	\$40,480.84

**Inland Regional Center**  
**Overstated Claims - Payments Above the Authorized Number of Units (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected Amount	Outstanding Balance
Overpayment Due Payments Over the Authorized Units for FY 2008-09 and 2009-10								
1	H05201	Carolyn E Wylie Ctr for Childen, Youth & Families	805		04/2009	\$32.63	\$0.00	\$32.63
					04/2009	\$130.50	\$0.00	\$130.50
					04/2009	\$708.48	\$0.00	\$708.48
					04/2009	\$522.00	\$0.00	\$522.00
					04/2009	\$130.50	\$0.00	\$130.50
					04/2009	\$65.25	\$0.00	\$65.25
					04/2009	\$97.88	\$0.00	\$97.88
					04/2009	\$65.25	\$0.00	\$65.25
					04/2009	\$65.25	\$0.00	\$65.25
					04/2009	\$65.25	\$0.00	\$65.25
					04/2009	\$65.25	\$0.00	\$65.25
					04/2009	\$65.25	\$0.00	\$65.25
					04/2009	\$261.00	\$0.00	\$261.00
					04/2009	\$130.50	\$0.00	\$130.50
					04/2009	\$130.50	\$0.00	\$130.50
					04/2009	\$32.63	\$0.00	\$32.63
					04/2009	\$65.25	\$0.00	\$65.25
					04/2009	\$32.63	\$0.00	\$32.63
					04/2009	\$32.63	\$0.00	\$32.63
					04/2009	\$65.25	\$0.00	\$65.25
					04/2009	\$130.50	\$0.00	\$130.50
					04/2009	\$391.50	\$0.00	\$391.50
					04/2009	\$261.00	\$0.00	\$261.00
					04/2009	\$65.25	\$0.00	\$65.25
					04/2009	\$206.64	\$0.00	\$206.64
					04/2009	\$65.25	\$0.00	\$65.25



**Inland Regional Center**  
**Overstated Claims - Payments Above the Authorized Number of Units (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected Amount	Outstanding Balance
H05201	Carolyn E Wylie Ctr for Childen, Youth & Families (Continued)	805		04/2009	\$65.25	\$0.00	\$65.25
				04/2009	\$32.63	\$0.00	\$32.63
				04/2009	\$130.50	\$0.00	\$130.50
				04/2009	\$261.00	\$0.00	\$261.00
				04/2009	\$65.25	\$0.00	\$65.25
				04/2009	\$261.00	\$0.00	\$261.00
				04/2009	\$65.25	\$0.00	\$65.25
				04/2009	\$295.20	\$0.00	\$295.20
				04/2009	\$65.25	\$0.00	\$65.25
				04/2009	\$456.75	\$0.00	\$456.75
				04/2009	\$118.08	\$0.00	\$118.08
				04/2009	\$65.25	\$0.00	\$65.25
				04/2009	\$65.25	\$0.00	\$65.25
				04/2009	\$326.25	\$0.00	\$326.25
				04/2009	\$391.50	\$0.00	\$391.50
				04/2009	\$391.50	\$0.00	\$391.50
				04/2009	\$391.50	\$0.00	\$391.50
				04/2009	\$195.75	\$0.00	\$195.75
				04/2009	\$65.25	\$0.00	\$65.25
				04/2009	\$391.50	\$0.00	\$391.50
				04/2009	\$65.25	\$0.00	\$65.25
				04/2009	\$130.50	\$0.00	\$130.50
				05/2009	\$531.36	\$0.00	\$531.36
				05/2009	\$236.16	\$0.00	\$236.16
				05/2009	\$522.00	\$0.00	\$522.00
				05/2009	\$293.63	\$0.00	\$293.63
				05/2009	\$391.50	\$0.00	\$391.50

**Inland Regional Center**  
**Overstated Claims - Payments Above the Authorized Number of Units (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected Amount	Outstanding Balance
H05201	Carolyn E Wylie Ctr for Childen, Youth & Families (Continued)	805		05/2009	\$619.88	\$0.00	\$619.88
				05/2009	\$29.52	\$0.00	\$29.52
				05/2009	\$195.75	\$0.00	\$195.75
				05/2009	\$65.25	\$0.00	\$65.25
				05/2009	\$326.25	\$0.00	\$326.25
				05/2009	\$391.50	\$0.00	\$391.50
				05/2009	\$195.75	\$0.00	\$195.75
				05/2009	\$195.75	\$0.00	\$195.75
				05/2009	\$130.50	\$0.00	\$130.50
				05/2009	\$130.50	\$0.00	\$130.50
				05/2009	\$130.50	\$0.00	\$130.50
				05/2009	\$65.25	\$0.00	\$65.25
				05/2009	\$65.25	\$0.00	\$65.25
				05/2009	\$65.25	\$0.00	\$65.25
				05/2009	\$65.25	\$0.00	\$65.25
				05/2009	\$65.25	\$0.00	\$65.25
				05/2009	\$163.13	\$0.00	\$163.13
				05/2009	\$130.50	\$0.00	\$130.50
				05/2009	\$130.50	\$0.00	\$130.50
				05/2009	\$130.50	\$0.00	\$130.50
				05/2009	\$130.50	\$0.00	\$130.50
				05/2009	\$65.25	\$0.00	\$65.25
				05/2009	\$65.25	\$0.00	\$65.25
				05/2009	\$65.25	\$0.00	\$65.25
				05/2009	\$65.25	\$0.00	\$65.25
				05/2009	\$32.63	\$0.00	\$32.63
				08/2009	\$130.50	\$0.00	\$130.50

**Inland Regional Center**  
**Overstated Claims - Payments Above the Authorized Number of Units (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected Amount	Outstanding Balance
H05201	Carolyn E Wylie Ctr for Childen, Youth & Families (Continued)	805		08/2009	\$32.63	\$0.00	\$32.63
				08/2009	\$65.25	\$0.00	\$65.25
				08/2009	\$65.25	\$0.00	\$65.25
				08/2009	\$65.25	\$0.00	\$65.25
				08/2009	\$195.75	\$0.00	\$195.75
				08/2009	\$65.25	\$0.00	\$65.25
				08/2009	\$65.25	\$0.00	\$65.25
				08/2009	\$293.63	\$0.00	\$293.63
				08/2009	\$65.25	\$0.00	\$65.25
				09/2009	\$177.12	\$0.00	\$177.12
				09/2009	\$456.75	\$0.00	\$456.75
				09/2009	\$65.25	\$0.00	\$65.25
				09/2009	\$146.81	\$0.00	\$146.81
				09/2009	\$324.72	\$0.00	\$324.72
				09/2009	\$130.50	\$0.00	\$130.50
				09/2009	\$456.75	\$0.00	\$456.75
				09/2009	\$456.75	\$0.00	\$456.75
				09/2009	\$130.50	\$0.00	\$130.50
				09/2009	\$587.25	\$0.00	\$587.25
				09/2009	\$195.75	\$0.00	\$195.75
				09/2009	\$130.50	\$0.00	\$130.50
				09/2009	\$944.64	\$0.00	\$944.64
				09/2009	\$130.50	\$0.00	\$130.50
				09/2009	\$522.00	\$0.00	\$522.00
				09/2009	\$228.38	\$0.00	\$228.38
				09/2009	\$195.75	\$0.00	\$195.75



**Inland Regional Center**  
**Overstated Claims - Payments Above the Authorized Number of Units (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected Amount	Outstanding Balance
2	H07885	V.I.P. Tots	805		04/2009	\$61.09	\$0.00	\$61.09
					04/2009	\$61.09	\$0.00	\$61.09
					04/2009	\$137.45	\$0.00	\$137.45
					04/2009	\$61.09	\$0.00	\$61.09
					04/2009	\$30.55	\$0.00	\$30.55
					04/2009	\$61.09	\$0.00	\$61.09
					04/2009	\$61.09	\$0.00	\$61.09
					04/2009	\$137.45	\$0.00	\$137.45
					04/2009	\$320.72	\$0.00	\$320.72
					04/2009	\$351.27	\$0.00	\$351.27
					04/2009	\$45.82	\$0.00	\$45.82
					04/2009	\$76.36	\$0.00	\$76.36
					04/2009	\$519.27	\$0.00	\$519.27
					04/2009	\$168.00	\$0.00	\$168.00
					04/2009	\$15.27	\$0.00	\$15.27
					04/2009	\$259.63	\$0.00	\$259.63
					04/2009	\$61.09	\$0.00	\$61.09
					04/2009	\$443.85	\$0.00	\$443.85
					04/2009	\$355.08	\$0.00	\$355.08
					04/2009	\$30.55	\$0.00	\$30.55
					04/2009	\$30.55	\$0.00	\$30.55
					04/2009	\$61.09	\$0.00	\$61.09
					04/2009	\$106.91	\$0.00	\$106.91
					04/2009	\$259.63	\$0.00	\$259.63
					04/2009	\$168.00	\$0.00	\$168.00
					04/2009	\$106.91	\$0.00	\$106.91
					04/2009	\$61.09	\$0.00	\$61.09

**Inland Regional Center**  
**Overstated Claims - Payments Above the Authorized Number of Units (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected Amount	Outstanding Balance
H07885	V.I.P. Tots (Continued)	805		04/2009	\$118.36	\$0.00	\$118.36
				04/2009	\$61.09	\$0.00	\$61.09
				04/2009	\$76.36	\$0.00	\$76.36
				04/2009	\$15.27	\$0.00	\$15.27
				04/2009	\$61.09	\$0.00	\$61.09
				04/2009	\$168.00	\$0.00	\$168.00
				04/2009	\$137.45	\$0.00	\$137.45
				05/2009	\$274.91	\$0.00	\$274.91
				05/2009	\$137.45	\$0.00	\$137.45
				05/2009	\$137.45	\$0.00	\$137.45
				05/2009	\$76.36	\$0.00	\$76.36
				05/2009	\$76.36	\$0.00	\$76.36
				05/2009	\$61.09	\$0.00	\$61.09
				05/2009	\$61.09	\$0.00	\$61.09
				05/2009	\$45.82	\$0.00	\$45.82
				05/2009	\$45.82	\$0.00	\$45.82
				05/2009	\$30.55	\$0.00	\$30.55
				05/2009	\$30.55	\$0.00	\$30.55
				05/2009	\$30.55	\$0.00	\$30.55
				05/2009	\$15.27	\$0.00	\$15.27
				05/2009	\$15.27	\$0.00	\$15.27
				08/2009	\$30.55	\$0.00	\$30.55
				08/2009	\$61.09	\$0.00	\$61.09
				08/2009	\$30.55	\$0.00	\$30.55
				08/2009	\$45.82	\$0.00	\$45.82
				08/2009	\$30.55	\$0.00	\$30.55
				09/2009	\$45.82	\$0.00	\$45.82

**Inland Regional Center**  
**Overstated Claims - Payments Above the Authorized Number of Units (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number		Payment Period	Over/Under Payments	Corrected Amount	Outstanding Balance
	H07885	V.I.P. Tots (Continued)	805			09/2009	\$138.67	\$0.00	\$138.67
						09/2009	\$137.45	\$0.00	\$137.45
						09/2009	\$137.45	\$0.00	\$137.45
						09/2009	\$61.09	\$0.00	\$61.09
						09/2009	\$122.18	\$0.00	\$122.18
						09/2009	\$61.09	\$0.00	\$61.09
						09/2009	\$76.36	\$0.00	\$76.36
						09/2009	\$61.09	\$0.00	\$61.09
						09/2009	\$137.45	\$0.00	\$137.45
						09/2009	\$62.92	\$0.00	\$62.92
						09/2009	\$30.55	\$0.00	\$30.55
						09/2009	\$76.36	\$0.00	\$76.36
						09/2009	\$61.09	\$0.00	\$61.09
						09/2009	\$91.64	\$0.00	\$91.64
						09/2009	\$45.82	\$0.00	\$45.82
						09/2009	\$123.39	\$0.00	\$123.39
						09/2009	\$122.18	\$0.00	\$122.18
						09/2009	\$213.82	\$0.00	\$213.82
						09/2009	\$61.09	\$0.00	\$61.09
						09/2009	\$137.45	\$0.00	\$137.45
						09/2009	\$61.09	\$0.00	\$61.09
						09/2009	\$58.65	\$0.00	\$58.65
						09/2009	\$73.68	\$0.00	\$73.68
						09/2009	\$213.82	\$0.00	\$213.82
						09/2009	\$15.27	\$0.00	\$15.27
Total Overpayment Due to Payments Above the Authorized Number of Units for FY 2008-09 and 2009-10							\$28,548.56	\$0.00	\$28,548.56



**Inland Regional Center**  
**Overstated Claims - Payments Above the Authorized Number of Units (Repeat)**  
**Fiscal Years 2008-09 through 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected Amount	Outstanding Balance
<b>Overpayment Due Payments Over the Authorized Units for FY 2010-11 and 2011-12</b>								
1	VJ6261		410		04/2011	\$65.27	\$0.00	\$65.27
2	PP3697	Cheung, Danielle Simone	772		08/2010	\$44.03	\$0.00	\$44.03
					08/2010	\$177.45	\$0.00	\$177.45
					12/2010	\$142.03	\$0.00	\$142.03
					08/10 - 12/10	\$91.98	\$0.00	\$91.98
					08/10 - 12/10	\$142.03	\$0.00	\$142.03
3	Z96279	City of Corona	895		07/2010	\$10.30	\$0.00	\$10.30
					09/2010	\$5.00	\$0.00	\$5.00
4	H68993	Independent Living System	896		07/2010	\$178.32	\$178.32	\$0.00
5	PJ2378	Inland's Childrens Therapy Inc	56		11/2010	\$851.49	\$0.00	\$851.49
6	HJ0066	Inland Respite Inc	862		04/2011	\$6.24	\$6.24	\$0.00
7	H25906	LLUSD	715		11/10 - 12/10	\$125.65	\$0.00	\$125.65
8	PJ3426	Namahoe, Jamie	24		07/2010	\$18.80	\$0.00	\$18.80
					08/2010	\$28.20	\$0.00	\$28.20
					09/2010	\$28.20	\$0.00	\$28.20
9	HJ0873	New Living Options	896		11/2011	\$114.00	\$0.00	\$114.00
10	Z52115	Victor Valley Transit	895		11/2010	\$10.20	\$0.00	\$10.20
11	HJ0689	We Care 4 You, LLC	862		11/2010	\$73.98	\$73.98	\$0.00
<b>Total Overpayment Due to Payments Above the Authorized Units for FY 2010-11 and 2011-12</b>						<b>\$2,113.17</b>	<b>\$258.54</b>	<b>\$1,854.63</b>
<b>Grand Total Overpayment Due Payments Above the Authorized Number of Units</b>						<b>\$30,661.73</b>	<b>\$258.54</b>	<b>\$30,403.19</b>

**Inland Regional Center**  
**Overstated Claims - Payments for Services not Provided**  
**Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
<b>Overpayments for Services Not Provided</b>						
1	H96441	Care A Van Transit System	875		10/2011	\$8.42
					03/2012	\$136.96
					03/2012	\$8.42
					03/2012	\$22.50
					03/2012	\$8.29
2	V33939	Laramie House	880		09/2010	\$9.53
					09/2010	\$19.06
					09/2010	\$28.59
					09/2010	\$19.06
					12/2010	\$9.53
					12/2010	\$138.14
					05/2011	\$25.96
					05/2011	\$16.96
					05/2011	\$25.96
					05/2011	\$9.53
					05/2011	\$63.82
					05/2011	\$125.98
					05/2011	\$11.19
					07/2011	\$25.57
					07/2011	\$24.92
					07/2011	\$4.72
					07/2011	\$93.24
					07/2011	\$4.14
					07/2011	\$165.76
					07/2011	\$10.36
					10/2011	\$65.57



**Inland Regional Center**  
**Overstated Claims - Payments for Services not Provided**  
**Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
	V33939	Laramie House (Continued)	880		10/2011	\$8.30
					10/2011	\$16.60
					10/2011	\$16.60
					10/2011	\$20.72
					03/2012	\$10.36
					03/2012	\$66.39
					03/2012	\$82.88
					05/2011	\$38.12
					05/2011	\$61.04
					05/2011	\$19.06
					05/2011	\$7.63
					10/2011	\$16.60
					10/2011	\$16.60
					10/2011	\$33.19
					10/2011	\$10.36
					10/2011	\$82.99
					10/2011	\$16.60
					10/2011	\$8.30
					10/2011	\$62.16
					03/2012	\$12.47
4	V57250		880		09/2010	\$12.62
5	VJ5555		880		10/2011	\$19.75
					05/2011	\$38.13
					05/2011	\$14.82
6	VJ6096	Country Comfort Transportation	880		05/2011	\$28.54
					05/2011	\$28.54
					05/2011	\$28.54

**Inland Regional Center**  
**Overstated Claims - Payments for Services not Provided**  
**Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
7	VJ6096	Country Comfort Transportation (Continued)	880		07/2011	\$18.33
					10/2011	\$73.31
					10/2011	\$27.44
					03/2012	\$109.97
					03/2012	\$260.69
					03/2012	\$260.69
					03/2012	\$260.69
					03/2012	\$260.69
	VJ6132	Employment & Community Options	880		09/2010	\$108.22
					09/2010	\$54.11
					09/2010	\$38.65
					09/2010	\$15.46
					09/2010	\$7.73
					09/2010	\$7.73
					09/2010	\$7.73
					09/2010	\$7.73
					09/2010	\$7.73
					09/2010	\$7.73
					09/2010	\$133.42
					09/2010	\$85.77
					09/2010	\$47.65
					09/2010	\$38.12
					09/2010	\$38.12
					09/2010	\$28.59
					09/2010	\$9.53
					09/2010	\$9.53
					09/2010	\$9.53
					09/2010	\$57.35

**Inland Regional Center**  
**Overstated Claims - Payments for Services not Provided**  
**Fiscal Years 2010-11 and 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
VJ6132	Employment & Community Options (Continued)	880		09/2010	\$45.88
				09/2010	\$34.41
				09/2010	\$22.94
				09/2010	\$22.94
				09/2010	\$22.94
				09/2010	\$22.94
				09/2010	\$11.47
				09/2010	\$11.47
				09/2010	\$11.47
				09/2010	\$61.24
				10/2010	\$18.72
				12/2010	\$37.44
				12/2010	\$7.73
				12/2010	\$30.92
				12/2010	\$23.19
				12/2010	\$15.46
				12/2010	\$92.76
				12/2010	\$57.18
				12/2010	\$47.65
				12/2010	\$28.59
				12/2010	\$85.77
				12/2010	\$47.65
				12/2010	\$9.53
				12/2010	\$9.53
				12/2010	\$9.53
				12/2010	\$19.06
				12/2010	\$19.06

**Inland Regional Center**  
**Overstated Claims - Payments for Services not Provided**  
**Fiscal Years 2010-11 and 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
VJ6132	Employment & Community Options (Continued)	880		12/2010	\$19.06
				12/2010	\$22.94
				12/2010	\$11.47
				12/2010	\$11.47
				12/2010	\$68.82
				12/2010	\$11.47
				12/2010	\$34.41
				12/2010	\$34.41
				12/2010	\$34.41
				12/2010	\$80.29
				12/2010	\$34.41
				12/2010	\$61.24
				12/2010	\$46.92
				05/2011	\$9.53
				05/2011	\$15.46
				05/2011	\$11.47
				05/2011	\$46.38
				05/2011	\$7.73
				05/2011	\$76.24
				05/2011	\$18.72
				05/2011	\$11.47
				05/2011	\$22.94
				05/2011	\$22.94
				05/2011	\$7.73
				05/2011	\$57.18
				05/2011	\$104.83
				05/2011	\$9.53

**Inland Regional Center**  
**Overstated Claims - Payments for Services not Provided**  
**Fiscal Years 2010-11 and 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
VJ6132	Employment & Community Options (Continued)	880		05/2011	\$19.06
				05/2011	\$30.92
				05/2011	\$11.47
				05/2011	\$28.59
				05/2011	\$46.38
				05/2011	\$19.06
				05/2011	\$9.53
				05/2011	\$15.46
				05/2011	\$34.41
				05/2011	\$9.53
				07/2011	\$49.79
				07/2011	\$49.79
				07/2011	\$49.79
				07/2011	\$33.20
				07/2011	\$16.60
				07/2011	\$16.60
				07/2011	\$16.60
				07/2011	\$16.60
				07/2011	\$8.30
				07/2011	\$8.30
				07/2011	\$8.30
				07/2011	\$103.60
				07/2011	\$72.52
				07/2011	\$62.16
				07/2011	\$51.80
				07/2011	\$51.80
				07/2011	\$41.44



**Inland Regional Center**  
**Overstated Claims - Payments for Services not Provided**  
**Fiscal Years 2010-11 and 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
VJ6132	Employment & Community Options (Continued)	880		07/2011	\$31.08
				07/2011	\$20.72
				07/2011	\$20.72
				07/2011	\$20.72
				07/2011	\$10.36
				07/2011	\$10.36
				07/2011	\$124.75
				07/2011	\$74.85
				07/2011	\$74.85
				07/2011	\$74.85
				07/2011	\$62.37
				07/2011	\$49.90
				07/2011	\$12.47
				07/2011	\$12.47
				07/2011	\$12.47
				07/2011	\$16.66
				10/2011	\$19.75
				10/2011	\$16.60
				10/2011	\$16.60
				10/2011	\$16.60
				10/2011	\$16.60
				10/2011	\$16.60
				10/2011	\$8.30
				10/2011	\$8.30
				10/2011	\$113.96
				10/2011	\$72.52

**Inland Regional Center**  
**Overstated Claims - Payments for Services not Provided**  
**Fiscal Years 2010-11 and 2011-12**

Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
VJ6132	Employment & Community Options (Continued)	880		10/2011	\$41.44
				10/2011	\$41.44
				10/2011	\$20.72
				10/2011	\$20.72
				10/2011	\$20.72
				10/2011	\$20.72
				10/2011	\$20.72
				10/2011	\$10.36
				10/2011	\$37.42
				10/2011	\$24.95
				10/2011	\$12.47
				10/2011	\$12.47
				10/2011	\$83.27
				10/2011	\$29.94
				03/2012	\$39.49
				03/2012	\$124.48
				03/2012	\$49.79
				03/2012	\$33.20
				03/2012	\$24.90
				03/2012	\$16.60
				03/2012	\$62.16
				03/2012	\$62.16
				03/2012	\$51.80
				03/2012	\$41.44
				03/2012	\$20.72
				03/2012	\$20.72
				03/2012	\$20.72

**Inland Regional Center**  
**Overstated Claims - Payments for Services not Provided**  
**Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
	VJ6132	Employment & Community Options(Continued)	880		03/2012	\$20.72
					03/2012	\$137.23
					03/2012	\$99.80
					03/2012	\$74.85
					03/2012	\$49.90
					03/2012	\$37.42
					03/2012	\$37.42
					03/2012	\$37.42
					03/2012	\$24.95
					03/2012	\$24.95
					03/2012	\$49.96
					03/2012	\$14.97
8	VJ6265	Divine Residential Home (Continued)	880		05/2011	\$9.53
					07/2011	\$10.36
					10/2011	\$99.80
					10/2011	\$19.75
					10/2011	\$19.75
					10/2011	\$11.84
					10/2011	\$10.36
					03/2012	\$12.47
					03/2012	\$19.75
Total Overpayments for Services Not Provided						\$8,968.15



Unique Client Identification Number	Service Code	Sub Code	Vendor Number	Vendor Name	Authorization Number	Service Month	Amount of Improper Expenditures
<b>Improper CPP Expenditures for Fiscal Year 2004-05</b>							
	999	CPPST	HJ0114	California Housing Foundation		06/2005	\$690,000.00
<b>Total Amount For Fiscal Year 2004-05</b>							<b>\$690,000.00</b>
<b>Improper CPP Expenditures for Fiscal Year 2006-07</b>							
	999	CPPST	HJ0114	California Housing Foundation		03/2007	\$349,000.00
	999	CPPST	HJ0114	California Housing Foundation		07/2006	\$1,380,000.00
	999	CPPST	HJ0114	California Housing Foundation		07/2007	\$584,421.00
<b>Total Amount for Fiscal Year 2006-07</b>							<b>\$2,313,421.00</b>
<b>Improper CPP Expenditures for Fiscal Year 2008-09</b>							
	999	CPPST	HJ0114	California Housing Foundation		07/2007	\$202,318.00
<b>Total Amount For Fiscal Year 2008-09</b>							<b>\$202,318.00</b>
<b>Total Improperly Expended CPP Funds</b>							<b>\$3,205,739.00</b>
<b>Improper POS Expenditures for Fiscal Year 2005-06</b>							
	101		PJ2830	California Housing Foundation		07/2005	\$400,000.00
	101	01SRH	PJ2830	California Housing Foundation		07/2005	\$450,000.00
<b>Total Amount For Fiscal Year 2005-06</b>							<b>\$850,000.00</b>
<b>Improper POS Expenditures for Fiscal Year 2006-07</b>							
	101		PJ2830	California Housing Foundation		06/2007	\$55,500.00
<b>Total Amount for Fiscal Year 2006-07</b>							<b>\$55,500.00</b>
<b>Improper POS Expenditures for Fiscal Year 2007-08</b>							
	101		PJ2830	California Housing Founding		07/2011	\$317,178.00
<b>Total Amount For Fiscal Year 2007-08</b>							<b>\$317,178.00</b>
<b>Total Improperly Expended POS Funds</b>							<b>\$1,222,678.00</b>
<b>Grand Total of Improper CPP and POS Expenditures For Fiscal Years 2004-05 Through 2008-09</b>							<b>\$4,428,417.00</b>

## **APPENDIX A**

### **INLAND REGIONAL CENTER**

#### **RESPONSE TO AUDIT FINDINGS**

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



# INLAND REGIONAL CENTER

*Enhancing Lives*

...valuing independence, inclusion and empowerment

P. O. Box 19037, San Bernardino, CA 92423

Telephone: (909) 890-3000

Fax: (909) 890-3001

January 21, 2014

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



Dear Mr. Ed Yan:

The purpose of this letter is to respond to the Department of Developmental Services' (DDS) Draft Audit Report of Findings of Inland Regional Center (IRC) for fiscal year July 1, 2010 through June 30, 2012, which was received on December 2, 2013. Members of the DDS audit team met with IRC executive management during the exit conference on December 19, 2013 to review the findings contained in the audit report. The DDS's recommendations and IRC's responses and attached supporting documentation are included in the following pages.

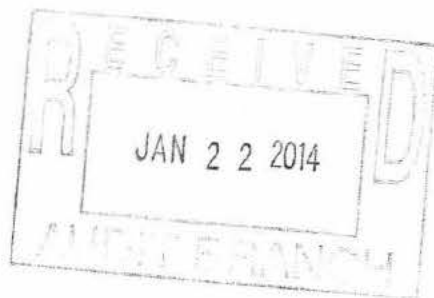
The IRC's responses and attached supporting documentation contain confidential and sensitive information. Please handle them with care.

If you have any questions, please contact me at (909) 890-3455.

Sincerely,

*Merissa Steuwer*

Merissa Steuwer  
Director, Finance  
Inland Regional Center  
1365 S Waterman Ave  
San Bernardino, CA 92408  
Phone: (909) 890-3455  
Fax: (909) 890-3101  
[msteuwer@inlandrc.org](mailto:msteuwer@inlandrc.org)



## RESPONSES BY IRC TO DDS AUDIT REPORT FOR FY's 2010-11 AND 2011-12

### **Finding 1: Unsupported Transportation Assessment Contract Billing (Repeat)**

The review of the prior DDS audit report indicated that IRC reimbursed SWT a total of \$949,566.18 without supporting documentation to substantiate the assessments, development, implementation, and management of routes and time schedules for 3,024 consumers. IRC disagreed with the finding and has appealed this issue.

CCR, title 17, section 50602(k) states:

"Record' means any book or document evidencing operational, financial, and service activities of a service provider or regional center pertaining to the service program and/or the provision of services to persons with developmental disabilities. Examples include books of account, general ledgers, subsidiary ledgers, check registers, canceled checks, contracts, correspondence, financial statements, internal reports, back statements, standard cost statements, consumer files, purchase of service authorizations, and documents evidencing consumer services. All consumer records shall be treated as confidential."

CCR, title 17, section 54326(a) (3), (4) and (10) states in part:

- "(a) All vendors shall:
- (3) Maintain records of service provided to consumers in sufficient detail to verify delivery of the units of service billed . . .
  - (4) Make any books and records pertaining to the vendored service, including those of the management organization, if applicable for audit, inspection or authorized agency representatives ...
  - (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center."

CCR, title 17, section 50604 states in pertinent part:

- "(d) 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 but not be limited to:
- (1) Information identifying each regional center consumer including the Unique Client Identifier and Consumer name;
  - (2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center.

(3) A record of services provided to each consumer. The record should include:

(B) For transportation services, the dates of service, city or county where service was provided, and the number of miles driven or trips provided.

(e) All service providers' records shall be supported by source documentation."

### **Recommendation:**

IRC is responsible for operating its business in a manner consistent with the law and must remit to DDS the overpayment totaling \$949,566.18. IRC shall ensure that its contracts are adequate and in compliance with CCR, title 17 requirements. In addition, IRC must ensure that proper documentation is maintained and on file to support payments for the services performed by its contractors/vendors.

### **IRC Response to finding 1:**

IRC disputes this audit finding. The issues raised in this audit finding are the same as the issues that were raised in the Audit for Fiscal Years 2008/09 and 2009/10 and that are currently on appeal and are the subject of the Administrative Proceeding in OAH 2012050524. Therefore, rather than providing a separate response to this audit finding, IRC incorporates by reference, as though fully set forth herein, its position as set forth in its Statement of Disputed Issues and other pleadings and documents submitted in connection with the pending administrative appeal of the prior audit findings in OAH 2012050524.

### **Finding 2: Unsupported Contract Billing**

The review of 57 sampled POS vendor contracts revealed one vendor, Pathway, Inc., vendor number PJ2311, service code 107, was reimbursed at a rate of \$5,820.00 per month without supporting documentation. IRC did not provide justification as to how the rate was determined. Furthermore, the contract with the vendor did not specify any measurable deliverables to substantiate the work performed. Invoices submitted by the vendor did not detail when or what types of services were provided. In addition, IRC did not provide purchase of services authorization or consumer Unique Consumer Identification (UCI) numbers tied to the services provided. This resulted in an overpayment totaling \$138,405.00. (See Attachment A.)

CCR, title 17, section 50602(k) states:

"Record ' means any book or document evidencing operational, financial, and service activities of a service provider or regional center pertaining to the service program and/or the provision of services to persons with developmental disabilities. Examples include books of account, general ledgers, subsidiary ledgers, check registers, canceled checks, contracts, correspondence, financial statements, internal reports, back statements,



standard cost statements, consumer files, purchase of service authorizations, and documents evidencing consumer services. All consumer records shall be treated as confidential."

CCR, title 17, section 54326(a) (3), (4) and (10) states in part:

"(a) All vendors shall:

- (3) Maintain records of service provided to consumers in sufficient detail to verify delivery of the units of service billed.
- (4) Make any books and records pertaining to the vendored service, including those of the management organization, if applicable for audit, inspection or authorized agency representatives ...
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center."

CCR, title 17, section 50604 states in pertinent part:

"(d) 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 but not be limited to:

- (4) Information identifying each regional center consumer including the Unique Client Identifier and Consumer name;
- (5) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center.
- (6) A record of services provided to each consumer. The record should include:
  - (B) For transportation services, the dates of service, city or county where service was provided, and the number of miles driven or trips provided.
- (f) All service providers' records shall be supported by source documentation."

#### **Recommendation:**

IRC is responsible for operating its business in a manner consistent with the law and must remit to DDS the overpayment totaling \$138,405.00. IRC shall closely monitor its contractors/vendors to ensure it has received the agreed upon services as stated in the contract. IRC shall ensure that its contracts are adequate and in compliance with CCR, title 17 requirements. In addition, IRC must ensure that proper documentation is maintained and on file to support payments for the services performed by its contractors/vendors.

#### **IRC Response to finding 2:**

IRC disputes this audit finding and the determination that there was an overpayment. The rate includes the salary of the job developers and administrative services as described in the contract. Services were rendered and provided to consumers for supported employment programs by the vendor. Therefore, the payment were proper and legally due and payable. Supporting documentation is attached (See attachment R-A).

### **Finding 3: Circumvention of the Regulations**

#### **A. Rate Freeze (Repeat)**

The follow-up review of the prior audit report indicated IRC continues to pay SWT at a rate 40 percent higher than IRC paid its previous transportation providers for transportation services. IRC appealed this finding and was granted a 10 percent Health and Safety Waiver, which reduced the rate increase from 40 percent to 30 percent. Based on the 30 percent rate increase, the total overpayment from October 2010 through June 2012 is \$2,277,735.80.

The prior audit report identified that from October 2008 through September 2010, IRC overpaid SWT \$3,189,102.56. Based on the Health and Safety Waiver, this amount was subsequently reduced to \$2,391,826.92.

The total overpayment amount for the prior and current audit is \$4,669,562.72. (See Attachment B.)

W&I Code, section 4648 .4(b) (2) states, in pertinent part:

"(b) Notwithstanding any other provision of law or regulation, except for subdivision (a), no regional center may pay any provider of the following services or supports a rate that is greater than the rate that is in effect on or after June 30, 2008, unless the increase is required by a contract between the regional center and the vendor that is in effect on June 30, 2008, or the regional center demonstrates that the approval is necessary to protect the consumer's health or safety and the department has granted prior written authorization:

(2) Transportation, including travel reimbursement." In addition, W&I Code, section 4648.1 (e) (1) states:

"(e) A regional center or the department may recover from provider funds paid for services when the department or the regional center determines that either of the following has occurred:

(1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations."

#### **Recommendation:**

IRC must reimburse DDS a total of \$4,669,562.72, pursuant to W&I Code, section 4648.1, subdivision (e), for the overpayment due to the 30 percent rate increase it granted SWT. In addition, IRC must ensure that all rates to vendors comply with W&I Code, section 4648.4(b).

**IRC Response to finding 3A:**

IRC disputes this audit finding. The issues raised in this audit finding are the same as the issues that were raised in the Audit for Fiscal Years 2008/09 and 2009/10 and that are currently on appeal and are the subject of the Administrative Proceeding in OAH 2012050524. Therefore, rather than providing a separate response to this audit finding, IRC incorporates by reference, as though fully set forth herein, its position as set forth in its Statement of Disputed Issues and other pleadings and documents submitted in connection with the pending administrative appeal of the prior audit findings in OAH 2012050524.

**B. Median Rate**

The review of 57 sampled POS vendor contracts revealed one vendor, The Chicago Home, vendor number HJ0995, service code 113, was reimbursed at a rate of \$589.25 per day when the Statewide Median Rate was \$296.37 per day for non-CPP consumers and \$474.68 per day for CPP consumers. Documentation in the vendor file indicated that IRC knowingly entered into a rate agreement with the vendor on June 1, 2008, in order to establish the existence of the rate prior to the Statewide Median Rate cutoff date of June 30, 2008. However, The Chicago Home was not vendored to be a service provider by IRC until November 4, 2010. Therefore the rate established for The Chicago Home was not valid since it was not a vendor when the rate agreement was signed and must conform to the Statewide Median Rate. This resulted in an overpayment totaling \$694,834.57. (See Attachment C.)

W&I Code, section 4691.9(b) states:

- "(b) No regional center may negotiate a rate with a new service provider, for services where rates are determined through a negotiation between the regional center and the provider, that is higher than the regional center's median rate for the same service code and unit of service, or the statewide median rate for the same service code and unit of service, whichever is lower. .."

**Recommendation:**

IRC must reimburse to DDS the \$694,834.57 pursuant to W&I Code, section 4691.9(a). In addition, IRC must renegotiate the contract to ensure compliance with the Statewide Median Rates. IRC must also ensure that all rates negotiated after June 30, 2008, are either equal to or below the Statewide Median Rates.

**IRC Response to finding 3B:**

IRC disputes this audit finding and the determination that there was an overpayment. This is a Specialized Residential Facility that was to be built for consumers coming out of a state developmental center. Before the vendor would agree to build such a facility, they would need to know what rate they were going to be paid for each consumer. Furthermore, the rate was negotiated with an existing vendor, Supporting Unlimited Possibilities, Inc. (SUP). Chicago



Home is not a separate legal entity but is a d/b/a and/or a division of SUP. Therefore, it is not a new vendor as claimed by DDS.

SUP has been a vendor of IRC since 2005. Chicago Home is a d/b/a and/or a division of SUP. Chicago Home was part of the FY 2007-08 CPP Plan approved by DDS. On March 17, 2008, SUP was awarded the RFP approval from IRC. This started the rate negotiations with SUP for the Chicago Home. Subsequently, IRC initiated the finalization of the rate for the Chicago Home pending agreement from SUP. On June 23, 2008, IRC received a letter from SUP requesting a rate of \$614.00 per day per consumer (See attachment R-B). IRC agreed to this rate in the letter dated June 27, 2008 and entered into a contract with SUP on or before June 30, 2008 to be effective on June 1, 2008. It was necessary and proper to enter into this contract before June 30, 2008 in order for this facility to be built. To force this vendor to accept substantially lower rates would jeopardize the care being provided to the consumers and expose the consumers to a significant risk of harm since the facility could not properly provide the high level of care necessary at the substantially lower rates.

Moreover, DDS' claim of rate circumvention is not valid since IRC started negotiating the rate for Chicago Home with SUP before the implementation of the Statewide Median Rates (SMR) and entered into the contract with SUP on or before June 30, 2008 to be effective on June 1, 2008. Furthermore, IRC was not in receipt of the SMR until September 17, 2008 (See attachment R-C) had no knowledge of what the rates were going to be. Therefore, the rate of \$614.00 for the Chicago Home, to be effective as of June 1, 2008, was negotiated in good faith and agreed to prior to implementation of the SMR. Furthermore, *Welfare & Institutions Code* §4648 contemplates that services can be provided pursuant to either vendorization or a contract. Therefore, IRC was allowed to enter into the contract with SUP effective June 1, 2008 even though vendorization not been completed at the time the contract was entered into and the rate was agreed to. To contend otherwise would be contrary to *Welfare & Institutions Code* §4648 and would interfere with the ability of private corporations to enter into contracts.

IRC also disagrees with the finding that the consumers at Chicago Home receiving the CPP rates should have received the lower non-CPP rate after their designation of CPP ended at the end of the fiscal year. The consumers' situation had not changed nor improved simply because they were no longer receiving funding from the CPP account. In fact, IRC has confirmation from DDS (See attachment R-D) that consumers who no longer have the designation of CPP can continue to receive the same negotiated rate and not the lower non-CPP rate.

**Finding 4: Transportation Service Provided Under Transportation Broker, Service Code 883 (Repeat)**

The review of the transportation program revealed that IRC continues to reimburse SWT as a Transportation Broker for Transportation Services as identified in the prior audit report. IRC also continues to issue POS authorizations for SWT to provide Transportation Services. In addition, IRC has not re-vendorized 25 of its Transportation Services providers who were de-vendorized in 2008 to become SWT subcontractors. CCR, title 17, section 54342,

specifically precludes a regional center from classifying a vendor as a Transportation Broker if the vendor is also a Transportation Provider.

CCR, title 17, section 58501(a) states, in pertinent part:

"(a) The following definitions shall apply to the regulations contained in this subchapter:

- (10) 'Transportation Service' means the conveyance of a consumer including boarding and exiting the vehicle."

In addition, CCR, title 17, section 54342(a) states, in pertinent part:

"(a) The following service codes shall be assigned to the following types of services:

- (83) Transportation Broker - Service Code 883. A regional center shall classify a vendor as a transportation broker if the vendor:
  - (A) Is not the transportation service provider; and
  - (B) Develops routing and time schedules for the transport of consumers to and from their day program;
  - (C) In addition to performing the duties specified in (A) and (B) above, a transportation broker may:
    - 1. Conduct monitoring and quality assurance activities; and/or
    - 2. Perform safety reviews; and/or
    - 3. Assist the regional center in implementing contracted transportation services."

#### **Recommendation:**

IRC must amend its current broker services agreement with SWT to ensure it is in compliance with the responsibilities and duties of a Transportation Broker pursuant to CCR, title 17. IRC shall additionally ensure that transportation services comply with pertinent DDS regulations.

#### **IRC Response to 4:**

IRC disputes this audit finding. The issues raised in this audit finding are the same as the issues that were raised in the Audit for Fiscal Years 2008/09 and 2009/10 and that are currently on appeal and are the subject of the Administrative Proceeding in OAH 2012050524. Therefore, rather than providing a separate response to this audit finding, IRC incorporates by reference, as though fully set forth herein, its position as set forth in its Statement of Disputed Issues and other

pleadings and documents submitted in connection with the pending administrative appeal of the prior audit findings in OAH 2012050524.

**Finding 5: Whistleblower Policy Has Not Alleviated Employee Concerns (Repeat)**

The review of the prior audit report noted that IRC issued a new Board approved Whistleblower policy dated July 11, 2011. The new policy states that employees can report improprieties without the fear of retaliation by IRC management. The new policy also lists multiple contacts for IRC, IRC's Board of Trustees and DDS where complaints may be filed.

In its response to the prior audit report, IRC stated that it has taken steps to alleviate employee concerns by notifying its employees of the Whistleblower Policy on the intranet and internet sites for easy access. In addition, IRC stated that it had communicated to its employees that the Whistleblower Policy allows individuals to report any issues directly to DDS and/or the Board; and will ensure any employees who report improprieties are not retaliated against. However, during the audit review, IRC employees continued to express their fear of being intimidated, reprimanded, or retaliated against by IRC management for reporting suspected improprieties.

IRC's Whistleblower Policy, section 510(2) states in part:

"Inland Regional Center's (IRC) Code of Ethics ("Code") requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. This Policy is established to ensure that IRC's Board members, officers, employees, consumers, families, service providers, agencies, community members, and regional center staff report good faith suspicions, concerns, or evidence of illegal, unethical or other inappropriate activity without fear of retaliation.

- (2) No Retaliation. No director, officer, or employee who in good faith reports a violation of the IRC Code of Ethics (Operations Manual, Chapter 2, 2.0 (a)) shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including immediate termination of employment. This Whistle Blower Policy is intended to encourage and enable employees and others to raise serious concerns within IRC prior to seeking resolution outside Inland Regional Center."

**Recommendation:**

IRC shall follow its implemented Whistleblower policy to ensure that all employees who participate in reporting improprieties are not intimidated, reprimanded or retaliated against. IRC

should also continue to communicate to its employees that the current Whistleblower policy in place allows individuals to report any issues directly to DDS.

**IRC Response to finding 5:**

IRC disputes this audit finding. As indicated in the audit finding, the new Whistleblower policy was approved and posted on July 11, 2011. Since then, IRC is dedicated to thoroughly investigating all complaints received in an unbiased manner and under no circumstances will an employee be retaliated against for merely making a complaint. Moreover, in September 2012 IRC created an Employee Relations and Administrative Services Department to ensure that all complaints are investigated thoroughly and in an unbiased manner, and that no one is retaliated against for filing a complaint. Statistically, since the Whistleblower policy was posted and the Employee Relations and Administrative Services Department was formed, the number of complaints that were submitted anonymously went from 80% of all complaints submitted (before September 2012) to 0% in the last quarter of 2013 (in fact, only one complaint was submitted, it was not anonymous and involved a personality conflict with a co-worker). The dramatic decline in the number of complaints submitted, anonymous or otherwise, by our employees is directly related to the near-elimination of the fear of retaliation from management. IRC has submitted, on a monthly basis, the complaint log to DDS and yet DDS refuses to acknowledge the improvement in this area.

**Finding 6: Purchase of Service Funds Inappropriately Used for Operations Expenses (Repeat)**

The follow-up review of the resource library found that IRC continued to reimburse its Resource Library, vendor number PJ2424, service code 112, a total of \$323,727.06 from December 2010 through December 2011, as a Communications Aide vendor using POS funds for the operation of the Resource Library. Services reimbursed included salaries, purchase of books, rental expenses and other overhead costs. These services are considered administrative costs that should be reimbursed through IRC's Operational funds. The services provided by this vendor were not specific to the service code's definition of a Communications Aide, to a consumer's IPP, nor tied to a specific consumer UCI number and authorization.

In addition, the prior DDS audit report indicated that IRC reimbursed the Resource Library \$1,082,838.82 using POS funds from August 2005 through November 2010, using service code 112. This service code is specifically designated for assisting persons with hearing, speech, and/or vision impairment to be able to effectively communicate with service providers, family, friends, co-workers, and the general public.

The vendor has since closed effective January 31, 2012; however, from August 2005 through December 2011, IRC inappropriately used \$1,406,565.88 of POS funds to fund the Resource Library. (See Attachment E.)

DDS description of Services Codes states: 112, Communications Aides:

"A regional center shall only classify a vendor as Communications Aide vendor if they provide those human services necessary to facilitate and assist persons with hearing, speech, or vision impairment to be able to effectively communicate with service provider, family, friends, co- workers, and general public. The following are allowable communication aides, as specifies in consumer's IPP:

1. Facilitators;
2. Interpreters and interpreter services
3. Translators and translator services
4. Readers and reading services

Communication aide services include evaluation for communication aides and training in use of communication aides, as specified in consumer IPP."

CCR, title 17, section 54340 states, in pertinent part:

"(c) The vendoring regional center shall assign a service code to a vendor based upon the program design and /or the service provided.

(d) 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 but not be limited to:

- (1) Information identifying each regional center consumer including the Unique Client Identifier and Consumer name;
- (2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center."

**Recommendation:**

IRC must reimburse to DDS a total of \$1,406,565.88 for using POS funds for the operation of the IRC Resource Library.

**IRC Response to finding 6:**

IRC disputes this audit finding. The issues raised in this audit finding are the same as the issues that were raised in the Audit for Fiscal Years 2008/09 and 2009/10 and that are currently on appeal and are the subject of the Administrative Proceeding in OAH 2012050524. Therefore, rather than providing a separate response to this audit finding, IRC incorporates by reference, as though fully set forth herein, its position as set forth in its Statement of Disputed Issues and other pleadings and documents submitted in connection with the pending administrative appeal of the prior audit findings in OAH 2012050524.



### **Finding 7: Policies and Procedures for Procurement**

A review of IRC's Procurement policies and procedures revealed IRC did not have any provisions for fair and equitable recoupment of CPP funds should the vendor cease to provide services to consumers after a specified period of time. IRC indicated that the provision is in its contracts with vendors, and believed the language in the contract would be sufficient.

Article II, section 2(c) of the State Contract states:

"c. Such policies shall include provisions for fair and equitable recoupment of start-up funds should the vendor and/or fund recipient cease to provide services to consumers after a specified period of time. This includes start-up funds to purchase real property."

### **Recommendation:**

IRC must ensure that it complies with Article II, section 2(c) of the State Contract and ensure that its policy has a provision to recoup Start-up funds in case the vendor ceases to provide service to the consumers after a specified time period.

### **IRC Response to finding 7:**

IRC will comply with this recommendation. IRC will develop a Board approved Procurement Policy that complies with the requirements set forth in Article II, section 2(c) of the State Contract.

### **Finding 8: Overstated Claims**

#### **A. Payments Above the Median Rate (Repeat)**

The review of 57 sampled POS vendor contracts finalized after June 2008 revealed two vendors that were contracted above the Statewide/IRC Median Rate. [REDACTED], vendor number VJ6138, service code 405, was reimbursed at a rate of \$402.50 per month when the Statewide Median Rate was \$200.00 per month. In addition, Pathways, Inc. vendor number P26834, service code 063, was reimbursed at a rate of \$27.61 per hour when the Statewide Median Rate was \$22.50 per hour. This resulted in overpayments totaling \$46,443.56.

Also, the prior DDS audit report identified that IRC had three vendor contracts that were finalized after June 2008. Sanders, Adriana M., vendor number PJ3290, service code 056, First Step Independent Living Program, Inc., vendor number H96662, service code 110, and Pacific Child & Family Associates, LLC., vendor number PJ3482, service code 612, were contracted above the Statewide/IRC Median Rate. This resulted in overpayments totaling \$39,631.59.

The total overpayments from both the prior and current audit is \$86,075.15. (See Attachment F.)

W&I Code, section 4691.9(b) states:

"(b) No regional center may negotiate a rate with a new service provider, for services where rates are determined through a negotiation between the regional center and the provider, that is higher than the regional center's median rate for the same service code and unit of service, or the statewide median rate for the same service code and unit of service, whichever is lower."

**Recommendation:**

IRC must reimburse to DDS the \$86,075.15 in total overpayments made to the five vendors. IRC shall immediately renegotiate the rates for the five vendors in order to comply with the W&I Code, section 4691.9. In addition, IRC must ensure that all rates negotiated after June 30, 2008, are at or below the Statewide/IRC Median Rates.

**IRC Response to finding 8A:**

IRC disputes this audit finding. The issues raised in this audit finding relating to vendor Sanders, Adriana M., First Step Independent Living Program, Inc., and Pacific Child & Family Associates, LLC are the same as the issues that were raised in the Audit for Fiscal Years 2008/09 and 2009/10 and that are currently on appeal and are the subject of the Administrative Proceeding in OAH 2012050524. Therefore, rather than providing a separate response to this audit finding, IRC incorporates by reference, as though fully set forth herein, its position as set forth in its Statement of Disputed Issues and other pleadings and documents submitted in connection with the pending administrative appeal of the prior audit findings in OAH 2012050524.

For vendor [REDACTED], IRC disputes this audit finding and the determination that there was an overpayment of \$567.25. The payments related to the services provided to consumers that transferred in from another regional center. *W&I Code* 4643.5(c) states, "Whenever a consumer transfers from one regional center catchment area to another, the level and types of services and supports specified in the consumer's individual program plan shall be authorized and secured, if available, pending the development of a new individual program plan for the consumer." Therefore, IRC had to maintain the rate paid by the transferring out regional center in order to secure the level and types of services for consumers transferring in to IRC until the development of new individual program plans for the consumers (See attachment R-E).

For vendor Pathways, Inc., IRC disputes this audit finding and the determination that there was an overpayment of \$45,876.31. Pathways, Inc. became a vendor on July 28, 1994. On August 1, 1994, DDS approved the rate of \$28.00. Effective June 1, 2006, DDS approved a 3% increase that changed the rate to \$28.84. On June 12 2008, this rate for Pathways was closed for non-utilization by the consumers. On December 20, 2010, the rate at \$28.84 was re-opened because of renewed utilization by the consumers. There was no change in the vendor, service code or rate that had been in existence since 2006.

*W&I Code*, section 4691.9(b) states "No regional center may negotiate a rate with a new service provider, for services where rates are determined through a negotiation between the regional center and the provider, that is higher than the regional center's median rate for the same service



code and unit of service, or the statewide median rate for the same service code and unit of service, whichever is lower."

In fact, Pathways, Inc. is not a new service provider and the rate was approved by DDS in 1994 and subsequently increased in 2006 and re-used in 2010. (See attachment R-F).

**B. Payment Above the Authorized Number of Units (Repeat)**

The review of IRC's POS expenses revealed 18 instances where 11 vendors were paid above their authorized number of units. The overpayments were due to an oversight by IRC. This resulted in overpayments totaling \$2,113.17.

In addition, the prior audit report identified instances in which IRC paid two vendors under service code 805, Carolyn E. Wiley Center for Children, Youth & Families, vendor number H05201, and V.I.P. Tots, vendor number H07885, over the authorized number of units. The total overpayment for services provided by the two vendors was \$28,548.56.

The total overpayment for the prior and current audit is \$30,661.73. (See Attachment G.)

CCR, title 17, section 54326(a) states, in pertinent part:

"(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 ..."

**Recommendation:**

IRC must reimburse to DDS the \$30,661.73 in total overpayments made to the 13 vendors. In addition, IRC must comply with the CCR, title 17, section 54326(a).

**IRC Response to finding 8B:**

The issues raised in this audit finding relating to vendors Carolyn E. Wiley Center for Children, Youth & Families and V.I.P. Tots are the same as the issues that were raised in the Audit for Fiscal Years 2008/09 and 2009/10 and that are currently on appeal and are the subject of the Administrative Proceeding in OAH 2012050524. Therefore, rather than providing a separate response to this audit finding, IRC incorporates by reference, as though fully set forth herein, its position as set forth in its Statement of Disputed Issues and other pleadings and documents submitted in connection with the pending administrative appeal of the prior audit findings in OAH 2012050524.

For vendor [REDACTED], IRC agrees to reimburse DDS \$65.27. An overpayment letter was sent to the vendor on November 28, 2012.

For vendor Cheung, Danielle Simone, IRC agrees to reimburse DDS \$597.52. An overpayment letter was sent to the vendor on March 13, 2012.

For vendor City of Corona, IRC disputes this audit finding and the determination that there was an overpayment. Service code 895 rate setting is the usual and customary services. IRC cannot purchase tickets separately but must purchase in increments of 10, just like the general public (See attachment R-G).

For vendor Independent Living System, IRC agrees to reimburse DDS \$178.32 and recovered the overpayment from the vendor already.

For vendor Inland's Childrens Therapy, Inc., IRC disputes this audit finding and the determination that there was an overpayment. IRC received an authorized addendum on April 21, 2011 to increase the hours of service (See attachment R-H).

For Inland Respite Inc., IRC agrees to reimburse DDS 6.24 and recovered the overpayment from the vendor already.

For vendor LLUSD, IRC agrees to reimburse DDS \$125.65. An overpayment letter was sent to the vendor on November 28, 2012. IRC will send the overpayment letter to the vendor again.

For vendor Namahoe, Jamie, IRC agrees to reimburse DDS \$75.2. An overpayment letter was sent to the vendor on October 20, 2011.

For vendor New Living Options, IRC disputes this audit finding and the determination that there was an overpayment. IRC received an authorized addendum on December 8, 2011 for a retroactive authorization to November 1 – 30, 2011 to increase the hours of service (Attachment R-I).

For vendor Victor Valley Transit, IRC disputes this audit finding and the determination that there was an overpayment. This was a purchase for an advance service. The tickets purchased in November were to be used in December because IRC has to purchase the tickets in advance for December. Therefore, POS has to pay in November based on December uses and has to override what was authorized in the system (See attachment R-J).

For vendor We Care 4 You, LLC, IRC agrees to reimburse DDS \$73.98 and recovered the overpayment from the vendor already.

### **C. Payment for Services not Provided**

A review of 20 sampled POS vendor files revealed 237 instances where IRC reimbursed eight transportation vendors for services that were not provided. Since these are individual authorization for consumer services, IRC must reimburse transportation vendors only when the consumer utilizes these services. IRC stated that it did not want to penalize the transportation vendors if it was not known beforehand that the consumer would not utilize the transportation services. This resulted in overpayments totaling \$8,968.15. (See Attachment H.)

CCR, title 17, section 54326 (a) (10) 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."

**Recommendation:**

IRC must reimburse to DDS \$8,968.15 in total overpayments made to the eight vendors. In addition, IRC must comply with CCR, title 17, section 54326(a) and ensure that vendors are paid only for services provided.

**IRC Response to finding 8C:**

IRC disputes this audit finding and the determination that there was an overpayment. IRC complied with Title 17, CCR section 58543 and obtained an approval letter from DDS regarding the standardized rate schedule (SRS) related to this issue (See attachment R-K). The transportation service providers were contracted for a monthly standard rate. Title 17, CCR section 58501 (a)(7) states, " 'Rate of Payment' means the price charged to a regional center by a vendor for each unit of service." The unit of service in this case was the monthly standard rate. This was the price charged to IRC. Pursuant to the May 1, 2001 letter from DDS, the standardized rates are to be applied on a prorated basis when the initial authorized period of service is less than the full month or less than the five days per week/regular program schedule. In each of these situations, the conditions for prorating the standardized rates did not apply since the authorized period of service was for five days per week and for the full month. Therefore, the full monthly payments to the vendors were legally due and payable.

**Finding 9: Missing Supporting Documentation**

The review of 131 sampled POS vendor files revealed IRC reimbursed two of its vendors for services provided to the consumers without monthly invoices and/or attendance documentation. This resulted in overpayments totaling \$23,946.94. IRC was unable to provide turnaround invoices and/or attendance documentation for [REDACTED], vendor number V57250 service code 880, for December 2010 and May 2011 and Employment & Community Options, vendor number VJ6132, service code 880, for May and July 2011. This resulted in unsupported payments totaling \$2,718.04 and \$21,228.90 respectively. Attempts were made to IRC during and after the audit requesting for the turnaround invoices and attendance without success.

In addition, IRC was unable to locate the Prevention Program Plan for two consumers, UCI numbers [REDACTED] and [REDACTED]; and one consumer file UCI number [REDACTED]. Further review indicated that IRC did not retain source documents to support its March 2011 and March 2012, Service Coordinator Caseload Ratios for the DC Movers.

CCR, 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, but not be limited to:

- (2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center.
- (3) A record of services provided to each consumer. The record shall include:
  - (C) For community-based day programs, the dates of service, place where service was provided, the start and end times of service provided to the consumer and the daily or hourly units of service provided."

State Contract, Article IV, section 3(a) and (b) states:

".. .Contractor shall keep records, as follows:

- a. The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget, revenues, expenditures, and consumers served under this contract. ..
- b. The Contractor shall make available at the office of the Contractor at any time during the terms of this agreement during normal working hours, and for a period of three years after final payment under this annual contract, any of its records (personnel records excepted) for the inspection, audit, examination or reproduction by an authorized representative of the State, federal auditor, the State Auditor of the State of California, or any other appropriate State agency, which shall be conducted with the minimum amount of disruption to Contractor's program ..."

#### **Recommendation:**

IRC must reimburse to DDS \$23,946.94 in total unsupported payments made to the two vendors. IRC must also ensure turnaround invoices and attendance documentation are retained and that no payments are made to vendors without turnaround invoices or attendance documentation. In addition, IRC must ensure all consumer files are retained, properly safeguarded and are readily available for review. Furthermore, IRC must retain the supporting documentation to justify the calculation for all its Service Coordinator Caseload Ratios.

#### **IRC Response to finding 9:**

IRC disputes this audit finding. IRC has no record of the initial request by the auditors for supporting documentation and it is not clear how DDS determined that there was \$23,946.94 in unsupported payments. DDS needs to provide IRC with the details of the unsupported payments claimed by DDS so that IRC can properly respond to this finding. Nevertheless, in the absence of the details from DDS, IRC has reviewed the payment history of these 2 vendors and confirmed that all turnaround invoices and attendance documentation are available to support the

payments that were made. Supporting documentation for the payments to these 2 vendors, consumer files and justification of Service Coordinator Caseload Ratios for the months described in this audit finding is attached (See attachment R-L).

**Finding 10: Transparency and Access to Public Information Policy**

The review of IRC's Transparency website revealed IRC did not post a complete salary schedule for all personnel classifications. In addition, IRC did not post the prior fiscal year expenditures from its Operations budget for all administrative, managerial, consultant, accounting, personnel, labor relations, and legal services, procured under written contract. IRC did not provide an explanation why the website was missing the required information, but stated that the issue would be corrected.

W&I Code, section 4639.5(b) states:

"(b) By December 1 of each year, each regional center shall report information to the State Department of Developmental Services on all prior fiscal year expenditures from the regional center operations budget for all administrative services, including managerial, consultant, accounting, personnel, labor relations, and legal services, whether procured under a written contract or otherwise.

Expenditures for the maintenance, repair, or purchase of equipment or property shall not be required to be reported for purposes of this subdivision. The report shall be prepared in a format prescribed by the department and shall include, at a minimum, for each recipient the amount of funds expended, the type of service, and purpose of the expenditure ..."

IRC's Board approved policy, section 1.2.4(1) (4) (a) (b) states:

"I. To promote transparency, we include on our Website the following information: ...

4. Regional center annual reports pursuant to Section 4639.5 of the Lanterman Act [§4629.5(b)(3)]
  - a) A complete current salary schedule for all personnel classifications
  - b) Prior fiscal year expenditures from the regional center operations budget for all administrative services, including managerial, consultant, accounting, personnel, labor relations, legal services, whether procured under written contract or otherwise .. ."

**Recommendation:**

IRC must ensure that it complies with W&I Code, section 4639.5(b) and its Board approved policy by posting a complete current salary schedule for all personnel classifications and the prior fiscal year expenditures from Operations budget for all administrative services, including managerial, consultant, accounting, personnel, labor relations, and legal services.

**IRC Response to finding 10:**



IRC will comply with this recommendation. IRC has posted a complete current salary schedule for all personnel classifications and the prior fiscal year expenditures from the Operations budget for all administrative services, including managerial, consultant, accounting, personnel, labor relations, and legal services on the IRC internet website at <http://inlandrc.org/about-us/policies-performance-contracts>.

**Finding 11: Improper Expenditure of Community Placement Program and POS Fund (Repeat)**

The review of 32 sampled CPP consumer expenses revealed IRC improperly allocated CPP funds. IRC continued to reimburse two vendors, Kaiser Specialized Residential, vendor number HJ2507, and Jones Division, vendor number HJ2556, service code 113, using CPP funds after the initial fiscal year had ended. IRC was not aware of the need to utilize non-CPP funds after the initial fiscal year of service. This resulted in an overstated claim totaling \$319,804.30, which needs to be adjusted as a non-CPP expense. (See Attachment I.)

Further, the prior DDS audit report identified that IRC granted CHF a total of \$6,129,823.00 of CPP and POS funds to develop housing for consumers moving from the DCs into the community. It was found that \$3,205,739.00 of those funds were expensed to Service Code 999 without a DDS approved community placement plan for the acquisition of housing.

Also, it was identified in the prior audit report that IRC improperly allocated \$1,222,678.00 in POS funds to CHF and expensed them under Service Code 101 for move in costs and for the purchase of household items. Additionally, expenses incurred were not tied to any consumer UCI numbers as required by the DDS service code definition. These two prior issues remain outstanding. (See Attachment J.)

The total overstated claim is \$319,804.30 and the total overpayment amount for the prior audit is \$4,428,417.

"(c) The department shall review, negotiate, and approve regional center community placement plans for feasibility and reasonableness, including recognition of each regional centers' current developmental center population and their corresponding placement level, as well as each regional centers'(sic) need to develop new and innovative service models. The department shall hold regional centers accountable for the development and implementation of their approved plans. The regional centers shall report, as required by the department, on the outcomes of their plans. The department shall make aggregate performance data for each regional center available, upon request, as well as data on admissions to, and placements from, each developmental center.

(d) Funds allocated by the department to a regional center for a community placement plan developed under this section shall be controlled through the regional center contract to ensure that the funds are expended for the purposes allocated. Funds allocated for community placement plans that are not used for that purpose may be transferred to Item

4300-003-0001 for expenditure in the state developmental centers if their population exceeds the budgeted level. Any unspent funds shall revert to the General Fund."

Also CCR, title 17, section 54326(a) states, in relevant part:

"(a) All vendors shall:

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

In addition, the State Contract, Exhibit E states, in relevant part:

"(1) Community Placement Plan

Contractor shall develop and submit an approved Community Placement plan in accordance with Welfare & Institution Code [Sections] 4418.25, 4418.3 and 4418.7 for approval by the State.

Contractor's Community Placement Plan shall, where appropriate, include budget requests for regional center operations, consumer assessments, residence development, deflections and ongoing placements.

(2) Dedicated Funding

Contractor shall use funds allocated to the regional center's approved Community Placement Plan only for the purposes allocated. The State shall reduce the contract in the amount of any unspent funds allocated for the Community Placement Plan that are not used for that purpose. Any unspent funds shall revert to the General Fund or be transferred to another regional center for Community Placement Plan activities."

Guidelines for Regional Center Community Placement Plan (I) (4) states:

"For Deflection POS, the RC will be reimbursed only for placement costs of individuals projected to be placed in CPP-funded deflection living arrangements during the facilities' initial fiscal year of service provision ..."

#### **Recommendation:**

IRC must reimburse DDS the \$4,748,221.30 that was improperly expensed. In addition, IRC must ensure that all CPP projects comply with W&I Code, section 441 8.25, the State Contract, Exhibit E, CCR, title 17, section 54326(a), and the Guidelines for Regional Center Community Placement Plan (1)(4).

#### **IRC Response to finding 11:**

IRC disputes this audit finding. The issues raised in this audit finding relating to CHF are the same as the issues that were raised in the Audit for Fiscal Years 2008/09 and 2009/10 and that are currently on appeal and are the subject of the Administrative Proceeding in OAH 2012050524. Therefore, rather than providing a separate response to this audit finding, IRC



incorporates by reference, as though fully set forth herein, its position as set forth in its Statement of Disputed Issues and other pleadings and documents submitted in connection with the pending administrative appeal of the prior audit findings in OAH 2012050524.

Regarding the issue related to vendors Kaiser Specialized Residential and Jones Division, IRC disputes the finding and the determination that there were any overstated claims. IRC followed the transition guidelines provided by DDS (See attachment R-M).

For vendor Kaiser Specialized Residential, the consumers identified by DDS who were served by the vendor were in Transition Plan for the CPP from May 19 – 22, 2011. They returned to the Lanterman Developmental Center (Lanterman) on May 23, 2011. Therefore, when these 2 consumers went into placement in July 2011, according to the transition guidelines, IRC was justified in designating these as CPP consumers and paid as expenditures of CPP funds for Fiscal Years 2011/12 (See attachment R-N).

For vendor Jones Division, from January 13 to 17, 2012 the consumer was placed in the vendor's facility as part of the transition plan. On January 18, 2012, the consumer moved back to Lanterman until January 30, 2012. He was then placed in the vendor's facility from January 31, 2012 through February 6, 2012 as part of the transition plan. On February 7, 2012, the consumer went back to Lanterman and came back to the vendor's facility on the same day at which time the ongoing placement was authorized for this consumer on February 7, 2012. Therefore, according to the transition guidelines, IRC was justified in designating this as a CPP consumer and paid as expenditures of CPP funds for Fiscal Years 2011/12 (See attachment R-O).

### **Finding 12: Bank Charges not Properly Reviewed**

The review of seven sampled IRC bank reconciliations revealed that IRC paid \$257,963.55 in bank charges over a two year period without any supporting documentation. A discussion with the Chief Financial Officer (CFO) revealed IRC failed to review its bank's Master Account Analysis Statements for fiscal years 2010-11 and 2011-12. This statement details all charges incurred by IRC for items such as, outstanding checks, NSF checks, bank fees, bank credits and other charges that may have occurred during the course of doing business with the bank. This occurred because the CFO was unfamiliar with the Master Account Analysis Statement and its importance in completing bank reconciliations. IRC accepted the bank charge without verifying what was being charged and used these figures to complete its bank reconciliation. Requests were made for these statements; however IRC did not have the Master Account Analysis Statement for the auditor's review.

Good business and sound accounting practice dictates that all charges appearing in the bank statements should be reviewed and verified.

### **Recommendation:**

IRC must the review the Master Account Analysis Statement as part of its bank reconciliation process to ensure that charges by the bank for all its bank accounts are accurate and verifiable.

**IRC Response to finding 12:**

IRC agrees with the recommendation. The review of the Master Account Analysis Statement is now a monthly process IRC has put into place (See attachment R-P).

**Findings 13 and 14**

Pursuant to the draft DDS Audit Report, findings 13 and 14 were addressed and corrected by IRC during the audit fieldwork. IRC will continue to comply with the DDS recommendations on these two audit findings.