



**AUDIT OF THE
INLAND REGIONAL CENTER
FOR FISCAL YEARS 2008-09 AND 2009-10 WITH
FOLLOW-UP REVIEW OF THE BSA AUDIT DATED
AUGUST 24, 2010**

Department of Developmental Services

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EXECUTIVE SUMMARY

The DDS fiscal compliance audit of Inland Regional Center (IRC) revealed that the IRC was in minimal compliance with the requirements set forth in Title 17 of the California Code of Regulations (Title 17), the Lanterman Developmental Disability Services Act (W&I), the Home and Community Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract between IRC and the Department of Developmental Services. This report identifies areas where IRC's administrative and operational controls must be strengthened. This report supports issues outlined and identified in the probation report dated January 19, 2011 and further related correspondence regarding the probation report dated March 31, 2011 and May 20, 2011. These issues are of serious concern to DDS. IRC needs to take immediate action to resolve these findings. A follow-up review will be performed to ensure IRC has taken corrective action to resolve the findings identified by the current DDS and BSA Audits.

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

IRC awarded Southwestern Transportation (SWT) a contract in the amount of \$949,566.18 to assess, develop, implement and manage routing and time schedules to meet consumer transportation needs for 3,024 consumers. However, the review of billings submitted by SWT for payment lacked supporting documentation to substantiate the work performed. In addition, IRC could not provide records, as defined in CCR, title 17, section 50602(k), detailing the amount paid to SWT. This is not in compliance with CCR, title 17, sections 54326(a)(3), (4) and (10) and 50604(d)(1), (2), and (e).

Finding 2: Service Provided Before Vendorization

The review of SWT's vendorization documents revealed that IRC approved SWT's application for vendorization on June 12, 2008. However, during the review of SWT's Purchase of Service (POS) payments for the months of April, May, and June of 2008, it was found that IRC made payments to SWT prior to vendorization. This is not in compliance with CCR, title 17, sections 54310(a)(10)(A) and 54326(d)(4) and 50612(a) and (b) .

Finding 3: Circumvention of the Rate Freeze

A review of IRC's Transportation Broker contract with SWT revealed that IRC agreed to pay SWT at a rate 40 percent higher than IRC paid its previous transportation providers for transportation services. This negotiated increase in the transportation rate occurred in October 2008 when a statewide rate freeze was in effect. The 40 percent rate increase IRC paid SWT from October 2008 through

September 2010 amounted in SWT being paid \$3,189,102.56 more than it should have been. This is not in compliance with W&I Code, sections 4648.4(b)(2) and 4648.1(e)(1).

Finding 4: Transportation Services Provided Under the Transportation Broker Service Code 883

The review of Transportation vendor files revealed that IRC vendored SWT as a Transportation Broker, Service Code 883, to provide broker services to IRC. These broker services included the developing of routes and time schedules for the transportation of consumers, as well as safety reviews, and quality assurance. CCR title 17, section 54342, specifically mandates that a regional center must classify a vendor as a transportation broker only if the vendor is not the transportation provider. It was found that while IRC had vendored SWT as a transportation broker, it issued POS authorizations for SWT to provide transportation services. It was also found that IRC de-vendored 25 of its transportation services providers who subsequently became SWT subcontractors paid by SWT to provide transportation services. This is not in compliance with CCR, title 17, sections 58501(a)(11) and 54342(a)(83).

Finding 5: Whistleblower Policy Has Not Alleviated Employee Concerns

IRC instituted a Board approved Whistleblower policy in September 2009 and a revised Board approved policy on November 15, 2010. The policy states that employees who report improprieties will not be retaliated against. However, during the DDS audit, IRC employees expressed that they still feared the possibility of being intimidated, reprimanded, or retaliated against by IRC management for reporting suspected improprieties. This issue was also noted in the BSA audit report. This is not in compliance with IRC's Whistleblower Policy, section 510(2) and (3).

In IRC's response to the probation report, IRC provided a new revised version of the Whistleblower policy to address the concerns raised by its employees for reporting suspected improprieties. In DDS's response dated May 20, 2011, it was noted that IRC's Whistleblower policy contains new areas of non-compliance with contract language.

Finding 6: Policies and Procedures for Procurement

The review of the IRC's Community Placement Plan (CPP) contract process revealed that IRC's Request for Proposal (RFP) process was not properly followed. IRC did not properly document the process of awarding CPP contracts nor could it provide documentation as to how the vendors were chosen. This is not in compliance with IRC's Request for Proposal (RFP) Procedures, sections 4, 5, and 6, dated May 2010.

Finding 7: Purchase of Service (POS) Funds Inappropriately Used for Operations Expenses

The review of IRC's Resource Library vendor contract revealed that from August 2005 to November 2010, IRC reimbursed Vendor PJ2424, a Communications Aide, under service code 112, a total of \$1,082,838.82 in POS funds. The service code used is specifically designated for assisting persons with hearing, speech, and/or vision impairment; however, the contract amount allocated to this vendor was not for Communication Aide services, but for the operation of the IRC Library which included salaries, the purchase of books, payment of rental expenses and other overhead costs. In addition, these services were not specific to the service code's definition of a Communications Aide, consumer's Individual Program Plan (IPP), nor tied to a specific consumer UCI number and authorization. This is not in compliance with DDS' service code definition and CCR, title 17, section 54340(c) and (d)(1) and (2).

Finding 8: Client Trust Funds Used to Offset Purchase of Service (POS) Claims (Repeat)

The review of the Client Trust disbursements revealed that IRC has continued to use consumers' excess balances to offset POS claims for Day Programs, Community Integration Training services and Work Activity services. These excess funds were an accumulation from the consumers' monthly Social Security Income (SSI) benefits. It was found that the amount of consumer excess funds used to offset POS claims from fiscal years 2008-09 and 2009-10 was \$38,442.38. This issue was also noted in the prior audit with \$47,528.65 still outstanding from the prior year. This is not in compliance with the Social Security Handbook 2009, sections 1618.1 and 1618.2. This issue was noted in the prior DDS audit report.

Finding 9: Over-Stated Claims

A detailed review of vendor contracts finalized after June 2008 revealed instances in which three vendors providing services under Service Codes 056, 110 and 612, were contracted above the Statewide/IRC Median Rate.

In addition, in IRC's response to the probation report, IRC provided a list of vendors with negotiated rates that were above the Statewide/IRC Median Rate and its justification for these negotiated rates. In DDS' response dated May 20, 2011, it was noted that IRC's justification for rates was not consistent with the law.

Further review also noted instances in which IRC paid two vendors, under Service Code 805, over the authorized number of units. The total overpayment for services provided by the five vendors was \$68,180.15. This is not in compliance with W&I Code, section 4691.9(a) and (b) and CCR, title 17, section 54326(a)(10).

Finding 10: Family Cost Participation (FCPP)

A. Late Assessments

The sample review of 40 FCPP files revealed two instances in which parents provided income documentation, but IRC did not assess the parents' share of cost within 10 working days. In addition, there were 12 instances in which parents did not provide income documentation and IRC did not assess the parents' share of cost at the maximum amount within 10 working days from the date of the parents' signatures on the Individual Program Plan (IPP). This is not in compliance with W&I Code, section 4783(g)(3) and (4) and CCR, title 17, section 50261(a).

B. Self-Certification of Income (Repeat)

IRC continues to only accept the most recent federal tax return as income documentation when assessing the family's share of cost participation. This finding was reported in the prior DDS audit report. This is not in compliance with W&I Code, section 4783(g)(2).

Finding 11: Equipment Inventory

The review of IRC's inventory area revealed that IRC has not followed the State's Equipment Management System Guidelines issued by DDS. It was found that IRC has not performed the required physical inventory in the last three years, nor completed the proper equipment inventory forms for the surveying and purchasing of equipment. The review found nine items that were reported stolen and some items that were sold. This is not in compliance with the State Contract, Article IV, section 4(a), the State Equipment Management System Guidelines, section III (F) and (E), and the State Administrative Manual (SAM), section 8652.

Finding 12: Improper Expenditure of Community Placement Program (CPP) and POS Funds

The review of Service Code 999 revealed that IRC had granted the California Housing Foundation (CHF) a total of \$6,129,823 of CPP and POS funds to develop housing for consumers moving from the developmental centers (DCs) into the community. It was found that \$3,205,739 of those funds were expensed to Service Code 999 without an approved community placement plan for the acquisition of housing.

Also, IRC improperly allocated \$1,222,678 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.

This is 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).

II. Finding has been addressed and corrected by IRC.

Finding 13: Home and Community-Based Services Provider Agreement Forms

The review of 23 Day Program vendor files revealed that Home and Community-Based Services Provider Agreement forms for six of the 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. 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 Home and Community-Based Services Provider Agreement forms.

BACKGROUND

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

DDS is also responsible for providing assurance to the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) that services billed under California's Home and Community-Based Services (HCBS) Waiver (Waiver) program are provided and that criteria set forth for receiving funds have been met. As part of DDS's program for providing this assurance, the Audit Branch conducts fiscal compliance audits of each regional center no less than every two years, and completes follow-up reviews in alternate years. 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 is 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 contract HD049009, (State Contract) effective July 1, 2004, through June 30, 2009 and contract HD099008, effective July 1, 2009 through June 30, 2014. The contracts specify 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 contracts are funded by State and federal funds that are dependent upon IRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at IRC from August 30, 2010 through October 22, 2010 and was conducted by DDS's Audit Branch, with a follow-up review from January 18, 2011, through January 21, 2011.

AUTHORITY

The audit was conducted under the authority of the Welfare and Institutions (W&I) Code, Section 4780.5, and Article IV, Section 3 of the State Contracts.

CRITERIA

The following criteria were used for this audit:

- California Welfare and Institutions Code
- “Approved Application for the Home and Community-Based Services Waiver for the Developmentally Disabled”
- Title 17 of the California Code of Regulations (Title 17)
- Federal Office of Management Budget (OMB) Circular A-133
- State Contracts between DDS and IRC, effective July 1, 2004 and effective July 1, 2009

AUDIT PERIOD

The audit period was July 1, 2008 through June 30, 2010, with follow-up as needed into prior and subsequent periods.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

- To determine compliance with the Lanterman Act
- To determine compliance with Title 17
- To determine compliance with the provisions of Waiver
- To determine that costs claimed were in compliance with the provisions of the State Contracts.

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

DDS's review of the IRC's internal control structure was conducted to gaining 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 2008-09, issued on December 30, 2009. In addition, DDS noted no management letter issued for IRC.

The audit procedures performed included the following:

I. Purchase of Service

DDS selected a sample of Purchase of Service (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 the 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 Title 17.
- 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 (SSA). 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 SSA 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 SSA (or other source) in a timely manner.
- DDS selected a sample of Uniform Fiscal Systems (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 contracts 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 the IRC operations and conducted tests to determine compliance with State Contracts. 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 Title 17 and State Contract.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the State Contract.
- DDS reviewed the 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 DDS rate of reimbursement from the Federal Government. The following procedures were performed upon the study:

- Reviewed applicable TCM records and verified the information submitted by IRC was correct and traceable to the general ledgers and payroll registers.
- Reviewed IRC's Case Management Time Study. DDS selected a sample of payroll time sheets for this review and compared it to the DS 1916 forms to ensure that the DS 1916 forms were properly completed and supported.

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. For the period commencing January 1, 2004 through June 30, 2007, inclusive, the following average service coordinator-to-consumer ratios apply:

- A. For all consumers that are three years of age and younger and for consumers enrolled in the Waiver, the required average ratio shall be 1:62.

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

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.

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 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 Title 17 and the W&I Code, DDS performed the following procedures during the audit review.

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

VII. Procurement

The Request for Proposal (RFP) process was implemented to ensure regional centers outline the vendor selection process or uniform procurement process for all negotiated service codes by requiring an RFP. 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 is working towards implementing the required RFP process by January 1, 2011, DDS performed the following procedures during our audit review:

- Review of 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 W&I Code, section 4648(a)(6)(D), and Article II of the State Contract as amended.
- Reviewed the RFP contracting guidelines to determine whether the protocols in place include reasonable dollar thresholds based on the average dollar amount of all negotiated contracts.
- Reviewed the RFP notification process to verify that it is open to the public, and clearly communicates to all vendors. All submitted proposals will be 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 will be retained for the selection process and in instances which a vendor with a higher bid is selected there will be written documentation retained as justification for such a selection.
- Selected a sample of Operational, Start-Up and negotiated Purchase of Service (POS) contracts subject to competitive bidding to ensure IRC notified the vendor community and the public of contracting opportunities available. DDS 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 that the contracts are properly signed and executed by both parties to the contract.
- Reviewed IRC board approved POS, Start-Up and Operational vendor contracts, and disbursement policies and procedures to ensure the inclusion of a provision for fair and equitable recoupment of funds for vendors that cease to provide services to consumers. DDS verified that the funds provided are 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 as well as to determine whether the process in place satisfies the W&I Code and IRC's State Contract requirements as amended.

VIII. Statewide/Regional Center Median Rates

The Statewide or Regional Center Median Rates were implemented on July 1, 2008 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, that IRC is paying authorized contract rates and complying with the requirements of the W&I Code, section 4691.9.
- Reviewed vendor contracts to verify that IRC is reimbursing vendors using authorized contract median rates, verifying 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.

IX. Other Sources of Funding from DDS

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

- Start-Up Funds, Community and Placement Program.
- Prevention Program.
- Family Resource Center Program.
- Early Start-American Recovery and Reinvestment Act (ARRA) Funds.

X. Follow-Up Review on Prior DDS's Audit Findings

As an essential part of the overall DDS monitoring system, a follow-up review of the prior DDS audit findings for fiscal years 2006-07 and 2007-08 was conducted. DDS identified 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.

XI. Follow-Up Review on the Bureau of State Audits (BSA) Findings

This audit also included a follow-up review of issues identified in the BSA audit report, dated August 24, 2010. The objective of the follow-up review was to determine whether IRC has instituted its corrective action plan to resolve findings noted in the BSA report and determine if any repayment is appropriate.

CONCLUSIONS

Based upon the audit procedures performed, DDS has determined that IRC was in minimal compliance with applicable sections of Title 17, the Waiver, and the State Contracts with DDS for the audit period, July 1, 2008, through June 30, 2010.

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

From the review of prior audit issues, it has been determined that IRC has not taken appropriate corrective actions to resolve prior audit issues which are included in the Findings and Recommendations Section.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft report on June 10, 2011. The findings in the report were discussed at a formal exit conference with IRC on June 13, 2011. At the exit conference, DDS stated it would incorporate the views of responsible officials in the final report.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

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

I. The following findings need to be addressed.

Finding 1: Unsupported Transportation Assessment Contract Billing

The audit revealed that IRC awarded a contract to SWT in the amount of \$949,566.18. Pursuant to IRC's contract with the vendor, SWT was to assess, develop, implement, and manage routing and time schedules to meet consumer transportation needs for 3,024 consumers. SWT completed and provided IRC its assessment on IRC's transportation needs; however, the DDS audit found that the information provided in the assessment was taken from a high level review of IRC's transportation services and specific measurable details were not discussed in the report. In addition, the data supporting this high level report could not be substantiated by the DDS auditors. The review of the billings submitted by SWT for the assessment development, implementation, and management of routing and time schedules revealed a lack of supporting documentation to substantiate the work performed. IRC did not provide records, as defined in CCR, title 17, section 50602(k), substantiating that the amount paid to SWT satisfied its contract obligation of providing a review of IRC transportation needs for its 3,024 consumers.

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 any overpayment that DDS has made to IRC. IRC is responsible for the payment of \$949,566.18 to DDS. DDS expects IRC to collect such overpayment from SWT, as the services were provided in a manner inconsistent with law. 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 2: Service Provided Before Vendorization

Review of SWT’s vendorization documents revealed that IRC approved SWT's application for vendorization on June 12, 2008. However, review of Purchase of

Service (POS) documents revealed that IRC approved POS authorizations for services performed by SWT in the months of April, May and June of 2008 and that IRC had made two payments to SWT in August 2008 totaling \$949,566.18 for services provided in April, May and June of 2008. This amount is also referenced in Finding 1 of this report. Pursuant to CCR, title 17, section 54310, SWT was required to be licensed and vendorized prior to providing services. SWT's business license was not effective until June 4, 2008. Pursuant to CCR, title 17, section 54326(d)(4)(A) and (B), IRC was prohibited from referring any consumer to SWT prior to approval of the vendor application and was further prohibited from reimbursing SWT for services provided prior to vendorization. Additionally, CCR, title 17, section 50612(b) required IRC to approve and issue the POS authorizations in advance of the provision of any services by SWT.

Documents in support of finding:

- June 4, 2008-SWT Business Registration Certificate for Riverside County business license effective June 4, 2008, for "Transportation Management Services". (See Attachment A1.)
- June 11, 2008-Letter from IRC to SWT dated June 11, 2008, which states, "Your program design for transportation management services has been approved and accepted by Inland Regional Center (IRC). I will contact you to initiate the vendor application process." (See Attachment A2.)
- June 11, 2008-Vendor Application with a date stamp of June 11, 2008, and a signature date of April 1, 2008. Notation at top states "eff. 4/1/2008". (See Attachment A3.)
- June 11, 2008-Page 6 of Confidentiality/Privacy Agreement date stamped June 11, 2008, with a signature date of April 1, 2008, and IRC's Executive Director's signature date of May 26, 2005 [sic]. (See Attachment A4.)
- June 12, 2008-Vendor Approval Letter from IRC to SWT dated June 12, 2008, with an effective date listed as April 1, 2008. (See Attachment A5.)
- June 15, 2008-IRC faxed Rate Agreement with fax date and time stamp of June 15, 2008. Rate Agreement is hand dated June 10, 2008. Rate Agreement states, "This rate is effective beginning: 4/1/08..." Applicant signature date of April 1, 2008. (See Attachment A6.)
- Unknown date due to four different dates on document. Copy of the original Rate Agreement faxed from IRC on June 15, 2008. This

copy contains a date stamp of June 11, 2008. The original Rate Agreement date of June 10, 2008, has been crossed out and replaced by April 1, 2008. The signature of the “Inland Regional Center Designee” appears at the bottom of the agreement with an original signature date of June 11, 2008. However, the June 11, 2008 date has been crossed out and replaced by April 1, 2008. (See Attachment A7.)

- June 30, 2008-IRC approved all POS authorizations for SWT on June 30, 2008. However, the POS authorizations were for services performed by SWT in the months of April, May and June of 2008, prior to the time SWT submitted its vendor application and prior to the time the vendor application was approved. (See Attachment A8.)

CCR, title 17, section 54310(a) states in pertinent part:

“(a) An applicant who desires to be vendored shall submit Form DS 1890 (8/04), entitled Vendor Application, and the information specified in (1) through (10) below, as applicable, to the vendoring regional center. Items (1) through (7) specified below must be completed by all applicants.

(10) Copies of:

(A) Any license, credential, registration, certificate or permit required for the performance or operation of the service, or proof of application for such document...”

CCR, title 17, section 54326(d)(4) states in pertinent part:

“(d) Regional centers shall not:

(4) Except as specified in Section 54324 of these regulations:

(A) Refer any consumer to an applicant until the vendor application is approved; or

(B) Reimburse a vendor for services provided before vendorization.”

CCR, title 17, section 50612(a) and (b) provides in relevant part:

“(a) A purchase of service authorization shall be obtained from the regional center for all services purchase out of center funds.

(b) The authorization shall be in advance of the provision of service...”

Recommendation:

IRC shall ensure all staff are aware of the vendorization process prior to the authorization and purchase of services. Additionally, IRC shall review the vendorization documentation of its current vendors to ensure they have been properly approved and vendorized for services prior to any authorization of services to be provided. The \$949,566.18 referenced in this finding is the assessment amount noted in finding 1 which must be recovered by IRC from SWT and reimbursed to DDS.

Finding 3: Circumvention of the Rate Freeze

A review of IRC's Transportation Broker contract with SWT revealed that the IRC agreed to pay SWT at a rate 40 percent higher than IRC paid its previous transportation providers for transportation services. This negotiated increase in the transportation rate occurred in October 2008, when a statewide rate freeze was in effect.

The 40 percent rate increase IRC paid SWT from October 2008 through September 2010, amounted to \$3,189,102.56.
(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 shall seek recovery from SWT as appropriate and reimburse DDS a total of \$3,189,102.56, pursuant to W&I Code, section 4648.1, subdivision (e), for the 40 percent rate increase it granted SWT. In addition, IRC shall ensure that all of its relevant rates to vendors comply with W&I Code, section 4648.4(b).

Finding 4: Transportation Services Provided Under Transportation Broker, Service Code 883

The review of Transportation vendor files revealed that IRC vendored SWT as a Transportation Broker, service code 883, to provide broker services to IRC. These broker services included the development of routes and time schedules for the transportation of consumers, as well as safety reviews, and quality assurance. CCR title 17, section 54342, specifically precludes a regional center from classifying a vendor as a transportation broker if the vendor is a transportation provider. It was found that while IRC had vendored SWT as a transportation broker, it issued POS authorizations for SWT to provide transportation services. It was also found that IRC de-vendored 25 of its transportation services providers who subsequently became SWT subcontractors that were paid by SWT to provide transportation services.

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 is directed to 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 Title 17. IRC shall additionally ensure that transportation services comply with pertinent DDS regulations.

Finding 5: Whistleblower Policy Not Alleviated Employee Concerns

IRC had instituted a Whistleblower policy which was approved by the Board on September 2009 and a revised policy which was approved by the Board on November 15, 2010. The policy states that employees who report improprieties will not be retaliated against. However, during the DDS audit, some IRC employees indicated that they still feared being intimidated, reprimanded or retaliated against by IRC management for reporting suspected improprieties. This issue was also noted in the BSA audit report.

In IRC’s response to the probation report, IRC provided a new revised version of the Whistleblower policy to address the concerns raised by its employees for reporting suspected improprieties. In DDS’s response dated May 20, 2011, it was noted that IRC’s Whistleblower policy contains new areas of non-compliance with contract language.

IRC’s Whistleblower Policy, section 510(2) and (3) 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 conduct of their duties and responsibilities. This policy is established to ensure that consumer families, service providers, agencies, community members, and IRC’s employees can report good faith suspicions, concerns, or evidence of illegal, unethical or other inappropriate activity without fear of retaliation.

- (2) Retaliation. No individual who in good faith reports a violation of the law shall suffer harassment, retaliation, or adverse consequences. An IRC 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 consumers, families, service providers, agencies and community members to report serious concerns within IRC prior to seeking resolution outside the agency

- (3) Confidentiality. IRC will do everything necessary to maintain confidentiality of a complaint making a Whistleblower complaint if the complaint requests confidentiality...”

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. Additionally, IRC shall maintain a procedure under which people feel comfortable reporting suspected improprieties. IRC should also communicate to its employees that the current Whistleblower policy in place allows individuals to report any issues directly to DDS.

Finding 6: Policies and Procedures for Procurement

IRC’s Request for Proposal (RFP) process, dated May 2010, requires it to develop and log all applicants who want to provide service, determine members to be on the review panel, assign each RFP applicant to review, obtain a score of all applicants and log overall scores for each RFP. In addition, IRC is to maintain a list of potential receipts, and release award and rejection letters after the completion of the RFP process. However, IRC did not properly document the process of awarding the CPP contracts, or the manner in which the vendors were chosen, despite the fact that such documentation is required by IRC’s policies.

IRC’s Request for Proposal (RFP) Procedures, sections 4, 5 and 6 state in part:

- “4. Review Proposals:
 - a. Develop log of all RFP applicants; to include type of service/geographic area to be services and request start up cost.
 - b. Determine members to be on Review Committee.
 - c. Assign each RFP applicant to Review Committee for review.
 - d. Obtain score for each RFP applicant and log overall score for each applicant.
5. Determine List of Potential Recipients.
 - a. Log all approved RFP applicants; to include types of services, grant amount, and appropriate funding year (SUF year).
6. Release Award and Rejection Letters:
 - a. Send letters to rejected applicants.
 - b. File one copy of rejection proposal in appropriate RFP year.
 - c. Send approved applicant a service code 999 application.
 - d. Provide copies of award list to: Director, Chief, Program Manager, Vendorization, POS, RDTU staff and QA staff...”

Recommendation:

IRC shall follow its newly implemented contractually required RFP policy and procedures for the procurement of vendor services, which includes an RFP process that requires IRC staff to document how contracts are awarded and vendors are chosen. This process would safeguard State funds, and ensure transparency when contracting for consumer services. In addition, IRC should ensure, when implemented, that the policies and procedures are posted on its website for public access and are communicated to all staff responsible for procuring services.

Finding 7: Purchase of Service (POS) Funds Inappropriately Used for Operations Expenses

The review of IRC’s Resource Library vendor contract revealed that from August 2005 to November 2010, IRC reimbursed Vendor PJ2424, under service code 112, a total of \$1,082,838.82 in POS funds. However, services provided were not specific to the service code’s definition of a Communications Aide, a consumer’s IPP, nor tied to a specific consumer UCI number and authorization. Further review indicated that the service code used 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 contract amount allocated to the vendor was not used for Communication Aide services, but was used for the operation of the IRC Library which included salaries, purchase of books, rental expenses and other overhead costs. These services are considered administrative costs that should be reimbursed through IRC’s operations funds.

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 shall reimburse DDS a total of \$1,082,838.82 in POS funds used to reimburse operational expenses for the operation of the IRC Resource Library. In addition, IRC shall immediately cease the use of POS funds for the operation of the IRC Resource Library.

Finding 8: Client Trust Funds Used to Offset Purchase of Service (POS) Claims (Repeat)

The review of the Client Trust disbursements revealed that IRC has continued to use consumers’ excess balances to offset POS claims for Day Programs, Community Integration Training services and Work Activity services. These excess funds were an accumulation from the consumer’s monthly Social Security Income (SSI) benefit. It was found that the consumer excess funds used to offset POS claims from FY 2008-09 and 2009-10 totaled \$38,442.38. SSI benefits are designated for consumers’ personal expenses and current needs and not for Day Programs, Community Integration Training and Work Activity Programs. This issue was noted in the prior audit with \$47,528.65 in POS offsets outstanding from the prior audit. IRC had appealed this prior audit finding to DDS, which has rendered a decision on December 7, 2010. IRC has since appealed this prior finding to the next level for a formal hearing. (See Attachment C.)

Social Security Handbook 2009, section 1618.1 states:

“Current needs are the immediate and reasonably foreseeable essentials for housing, food, clothing, utilities, medical care and insurance, dental care, personal hygiene, education, and the rehabilitation expenses of disabled beneficiaries.”

In addition, Social Security Handbook 2009, section 1618.2 states:

“The representative payee is responsible for knowing and providing for the needs of the beneficiary. Current needs should never be sacrificed to pay other expenses, to conserve or invest funds, or to accumulate funds for a future purpose.”

Recommendation:

IRC shall reimburse the consumers a total of \$85,971.03, \$38,442.38 from the current audit and \$47,528.65 from the prior audit without adversely affecting consumer benefits. In addition, IRC shall discontinue the practice of using consumers’ excess resources to offset POS claims.

Finding 9: Over-Stated Claims

A sampling of vendor contracts finalized after June 2008 revealed instances in which three vendors were contracted above the Statewide /IRC Median Rate, which resulted in a total \$39,631.59 overpayment.

In addition, in IRC’s response to the probation report, IRC provided a list of vendors with negotiated rates that were above the Statewide/IRC Median Rate and its justification for these negotiated rates. In DDS’ response dated May 20, 2011, it was noted that IRC’s justification for rates was not consistent with the law.

Instances were also found in which IRC paid two vendors a total of \$28,548.56 for services over the authorized number of units as part of their service authorizations.

This resulted in a total overpayment of \$68,180.15 to these five vendors for services provided to the consumers. (See Attachment D.)

W&I Code, section 4691.9 provides, in relevant part:

“Notwithstanding any other provision of the law or regulation, commencing July 1, 2008:

- (a) No regional center shall pay an existing service provider, for services where rates are determined through a negotiation between the regional center and the provider, a rate higher than the rate in effect on 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...
- (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...”

Also, 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 shall reimburse DDS the \$68,180.15 in total overpayments made to the vendors. In addition, IRC shall immediately comply with the W&I Code, section 4691.9 and CCR, title 17, section 54326(a)(10) and ensure that rates negotiated after June 30, 2008 are at/or below the Statewide/IRC Median Rates, whichever is lower. IRC shall also review invoice payments to ensure any overpayments that may have occurred in the course of doing business with its vendors are addressed and corrected.

Finding 10: Family Cost Participation (FCPP)

A. Late Assessments

A sample review of 40 FCPP files revealed two instances in which parents provided income documentation, but IRC did not assess the child’s share of cost within 10 working days. In addition, there were 12 instances in which parents did not provide income documentation and IRC did not assess the share of cost at the maximum amount within 10 working days from the date of the parents' signatures on the Individual Program Plan (IPP). (See Attachment E.)

W&I Code, section 4783(g) states in relevant part:

- “(g) Family cost participation assessments or reassessments shall be conducted as follows:
 - (3) A regional center shall notify parents of the parents' assessed cost participation within 10 working days of receipt of the parents' complete income documentation.
 - (4) Parents who have not provided copies of income documentation pursuant to paragraph (2) shall be assessed the maximum cost participation based on the highest income level adjusted for family size until such time as the appropriate income documentation is provided...”

CCR, title 17, section 50261 states in relevant part:

“(a) Each parent shall provide the regional center with his or her proof of gross annual income pursuant to Section 4783(g)(2) and (i) of the Welfare and Institutions Code, within ten (10) working days from the date of the parents' signatures on the Individual Program Plan. The regional center may grant a ten (10) working day extension to provide documentation, if parents have acted in good faith. In no event shall more than one ten (10) working day extension be granted. Failure to provide the information will result in the regional center setting the cost participation at the maximum amount, pursuant to section 4783(g)(4) of the Welfare and Institutions Code.”

Recommendation:

IRC shall follow its developed and implemented policies and procedures to ensure staff, responsible for assessing and notifying parents of their assessed cost participation, are aware that the parents' income documentation must be submitted within 10 working days of signing the IPP. IRC shall notify parents of their assessed share of cost participation within 10 working days of receipt of the parents' complete income documentation. IRC should also be aware that parents' failure to submit income documentation within the 10 day time period shall result in the parents' cost participation being set at the maximum amount. In addition, IRC must ensure that staff is aware of the W&I Code and Title 17 requirements.

B. Self-Certification of Income (Repeat)

IRC continues to only accept the parents' most recent federal tax return as income documentation when assessing the family's share of cost participation. This finding was reported in the prior DDS audit report.

W&I Code, section 4783(g)(2) states:

“Parents shall self-certify their gross annual income to the regional center by providing copies of W-2 Wage Earners Statements, payroll stubs, a copy of the prior year's state income tax return, or other documents and proof of other income.”

Recommendation:

IRC shall revise its policies and procedures to comply with W&I Code, section 4783(g)(2), which allows parents to provide different forms of documentation to certify their income when assessing the share of costs.

Finding 11: Equipment Inventory

The review of IRC's inventory area revealed that IRC has not followed the

State's Equipment Management System Guidelines issued by DDS. It was found that IRC has not performed the required physical inventory in the last three years. The sample review of 85 items found nine laptops were stolen based on a police report filed by IRC. In addition, IRC indicated that it sold State equipment to two vendors, but could not provide documentation that these vendors had reimbursed IRC for the items. IRC could not provide the Property Survey Report (STD.152) to support the disposition of equipment. Further, IRC has not been tagging, logging and completing the required Equipment Acquired Under Contract form (DS 2130), for newly acquired equipment. (See Attachment F.)

Article IV, section 4(a) of the State Contract with IRC states in part:

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

Section III (F) of the State's Equipment Management System Guidelines, dated February 1, 2003, states in part:

“The inventory will be conducted per State Administrative Manual (SAM), Section 8652.”

State Administrative Manual (SAM), section 8652 states in part:

“Departments will make a physical inventory count of all property and reconcile with accounting records at least once every three years.”

Also, section III (E), of the State's Equipment Management Systems Guidelines, dated February 1, 2003, states in part:

“RCs will conform to the following guidelines for any state-owned equipment that is junked, recycled, lost, stolen, donated, destroyed, traded-in, transferred to otherwise removed from the control of the RC.

RCs shall work directly with their regional Department of General Services' (DGS) office to properly dispose of State-owned equipment. RCs will complete a Property Survey Report (Std.152) for all State-owned equipment subject to disposal.”

Recommendation:

Subsequent to the completion of DDS fieldwork for this audit, IRC submitted its equipment inventory policy. IRC shall, therefore, comply with the State contract and its policy to ensure compliance with the State's Equipment Management System Guidelines. IRC must ensure it performs a physical inventory, maintains documentation of the physical inventory, and completes and files all required

forms with DDS. In addition, IRC shall ensure that there is no sale of equipment purchased with State funds to private entities. IRC shall also ensure the promptness of State tagging and logging of all newly acquired equipment into IRC's inventory list and that any missing or stolen items are reported in a timely manner to DDS.

Finding 12: Improper Expenditure of Community Placement Program (CPP) and POS Funds

The review of vendor files for CPP, Service Codes 999, revealed that IRC had granted the California Housing Foundation (CHF), a total of \$6,129,823 of CPP to develop housing for consumers moving from the DCs into the community. However, \$3,205,739 of those funds were expensed to Service Code 999 without an approved community placement plan activity for the acquisition of housing.

In addition, IRC improperly allocated \$1,222,678 in POS funds to CHF and expensed under Service Code 101 for move in costs and the purchase of household items, but expenses incurred were not tied to any consumer UCI numbers as required by the service code definition. By using POS funds in this manner, IRC is negatively impacting the State's ability to capture Medicaid Waiver dollars. (See Attachment G.)

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' (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.”

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.”

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...”

Recommendation:

IRC shall reimburse DDS the \$3,205,739 that was improperly expensed for CPP. IRC shall also reimburse DDS \$1,222,678 that was improperly allocated to CHF and expensed under Service Code 101 for move in costs and the purchase of household items.

In addition, IRC shall develop and implement procedures ensuring that all CPP projects, changes to the projects, and any POS funds allocated for community placement plans comply with the DDS CPP Guidelines and CPP Housing Guidelines. IRC shall also ensure that all POS expenses are tied to a consumer UCI number.

II. Finding that has been addressed and corrected by IRC.

Finding 13: Home and Community-Based Services Provider Agreement Forms

The file review of 23 Day Program vendor files revealed that six Home and Community-Based Services 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.

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 Home and Community-Based Services Provider Agreement forms.

Recommendation:

IRC should continue to reinforce its procedures to ensure there is a properly completed Home and Community-Based Services Provider Agreement form on file for every vendor providing services to consumers.

EVALUATION OF RESPONSE

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 July 29, 2011, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendation section as well as a summary of the findings in the Executive Summary section.

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

Finding 1: Unsupported Transportation Assessment Contract Billing

In IRC's blanket response to Findings 1, 2, 3 and 4, IRC did not disagree with the DDS audit finding, but stated that it is working with Southwestern Transportation (SWT) to determine the most effective way to provide services to the consumers without adversely effecting existing services. However, IRC provided no documentation with its response detailing how it is working with SWT to resolve this issue. In addition, IRC did not address the repayment of the \$949,566.18 due to DDS for unsupported transportation assessment contract billings. As a result, the finding remains unchanged; therefore, IRC must collect this amount from SWT and remit the \$949,566.18 to DDS for the unsupported expenses referenced in the audit report as the services were not provided in a manner consistent with law.

IRC shall closely monitor its contractors/vendors to ensure it is receiving the agreed upon services as stated in the contract. 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: Service Provided Before Vendorization

In IRC's blanket response to Findings 1, 2, 3 and 4, IRC did not disagree with the DDS audit finding; however, IRC did not detail the action it will take to prevent vendors from providing services prior to vendorization. As previously stated in the recommendation for this finding, IRC must ensure that staff are aware of the vendorization process prior to the authorization and purchase of service. DDS will conduct a follow-up review during the next scheduled audit to ensure that IRC is in compliance with CCR, title 17, sections 54310(a)(10)(A), 54326(d)(4) and 50612(a) and (b).

Finding 3: Circumvention of the Rate Freeze

In IRC's blanket response to Findings 1, 2, 3 and 4, IRC did not disagree with the DDS audit finding. IRC stated that it is working with SWT to determine the most effective way to provide services to the consumers without adversely effecting existing services to consumers; however, IRC did not give an explanation justifying the 40 percent rate increase given to SWT when the Statewide rate freeze was in effect. In addition, IRC did not address the repayment of the \$3,189,102.56 overpaid to SWT due to the circumvention of the rate freeze. As a result, the finding remains unchanged and IRC must seek recovery from SWT as appropriate and reimburse DDS. Further, IRC must ensure all staff are aware of the vendorization process prior to the authorization and purchase of services. Additionally, IRC must review the vendorization documentation of its current vendors to ensure that they have been properly approved and vendorized for services prior to any authorization of services to be provided. DDS will conduct a follow-up review during the next scheduled audit to ensure this issue has been resolved.

Finding 4: Transportation Services Provided Under Transportation Broker, Service Code 883

In IRC's blanket response to Findings 1, 2, 3 and 4, IRC stated that it is working with SWT to determine the most effective way to provide services without adversely effecting existing services provided to consumers. However, IRC did not explain how it will cease billing transportation services under the transportation broker service code. Further, IRC did not address whether or not it has amended its current broker services agreement with SWT to ensure that it is in compliance with the responsibilities and duties of a Transportation Broker.

IRC must provide a report status on all steps taken to resolve this issue within 30 days of receiving this report and each 30 days thereafter until the issue is fully resolved. DDS will conduct a follow-up review during the next scheduled audit to ensure that it has amended its current broker services agreement with SWT to ensure it is in compliance with the responsibilities and duties of a Transportation Broker pursuant to Title 17. In addition, IRC must ensure that transportation services comply with pertinent DDS regulations and indicate how it is providing transportation services to the consumers without adversely affecting existing services.

Finding 5: Whistleblower Policy Has Not Alleviated Employee Concerns

IRC explained that it has taken steps to alleviate employee concerns by notifying its employees of the revised policy recently posted on its intranet and internet sites for easy access. IRC also stated it has communicated to its employees that the Whistleblower Policy allows individuals to report any issues directly to DDS and/or the Board and will ensure all employees who participate in reporting

improprieties are not intimidated, reprimanded or retaliated against. In addition, IRC provided a newly revised version of the Whistleblower Policy to DDS for review to indicate that corrective action has been taken to address concerns raised by its employees and the new areas of non-compliance with contract language. IRC provided this newly revised version of the Whistleblower Policy with the probation response dated July 5, 2011.

DDS will continue to monitor IRC's compliance and a follow-up review will be conducted 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: Policies and Procedures for Procurement

IRC stated in its response that it has updated its RFP policy to ensure it is documenting how contracts are awarded and vendors are chosen. IRC also indicated that this process will safeguard State funds and ensure transparency when contracting services for the consumers. Further, IRC stated that it has posted the policy on its internet and intranet for public access, and copies of the RFP process have been provided to all staff responsible for procuring services. In its response to the probation letter, IRC provided a copy of its RFP process to DDS which indicated how it will document contract awards and how vendors are chosen.

DDS will conduct a follow-up review during the next scheduled audit to ensure that IRC is following its newly implemented, contractually required RFP policy and procedures for the procurement of vendor services, that staff is documenting how contracts are awarded and vendors are chosen that State funds are safeguarded and that transparency is maintained when contracting consumer services. In addition, a review will be conducted to ensure implemented policies and procedures remain posted on its website for public access and have been communicated to all staff responsible for procuring services.

Finding 7: Purchase of Service (POS) Funds Inappropriately Used for Operations Expenses

IRC stated that it understands the importance of accurate accounting and processing of all POS payments and ensuring that invoices are correctly billed and paid. IRC also indicated that it will review its vendor contracts to ensure that the correct service codes are assigned and that proper services are provided to the consumers. However, IRC did not explain how they will rectify the error made when \$1,082,838.82 in POS funds was billed to service code 112, a code designated for Communications Aide services. The \$1,082,838.82 in services billed under service code 112 were not specific to the service code's definition of a Communications Aide, a consumer's IPP, nor tied to a specific consumer UCI

number and authorization. Rather, the POS funds were used for the operation of IRC's Resource Library which included salaries, purchase of books, rental expenses and other overhead costs; this does not adhere to the services specified under the service code definition for Communication Aides. Further, IRC did not detail the action it will take to ensure all POS payments made to this vendor are accurately accounted for and that invoices are correctly billed and paid according to the consumer's UCI number and authorization.

Within 30 days of receiving this report, IRC must provide documentation showing that \$1,082,838.82 in POS funds paid to vendor number PJ2424, under service code 112, has been reimbursed to DDS and that corrective action has been taken to ensure that POS funds are not used to offset the operational costs of the IRC Resource Library.

Finding 8: Client Trust Funds Used to Offset Purchase of Service (POS) Claims (Repeat)

IRC also indicated in its response that "Attachment C" to the report had duplicate pages and that the total client trust funds used to offset the POS claims for fiscal year 2009-10 was incorrect. These errors have since been corrected and now accurately reflect the appropriate number of pages and the sub total of \$7,050.29 for fiscal year 2009-10.

IRC indicated that it has since ceased the practice of using consumers' excess resources to offset POS expenses, and is currently in the process of selecting the most effective way to reimburse the \$85,971.03 in consumer funds that were used to offset POS claims for Day Programs, Community Integration Training services and Work Activity services.

Within 30 days of receiving this report, IRC must provide documentation to DDS verifying that the \$85,971.03 has been restored to the consumers without adversely affecting consumer benefits. In addition, a follow-up review will be conducted to ensure that IRC has discontinued the practice of using consumers' excess resources to offset POS claims and that consumer accounts are maintained below the resource limit.

Finding 9: Over-Stated Claims

IRC stated that it is reviewing all vendors/invoices in which a rate has been negotiated to ensure that rates negotiated/set/paid after June 30, 2008 are at/or below the Statewide/IRC Median Rate, whichever is lower. However, IRC did not address what action it will take to recover the \$39,631.59 paid to vendors above the Statewide/IRC Median Rate.

In addition, IRC did not explain steps it would take to resolve the overpayments made to two vendors totaling \$28,548.56 for services provided to consumers that were over the authorized number of units as part of their service authorizations.

Therefore, the finding remains unchanged and IRC must reimburse DDS the \$68,180.15 in total overpayments made to the vendors due to rates issued above the median rate and for services provided above the authorized number of units. Within 30 days of receiving this report, IRC must provide support documentation to DDS indicating that this amount has been recovered.

Finding 10: Family Cost Participation (FCPP)

A. Late Assessments

IRC responded that it will adhere to its implemented policies and procedures regarding parents' share of cost participation. IRC indicated that these procedures have been provided to the staff responsible for assessing parents' share of cost to ensure compliance with W&I Code and CCR, title 17. However, IRC did not provide DDS with a copy of the updated procedures. Within 30 days of receiving this report, IRC must provide DDS with a copy of the updated procedures.

DDS will conduct a follow-up review during the next scheduled audit to ensure IRC is following its implemented policies and procedures.

B. Self-Certification of Income (Repeat)

IRC stated that it has revised its policies and procedures to allow parent self-certification by providing different forms of income verification documentation as required by W&I Code, section 4783(g)(2). These policies and procedures have also been provided to staff responsible for reviewing income verification documentation to use as a reference guide when assessing parents' share of cost. However, IRC did not provide to DDS the newly implemented policies and procedures. Within 30 days of receiving this report, IRC must provide DDS with a copy of its updated procedures.

DDS will conduct a follow-up review during the next scheduled audit to ensure IRC is following its newly implemented policies and procedures.

Finding 11: Equipment Inventory

IRC stated it has updated its inventory controls to include the State equipment guidelines; and that a copy of the procedures was given to the staff responsible for monitoring State equipment. Further, IRC conducted a physical inventory on June 17, 2011 to ensure that all items can be located and reconciled to the general

ledger. Items which were considered damaged, broken, unusable, or were “built in” at the old offices were surveyed, and proper documents were submitted and approved by the Department of General Service (DGS).

Also in its response to the probation letter, IRC provided to DDS an inventory list that was printed on June 27, 2011, which shows inventory purchases from 2003 to current. However, the list provided does not show the date the inventory was conducted, nor does it include the name, date and signature of the individuals who conducted and reviewed the inventory. IRC must follow the State required guidelines for conducting inventory.

Finding 12: Improper Expenditure of Community Placement Program (CPP) and POS Funds

IRC stated in its response that it has reviewed its CPP starting with FY 2002-03 through FY 2010-11; however, IRC was unable to find documentation showing there was approval from DDS for the CPP projects. IRC stated that it compiled a schedule broken down by fiscal year of all CPP projects developed; however, IRC could not provide any DDS approved CPP activity for the acquisition of housing totaling \$3,205,739.00. In addition, IRC explained it has implemented procedures to ensure CPP approvals are obtained from DDS before any CPP housing projects are started. IRC did provide these procedures to DDS as part of its probation letter response to DDS dated July 5, 2011.

Further, IRC stated it is no longer providing California Housing Foundation (CHF) purchase of service funds for assisting consumers with the set-up of homes. IRC indicated that they collected from CHF, as requested in the probation letter, a total of \$18,929.97 and forwarded this amount to DDS. However, IRC did not address how it will reimburse to DDS the remaining \$1,203,748.03 (\$1,222,678-\$18,929.97) that was improperly allocated to CHF and expensed under Service Code 101 for move in costs and the purchase of household items for consumers.

This finding remains unchanged; therefore, IRC must reimburse DDS a total of \$3,205,739.00 that was improperly expensed for CPP and the outstanding \$1,203,748.03 that was improperly allocated to CHF and expensed under Service Code 101 for move in costs and the purchase of household items.

JUN 11 2008

Attachment A1

PJ3262-883
Lic. exp 4/3/2009

RECEIVED
JUN 04 2008

WCA

BUSINESS REGISTRATION

RIVERSIDE COUNTY

The person, firm or corporation named below is granted this registration certificate pursuant to the provisions of RIVERSIDE COUNTY Ordinance 857. Issuance of certificate is not an endorsement, nor certification of compliance with other ordinances or laws, nor an assurance that the proposed use is in conformance with the county zoning regulations. This certificate is issued without verification that the taxpayer is subject to or exempt from licensing by the State of California.

Business Name: Southwestern Transportation
Business Location: 27680 Camden Way
Sun City, CA 92381

BUSINESS LICENSE #: 024905
Business Type: 00079
Description: Transportation Management Services

1st Owner Name: William Ames
2nd Owner Name:

Effective Date: June 04, 2008
Expiration Date: June 03, 2008

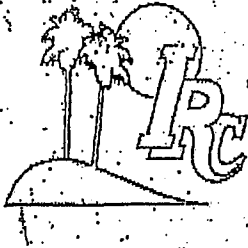
SOUTHWESTERN TRANSPORTATION
MANAGEMENT SERVICES, L.L.C
27680 CAMDEN WAY
SUN CITY, CA 92381

TO BE POSTED IN A CONSPICUOUS PLACE

NOT TRANSFERABLE

JUN 11 2008

Attachment A2



INLAND REGIONAL CENTER

...valuing independence, inclusion and empowerment

674 Brier Drive, San Bernardino, CA 92408
P.O. Box 6127, San Bernardino, CA 92412-6127
Telephone: 909-890-3000
Fax: 909-890-3001

June 11, 2008

Southwestern Transportation Management Services
C/o William Ames
27680 Camden Way
Sun City, CA 92381

Rev Broker Contract

Dear William,

Your program design for transportation management services has been approved and accepted by Inland Regional Center (IRC). I will contact you to initiate the vendor application process. If you are being vendored as an incorporation, please have a copy of the incorporation's State Seal, Articles of Incorporation and certificate of Domestic Stock. Additionally, proof of your tax identification number or employer's identification number (EIN) or social security card and business license are required.

If you have any questions or concerns, please feel free to contact me at 909-890-3344 or via email at mgage@inlandre.org. IRC looks forward to working with you in providing quality services to our consumers.

Sincerely,

Meredith Gage
Community Resource Specialist

VENDOR APPLICATION

1890 (Rev. 11/2004) (Electronic Version)

Attachment A3

PJ3262-883 *eff. 4/1/2008*

Applicant Name SOUTHWESTERN TRANSPORTATION MANAGEMENT SERVICES					Federal Tax ID or SSN * [REDACTED]
Name of Governing Body or Management Organization SOUTHWESTERN TRANSPORTATION MANAGEMENT SERVICES					
Mailing Address (Street)		(City)	(State)	(Zip)	(County)
27680 Camden Way		Sun City	CA	92381	Riverside
Service Address (Street) <i>(If different than mailing address)</i>		(City)	(State)	(Zip)	(County)
Applicant (owner or executive director) William Ames		Telephone number 951 746-5650			
Type of Service to be Provided Transportation Management					Facility Capacity
Identification of the type of consultants, subcontractors and community resources to be used by the vendor as part of its service					
Passenger Carriers					
Business Consultants					

CERTIFICATION

I hereby certify to the best of my knowledge and belief, this information is true, correct, and complies with Title 17, Section 54310(a).

Applicant's Signature

Date

4-1-08

INSTRUCTIONS

Please read the Department of Developmental Services California Code of Regulations, available from the regional centers, prior to completing this form. Type or print this form. Mail to the regional center serving your area.

Attach applicable information outlined in Title 17, Section 54310(a)(10)

- (A) Any license, credential, registration or permit required for the performance of the service or operation of the program, or proof of application for such document;
- (B) Any academic degree required for performance or operation of the service;
- (C) Any waiver from licensure, registration, certification, credential, or permit from the responsible controlling agency;
- (D) The proposed or existing program design as required in Section 56712 and Section 56762, if applicable, for applicants seeking vendorization as community-based day programs;
- (E) The proposed or existing staff qualifications and duty statements as required in Sections 56722 and 56724 for applicants seeking vendorization as community-based day programs;
- (F) The proposed or existing design as required in Section 56780 for applicants seeking vendorization as in-home respite services agencies;
- (G) The proposed or existing staff qualifications and duty statements as required in Section 56792 for applicants seeking vendorization as in-home respite services agencies;
- (H) The signed Home and Community-Based Services Provider Agreement with the Department of Health Services, if required.

Except for the Federal Tax ID or Social Security Number, all information provided by you on this form may be released to a member of the public pursuant to the Public Records Act, Section 8250 et seq. of the California Government Code.

5/21/06

JUN 11 2008

"VENDOR"

Vendor agrees that Vendor has received a copy of this Confidentiality/Privacy Agreement, and agrees that Vendor will comply with the terms of this Agreement. If Vendor is a Corporation, both President and Secretary must sign. If Vendor is a Partnership, both Partners must sign. If Vendor is a Limited Liability Company, the Managing Member must sign.

Name of Vendor's Company, (Vendorized Name):

Print Name of Person Signing Agreement:

WILLIAM AMES

Signature of Person Signing Agreement:

Title or Position of Person Signing this Agreement:

PRESIDENT / MANAGER

Date:

APRIL 1, 2008

SOUTHWESTERN TRANSPORTATION MANAGEMENT SERVICES

Name of Vendor's Company, (Vendorized Name):

Print Name of Person Signing Agreement:

WILLIAM AMES

Signature of Person Signing Agreement:

Title or Position of Person Signing this Agreement:

PRESIDENT / MANAGER

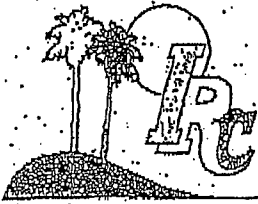
Date:

APRIL 1, 2008

"IRC"

INLAND COUNTIES REGIONAL CENTER, INC., doing business as INLAND REGIONAL CENTER

By Its: Mary Lynn Clark 5.26.08
Executive Director Date



INLAND REGIONAL CENTER

...valuing independence, inclusion and empowerment

674 Briar Drive, San Bernardino, CA 92408
 P.O. Box 6127, San Bernardino, CA 92412-6127
 Telephone: 909-890-3000
 Fax: 909-890-3384

June 12, 2008

for Broker Contract

Southwestern Transportation Management Services
 27680 Camden Wy
 Sun City, CA 92381

RE: VENDOR APPROVAL LETTER
 Vendor #: PJ3262
 Service Code: 883
 Effective Date: 4/1/2008

Dear Service Provider:

Your application to participate in the Developmental Disabilities Program has been received and reviewed. I am pleased to inform you that your vendorization has been approved and that your name has been added to the statewide vendor panel as a Transportation Broker provider.

Vendorization is valid during the effective period of the license, credential, registration, certificate or permit required. Vendorization shall not continue if the required document is suspended or revoked. Vendorization does not guarantee that any consumers will be placed or referred to the vendor by the regional center.

The rate of payment, according to Title 17 of the California Administrative Code, shall be your Usual and Customary/Negotiated Rate.

When the services you provide are needed, persons with developmental disabilities may be referred to you. If there are no other funding sources available, the referring regional center may authorize payment for approved services. You must receive an authorization for regional center payment prior to providing any service. Any of the 21 regional centers in California may refer a consumer to you for service.

Please be advised that although Title 17 regulations requires the vendoring regional center to process a completed application packet, without insurance, General & Professional liability and Worker's Compensation, if applicable, your vendor record will be placed in a pending status. While in a pending status, no referrals or payments can be made.

Thank you for participating in this program. If you have any questions, please call Amy Hicks at (909) 890-3382.

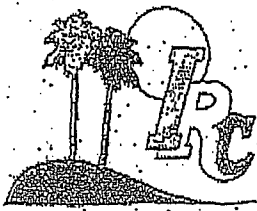
Sincerely,

Shirley L. Martin
 Admin. Unit Manager, Vendorization

slm/ah/IRC/6-12-08

cc: Vendor File

ven271d



INLAND REGIONAL CENTER

... valuing independence, inclusion and empowerment
674 Brier Drive, San Bernardino, CA 92408
P.O. Box 6127, San Bernardino, CA 92412-6127
Telephone: 909-890-3000
Fax: 909-890-3384

Attachment A6

RATE AGREEMENT

Date: 6/10/08

Vendor Name: Southwestern Transportation Management Services Vendor#: _____

Service Description: Transportation / Broker Service Code: 883

Staffing Ratio: [] 1:1 [] 1:2 [] 1:3 [] Staffing Ratio does not Apply

William Ames, Applicant

Agree to accept the negotiated rate of \$ 314.01 dollars, per consumer to provide transportation management Services to Inland Regional Center consumers.

The provider agrees to accept the rate of payment for the service named above as payment in full. The provider affirms that this rate of payment does not exceed the rate of payment that the provider charges any other person or entity for this service.

This rate is effective beginning: 4/1/08 and will remain in effect until negotiation results in a subsequent agreement.

Comments: Contractor will assess, develop, implement and manage routing and time schedules to meet consumer transportation needs

[Signature] Applicant 4-1-08 Date

Inland Regional Center Designee Date

cc: Original Vendor File: _____
Provider

PBV



INLAND REGIONAL CENTER

...valuing independence, inclusion and empowerment
614 Blair Drive, San Bernardino, CA 92403
P.O. Box 6177, San Bernardino, CA 92412-5177
Telephone: 909-394-1000
Fax: 909-394-1494

RATE AGREEMENT

Date ~~4/1/08~~ 4/1/08 *08*

Vendor Name Partnership for Inland Regional Center *Partnership for Inland Regional Center*
Vendor PT3262

Service Description TRAVEL EXPENSE *TRAVEL EXPENSE*
Service Code 873

Rating Rate: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

1 William Ames Applicant

I hereby accept the negotiated rate of \$314.01 dollars per PERSON MONTH per assessment
to provide TRAVEL EXPENSE *TRAVEL EXPENSE* Service to Inland
Regional Center employees.

The provider agrees to accept the rate of payment for the service number
above as payment in full. The provider affirms that this rate of payment
does not exceed the rate of payment that the provider charges any other
person or entity for this service.

This rate is effective beginning 4/1/08 and will remain in
effect until negotiation results in a subsequent agreement.

Comments: Partnership for Inland Regional Center
implementing all necessary traveling
and business activities to meet program
and operational needs.

Vicki Shamp
Inland Regional Center


4-1-08
4/1/08 *08*
00

Provided by IRC

INLAND REGIONAL CENTER
P.O. Box 6127
San Bernardino, California 92412
Telephone (909) 890-3436

**REQUEST TO
PURCHASE SERVICE**

CONFIDENTIAL CONSUMER INFORMATION
Inland Counties Regional Center, Inc.
See California Welfare & Institutions
Code, Section 4514

Consumer Name: 

UCI#: 

Vendor Name: SOUTHWESTERN TR

Vendor No.: PJ3262-883 ASMNT

Service Requested: TRANSPORTATION BROKER

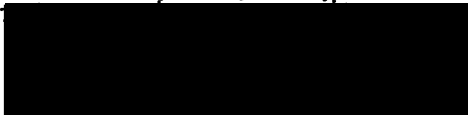
Start Date: 5/1/2008

End Date: 5/31/2008

The Sandis system was used to create an authorization for a transportation assessment for those consumers currently authorized for private transportation. The file used to create this authorization was obtained from the CFY authorization file on 5/28/08. This service is consistent with the consumer's IPP goals. Authorization to proceed with this process administratively is on file in the Vendor file (PJ3262-883/Asmnt).

COMPLIANCE REVIEW

AUTHORIZED BY:



Second Level Approval

6/30/08

Date

POS UNIT USE ONLY:

6/30/08
Date Rec'd

7/01/08
Date Processed

SYSTEM
Processed By



NEW AUTHORIZATION #

ICRC-89D

**Inland Regional Center
Circumvention of the Rate Freeze
Fiscal Years 2008-09, 2009-10 and 2010-11**

	Vendor Number	Service Code	Payment Period	Overpayment Due to Circumvention of the Rate Freeze
1	PJ3262	883	10/08	\$122,540.91
2	PJ3262	883	11/08	\$116,102.04
3	PJ3262	883	12/08	\$131,772.34
4	PJ3262	883	1/09	\$140,588.27
5	PJ3262	883	2/09	\$137,402.49
6	PJ3262	883	3/09	\$136,512.75
7	PJ3262	883	4/09	\$129,181.73
8	PJ3262	883	5/09	\$129,713.97
9	PJ3262	883	6/09	\$129,525.53
10	PJ3262	883	7/09	\$135,882.83
11	PJ3262	883	8/09	\$135,812.06
12	PJ3262	883	9/09	\$128,856.81
13	PJ3262	883	10/09	\$134,769.41
14	PJ3262	883	11/09	\$116,168.06
15	PJ3262	883	12/09	\$114,198.19
16	PJ3262	883	1/10	\$126,199.71
17	PJ3262	883	2/10	\$134,470.31
18	PJ3262	883	3/10	\$139,529.52
19	PJ3262	883	4/10	\$139,920.09
20	PJ3262	883	5/10	\$140,535.05
21	PJ3262	883	6/10	\$145,753.00
22	PJ3262	883	7/10	\$138,799.99
23	PJ3262	883	8/10	\$145,025.23
24	PJ3262	883	9/10	\$139,842.28
Totals				\$3,189,102.56

**Inland Regional Center
Client Trust Funds Used to Offset POS Claims
Fiscal Years 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Payment Period	Payment Amount
Fiscal Year 2008-2009						
1		H9660	Ability Counts	954	7/08	\$587.80
2		H30497	Adult Basic Learning	510	8/08	\$707.00
3		H30497	Adult Basic Learning	510	8/08	\$618.00
4		P96614	California Mentor	055/ONE	2/09	\$273.13
5		P96614	California Mentor	055/ONE	5/09	\$357.12
6		P96614	California Mentor	55	5/09	\$351.36
7		HJ0601	Crossroads Adult Day	510	8/08	\$824.18
8		HJ0173	Easter Seals Southern	510	8/08	\$1,294.00
9		HJ0173	Easter Seals Southern	510	10/08	\$3,138.00
10		HJ0173	Easter Seals Southern	510	11/08	\$934.57
11		HJ0173	Easter Seals Southern	510	12/08	\$1,150.24
12		HJ0173	Easter Seals Southern	510	1/09	\$1,614.00
13		HJ0601	Easter Seals Southern	510	1/09	\$793.00
14		HJ0173	Easter Seals Southern	510	2/09	\$536.00
15		H96663	First Step Independent	510	10/08	\$1,040.20
16		H96663	First Step Independent	510	11/08	\$1,144.22
17		H96663	First Step Independent	510	12/08	\$624.12
18		H96663	First Step Independent	510	4/09	\$1,059.45
19		H96660		510	7/08	\$695.00
20		H96722	Moreno Valley Resource	510	9/08	\$1,275.12
21		H96722	Moreno Valley Resource	510	1/09	\$2,383.00
22		H96722	Moreno Valley Resource	510	4/09	\$647.90
23		H50153	Mountain Shadows	510	1/09	\$853.00

**Inland Regional Center
Client Trust Funds Used to Offset POS Claims
Fiscal Years 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Payment Period	Payment Amount
24		H25844	Oparc Adult Dev.	510	8/08	\$754.00
25		HJ0468	Sierra Vista	114	8/08	\$645.00
26		H96656	Voice	510	8/08	\$1,029.00
27		H96656	Voice	510	11/08	\$895.00
28		H96656	Voice	510	3/09	\$1,091.36
29		H96656	Voice	510	4/09	\$1,263.68
30		H96657	Voice	510	3/09	\$1,188.64
31		H96636	Voice	510	8/08	\$1,128.00
32		H68953	Westview Magnolia	515	8/08	\$497.00
Total Client Trust Funds Used to Offset POS Claims						\$31,392.09
Fiscal Year 2009-2010						
1		HJ0501	Ability Counts	954	1/10	\$313.61
2		HJ0373	Brockton Resource Center	510	1/10	\$744.00
3		P96614	California Mentor	055/ONE	7/09	\$552.96
4		P96614	California Menor	055/ONE	9/09	\$552.96
5		H25658	Cole Vocational Services	510	7/09	\$812.00
6		HJ0601	Crossroads Adult Day Care	510	12/09	\$970.70
7		H96741	Inland Adult	510	1/10	\$636.00
8		H25908	Oparc Adult Dev.	510	12/09	\$1,050.66
9		H25908	Oparc Adult Dev.	510	1/10	\$1,167.40
10		H96629	Unlimited Quest-Ontario	510	9/09	\$250.00
Total Client Trust Funds Used to Offset POS Claims						\$7,050.29
Grand Total Client Trust Funds Used to Offset POS Claims						\$38,442.38

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
Overpayment Due to Contract Rate Above the Statewide/Regional Center Median Rate						
1	PJ3290		056		8/08	\$1,912.50
2	PJ3290		056		09/08	\$1,462.50
3	PJ3290		056		10/08	\$1,665.00
4	PJ3290		056		11/08	\$1,170.00
5	PJ3290		056		12/08	\$967.50
6	PJ3290		056		1/09	\$1,878.75
7	PJ3290		056		2/09	\$1,800.56
8	PJ3290		056		3/09	\$1,953.34
9	PJ3290		056		4/09	\$2,269.80
10	PJ3290		056		5/09	\$1,549.58
11	PJ3290		056		6/09	\$1,527.75
12	PJ3290		056		9/09	\$818.44
13	PJ3290		056		10/09	\$2,084.29
14	PJ3290		056		11/09	\$1,658.70
15	PJ3290		056		12/09	\$1,746.00
16	PJ3290		056		1/10	\$2,095.20
17	PJ3290		056		2/10	\$1,942.43
18	PJ3290		056		3/10	\$2,095.20
19	PJ3290		056		4/10	\$2,095.20
20	PJ3290		056		5/10	\$2,095.20
21	H96662		110		07/08	\$55.62
22	H96662	First Step Independent Living Program, Inc.	110		8/08	\$54.32
23	H96662	First Step Independent Living Program, Inc.	110		09/08	\$54.32

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
24	H96662	First Step Independent Living Program, Inc.	110		10/08	\$60.72
25	H96662	First Step Independent Living Program, Inc.	110		11/08	\$47.51
26	H96662	First Step Independent Living Program, Inc.	110		12/08	\$54.78
27	H96662	First Step Independent Living Program, Inc.	110		1/09	\$53.24
28	H96662	First Step Independent Living Program, Inc.	110		2/09	\$15.96
29	H96662	First Step Independent Living Program, Inc.	110		3/09	\$17.64
30	H96662	First Step Independent Living Program, Inc.	110		4/09	\$18.48
31	H96662	First Step Independent Living Program, Inc.	110		5/09	\$16.73
32	H96662	First Step Independent Living Program, Inc.	110		6/09	\$18.06
33	H96662	First Step Independent Living Program, Inc.	110		7/09	\$18.06
34	H96662	First Step Independent Living Program, Inc.	110		8/09	\$16.56
35	H96662	First Step Independent Living Program, Inc.	110		9/09	\$17.64
36	H96662	First Step Independent Living Program, Inc.	110		10/09	\$18.03
37	H96662	First Step Independent Living Program, Inc.	110		11/09	\$14.14
38	H96662	First Step Independent Living Program, Inc.	110		12/09	\$15.30
39	H96662	First Step Independent Living Program, Inc.	110		1/10	\$8.23
40	H96662	First Step Independent Living Program, Inc.	110		2/10	\$12.36
41	H96662	First Step Independent Living Program, Inc.	110		3/10	\$18.06
42	H96662	First Step Independent Living Program, Inc.	110		4/10	\$16.66
43	H96662	First Step Independent Living Program, Inc.	110		5/10	\$14.74
44	PJ3482	Pacific Child & Family Associates, LLC	612		8/09	\$21.83
45	PJ3482	Pacific Child & Family Associates, LLC	612		8/09	\$58.20
46	PJ3482	Pacific Child & Family Associates, LLC	612		8/09	\$38.80
47	PJ3482	Pacific Child & Family Associates, LLC	612		8/09	\$19.40

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
48	PJ3482	Pacific Child & Family Associates, LLC	612		8/09	\$41.23
49	PJ3482	Pacific Child & Family Associates, LLC	612		8/09	\$73.53
50	PJ3482	Pacific Child & Family Associates, LLC	612		8/09	\$58.20
51	PJ3482	Pacific Child & Family Associates, LLC	612		8/09	\$72.75
52	PJ3482	Pacific Child & Family Associates, LLC	612		8/09	\$99.43
53	PJ3482	Pacific Child & Family Associates, LLC	612		09/09	\$38.80
54	PJ3482	Pacific Child & Family Associates, LLC	612		09/09	\$46.07
55	PJ3482	Pacific Child & Family Associates, LLC	612		09/09	\$21.83
56	PJ3482	Pacific Child & Family Associates, LLC	612		09/09	\$24.25
57	PJ3482	Pacific Child & Family Associates, LLC	612		09/09	\$55.77
58	PJ3482	Pacific Child & Family Associates, LLC	612		09/09	\$72.75
59	PJ3482	Pacific Child & Family Associates, LLC	612		09/09	\$33.95
60	PJ3482	Pacific Child & Family Associates, LLC	612		09/09	\$60.63
61	PJ3482	Pacific Child & Family Associates, LLC	612		09/09	\$16.97
62	PJ3482	Pacific Child & Family Associates, LLC	612		09/09	\$29.10
63	PJ3482	Pacific Child & Family Associates, LLC	612		10/09	\$12.13
64	PJ3482	Pacific Child & Family Associates, LLC	612		10/09	\$48.50
65	PJ3482	Pacific Child & Family Associates, LLC	612		10/09	\$19.40
66	PJ3482	Pacific Child & Family Associates, LLC	612		10/09	\$24.25
67	PJ3482	Pacific Child & Family Associates, LLC	612		10/09	\$53.35
68	PJ3482	Pacific Child & Family Associates, LLC	612		10/09	\$77.60
69	PJ3482	Pacific Child & Family Associates, LLC	612		10/09	\$33.95
70	PJ3482	Pacific Child & Family Associates, LLC	612		10/09	\$76.44
71	PJ3482	Pacific Child & Family Associates, LLC	612		10/09	\$72.75

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
72	PJ3482	Pacific Child & Family Associates, LLC	612		10/09	\$29.10
73	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$33.95
74	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$48.50
75	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$38.80
76	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$26.67
77	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$24.25
78	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$38.80
79	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$55.77
80	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$43.65
81	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$24.25
82	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$14.55
83	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$48.50
84	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$55.00
85	PJ3482	Pacific Child & Family Associates, LLC	612		11/09	\$19.40
86	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$14.55
87	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$53.35
88	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$12.13
89	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$24.25
90	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$41.23
91	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$19.40
92	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$19.40
93	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$43.65
94	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$48.50
95	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$43.65

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
96	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$14.55
97	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$12.13
98	PJ3482	Pacific Child & Family Associates, LLC	612		12/09	\$29.10
99	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$29.10
100	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$53.35
101	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$26.67
102	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$14.55
103	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$58.20
104	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$38.80
105	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$77.60
106	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$58.20
107	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$58.20
108	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$58.20
109	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$48.50
110	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$43.65
111	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$72.75
112	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$38.80
113	PJ3482	Pacific Child & Family Associates, LLC	612		1/10	\$19.40
114	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$29.10
115	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$38.80
116	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$38.80
117	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$29.10
118	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$58.20
119	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$38.80

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
120	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$75.95
121	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$58.20
122	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$38.80
123	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$26.67
124	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$38.80
125	PJ3482	Pacific Child & Family Associates, LLC	612		2/10	\$38.80
126	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$38.80
127	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$48.50
128	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$35.89
129	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$12.13
130	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$24.25
131	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$58.20
132	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$77.60
133	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$33.95
134	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$53.35
135	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$53.35
136	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$48.50
137	PJ3482	Pacific Child & Family Associates, LLC	612		3/10	\$33.95
138	PJ3482	Pacific Child & Family Associates, LLC	612		4/10	\$48.50
139	PJ3482	Pacific Child & Family Associates, LLC	612		4/10	\$29.10
140	PJ3482	Pacific Child & Family Associates, LLC	612		4/10	\$53.35
141	PJ3482	Pacific Child & Family Associates, LLC	612		4/10	\$58.20
142	PJ3482	Pacific Child & Family Associates, LLC	612		4/10	\$58.20
143	PJ3482	Pacific Child & Family Associates, LLC	612		4/10	\$16.97

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
144	PJ3482	Pacific Child & Family Associates, LLC	612		4/10	\$38.80
Total Overpayment Due to Contract Rate Above the Statewide/Regional Center Median Rate						\$39,631.59

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
Overpayment Due Payments Over the Authorized Number of Units						
1	H05201		805		4/09	\$32.63
2	H05201		805		4/09	\$130.50
3	H05201		805		4/09	\$708.48
4	H05201		805		4/09	\$522.00
5	H05201		805		4/09	\$130.50
6	H05201		805		4/09	\$65.25
7	H05201		805		4/09	\$97.88
8	H05201		805		4/09	\$65.25
9	H05201		805		4/09	\$65.25
10	H05201		805		4/09	\$65.25
11	H05201		805		4/09	\$65.25
12	H05201		805		4/09	\$65.25
13	H05201		805		4/09	\$261.00
14	H05201		805		4/09	\$130.50
15	H05201		805		4/09	\$130.50
16	H05201		805		4/09	\$32.63
17	H05201		805		4/09	\$65.25
18	H05201		805		4/09	\$32.63
19	H05201		805		4/09	\$32.63
20	H05201		805		4/09	\$65.25
21	H05201		805		4/09	\$130.50
22	H05201		805		4/09	\$391.50
23	H05201		805		4/09	\$261.00

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
24	H05201		805		4/09	\$65.25
25	H05201		805		4/09	\$206.64
26	H05201		805		4/09	\$65.25
27	H05201		805		4/09	\$65.25
28	H05201		805		4/09	\$32.63
29	H05201		805		4/09	\$130.50
30	H05201		805		4/09	\$261.00
31	H05201		805		4/09	\$65.25
32	H05201		805		4/09	\$261.00
33	H05201		805		4/09	\$65.25
34	H05201		805		4/09	\$295.20
35	H05201		805		4/09	\$65.25
36	H05201		805		4/09	\$456.75
37	H05201		805		4/09	\$118.08
38	H05201		805		4/09	\$65.25
39	H05201		805		4/09	\$65.25
40	H05201		805		4/09	\$326.25
41	H05201		805		4/09	\$391.50
42	H05201		805		4/09	\$391.50
43	H05201		805		4/09	\$391.50
44	H05201		805		4/09	\$195.75
45	H05201		805		4/09	\$65.25
46	H05201		805		4/09	\$391.50
47	H05201		805		4/09	\$65.25

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
48	H05201		805		4/09	\$130.50
49	H05201		805		5/09	\$531.36
50	H05201		805		5/09	\$236.16
51	H05201		805		5/09	\$522.00
52	H05201		805		5/09	\$293.63
53	H05201		805		5/09	\$391.50
54	H05201		805		5/09	\$619.88
55	H05201		805		5/09	\$29.52
56	H05201		805		5/09	\$195.75
57	H05201		805		5/09	\$65.25
58	H05201		805		5/09	\$326.25
59	H05201		805		5/09	\$391.50
60	H05201		805		5/09	\$195.75
61	H05201		805		5/09	\$195.75
62	H05201		805		5/09	\$130.50
63	H05201		805		5/09	\$130.50
64	H05201		805		5/09	\$130.50
65	H05201		805		5/09	\$65.25
66	H05201		805		5/09	\$65.25
67	H05201		805		5/09	\$65.25
68	H05201		805		5/09	\$65.25
69	H05201		805		5/09	\$65.25
70	H05201		805		5/09	\$163.13
71	H05201		805		5/09	\$130.50

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
72	H05201		805		5/09	\$130.50
73	H05201		805		5/09	\$130.50
74	H05201		805		5/09	\$130.50
75	H05201		805		5/09	\$65.25
76	H05201		805		5/09	\$65.25
77	H05201		805		5/09	\$65.25
78	H05201		805		5/09	\$65.25
79	H05201		805		5/09	\$32.63
80	H05201		805		8/09	\$130.50
81	H05201		805		8/09	\$32.63
82	H05201		805		8/09	\$65.25
83	H05201		805		8/09	\$65.25
84	H05201		805		8/09	\$65.25
85	H05201		805		8/09	\$195.75
86	H05201		805		8/09	\$65.25
87	H05201		805		8/09	\$65.25
88	H05201		805		8/09	\$293.63
89	H05201		805		8/09	\$65.25
90	H05201		805		9/09	\$177.12
91	H05201		805		9/09	\$456.75
92	H05201		805		9/09	\$65.25
93	H05201		805		9/09	\$146.81
94	H05201		805		9/09	\$324.72
95	H05201		805		9/09	\$130.50

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
96	H05201		805		9/09	\$456.75
97	H05201		805		9/09	\$456.75
98	H05201		805		9/09	\$130.50
99	H05201		805		9/09	\$587.25
100	H05201		805		9/09	\$195.75
101	H05201		805		9/09	\$130.50
102	H05201		805		9/09	\$944.64
103	H05201		805		9/09	\$130.50
104	H05201		805		9/09	\$522.00
105	H05201		805		9/09	\$228.38
106	H05201		805		9/09	\$195.75
107	H07885	V.I.P. Tots	805		4/09	\$61.09
108	H07885	V.I.P. Tots	805		4/09	\$61.09
109	H07885	V.I.P. Tots	805		4/09	\$137.45
110	H07885	V.I.P. Tots	805		4/09	\$61.09
111	H07885	V.I.P. Tots	805		4/09	\$30.55
112	H07885	V.I.P. Tots	805		4/09	\$61.09
113	H07885	V.I.P. Tots	805		4/09	\$61.09
114	H07885	V.I.P. Tots	805		4/09	\$137.45
115	H07885	V.I.P. Tots	805		4/09	\$320.72
116	H07885	V.I.P. Tots	805		4/09	\$351.27
117	H07885	V.I.P. Tots	805		4/09	\$45.82
118	H07885	V.I.P. Tots	805		4/09	\$76.36
119	H07885	V.I.P. Tots	805		4/09	\$519.27

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
120	H07885	V.I.P. Tots	805		4/09	\$168.00
121	H07885	V.I.P. Tots	805		4/09	\$15.27
122	H07885	V.I.P. Tots	805		4/09	\$259.63
123	H07885	V.I.P. Tots	805		4/09	\$61.09
124	H07885	V.I.P. Tots	805		4/09	\$443.85
125	H07885	V.I.P. Tots	805		4/09	\$355.08
126	H07885	V.I.P. Tots	805		4/09	\$30.55
127	H07885	V.I.P. Tots	805		4/09	\$30.55
128	H07885	V.I.P. Tots	805		4/09	\$61.09
129	H07885	V.I.P. Tots	805		4/09	\$106.91
130	H07885	V.I.P. Tots	805		4/09	\$259.63
131	H07885	V.I.P. Tots	805		4/09	\$168.00
132	H07885	V.I.P. Tots	805		4/09	\$106.91
133	H07885	V.I.P. Tots	805		4/09	\$61.09
134	H07885	V.I.P. Tots	805		4/09	\$118.36
135	H07885	V.I.P. Tots	805		4/09	\$61.09
136	H07885	V.I.P. Tots	805		4/09	\$76.36
137	H07885	V.I.P. Tots	805		4/09	\$15.27
138	H07885	V.I.P. Tots	805		4/09	\$61.09
139	H07885	V.I.P. Tots	805		4/09	\$168.00
140	H07885	V.I.P. Tots	805		4/09	\$137.45
141	H07885	V.I.P. Tots	805		5/09	\$274.91
142	H07885	V.I.P. Tots	805		5/09	\$137.45
143	H07885	V.I.P. Tots	805		5/09	\$137.45

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
144	H07885	V.I.P. Tots	805		5/09	\$76.36
145	H07885	V.I.P. Tots	805		5/09	\$76.36
146	H07885	V.I.P. Tots	805		5/09	\$61.09
147	H07885	V.I.P. Tots	805		5/09	\$61.09
148	H07885	V.I.P. Tots	805		5/09	\$45.82
149	H07885	V.I.P. Tots	805		5/09	\$45.82
150	H07885	V.I.P. Tots	805		5/09	\$30.55
151	H07885	V.I.P. Tots	805		5/09	\$30.55
152	H07885	V.I.P. Tots	805		5/09	\$30.55
153	H07885	V.I.P. Tots	805		5/09	\$15.27
154	H07885	V.I.P. Tots	805		5/09	\$15.27
155	H07885	V.I.P. Tots	805		08/09	\$30.55
156	H07885	V.I.P. Tots	805		08/09	\$61.09
157	H07885	V.I.P. Tots	805		08/09	\$30.55
158	H07885	V.I.P. Tots	805		08/09	\$45.82
159	H07885	V.I.P. Tots	805		08/09	\$30.55
160	H07885	V.I.P. Tots	805		09/09	\$45.82
161	H07885	V.I.P. Tots	805		09/09	\$138.67
162	H07885	V.I.P. Tots	805		09/09	\$137.45
163	H07885	V.I.P. Tots	805		09/09	\$137.45
164	H07885	V.I.P. Tots	805		09/09	\$61.09
165	H07885	V.I.P. Tots	805		09/09	\$122.18
166	H07885	V.I.P. Tots	805		09/09	\$61.09
167	H07885	V.I.P. Tots	805		09/09	\$76.36
168	H07885	V.I.P. Tots	805		09/09	\$61.09

**Inland Regional Center
Over-Stated Claims
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
169	H07885	V.I.P. Tots	805		09/09	\$137.45
170	H07885	V.I.P. Tots	805		09/09	\$62.92
171	H07885	V.I.P. Tots	805		09/09	\$30.55
172	H07885	V.I.P. Tots	805		09/09	\$76.36
173	H07885	V.I.P. Tots	805		09/09	\$61.09
174	H07885	V.I.P. Tots	805		09/09	\$91.64
175	H07885	V.I.P. Tots	805		09/09	\$45.82
176	H07885	V.I.P. Tots	805		09/09	\$123.39
177	H07885	V.I.P. Tots	805		09/09	\$122.18
178	H07885	V.I.P. Tots	805		09/09	\$213.82
179	H07885	V.I.P. Tots	805		09/09	\$61.09
180	H07885	V.I.P. Tots	805		09/09	\$137.45
181	H07885	V.I.P. Tots	805		09/09	\$61.09
182	H07885	V.I.P. Tots	805		09/09	\$58.65
183	H07885	V.I.P. Tots	805		09/09	\$73.68
184	H07885	V.I.P. Tots	805		09/09	\$213.82
185	H07885	V.I.P. Tots	805		09/09	\$15.27
Total Overpayment Due to Payments Above the Authorized Number of Units						\$28,548.56
Grand Total Overpayment						\$68,180.15

**Inland Regional Center
FCPP Late Assessment
Fiscal Years 2008-09 and 2009-10**

	Unique Client Identification Number
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	

**Inland Regional Center
Missing/Sold State Equipment
Fiscal Years 2008-09 and 2009-10**

	Item Description	Quantity	Serial Number	State Tag Number	Comment
1	2950 Cisco Switch	1	FHK0712Z00P	337906	A
2	Modular Units	12	N/A	N/A	A
3	Plaid Couch & Love Seat	1 Each	N/A	N/A	A
4	End Tables & Coffee Table	2	N/A	N/A	A
5	Stuffed Chair	1	N/A	N/A	A
6	Conference Tables	3	N/A	N/A	A
7	Small Metal Tables	2	N/A	N/A	A
8	Wood Lateral Files	4	N/A	N/A	A
9	Task Chairs	38	N/A	N/A	A
10	Palm Pilot	1	L0JH1C315684	335744	B
11	Sony Sound System/Projector	1	NONE	317796	B
12	Savin Copier	1	9040164	323984	B
13	Polycom Projector w/ Monitor	1	0199A6	331977	B
14	EIKI Computer/Projector	1	G170Z139	331991	B
15	PC, Compaq	1	USC3270B9R	341027	B
16	Dell Optiplex	1	GJOMQ71	341384	B
17	Savin 8055	1	L7775300535	348563	B
18	Dell Desktop	1	B3C4CK1	356137	B

A = Sold

B = Missing

**Inland Regional Center
California Housing Foundation/Developmental Services Foundation
Improper CPP and POS Expenditures**

Attachment G

Fiscal Years 2004-05 through 2008-09

Unique Client Identification Number	Service Code	Sub Code	Vendor Number	Authorization Number	Service Month	Amount of Improper Expenditures	Total Amount of Improper Expenditures
Improper Expenditures for Fiscal Year 2004-05							
CONTRAC	999	CPPST	HJ0114		June 05	\$690,000	
Total Amount For Fiscal Year 2004-05							\$690,000
Improper Expenditures for Fiscal Year 2005-06							
CONTRAC	101		PJ2830		July 05	\$400,000	
CONTRAC	101	01SRH	PJ2830		July 05	\$450,000	
Total Amount For Fiscal Year 2005-06							\$850,000
Improper Expenditures for Fiscal Year 2006-07							
	101		PJ2830		June 07	\$55,500	
CONTRAC	999	CPPST	HJ0114		March 07	\$349,000	
CONTRAC	999	CPPST	HJ0114		July 06	\$1,380,000	
CONTRAC	999	CPPST	HJ0114		June 07	\$584,421	
Total Amount for Fiscal Year 2006-07							\$2,368,921
Improper Expenditures for Fiscal Year 2007-08							
CONTRAC	101		PJ2830	08339689	July 07	\$317,178	
Total Amount For Fiscal Year 2007-08							\$317,178
Improper Expenditures for Fiscal Year 2008-09							
CONTRAC	999	CPPST	HJ0114		July 08	\$202,318	
Total Amount For Fiscal Year 2008-09							\$202,318
Grand Total of Improper Expenditures for Fiscal Years 2004-05 through 2008-09							\$4,428,417

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

...valuing independence, inclusion and empowerment

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July 29, 2011

Mr. Ed Yan
Department of Developmental Services
1600 Ninth Street, Room 320 MS 3-9
Sacramento, CA 95814

The Department of Developmental Services (DDS) Audit Branch completed the audit of Inland Regional Center (IRC) for fiscal years July 1, 2008 through June 30, 2010 and released the Draft Audit Report of Findings on June 10, 2011. The DDS audit included the fiscal compliance audit that is conducted biennially on regional centers and a follow-up on issues that were raised in the Bureau of State Audit report issued on August 24, 2010, regarding IRC's fiscal responsibility.

The fiscal compliance audit, that included IRC's Residential Program contracts under Service Code 113 and Community Placement Plan (CPP), was conducted to obtain reasonable assurance that IRC complied with required statutes, regulations, and its contracts with DDS during said audit review period. In addition the audit was conducted to review complaints received by DDS regarding the operations of IRC.

Members of the DDS audit team met with IRC executive management on Monday, June 13, 2011 to review the findings contained in the audit report. IRC requested and was granted an approximate two week time extension to file a response to the draft audit report (due July 29, 2011). The following are DDS' recommendations and IRC's responses:

1. **DDS Recommendation:**

IRC is responsible for operating its business in a manner consistent with the law and must remit to DDS any overpayment that DDS has made to IRC. IRC is responsible for the payment of \$949,566.18 to DDS. DDS expects IRC to collect such overpayment from SWT, as the services were provided in a manner inconsistent with the law. 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 on file to support payments for the services performed by its contractors/vendors.

IRC Response:

See finding #4

2. **DDS Recommendation:**

IRC shall ensure all staff are aware of the Vendorization process prior to the authorization and purchase of services. Additionally, IRC shall review the Vendorization documentation of its current vendors to ensure they have been properly approved and vendorized for services prior to any authorization of services to be provided. The \$949,566.18 referenced in this finding is the assessment amount noted in finding 1 which must be recovered by IRC from SWT and reimbursed to DDS.

IRC Response:

See finding #4

3. **DDS Recommendation:**

IRC shall seek recovery from SWT as appropriate and reimburse DDS a total of \$3,189,102.56 pursuant to W & I Code section 4648.1 subdivision (e), for the 40 percent rate increase it granted SWT. In addition, IRC shall ensure that all of its relevant rates to vendors comply with W & I Code, section 4648.4(b).

IRC Response:

See finding #4

4. **DDS Recommendation:**

IRC is directed to 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 Title 17. IRC shall additionally ensure that transportation services comply with pertinent DDS regulations.

IRC Response:

IRC is currently working with the vendor to determine the most effective way to provide transportation services to the consumers without adversely affecting existing services. All plans and procedures will adhere to laws and regulations that pertain to these services.

5. **DDS 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. Additionally, IRC shall maintain a procedure under which people feel comfortable reporting suspected improprieties. IRC should also communicate to its employees that the current Whistleblower policy in place allows individuals to report any issues directly to DDS.

IRC Response:

The IRC Whistleblower Policy was modified and approved by the Board of Trustees based on information and recommendations in DDS' May 20, 2011 correspondence. Areas of non-

compliance have been corrected. IRC has advised its employees where to find this information (IRC intranet and internet sites). IRC shall follow its current Whistleblower Policy to ensure that all employees who participate in reporting improprieties are not intimidated, reprimanded or retaliated against. IRC has communicated to its employees that the current Whistleblower Policy allows individuals to report any issues directly to DDS and/or the Board of Trustees.

6. **DDS Recommendation:**

IRC shall follow its newly implemented contractually required RFP policy and procedures for the procurement of vendor services, which includes an RFP process that requires IRC staff to document how contracts are awarded and vendors are chosen. This process would safeguard State funds, and ensure transparency when contracting for consumer services. In addition, IRC should ensure, when implemented, that the policies and procedures are posted on its website for public access and are communicated to all staff responsible for procuring services.

IRC Response:

IRC has updated its RFP Policy. During the audit period DDS noted that IRC was not following its implemented Procurement Policy. Once IRC was made aware of this deficiency, adjustments were made and strict adherence is on-going. IRC is documenting how contracts are awarded and vendors are chosen. This process will safeguard state funds and ensure transparency when contracting for consumer services. In addition, IRC has posted the policy on its website for public access as well as its intranet site and copies have been provided to all staff responsible for procuring services.

7. **DDS Recommendation:**

IRC shall ensure that it assigns vendors the correct service code for services provided to the consumers. This will ensure all POS payments are accurately accounted for and that invoices are correctly billed and paid.

IRC Response:

IRC understands the importance of accurately accounting for and processing all POS payments and ensuring that all invoices are correctly billed and paid. IRC will review its vendors to ensure that the correct service code is assigned that will document that the proper service is provided to the consumers.

8. **DDS Recommendation:**

IRC shall reimburse the consumers a total of \$85,971.03, \$38,442.38 from the current audit and \$47,528.65 from the prior audit without adversely affecting consumer benefits. In addition, IRC shall discontinue the practice of using consumers' excess resources to offset POS claims.

IRC Response:

IRC is currently in the process of selecting the most effective way to reimburse the consumers the amounts determined by DDS in both audit periods.

IRC is requesting that DDS review Attachment C of the draft audit report. It appears that pages C-1 and C-3 are duplicates and that C-3 is not needed. Also, Fiscal Year 2009-10, Attachment C, page C-2 records an incorrect total. The total for the fiscal year should be \$7,050.29.

Already, IRC has discontinued the practice of using consumers' excess resources to offset POS claims. The offset was done only as method of last resort in order to preserve consumers' benefits. As a Regional Center that serves over 25,000 developmentally disabled individuals, of which we are the representative payee for approximately 1,600, it can, at times, be challenging to make purchases on behalf of a consumer due to the nature of their disability.

While IRC is agreeing to reimburse the funds used to offset POS, IRC also contends that the Social Security Handbook 2009, section 1618.1 quoted by DDS in this audit finding, leaves room for various interpretations. It states in part "Current needs are the immediate and reasonably foreseeable essentials for housing... education... of disabled beneficiaries." Day Programs, Work Activity Programs and Community Integration Training are most certainly educational, particularly in the case of supporting a developmentally disabled individual.

9. **DDS Recommendation:**

IRC shall reimburse DDS the \$68,180.15 in total overpayments made to the vendors. In addition, IRC shall immediately comply with the W & I code, section 4691.9 and CCR, title 17, section 54326(a)(10) and ensure that rates negotiated after June 30, 2008 are at/or below the Statewide/IRC Median Rates, whichever is lower. IRC shall also review invoice payments to ensure any overpayments that may have occurred in the course of doing business with its vendors are addressed and corrected.

IRC Response:

Currently, IRC is reviewing all vendors/invoices where a rate has been negotiated, to ensure that rates negotiated/set/paid after June 30, 2008 are at or below the Statewide/IRC median rate, whichever is lower.

10A. **DDS Recommendation:**

IRC shall follow its developed and implemented policies and procedures to ensure staff, responsible for assessing and notifying parents of their assessed cost participation, are aware that the parents' income documentation must be submitted within 10 working days of signing the IPP. IRC shall notify parents of their assessed share of cost participation within 10 working days of receipt of the parents' complete income documentation. IRC should also be aware that parents' failure to submit income documentation within the 10 day time period shall result in the parents' cost participation being set at the maximum amount. In addition, IRC must ensure that staff are aware of the W & I Code and Title 17 requirements.

IRC Response:

IRS shall adhere to its implemented policies and procedures regarding parents' share of cost participation. Staff have been instructed and provided IRC's policies and procedures as well as W & I Code and Title 17 requirements.

10B. DDS Recommendation:

IRC shall revise its policies and procedures to comply with W & I Code, section 4783(g)(2), which allows parents to provide different forms of documentation to certify their income when assessing the share of costs.

IRC Response:

IRC has revised its policies and procedures to comply with W & I Code, section 4783(g)(2). Staff have been instructed and provided the revised policies and procedures allowing parents to provide different forms of income verification documentation for income self-certification.

11. *Subsequent to the completion of DDS fieldwork for this audit, IRC submitted its equipment inventory policy. IRC shall, therefore, comply with the State contract and its policy to ensure compliance with the State's Equipment Management System Guidelines. IRC must ensure it performs a physical inventory, maintains documentation of the physical inventory, and completes and files all required forms with DDS. In addition, IRC shall ensure that there is no sale of equipment purchases with State funds to private entities. IRC shall also ensure the promptness of State tagging and logging of all newly acquired equipment into IRC's inventory list and that any missing or stolen items are reported in a timely manner to DDS.*

IRC Response:

IRC's Inventory Control Procedures have been updated to include a copy of the latest revision (February 1, 2003) of the State Equipment Management System Guidelines. These guidelines explain the purpose, application and specific procedures to be followed regarding the management of state-owned equipment. The State guidelines in conjunction with IRC's written procedures ensure that the staff responsible for fixed asset maintenance is well versed in the receipt, tagging, record keeping, disposition and inventory of state-owned equipment. Appropriate staff has been provided with a copy of the above referenced document for review and reference. They are receiving training in application of these guidelines.

In response to the January, 2011 probation letter, IRC submitted an inventory of all state-owned property and also prepared a separate list of items that had not been added and deleted (surveyed out) since the last physical inventory was completed in June 30, 2009. The final physical inventory was completed on June 17, 2011 by IRC's Facilities Maintenance Department that included the Facilities Coordinator and the Maintenance/Inventory Specialists I & II. Upon completion of the final inventory, the total listing of fixed assets was reviewed by the Facilities Manager. A random sample of inventory items and office locations was selected by the Facilities

Manager in an effort for verification. All items were found and accounted for. The fixed asset listing was then reviewed and reconciled to the general ledger by IRC's Accounting Manager.

As previously noted, at June 30, 2009, all state-owned furniture and equipment was reconciled and accounted for. It was determined that in the move to new headquarters shortly thereafter, items that were considered "built in" remained in the previous location and now were deleted from the fixed asset listing. Other items that were damaged, broken, or became unusable were discarded and removed from the fixed asset listing. The proper documents have been submitted and approved by the Department of General Services (DGS)

IRC will adhere to its and the California State Department of Developmental Services guidelines regarding equipment and inventory management.

12. DDS Recommendation:

IRC shall reimburse DDS the \$3,205,739 that was improperly expensed for CPP. IRC shall also reimburse DDS \$1,222,678 that was improperly allocated to CHF and expensed under Service Code 101 for move in costs and the purchase of household items.

In addition, IRC shall develop and implement procedures ensuring that all CPP projects, changes to the projects, and any POS funds allocated for community placement plans comply with the DDS CPP Guidelines and CPP Housing Guidelines. IRC shall also ensure that all POS expenses are tied to a consumer UCI number.

IRC Response:

As stated in IRC's response to DDS' May 20, 2011 probation reply letter, IRC is no longer providing funds from Purchase of Services (POS) for the California Housing Foundation (CHF) to offer housing assistance grants to consumers for set up of their homes. CHF has been notified that this program will no longer be offered through their company and an updated reconciled accounting was received. IRC was instructed in the above referenced letter to collect any remaining balance of advanced funds to CHF for this purpose. The remaining balance of \$18,929.97 was returned to IRC by CHF and then remitted to DDS on July 5, 2011.

Inland Regional Center will use POS funds and the appropriate service code/s to provide assistance for housing as required by the consumer in accordance with regulations and IRC procedures.

Note: Procedures have been revised and reference to use of CHF for this service was purged.

In addition, IRC reviewed all of its Community Placement Plans beginning with FY 2002-03 through current FY 2010-11 against the Department's letters of approval for our plans. IRC is unable to produce documentation that shows in all cases final approval from the Department for each of the CPP plans and/or changes in those plans. Also, it is evident that documentation on both the part of IRC and the Department changed over the years and may be one reason for

not having a match. We are confident that the projects planned and developed meet consumers' needs as they moved from the State Developmental Center to their home community.

In response to the DDS May 20, 2011 probation reply letter, IRC compiled a summary statement organized by fiscal year and showing the approved allocation, the project developed, the amount spent for the project with any unspent balance, and where possible notes the CPP project to which the expenditure/s applies. There is a lack of written correspondence where IRC requested changes to the plan/s as well as response correspondence from the Department. Communication was occurring between IRC and the Department, but clear documentation as to the final decision does not exist in all cases. IRC is awaiting DDS' review of and response to the latest submittal.

Again, IRC procedures have been revised to ensure that approvals will be obtained prior to IRC taking action.

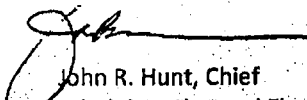
13. ***DDS Recommendation:***

IRC should continue to reinforce its procedures to ensure there is a properly completed Home and Community-Based Services Provider Agreement form on file for every vendor providing services to consumers.

IRC Response:

Per DDS draft audit report, this finding was addressed and corrected by IRC during audit fieldwork. IRC shall continue to adhere to DDS' recommendation.

Sincerely,


John R. Hunt, Chief
Administration and Finance

Cc: Dr. Drew Cutler, President, Board of Trustees
Carol A. Fitzgibbons, Executive Director