



**AUDIT OF THE
KERN REGIONAL CENTER
FOR FISCAL YEARS 2008-09 AND 2009-10**

Department of Developmental Services

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EXECUTIVE SUMMARY

The Department of Developmental Services fiscal compliance audit of Kern Regional Center (KRC) was conducted to ensure KRC's compliance with the requirements set forth in the California Code of Regulations, Title 17 (CCR, title 17), the California Welfare and Institutions (W&I) Code, the Home and Community-Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract with the Department of Developmental Services (DDS). The audit indicated that, overall, KRC maintains accounting records and supporting documentation for transactions in an organized manner. This report identifies some areas where KRC's administrative, operational controls could be strengthened. A follow-up review was performed to ensure KRC has taken corrective action to resolve the findings identified by the prior DDS Audit Report.

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

I. Findings that need to be addressed.

Finding 1: Over/Under Stated Claims

A. Negotiated Rates Above the Statewide Median Rate

The sample review of six vendor contracts finalized after June 30, 2008, revealed three vendors, Just Johnson's Inc., vendor number PK5330, service code 063, California Mentor, vendor number PK5111, service code 896 and Riverlakes Residential Care, vendor number PK4954, service code 113, were contracted above the Statewide median rate requirement implemented on July 1, 2008. This resulted in overpayments totaling \$1,635,714.76. This is not in compliance with the requirements of the W&I Code, section 4691.9(a) and (b).

B. Residential Services – Partial Month Stays

The sample review of the Residential programs revealed that KRC inaccurately applied the partial month proration factor of 30.44, to establish a per day rate to calculate partial month stays. This resulted in an overpayment totaling \$5,879.43 and an under payment totaling \$461.94. This is not in compliance with CCR, title 17, section 56917(i).

C. Duplicate Payments/Overlapping Authorizations

The sample review of the Operational Indicator reports revealed KRC over claimed expenses for six vendors. These overpayments were due to duplicate payments and overlapping authorizations. This resulted in overpayments totaling \$28,372.86. This is not in compliance with CCR, title 17, section 54326(a)(10).

D. Rate Reduction

A review of 98 sampled Residential program and negotiated contract vendor files from various service codes revealed that KRC miscalculated the mandated 3 and 4.25 percent rate reductions for four vendors resulting in overpayments totaling \$3,332.96. In addition, KRC inaccurately applied the 3 percent rate reduction to two vendors resulting in underpayments totaling \$490.11. This is not in compliance with Assembly Bill 104, Chapter 37, section 24, section 10(a).

Finding 2: Incorrect Rate Paid to Vendors

The sample review of Residential vendors revealed KRC reimbursed two vendors for services at incorrect rates. MP Homes, vendor number PK2121, service code 113, was paid at the rate of \$10,000 per consumer per month rather than the contracted rate of \$8,500 per consumer per month. Positive Direction, vendor number PK3459, service code 113, was paid at the rate of \$8,000 per consumer per month rather than the contracted rate of \$5,009 per consumer per month. This resulted in an overpayment totaling \$350,275.65 for the two vendors. This is not in compliance with Exhibit B of KRC's contract with the vendors.

Finding 3: Payments for Unoccupied Beds

The review of Out of Home Respite vendor contracts, service code 868, revealed KRC paid seven vendors for services not provided. The vendors were paid to keep a respite bed vacant for crisis situations. The total payment resulting from the billing for the unoccupied beds is \$339,901.05. This is not in compliance with CCR, title 17, section 54326(a)(10).

Finding 4: Conflict of Interest

The review of the consultant files revealed one KRC employee who provided services as an operational consultant for eight months, while the employee was employed with KRC. This resulted in inappropriate payments totaling \$18,750.00. This is not in compliance with the CCR, title 17, section 54521(a)(2)(3).

Finding 5: Family Cost Participation Program (FCPP) - Over-Stated Share of Cost

The review of the FCPP revealed that KRC has been paying more than its assessed share of cost for eight of the 20 sampled consumers participating in the program. As a result, KRC made overpayments totaling \$9,696.62. This is not in compliance with CCR, title 17, section 50255(a).

Finding 6: Purchase of Service (POS) Expenses Not Tied to Consumer Unique Client Identification (UCI) Number

A sample review of KRC's vendor contracts revealed nine vendors were paid a total of \$2,440,314.17 under a contract UCI number. These vendors provided services under the Home and Community-Based Services (HCBS) Waiver billable service

codes; however, POS expenditures were not tied to individual consumers. This is not in compliance with CCR, title 17, section 50604(d)(1).

Finding 7: Missing Documentation

A sample that consisted of 40 Community Placement Program/Start-Up, Part C, ARRA, and Transportation vendor files were reviewed to ensure invoices submitted for payment were supported by proper documentation. The review showed that KRC reimbursed 15 vendors for services provided to consumers without turnaround invoices or attendance documentation. In addition, the review of 19 deceased consumer files revealed one instance where a consumer file was missing. This is not in compliance with the CCR title 17, section 50604(d) and Article IV, Section 3 (a) and (b) of the State Contract.

Finding 8: Targeted Case Management Time Study—Recording of Attendance (Repeat)

The review of the Targeted Case Management (TCM) Time Study revealed that 5 of 17 sampled employees had vacation and sick hours recorded on their timesheets which did not properly reflect what was recorded on the TCM Time Study forms (DS 1916). This issue was reported in the prior DDS audit report. In KRC's response, it stated that it would provide staff training to assure the forms are accurate and properly reflect any vacation or sick time taken. However, DDS found that KRC has not implemented the appropriate policies and procedures to ensure that this issue will not occur in the future.

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

Finding 9: Home and Community-Based Services Provider Agreement Forms

The file review of 102 sampled Purchase of Service vendor files revealed that 58 Home and Community-Based Services Provider Agreement forms were not properly completed by KRC. The forms were either missing the service code, vendor number, or had multiple service codes. This is not in compliance with CCR, title 17, section 54326 (a)(16).

KRC has taken corrective action to resolve the issue 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 community agencies/corporations that provide fixed points of contact in the community for serving eligible individuals with DD and their families in California. These fixed points of contact are referred to as regional centers. The regional centers are responsible under State law to help ensure that such persons receive access to the programs and services that are best suited to them throughout their lifetime.

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

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

DDS and Kern Regional Center, Inc., entered into contract HD049010, effective July 1, 2004, through June 30, 2009, and contract HD099009 effective July 1, 2009, through June 30, 2014. The contracts specify that Kern Regional Center, Inc. will operate an agency known as the Kern Regional Center (KRC) to provide services to persons with DD and their families in the Inyo, Kern, and Mono Counties. The contract is funded by State and federal funds that are dependent upon KRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at KRC from May 9, 2011, through June 17, 2011, and was conducted by DDS' Audit Branch.

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 (W&I) Code
- “Approved Application for the Home and Community-Based Services Waiver for the Developmentally Disabled”
- California Code of Regulations, Title 17 (CCR, title 17)
- Federal Office of Management Budget (OMB) Circular A-133
- State Contracts between DDS and KRC, effective July 1, 2004, and 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 W&I Code (or the Lanterman Act),
- To determine compliance with CCR, title 17,
- To determine compliance with the provisions of the HCBS Waiver Program for the Developmentally Disabled, and
- To determine that costs claimed were in compliance with the provisions of the State 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 KRC's financial statements. DDS limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that the KRC was in compliance with the objectives identified above. Accordingly, DDS examined transactions, on a test basis, to determine whether KRC was in compliance with the Lanterman Act, CCR, title 17, HCBS Waiver for the Developmentally Disabled, and State Contracts.

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

DDS reviewed the annual audit reports that were conducted by an independent accounting firm for Fiscal Years (FYs):

- 2008-09, issued on February 22, 2010
- 2009-10, issued on April 11, 2011

No management letters were issued by the independent accounting firm. This review was performed to determine the impact, if any, upon the DDS audit and, as necessary, develop appropriate audit procedures.

The audit procedures performed included the following:

I. Purchase of Service

DDS selected a sample of 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 KRC. The rates charged for the services provided to individual consumers were reviewed to ensure that the rates paid were set in accordance with the provisions of CCR, title 17.
- 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 KRC staff revealed that KRC 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 KRC'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 KRC operations and conducted tests to determine compliance with the State Contracts. The tests included various expenditures claimed for administration to ensure that KRC accounting staff is properly inputting data, transactions were recorded on a timely basis, and to ensure that expenditures charged to various operating areas were valid and reasonable. These tests included the following:

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

III. Targeted Case Management and Regional Center Rate Study

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

- Reviewed applicable TCM records and KRC's Rate Study. DDS examined the month of May 2010 and traced the reported information to source documents.
- Reviewed KRC'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. The following average service coordinator-to-consumer ratios apply per W&I Code, section 4640.6(c)(3):

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

- B. For all consumers who have moved from a developmental center to the community since April 14, 1993, and have lived continuously in the community for at least 12 months, the required average ratio shall be 1:62. The required average ratio shall be 1:45 for consumers who have moved within the first year.
- C. For all consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not covered under A above, the required average ratio shall be 1:66. The 1:66 ratio was lifted in February 2009, upon imposition of the 3 percent rate reduction to regional centers as required per W&I Code 4640.6(i) and (j).

However, under W&I Code, section 4640.6(i)(2), for the period commencing February 1, 2009, to June 30, 2010, inclusive, regional centers were no longer required to provide service coordinator caseload data to DDS annually. Regional centers were instead to maintain sufficient service coordinator caseload data to document compliance with the service coordinator-to-consumer ratio requirements in effect.

Therefore, DDS also reviewed the Service Coordinator Caseload Survey methodology used in calculating the caseload ratios to determine reasonableness and that supporting documentation is maintained to support the survey and the ratios as required by W&I Code, section 4640.6(e). This requirement is temporarily suspended for the February 2009 and 2010 caseload surveys which is reported in the month of March.

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 KRC is in compliance with CCR, title 17 and the W&I Code, DDS performed the following procedures during the audit review.

- Reviewed the list of consumers who received respite, day care and camping services, for ages 0 through 17 who live with their parents and are not Medi-Cal eligible, to determine their contribution for the FCPP.

- Reviewed the parents' income documentation to verify their level of participation based on the Family Cost Participation Schedule.
- Reviewed copies of the notification letters to verify that the parents were notified of their assessed cost participation within 10 working days.
- Reviewed vendor payments to verify that KRC 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 when using the RFP process to address consumer service needs. 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 Contracts as amended.

To determine whether KRC is working towards implementing the required RFP process by January 1, 2011, DDS performed the following procedures during the audit review:

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

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

- Select a sample of Operational, Start-Up and negotiated POS contracts subject to competitive bidding to ensure KRC notified the vendor community and the public of contracting opportunities available.

- Review the contracts to ensure that KRC has adequate and detailed documentation for the selection and evaluation process of vendor proposals, written justification for final vendor selection decisions, and that those contracts are properly signed and executed by both parties to the contract.

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

- Reviewed KRC's procurement policy to ensure the board review and approve any of its contracts of two hundred fifty thousand dollars (\$250,000) or more, before entering into a contract with the vendor.
- Reviewed KRC board approved POS, Start-Up and Operational vendor contracts over \$250,000 to ensure the inclusion of a provision for fair and equitable recoupment of funds for vendors that cease to provide services to consumers. Verified that the funds provided are specifically used to establish new or additional services to consumers and that the usage of funds is 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 KRC's current RFP process and Board approval of contracts over \$250,000 as well as to determine whether the process in place satisfies the W&I Code and KRC'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 KRC was in compliance with the Lanterman Act, DDS performed the following procedures during the audit review:

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

IX. Other Sources of Funding from DDS

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

- Start-Up Funds.
- Prevention Program.
- Foster Grandparents.
- Early Start - American Recovery and Reinvestment Act (ARRA) Funds.

X. Follow-Up Review on Prior DDS Audit Findings

As an essential part of the overall DDS monitoring system, a follow-up review of the prior DDS audit findings was conducted. DDS identified prior audit findings that were reported to KRC and reviewed supporting documentation to determine the degree and completeness of KRC's implementation of corrective actions. One prior audit finding has not been fully resolved.

CONCLUSIONS

Based upon the audit procedures performed, DDS has determined that, except for the items identified in the Findings and Recommendations Section, KRC was in compliance with applicable sections of the CCR, title 17, the HCBS waiver, and the State Contracts with DDS for the audit period, July 1, 2008, through June 30, 2010.

The costs claimed during the audit period were for program purposes and adequately supported.

From the review of the prior audit issue, it was determined that KRC has not taken appropriate corrective action to resolve one prior issue identified in the audit report. As a result, it is presented in the report as a repeat issue.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft report on May 29, 2012. The findings in the report were discussed at an exit conference with KRC on June 15, 2012. At the exit conference, DDS stated that the final report will incorporate the views of responsible officials.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, Centers for Medicare and Medicaid Services, and Kern 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. Findings that need to be addressed.

Finding 1: Over/Under Stated Claims

A. Negotiated Rates Above the Statewide Median Rate

The sample review of six vendor contracts finalized after June 30, 2008, revealed three vendors, Just Johnson's Inc., vendor number PK5330, service code 063, California Mentor, vendor number PK5111, service code 896, and Riverlakes Residential Care, vendor number PK4954, service code 113, were contracted above the Statewide median rate requirement implemented on July 1, 2008.

It was found that KRC reimbursed Just Johnson's Inc., at a rate of \$36.09 per hour while the median rate was \$22.80 per hour, and California Mentor at a rate of \$31.24 per hour while the median rate was \$23.68 per hour. For the third vendor, Riverlakes Residential Care, KRC reimbursed at a rate of \$7,788.83 per month while the median rate was \$7,033.20 per month. This resulted in overpayments totaling \$1,635,714.76. (See Attachment A.)

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

- “(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...”

Recommendation:

KRC must reimburse to DDS the \$1,635,714.76 in total overpayments made to the three vendors. KRC shall immediately renegotiate the rates for consistency with the statewide/KRC median rates and provide DDS with written confirmation of the rate change. In addition, KRC must comply with the W&I Code, section 4691.9 and ensure that all rates negotiated after June 30, 2008, are below the Statewide/KRC median rates.

B. Residential Services – Partial Month Stays

The sample review of the Residential programs revealed that KRC inaccurately applied the partial month proration factor of 30.44, to establish a per day rate to calculate partial month stays. This resulted in 10 instances of overpayments totaling \$5,879.43 and one instance of an underpayment totaling \$461.94. (See Attachment B.)

CCR, title 17, section 56917(i) states:

“The established rate shall be prorated for a partial month of service in all other cases by dividing the established rate by 30.44, then multiplying the number of days the consumer resided in the facility.”

Recommendation:

KRC must reimburse to DDS the overpayments totaling \$5,879.43 overpaid to the vendors and make payment of \$461.94 for the underpayment owed to the vendor due to the incorrect proration calculation. In addition, KRC should review its policies and procedures to ensure it is in compliance with CCR, title 17, section 56917(i) and if any payments were made in error due to the proration calculation that they are identified and corrected.

C. Duplicate Payments/Overlapping Authorizations

The sample review of the Operational Indicator reports revealed KRC over claimed expenses totaling \$28,372.86 for six vendors, for services provided to the consumers. These overpayments were due to duplicate payments and overlapping authorizations. (See Attachment C.)

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

“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:

KRC must reimburse to DDS a total of \$28,372.86 for the duplicate payments it paid to the six vendors. In addition, KRC should review the Operational Indicator report and payment invoices to ensure any overpayments are addressed and corrected in a timely manner.

D. Rate Reduction

A review of 98 sampled Residential program and negotiated contract vendor files from various service codes, revealed that KRC miscalculated the mandated 3 and 4.25 percent rate reduction for six vendors. This resulted in overpayments

totaling \$3,332.96 for four vendors and underpayments totaling \$490.11 for two vendors from February 2009 through December 2010.
(See Attachment D.)

Assembly Bill 104, Chapter 37, section 24, section 10(a), states:

“(a) Notwithstanding any other provision of law, in order to implement change in the level of funding for regional centers purchase of services, regional centers shall reduce payments for services and supports provided pursuant to Title 14 (commencing with Section 95000) of the Government Code and Division 4.1 (commencing with Section 4400) and Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code. From February 1, 2009, to June 30, 2010, inclusive, regional centers shall reduce all payments for these services and supports paid from purchase of service funds for services delivered on or after February 1, 2009, by 3 percent, and from July 1, 2010, to June 30, 2012, inclusive, by 4.25 percent unless the regional center demonstrates that a non-reduced payment is necessary to protect the health and safety of the individual for whom the services and supports are proposed to be purchased, and the State Department of Developmental Services has granted prior written approval.”

Recommendation:

KRC must reimburse to DDS a total of \$3,332.96 that was overpaid to four vendors per the 3 and 4.25 percent rate reduction that is in place as of February 2009 and July 2010, respectively. KRC must also reimburse to the two vendors a total of \$490.11 that was underpaid due to the miscalculation of the rate reduction requirement. In addition, KRC must review its vendor payment invoices and rate letters to ensure it has appropriately applied the mandated rate reduction to its vendors and any payment errors identified are corrected in a timely manner.

Finding 2: Incorrect Rate Paid to Vendors

The sample review of Residential vendors revealed KRC reimbursed two vendors for services at incorrect rates. MP Homes, vendor number PK2121, service code 113, was paid at the rate of \$10,000 per consumer per month rather than the contracted rate of \$8,500 per consumer per month. KRC stated that it had renegotiated a new contract with the vendor for \$10,000 per consumer per month; however KRC’s contract on file still indicated a rate of \$8,500 per consumer per month. KRC incorrectly paid Positive Direction, vendor number PK3459, service code 113, using the regular rate of \$8,000 per consumer per month rather than the rate of \$5,009 per consumer per month set for pre-placement services. This resulted in overpayments totaling \$350,275.65. (See Attachment E.)

KRC's contract with MP Homes, vendor number PK2121, Exhibit B states:

“Rates and Payment

Effective November 1, 2008, the rate for this service is \$8,500.00 per client per month. This rate shall be in effect until revised.”

In addition KRC's contract with Positive Direction, vendor number PK3459, Exhibit B states:

“Rates and Payment

Effective July 1, 2007, the rate for this service is \$8,000.00 per month/client. This rate shall be in effect until revised.

Effective July 1, 2007, use subcode PREPL for CPP pre-placement activities. The rate for this service is \$5,009.00 per month/client.”

Recommendation:

KRC must reimburse to DDS the overpayments totaling \$350,275.65 from the vendors. In addition, KRC should ensure that the billing rates are the same rates that are specified in the contracts with the vendors. This will prevent any future payment errors made to the vendors.

Finding 3: Payments for Unoccupied Beds

The review of Out of Home Respite vendor contracts, service code 868, revealed KRC paid seven vendors for services not provided. The vendors were paid to keep a respite bed vacant for crisis situations per its contracts with KRC. KRC was not aware that entering into contracts which allow vendors to keep a crisis bed empty violated CCR, title 17. The total payment resulting from the billing for the unoccupied beds is \$339,901.05. (See Attachment F.)

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

“All vendors shall:

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

Also, CCR, title 17, section 56917(i) states:

“The established rate shall be prorated for a partial month of service in all other cases by dividing the established rate by 30.44, then multiplying the number of days the consumer resided in the facility.”

Recommendation:

KRC must reimburse DDS overpayments totaling \$339,901.05. In addition, KRC must renegotiate the contracts with the vendors to stipulate that vendors will not be paid for maintaining empty beds.

Finding 4: Conflict of Interest

The review of the consultant files revealed one KRC employee who provided services as an operational consultant for eight months, while the employee was employed with KRC. This consultant/employee was contracted to provide services to consumer families pursuing conservatorship and to provide assistance in resolving telemedicine issues. However, this individual did not file subsequent conflict of interest statements nor did KRC request a conflict of interest waiver from DDS. KRC was not aware that the employee was billing for these services while still employed with KRC. This resulted in inappropriate payments totaling \$18,750.00.

CCR title 17, section 54521(a)(2)(3) states:

“(a) The following constitute conflicts of interest for regional center employees:

- (2) A conflict of interest exists when a regional center employee devotes less than his or her full-time attention and effort to his or her regional center employment for that period for which he or she is being reimbursed.
- (3) A conflict of interest exists when a regional center employee provides services for salary, honorarium, or compensation of any kind in such fashion that the employee is receiving dual compensation for the same period of time. This subsection does not apply to regional center employees while officially off duty.”

Recommendation:

KRC must reimburse to DDS \$18,750.00 for the payments. In addition, KRC should develop and implement policies and procedures to ensure that all present or potential conflicts of interest are properly reported and addressed. Also, KRC must request a conflict of interest waiver from DDS if a conflict exists.

Finding 5: Family Cost Participation Program (FCPP)- Over-Stated Share of Cost

The review of the FCPP revealed that KRC has been paying for the cost of services that are the responsibility of the families under the requirements of the FCPP for eight of the 20 sampled consumers participating in this program. As a result, KRC made overpayments totaling \$9,696.62. (See Attachment G.)

CCR, title 17, section 50255(a) states:

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

Recommendation:

KRC should reimburse the \$9,696.62 of overpayments that resulted from incorrectly paying for the families’ shares of cost. In addition, KRC should ensure that only costs KRC is responsible for are entered into the Uniform Fiscal System to prevent the possibility of any overpayments.

Finding 6: Purchase of Service (POS) Expenses Not Tied To Consumer Unique Client Identification (UCI) Number

The sample review of 149 vendor contracts revealed nine POS vendors that were paid under a contract UCI number for services provided to consumers. It was found that all of these vendors provided services under the Home and Community-Based Services (HCBS) Waiver billable service codes. However, KRC did not tie these POS expenses to individual consumers. In order to determine whether services can be claimed to the HCBS Waiver, the services must be identified to a specific consumer. (See Attachment H.)

CCR, title 17, section 50604(d)(1) states:

“(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 Consumer Identifier and consumer name.”

Recommendation:

KRC must reclassify the POS expenditures to ensure that services are identified to individual consumers. This will ensure all POS payments are accurately accounted for and that invoices are correctly billed to the Medicaid Waiver.

Finding 7: Missing Documentation

A sample that consisted of 40 Community Placement Program/Start-Up, Part C, ARRA, and Transportation vendor files were reviewed to ensure invoices submitted for payment were supported with proper documentation. The review showed that KRC reimbursed 15 vendors for services provided to consumers without turnaround invoices or attendance documentation. In addition, 1 of 19 deceased consumer files sampled was found to be missing. (Attachment I.)

CCR title 17, section 50604(d) states:

“All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include, but not be limited to:

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

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

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

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

Recommendation:

KRC should reinforce its records retention procedures to ensure turnaround invoices and attendance documentations are available for review before reimbursing vendors for services provided. In addition, KRC should ensure its consumer files are properly safeguarded and available for review.

Finding 8: Targeted Case Management (TCM) Time Study - Recording of Attendance (Repeat)

The review of the TCM Time Study revealed that 5 of the 17 sampled employees’ timesheets did not reconcile with the TCM Time Study forms (DS 1916). The difference between the employees’ timesheets and the TCM Time Study forms was a total of 53 hours. This issue was reported in the prior DDS audit report. In KRC’s response, it stated that it would implement policies and procedures to have Program Managers review the employee timesheets and TCM Time Study forms to assure

they are accurate and properly reflect the hours recorded. However, in the current review, DDS found that KRC did not adhere to the policies and procedures to ensure that this issue will not occur in the future.

For good business and internal control practices, hours on the employee timesheets should be recorded correctly on the DS 1916. Time recorded inaccurately can result in an incorrect calculation of the TCM rate, which would result in the requirement to return overpayments of the TCM rate to the Federal Government.

Recommendation:

KRC should adhere to its implemented policies and procedures and continue to provide training to its staff to ensure that all employee timesheets reconcile to the DS 1916.

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

Finding 9: Home and Community-Based Services Provider Agreement Forms

The sample review of 102 Purchase of Service vendor files revealed that 58 Home and Community-Based Services Provider Agreement forms were not properly completed by KRC. The forms were either missing the service code, vendor number, or had multiple service codes.

CCR, title 17, section 54326(a)(16) states in 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)...

KRC 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:

KRC should continue to reinforce its procedures to ensure that 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, KRC has been provided with a draft report and was requested to provide a response to each finding. KRC's response dated July 25, 2012, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendations section as well as a summary of the findings in the Executive Summary section.

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

Finding 1: Over/Under Stated Claims

A. Negotiated Rates Above the Statewide Median Rate

KRC stated that it changed the contracts for Just Johnson's Inc. and California Mentor from monthly rates to hourly rates in order to simplify its billing process for the two vendors. Just Johnson's Inc.'s three vendor contracts for PK4150, PK3820, and PK4163 were consolidated into one vendor number PK5330 with a daily rate of \$36.09, while California Mentor's contract rate was changed to an hourly rate of \$31.24. The review of the documentation provided by KRC indicated that the new rates are accurate and are based on the average monthly service hours provided by the three vendors. DDS agrees with KRC's new rates for the two vendors and that there was no rate increase for the two vendors after the rate freeze was in effect.

For Riverlakes Residential Care, vendor number PK4954, DDS agrees with KRC that payments made under service code 113, sub code CPP are correct. However, for consumers billed under service code 113, this rate was above the median rate. The median rate schedule for KRC indicates a median rate of \$9,000.00 for CPP related expenses and \$7,221.00 for all other individual consumers.

Based upon the additional information provided by KRC, the overpayment amount still outstanding totals \$50,516.24. Within 30 days of receiving this report, KRC must provide to DDS the status of the recovery of the overpayment amount.

B. Residential Services – Partial Month Stays

DDS agrees with KRC that 4 out of the 10 instances of overpayments and one instance of underpayment totaling \$1,567.50 and \$461.94 have been corrected. KRC also agreed with five instances of overpayments totaling \$4,098.48 and stated that these payments will be recovered from the vendors and reimbursed to DDS.

However, for the one instance of overpayment totaling \$213.44, KRC stated that services provided to the consumer are correct since the consumer was authorized for services through October 23, 2008. DDS disagrees with KRC's interpretation since the vendor can only bill for service provided. DDS' review indicated that this consumer had moved to a different facility as of October 16, 2008. Therefore, KRC owes DDS \$213.44 paid to the vendor for services not provided.

It is recommended that KRC reimburse DDS instances of overpayment totaling \$4,311.93 still outstanding. Within 30 days of receiving this report, KRC must provide to DDS the status of the recovery of the overpayment amount.

C. Duplicate Payments/Overlapping Authorizations

KRC agrees with five instances of overpayments totaling \$6,414.04. KRC provided documentation indicating that these overpayments were reimbursed to DDS. However, KRC disagrees with three instances of overpayments totaling \$21,958.82. KRC provided supporting documentation indicating that this amount was paid to one owner with overlapping authorization and multiple vendor numbers. KRC stated that for fiscal years 2008-09 and 2009-10, it is unable to make the adjustments to the consumers' payment history in order to reflect correctly the consumer payments to a single authorization or vendor number because these fiscal years are closed. KRC has subsequently provided documentation indicating that for the fiscal year 2010-11, the overlapping authorizations have been closed and payments have been allocated to one authorization and vendor number.

DDS recommends that KRC review its authorization process and ensure there are no multiple open authorizations for the same service when the consumer has moved from one facility to another. This will ensure that consumer payments can be traced to one specific authorization at the facility where the consumer resides and where residential services were actually provided.

D. Rate Reduction

KRC agrees with 43 instances of overpayments totaling \$2,208.60 and has taken corrective action to resolve six instances of overpayments totaling \$76.80 with \$2,131.80 still remaining. KRC also identified two instances of overpayments that were erroneously calculated totaling \$56.66. These payments have been removed from the overpaid amount.

KRC disagrees with 37 instances of overpayments totaling \$1,066.70 that were due to incorrect application of the three percent rate reduction. KRC provided documentation indicating that five of the 37 instances of overpayments totaling \$144.15 were paid correctly. However, for the remaining 32 instances of overpayments, KRC did not compute the three percent rate reduction on the full

facility rate when the consumers were not eligible for social security benefits. This resulted in overpayments totaling \$922.55.

KRC must reimburse DDS instances of overpayments due to rate reduction totaling \$3,054.35 still outstanding. Within 30 days of receiving this report, KRC must provide to DDS the status of the recovery of the overpayment amount.

KRC also agreed to the 17 instances in underpayments totaling \$490.11 and stated that it will reimburse the vendor the underpaid amount.

Finding 2: Incorrect Rate Paid to Vendors

KRC agrees that it overpaid MP Homes, vendor number PK2121, service code 113 at an incorrect rate. KRC stated that it conducted an analysis of the rate in question and has since renegotiated the contract rate from \$10,000.00 to \$8,500.00. KRC must reimburse DDS the overpayment amount totaling \$239,762.52 identified in the report. For Positive Direction, vendor number PK3459, service code 113-CPP, KRC provided DDS with support documentation indicating that the rate paid to this vendor was correct, therefore, DDS agrees that \$110,513.13 is no longer considered an overpayment.

Therefore, based upon the additional information provided by KRC, the total overpayment amount has been reduced from \$350,275.65 to \$239,762.52 still outstanding. Within 30 days of receiving this report, KRC must provide to DDS the status of the recovery of the overpayment amount.

Finding 3: Payments for Unoccupied Beds

KRC stated that it paid the provider a total of \$339,901.05 for unoccupied beds based on an amended downsizing agreement between the provider and KRC ending February 22, 2013. This agreement requires that KRC make payments to the provider based on full bed occupancy at each of the downsized facilities even though the beds were not occupied. DDS disagrees with KRC as its contract with the vendor is in violation of CCR, title 17, section 54326(a)(10) and section 56917(i).

KRC must reimburse DDS overpayments totaling \$339,901.05. In addition, KRC must renegotiate the contracts with the vendors to stipulate that vendors will not be paid for maintaining empty beds. Within 30 days of receiving this report, KRC must provide to DDS the status of the recovery of the overpayment amount.

Finding 4: Conflict of Interest

KRC agrees that one employee provided services as an operational consultant for eight months, while the employee was employed by KRC. This is not in compliance with the CCR, title 17, section 54521(a)(2)(3). KRC stated that it will recover the

funds totaling \$18,750.00 and reimburse to DDS. Within 30 days of receiving this report, KRC must provide to DDS the status of the recovery of the overpayment amount.

Finding 5: Family Cost Participation Program (FCPP) - Over-Stated Claims

KRC stated that it did not overpay its share of cost by \$9,696.62 because its practice is to treat the encumbrance and payments for respite on an annualized basis as opposed to a monthly basis. KRC submitted a Board approved policy allowing families to take more than the monthly authorized amount for respite services as long as the families did not exceed the total yearly approved amount. In addition, KRC submitted a memorandum regarding Trailer Bill Language (ABX4 9, Chapter 9, Statutes of 2009) which limits respite services to 90 hours per quarter effective July 1, 2009. Based on information provided, DDS agrees that \$6,657.89 of the \$9,696.62 identified was not overstated share of cost.

However, the review of the information provided by KRC with its response also revealed that KRC over-stated expenses for two vendors. KRC allowed one vendor, [REDACTED], vendor number V94216, to receive 249 hours of respite services from July 2009 through September 2009, which exceeded the 90 respite hours allowed per quarter without an exemption. This resulted in overpayments totaling \$1,652.01. This is not in compliance with W&I Code, section 4686.5.

In addition, it was determined that Little Deer's Family, vendor number HK2693 was reimbursed a total of 174 hours more than the authorized number of units. KRC stated that the quarterly hours were less than the 90 hours per quarter allowed; however, the services provided by this vendor were for a Day Care program. The 90 hours per quarter limit is specific to in-home respite services. This resulted in overpayments totaling \$1,386.72. This is not in compliance with CCR, title 17, section 54326 (a)(10).

The total overpayment for the two vendors still outstanding is \$3,038.73. KRC must reimburse DDS the over-stated amount. Within 30 days of receiving this report, KRC must provide support documentation to DDS indicating corrective taken to resolve this issue.

Finding 6: Purchase of Service (POS) Expenses Not Tied to Consumer Unique Client Identification (UCI) Number

KRC stated that it will use the Electronic Attendance (EA) Process to ensure payments made under group contract are tied to an individual UCI for the HCBS Waiver billable service codes. This will ensure compliance with CCR, title 17, section 50604(d)(1). Within 30 days of receiving this report, KRC must provide support documentation to DDS indicating that this issue has been resolved.

Finding 7: Missing Documentation

KRC agrees with DDS' recommendation to reinforce its records retention procedures to ensure turnaround invoices and attendance documentations are available for review before reimbursing vendors for services provided. In addition, KRC agrees to ensure that consumer files are properly safeguarded and available for review. This will ensure compliance with the CCR, title 17, section 50604(d) and Article IV, section 3 (a) and (b) of the State Contract. A follow-up will be performed in the next scheduled audit to determine whether the issue has been completely resolved.

Finding 8: Targeted Case Management Time Study (TCM) - Recording of Attendance (Repeat)

KRC agrees with DDS' recommendation that it should adhere to its implemented policies and procedures and to provide training to its staff to ensure that all employee timesheets reconcile to the DS 1916. A follow-up will be performed in the next scheduled audit to determine whether the issue has been completely resolved.

Kern Regional Center
Over/Under-Stated Claims - Residential Services - Partial Month Stays
Fiscal Years 2008-09 and 2009-10

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments	Corrected	Balance
Overpayment Due to Negotiated Rates Above the Statewide Median Rates							
1	Just Johnson's Inc.	PK5330	063	Jan-10	\$64,090.36	\$64,090.36	\$0.00
			063	Feb-10	\$67,056.84	\$67,056.84	\$0.00
			063	Mar-10	\$81,662.67	\$81,662.67	\$0.00
			063	Apr-10	\$77,433.26	\$77,433.26	\$0.00
			063	May-10	\$76,526.31	\$76,526.31	\$0.00
			063	Jun-10	\$82,669.27	\$82,669.27	\$0.00
			063	Jul-10	\$79,195.74	\$79,195.74	\$0.00
			063	Aug-10	\$80,380.38	\$80,380.38	\$0.00
			063	Sep-10	\$72,225.85	\$72,225.85	\$0.00
			063	Oct-10	\$70,242.78	\$70,242.78	\$0.00
			063	Nov-10	\$77,922.77	\$77,922.77	\$0.00
			063	Dec-10	\$67,224.84	\$67,224.84	\$0.00
			063	Jan-11	\$63,561.77	\$63,561.77	\$0.00
2	California Mentor	PK5111	896	Jul-08	\$2,057.00	\$2,057.00	\$0.00
			896	Aug-08	\$4,835.82	\$4,835.82	\$0.00
			896	Sep-08	\$4,450.60	\$4,450.60	\$0.00
			896	Oct-08	\$4,390.76	\$4,390.76	\$0.00
			896	Nov-08	\$4,880.70	\$4,880.70	\$0.00
			896	Dec-08	\$5,572.60	\$5,572.60	\$0.00
			896	Jan-09	\$4,458.08	\$4,458.08	\$0.00
			896	Feb-09	\$4,411.63	\$4,411.63	\$0.00
			896	Mar-09	\$4,244.88	\$4,244.88	\$0.00
			896	Apr-09	\$4,186.88	\$4,186.88	\$0.00
			896	May-09	\$4,672.63	\$4,672.63	\$0.00
			896	Jun-09	\$4,375.38	\$4,375.38	\$0.00
			896	Jul-09	\$4,857.51	\$4,857.51	\$0.00
			896	Aug-09	\$4,418.88	\$4,418.88	\$0.00
			896	Sep-09	\$4,081.76	\$4,081.76	\$0.00
			896	Oct-09	\$4,350.01	\$4,350.01	\$0.00
896	Nov-09	\$4,592.88	\$4,592.88	\$0.00			

Kern Regional Center
Over/Under-Stated Claims - Residential Services - Partial Month Stays
Fiscal Years 2008-09 and 2009-10

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments	Corrected	Balance
	California Mentor	PK5111	896	Dec-09	\$4,654.50	\$4,654.50	\$0.00
			896	Jan-10	\$3,867.88	\$3,867.88	\$0.00
			896	Feb-10	\$3,610.51	\$3,610.51	\$0.00
			896	Mar-10	\$3,523.50	\$3,523.50	\$0.00
			896	Apr-10	\$50,552.44	\$50,552.44	\$0.00
			896	May-10	\$52,850.70	\$52,850.70	\$0.00
			896	Jun-10	\$50,929.48	\$50,929.48	\$0.00
			896	Jul-10	\$54,766.53	\$54,766.53	\$0.00
			896	Aug-10	\$53,713.80	\$53,713.80	\$0.00
			896	Sep-10	\$53,137.35	\$53,137.35	\$0.00
			896	Oct-10	\$54,221.91	\$54,221.91	\$0.00
			896	Nov-10	\$50,913.97	\$50,913.97	\$0.00
			896	Dec-10	\$54,496.25	\$54,496.25	\$0.00
			896	Jan-11	\$53,440.27	\$53,440.27	\$0.00
3	Riverlakes Residential Care	PK4954	113	Jan-09	\$170.35	\$170.35	\$0.00
			113	Mar-09	\$755.63	\$755.63	\$0.00
			113	Apr-09	\$755.63	\$755.63	\$0.00
			113	Apr-09	\$755.63	\$755.63	\$0.00
			113	May-09	\$106.43	\$0.00	\$106.43
			113	May-09	\$755.63	\$755.63	\$0.00
			113	May-09	\$208.20	\$0.00	\$208.20
			113	May-09	\$755.63	\$755.63	\$0.00
			113	Jun-09	\$784.46	\$784.46	\$0.00
			113	Jun-09	\$755.63	\$0.00	\$755.63
			113	Jun-09	\$755.63	\$755.63	\$0.00
			113	Jul-09	\$784.46	\$0.00	\$784.46
			113	Jul-09	\$755.63	\$0.00	\$755.63
			113	Jul-09	\$755.63	\$0.00	\$755.63
			113	Aug-09	\$755.63	\$0.00	\$755.63
			113	Aug-09	\$755.63	\$0.00	\$755.63
	113	Sep-09	\$755.63	\$0.00	\$755.63		

Kern Regional Center
Over/Under-Stated Claims - Residential Services - Partial Month Stays
Fiscal Years 2008-09 and 2009-10

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments	Corrected	Balance
			113	Sep-09	\$755.63	\$0.00	\$755.63
			113	Oct-09	\$755.63	\$0.00	\$755.63
			113	Oct-09	\$755.63	\$0.00	\$755.63
			113	Nov-09	\$432.50	\$0.00	\$432.50
			113	Nov-09	\$755.63	\$0.00	\$755.63
			113	Nov-09	\$755.63	\$0.00	\$755.63
			113	Dec-09	\$322.51	\$0.00	\$322.51
			113	Dec-09	\$755.63	\$0.00	\$755.63
			113	Dec-09	\$755.63	\$0.00	\$755.63
			113	Dec-09	\$755.63	\$0.00	\$755.63
			113	Jan-10	\$755.63	\$0.00	\$755.63
			113	Jan-10	\$755.63	\$0.00	\$755.63
			113	Jan-10	\$755.63	\$0.00	\$755.63
			113	Jan-10	\$273.01	\$0.00	\$273.01
			113	Feb-10	\$755.63	\$0.00	\$755.63
	Riverlakes Residential Care	PK4954	113	Feb-10	\$755.63	\$0.00	\$755.63
			113	Feb-10	\$755.63	\$0.00	\$755.63
			113	Mar-10	\$755.63	\$0.00	\$755.63
			113	Mar-10	\$49.51	\$0.00	\$49.51
			113	Mar-10	\$755.63	\$0.00	\$755.63
			113	Mar-10	\$755.63	\$0.00	\$755.63
			113	Apr-10	\$755.63	\$0.00	\$755.63
			113	Apr-10	\$707.40	\$0.00	\$707.40
			113	Apr-10	\$755.63	\$0.00	\$755.63
			113	Apr-10	\$755.63	\$0.00	\$755.63
			113	May-10	\$755.63	\$0.00	\$755.63
			113	May-10	\$755.63	\$0.00	\$755.63
			113	May-10	\$755.63	\$0.00	\$755.63
			113	May-10	\$755.63	\$0.00	\$755.63
			113	May-10	\$755.63	\$0.00	\$755.63
			113	Jun-10	\$755.63	\$0.00	\$755.63
			113	Jun-10	\$755.63	\$0.00	\$755.63

Kern Regional Center
Over/Under-Stated Claims - Residential Services - Partial Month Stays
Fiscal Years 2008-09 and 2009-10

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments	Corrected	Balance
	Riverlakes Residential Care	PK4954	113	Jun-10	\$755.63	\$0.00	\$755.63
			113	Jun-10	\$755.63	\$0.00	\$755.63
			113	Jul-10	\$833.88	\$0.00	\$833.88
			113	Jul-10	\$833.88	\$0.00	\$833.88
			113	Jul-10	\$833.88	\$0.00	\$833.88
			113	Jul-10	\$833.88	\$0.00	\$833.88
			113	Aug-10	\$833.88	\$0.00	\$833.88
			113	Aug-10	\$833.88	\$0.00	\$833.88
			113	Aug-10	\$833.88	\$0.00	\$833.88
			113	Aug-10	\$833.88	\$0.00	\$833.88
			113	Sep-10	\$833.88	\$0.00	\$833.88
			113	Sep-10	\$833.88	\$0.00	\$833.88
			113	Sep-10	\$833.88	\$0.00	\$833.88
			113	Sep-10	\$833.88	\$0.00	\$833.88
			113	Oct-10	\$745.89	\$0.00	\$745.89
			113	Oct-10	\$745.89	\$0.00	\$745.89
			113	Oct-10	\$745.89	\$0.00	\$745.89
			113	Oct-10	\$745.89	\$0.00	\$745.89
			113	Nov-10	\$745.89	\$0.00	\$745.89
			113	Nov-10	\$745.89	\$0.00	\$745.89
			113	Nov-10	\$745.89	\$0.00	\$745.89
			113	Nov-10	\$745.89	\$0.00	\$745.89
			113	Dec-10	\$745.89	\$0.00	\$745.89
			113	Dec-10	\$745.89	\$0.00	\$745.89
			113	Dec-10	\$745.89	\$0.00	\$745.89
			113	Dec-10	\$745.89	\$0.00	\$745.89
			113	Jan-11	\$745.89	\$0.00	\$745.89
			113	Jan-11	\$745.89	\$0.00	\$745.89
			113	Jan-11	\$745.89	\$0.00	\$745.89
			113	Jan-11	\$745.89	\$0.00	\$745.89
Total Overpayment Due to Negotiated Rates Above the Statewide Median Rates					\$1,635,714.76	\$1,585,198.52	\$50,516.24

Kern Regional Center
Over/Under-Stated Claims - Residential Services - Partial Month Stays
Fiscal Years 2008-09 and 2009-10

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected	Balance
Overpayments Due to Partial Month Stays									
1	7200618	H06134	Center Street Board	915	09161355	Oct-08	\$213.44	\$0.00	\$213.44
2	6800477	H07401	Boyer's Family Home	905	09168362	Feb-09	\$317.12	\$0.00	\$317.12
3	7293402	P73904	California Mentor	904	09168762	Oct-08	\$2,710.96	\$0.00	\$2,710.96
4	6605489	P73904	California Mentor	904	09213173	Apr-09	\$789.06	\$0.00	\$789.06
5	5516232	P73904	California Mentor	904	09208144	Feb-09	\$198.42	\$0.00	\$198.42
6	5192331	P73904	California Mentor	904	10222635	Oct-09	\$12.34	\$12.34	\$0.00
7	5192331	PK3454	Creative Connections Inc.	904	11236744	Oct-10	\$52.36	\$52.36	\$0.00
8	7202684	PK3454	Creative Connections Inc.	904	09184999	Feb-09	\$82.92	\$0.00	\$82.92
9	7827397	PK4557	Aimes Crest	113	10212646	Sep-09	\$1,279.37	\$1,279.37	\$0.00
10	7292072	PK4954	Riverlakes Residential	113	09215496	Feb-09	\$223.43	\$223.43	\$0.00
Total Overpayment Due to Residential Services - Partial Month Stays							\$5,879.43	\$1,567.50	\$4,311.93

Underpayments Due to Partial Month Stays									
1	7201129	P73904	California Mentor	904	09206554	Oct-08	(\$461.94)	(\$461.94)	\$0.00
Total Underpayment Due to Residential Services - Partial Month Stays							(\$461.94)	(\$461.94)	\$0.00

**Kern Regional Center
Over-Stated Claims - Duplicate Payments/Overlapping Authorizations
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over Payments	Corrected	Balance
Overpayment Due to Duplicate Payments/Overlapping Authorizations									
1	Centre for Neuro Skills	PK4682		109		Feb-10	\$961.00	\$961.00	\$0.00
2				113		Mar-10 - May-10	\$2,883.00	\$2,883.00	\$0.00
3	Centre Village	HK0077		915		Jul-08 - June-09	\$11,334.00	\$11,334.00	\$0.00
4				915		Jul-09 - May-10	\$10,571.00	\$10,571.00	\$0.00
5	Granada Facility	HK0847		915		Sep-08	\$53.82	\$53.82	\$0.00
6	Kern County Autism Center	H33257		515		Apr-09	\$1,492.04	\$1,492.04	\$0.00
7	Riverside Ranch	H94152		915		Sep-08	\$928.00	\$928.00	\$0.00
8	Valley Residential	PK3124		113		Jul-08	\$150.00	\$150.00	\$0.00
Total Overpayment Due to Duplicate Payments/Overlapping Authorizations							\$28,372.86	\$28,372.86	\$0.00

**Kern Regional Center
Over/Under-Stated Claims - Rate Reduction
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected	Balance
Overpayments Due to the Rate Reduction									
1	Sails IX	PK3989		113		Apr-09	\$28.83	\$0.00	\$28.83
				113		May-09	\$28.83	\$0.00	\$28.83
				113		Jun-09	\$28.83	\$0.00	\$28.83
				113		Jul-09	\$28.83	\$28.83	\$0.00
				113		Sep-09	\$28.83	\$28.83	\$0.00
				113		Oct-09	\$28.83	\$28.83	\$0.00
2	Chew, Carolyn S.	PK0091		680		Feb-09	\$9.00	\$0.00	\$9.00
				680		Mar-09	\$9.00	\$0.00	\$9.00
				680		Apr-09	\$9.00	\$0.00	\$9.00
				680		May-09	\$9.00	\$0.00	\$9.00
				680		Jun-09	\$9.00	\$0.00	\$9.00
				680		Jul-09	\$9.00	\$0.00	\$9.00
				680		Aug-09	\$9.00	\$0.00	\$9.00
				680		Sep-09	\$9.00	\$0.00	\$9.00
				680		Oct-09	\$9.00	\$0.00	\$9.00
				680		Nov-09	\$9.00	\$0.00	\$9.00
				680		Dec-09	\$9.00	\$0.00	\$9.00
				680		Jan-10	\$9.00	\$0.00	\$9.00
				680		Feb-10	\$9.00	\$0.00	\$9.00
				680		Mar-10	\$9.00	\$0.00	\$9.00
				680		May-10	\$9.00	\$0.00	\$9.00
				680		Jun-10	\$9.00	\$0.00	\$9.00
				680		Jul-10	\$12.80	\$12.80	\$0.00
				680		Aug-10	\$12.80	\$12.80	\$0.00
				680		Sep-10	\$12.80	\$12.80	\$0.00
				680		Oct-10	\$12.80	\$12.80	\$0.00
680	Nov-10	\$12.80	\$12.80	\$0.00					
680	Dec-10	\$12.80	\$12.80	\$0.00					

**Kern Regional Center
Over/Under-Stated Claims - Rate Reduction
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected	Balance
3	California Mentor	P73904		904		Aug-09	\$28.83	\$0.00	\$28.83
				904		Sep-09	\$28.83	\$0.00	\$28.83
				904		Oct-09	\$28.83	\$0.00	\$28.83
				904		Nov-09	\$28.83	\$0.00	\$28.83
				904		Dec-09	\$28.83	\$0.00	\$28.83
				904		Jan-10	\$28.83	\$0.00	\$28.83
				904		Feb-10	\$28.83	\$0.00	\$28.83
				904		Mar-10	\$28.83	\$0.00	\$28.83
				904		Apr-10	\$28.83	\$0.00	\$28.83
				904		May-10	\$28.83	\$0.00	\$28.83
				904		Jun-10	\$28.83	\$28.83	\$0.00
				904		Aug-08	\$28.83	\$28.83	\$0.00
				904		Apr-10	\$28.83	\$0.00	\$28.83
				904		May-10	\$28.83	\$0.00	\$28.83
				904		Jun-10	\$28.83	\$0.00	\$28.83
				904		Jul-08	\$28.83	\$28.83	\$0.00
				904		Apr-09	\$28.83	\$0.00	\$28.83
				904		Jul-09	\$28.83	\$28.83	\$0.00
				904		Jun-09	\$28.83	\$0.00	\$28.83
				904		Jul-09	\$28.83	\$0.00	\$28.83
				904		Aug-09	\$28.83	\$0.00	\$28.83
				904		Sep-09	\$28.83	\$0.00	\$28.83
				904		Nov-09	\$28.83	\$0.00	\$28.83
				904		Dec-09	\$28.83	\$0.00	\$28.83
				904		Jan-10	\$28.83	\$0.00	\$28.83
				904		Feb-10	\$28.83	\$0.00	\$28.83
				904		Mar-10	\$28.83	\$0.00	\$28.83
				904		Apr-10	\$28.83	\$0.00	\$28.83
				904		May-10	\$28.83	\$0.00	\$28.83
				904		Jun-10	\$28.83	\$0.00	\$28.83
904	Jun-10	\$28.82	\$0.00	\$28.82					
904	Feb-09	\$28.83	\$0.00	\$28.83					

**Kern Regional Center
Over/Under-Stated Claims - Rate Reduction
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected	Balance
4	Creative Connections	PK3454		904		Feb-09	\$154.50	\$0.00	\$154.50
				904		Mar-09	\$154.50	\$0.00	\$154.50
				904		Apr-09	\$154.50	\$0.00	\$154.50
				904		May-09	\$154.50	\$0.00	\$154.50
				904		Jun-09	\$154.50	\$0.00	\$154.50
				904		Jul-09	\$154.50	\$0.00	\$154.50
				904		Aug-09	\$154.50	\$0.00	\$154.50
				904		Sep-09	\$154.50	\$0.00	\$154.50
				904		Oct-09	\$154.50	\$0.00	\$154.50
				904		Nov-09	\$154.50	\$0.00	\$154.50
				904		Dec-09	\$154.50	\$0.00	\$154.50
				904		Jan-10	\$28.83	\$0.00	\$28.83
				904		Feb-10	\$28.83	\$0.00	\$28.83
				904		Mar-10	\$28.83	\$0.00	\$28.83
				904		Apr-10	\$28.83	\$0.00	\$28.83
				904		May-10	\$28.83	\$0.00	\$28.83
				904		Jun-10	\$28.83	\$0.00	\$28.83
				904		Feb-09	\$28.83	\$0.00	\$28.83
				904		Mar-09	\$28.83	\$0.00	\$28.83
				904		Jun-10	\$28.83	\$0.00	\$28.83
				904		May-10	\$28.83	\$0.00	\$28.83
904	Jun-10	\$28.83	\$0.00	\$28.83					
Total Overpayment Due to Rate Reduction							\$3,332.96	\$278.61	\$3,054.35

**Kern Regional Center
Over/Under-Stated Claims - Rate Reduction
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments	Corrected	Balance
Underpayments Due to the Rate Reduction									
5	Kern County Autism Center	H28365		915		Feb-09	(\$28.83)	\$0.00	(\$28.83)
				915		Feb-09	(\$28.83)	\$0.00	(\$28.83)
				915		Mar-09	(\$28.83)	\$0.00	(\$28.83)
				915		Feb-09	(\$28.83)	\$0.00	(\$28.83)
				915		Mar-09	(\$28.83)	\$0.00	(\$28.83)
				915		Feb-09	(\$28.83)	\$0.00	(\$28.83)
				915		Mar-09	(\$28.83)	\$0.00	(\$28.83)
				915		Feb-09	(\$28.83)	\$0.00	(\$28.83)
				915		Mar-09	(\$28.83)	\$0.00	(\$28.83)
				915		Feb-09	(\$28.83)	\$0.00	(\$28.83)
				915		Mar-09	(\$28.83)	\$0.00	(\$28.83)
6	Miles Home Care	HK2174		910		Feb-09	(\$28.83)	\$0.00	(\$28.83)
				910		Mar-09	(\$28.83)	\$0.00	(\$28.83)
				910		Feb-09	(\$28.83)	\$0.00	(\$28.83)
				910		Mar-09	(\$28.83)	\$0.00	(\$28.83)
				910		Feb-09	(\$28.83)	\$0.00	(\$28.83)
				910		Mar-09	(\$28.83)	\$0.00	(\$28.83)
Total Underpayment Due to Rate Reduction							(\$490.11)	\$0.00	(\$490.11)

**Kern Regional Center
Incorrect Rate Paid to Vendors
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments	Corrected	Balance
Overpayment Due to Incorrect Rate							
1	MP Homes	PK2121	113	Jan-07	\$6,000.00	\$0.00	\$6,000.00
			113	Feb-07	\$6,000.00	\$0.00	\$6,000.00
			113	Mar-07	\$6,000.00	\$0.00	\$6,000.00
			113	Apr-07	\$5,682.77	\$0.00	\$5,682.77
			113	May-07	\$3,000.00	\$0.00	\$3,000.00
			113	Jun-07	\$3,000.00	\$0.00	\$3,000.00
			113	Jul-07	\$3,000.00	\$0.00	\$3,000.00
			113	Aug-07	\$3,000.00	\$0.00	\$3,000.00
			113	Sep-07	\$3,000.00	\$0.00	\$3,000.00
			113	Oct-07	\$1,500.00	\$0.00	\$1,500.00
			113	Nov-07	\$1,500.00	\$0.00	\$1,500.00
			113	Dec-07	\$1,500.00	\$0.00	\$1,500.00
			113	Jan-08	\$1,500.00	\$0.00	\$1,500.00
			113	Feb-08	\$1,500.00	\$0.00	\$1,500.00
			113	Mar-08	\$4,610.50	\$0.00	\$4,610.50
			113	Apr-08	\$4,500.00	\$0.00	\$4,500.00
			113	May-08	\$4,500.00	\$0.00	\$4,500.00
			113	Jun-08	\$6,000.00	\$0.00	\$6,000.00
			113	Jul-08	\$6,000.00	\$0.00	\$6,000.00
			113	Aug-08	\$6,000.00	\$0.00	\$6,000.00
			113	Sep-08	\$6,000.00	\$0.00	\$6,000.00
			113	Oct-08	\$6,000.00	\$0.00	\$6,000.00
			113	Nov-08	\$6,000.00	\$0.00	\$6,000.00
			113	Dec-08	\$6,000.00	\$0.00	\$6,000.00
			113	Jan-09	\$6,000.00	\$0.00	\$6,000.00
			113	Feb-09	\$5,704.68	\$0.00	\$5,704.68
			113	Mar-09	\$5,390.83	\$0.00	\$5,390.83
			113	Apr-09	\$5,390.83	\$0.00	\$5,390.83
			113	May-09	\$5,390.83	\$0.00	\$5,390.83
			113	Jun-09	\$5,390.38	\$0.00	\$5,390.38
			113	Jul-09	\$5,343.16	\$0.00	\$5,343.16
113	Aug-09	\$5,390.83	\$0.00	\$5,390.83			
113	Sep-09	\$5,390.83	\$0.00	\$5,390.83			
113	Oct-09	\$5,390.83	\$0.00	\$5,390.83			
113	Nov-09	\$4,921.34	\$0.00	\$4,921.34			
113	Dec-09	\$3,520.73	\$0.00	\$3,520.73			
113	Jan-10	\$4,112.04	\$0.00	\$4,112.04			

**Kern Regional Center
Incorrect Rate Paid to Vendors
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments	Corrected	Balance
	MP Homes	PK2121	113	Feb-10	\$5,390.83	\$0.00	\$5,390.83
			113	Mar-10	\$5,343.16	\$0.00	\$5,343.16
			113	Apr-10	\$5,390.83	\$0.00	\$5,390.83
			113	May-10	\$5,390.83	\$0.00	\$5,390.83
			113	Jun-10	\$5,390.83	\$0.00	\$5,390.83
			113	Jul-10	\$6,699.95	\$0.00	\$6,699.95
			113	Aug-10	\$6,527.28	\$0.00	\$6,527.28
			113	Sep-10	\$6,527.28	\$0.00	\$6,527.28
			113	Oct-10	\$6,075.32	\$0.00	\$6,075.32
			113	Nov-10	\$6,075.32	\$0.00	\$6,075.32
			113	Dec-10	\$6,075.32	\$0.00	\$6,075.32
			113	Jan-11	\$5,744.99	\$0.00	\$5,744.99
2	Positive Directions	PK3459	113	Jan-07	\$11,964.00	\$11,964.00	\$0.00
			113	Feb-07	\$11,964.00	\$11,964.00	\$0.00
			113	Mar-07	\$11,964.00	\$11,964.00	\$0.00
			113	Apr-07	\$11,964.00	\$11,964.00	\$0.00
			113	May-07	\$11,964.00	\$11,964.00	\$0.00
			113	Jun-07	\$11,964.00	\$11,964.00	\$0.00
			113	May-08	\$294.78	\$294.78	\$0.00
			113	Jun-08	\$2,991.00	\$2,991.00	\$0.00
			113	Jul-08	\$2,991.00	\$2,991.00	\$0.00
			113	Aug-08	\$2,991.00	\$2,991.00	\$0.00
			113	Sep-08	\$2,991.00	\$2,991.00	\$0.00
			113	Oct-08	\$2,991.00	\$2,991.00	\$0.00
			113	Nov-08	\$2,991.00	\$2,991.00	\$0.00
			113	Dec-08	\$2,991.00	\$2,991.00	\$0.00
			113	Jan-09	\$2,991.00	\$2,991.00	\$0.00
			113	Feb-09	\$2,901.27	\$2,901.27	\$0.00
			113	Mar-09	\$2,901.27	\$2,901.27	\$0.00
			113	Apr-09	\$2,901.27	\$2,901.27	\$0.00
			113	May-09	\$2,901.27	\$2,901.27	\$0.00
			113	Jun-09	\$2,901.27	\$2,901.27	\$0.00
Total Overpayment Due to Incorrect Rate					\$350,275.65	\$110,513.13	\$239,762.52

**Kern Regional Center
Overpayments for Unoccupied Beds
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Service Code	Authorization Number	Payment Period	Over Payments
Overpayment Due to Unoccupied Beds						
1	DSI Bordeaux	HK4646	868		Mar-10	\$1,613.12
			868		Apr-10	\$3,226.23
			868		May-10	\$3,226.23
			868		Jun-10	\$3,226.23
			868		Jul-10	\$3,226.23
			868		Aug-10	\$3,226.23
			868		Sep-10	\$2,611.71
			868		Oct-10	\$2,729.70
			868		Nov-10	\$3,184.65
			868		Dec-10	\$3,184.65
			868		Jan-11	3,184.65
2	DSI Efada	HK4634	868		Mar-10	\$1,613.12
			868		Apr-10	\$3,226.23
			868		May-10	\$4,916.16
			868		Jun-10	\$6,452.46
			868		Jul-10	\$6,452.46
			868		Aug-10	\$6,452.46
			868		Sep-10	\$6,452.46
			868		Oct-10	\$6,410.88
			868		Nov-10	\$6,369.30
			868		Dec-10	\$6,369.30
			868		Jan-11	\$6,369.30
3	DSI Giro	HK4628	868		Mar-10	\$1,613.12
			868		Apr-10	\$3,226.23
			868		May-10	\$3,226.23
			868		Jun-10	\$3,226.23
			868		Jul-10	\$3,226.23
			868		Aug-10	\$3,226.23
			868		Sep-10	\$6,452.46
			868		Oct-10	\$6,410.88
			868		Nov-10	\$6,369.30
			868		Dec-10	\$6,369.30
			868		Jan-11	\$3,336.30
4	DSI Palm	HK4641	868		Dec-09	2,467.90
			868		Jan-10	3,226.23
			868		Feb-10	3,226.23
			868		Mar-10	4,839.35

**Kern Regional Center
Overpayments for Unoccupied Beds
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Service Code	Authorization Number	Payment Period	Over Payments
Overpayment Due to Unoccupied Beds						
	DSI Palm	HK4641	868		Apr-10	6,452.46
			868		May-10	6,452.46
			868		Jun-10	6,452.46
			868		Jul-10	2,611.71
			868		Aug-10	3,226.23
			868		Sep-10	6,393.98
			868		Oct-10	6,410.88
			868		Nov-10	9,553.95
			868		Dec-10	9,553.95
			868		Jan-11	7,430.85
5	PJSI Hinault	HK4883	868		Dec-09	2,467.90
			868		Jan-10	3,226.23
			868		Feb-10	3,226.23
			868		Mar-10	3,610.31
			868		Apr-10	3,226.23
			868		May-10	3,226.23
			868		Jun-10	5,837.94
			868		Jul-10	307.26
			868		Aug-10	3,226.23
			868		Sep-10	3,226.23
6	PJSI Induran	HK4656	868		Oct-10	1,668.15
			868		Nov-10	3,184.65
			868		Dec-10	3,184.65
			868		Jan-11	3,184.65
			868		Mar-10	1,613.12
			868		Apr-10	6,452.46
			868		May-10	6,452.46
			868		Jun-10	6,452.46
			868		Jul-10	6,452.46
			868		Aug-10	6,452.46
7	PJSI Riverfront	HK4886	868		Sep-10	3,226.23
			868		Dec-10	3,033.00
			868		Jan-11	3,184.65
			868		Mar-10	1,613.12
			868		Apr-10	3,226.23
			868		May-10	3,226.23
			868		Jun-10	3,226.23

**Kern Regional Center
Overpayments for Unoccupied Beds
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Service Code	Authorization Number	Payment Period	Over Payments
Overpayment Due to Unoccupied Beds						
	PJSI Riverfront	HK4886	868		Jul-10	3,226.23
			868		Aug-10	3,226.23
			868		Sep-10	3,226.23
			868		Oct-10	3,184.65
			868		Nov-10	3,184.65
			868		Dec-10	3,184.65
			868		Jan-11	4,549.50
Total Overpayment Due to Unoccupied Beds						\$339,901.05

**Kern Regional Center
Family Cost Participation Program (FCPP) - Over-Stated Share of Cost
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over Payments	Corrected	Balance
FCPP Over-Stated Share of Cost									
1		VK2511		420		Aug-08	\$149.94	\$149.94	\$0.00
				420		Sep-08	\$10.71	\$10.71	\$0.00
				420		Nov-08	\$21.42	\$21.42	\$0.00
2		VK3344		420		Nov-10	\$389.50	\$389.50	\$0.00
3	Full Circle Support	HK3488		862		Aug-08	\$163.08	\$163.08	\$0.00
				862		Apr-09	\$35.16	\$35.16	\$0.00
				862		Dec-09	\$70.32	\$70.32	\$0.00
				862		Feb-10	\$184.59	\$184.59	\$0.00
4		V94216		420		Jul-08	\$481.95	\$481.95	\$0.00
				420		Aug-08	\$1,735.02	\$1,735.02	\$0.00
				420		Sep-08	\$449.82	\$449.82	\$0.00
				420		Nov-08	\$289.17	\$289.17	\$0.00
				420		Jul - Sept 08	\$1,652.01	\$0.00	\$1,652.01
5	Little Deer's Family	HK2693		851		Aug-07	\$176.00	\$0.00	\$176.00
				851		Mar-08	\$14.00	\$0.00	\$14.00
				851		Jun-08	\$474.00	\$0.00	\$474.00
				851		Jul-07	\$552.00	\$0.00	\$552.00
				851		Mar-08	\$170.72	\$0.00	\$170.72
6	Maxim Healthcare	HW0271		862		Jul-08	\$14.34	\$14.34	\$0.00
				862		Aug-08	\$14.34	\$14.34	\$0.00
				862		Sep-08	\$14.34	\$14.34	\$0.00
				862		Oct-08	\$14.34	\$14.34	\$0.00
				862		Nov-08	\$14.34	\$14.34	\$0.00
				862		Dec-08	\$14.34	\$14.34	\$0.00
				862		Jan-09	\$14.34	\$14.34	\$0.00
				862		Feb-09	\$13.91	\$13.91	\$0.00
				862		Mar-09	\$13.91	\$13.91	\$0.00
				862		May-09	\$13.91	\$13.91	\$0.00

**Kern Regional Center
Family Cost Participation Program (FCPP) - Over-Stated Share of Cost
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over Payments	Corrected	Balance
	Maxim Healthcare	HW0271		862		Jun-09	\$55.64	\$55.64	\$0.00
				862		May-10	\$13.91	\$13.91	\$0.00
				862		Jun-10	\$13.91	\$13.91	\$0.00
				862		Jul-10	\$13.73	\$13.73	\$0.00
				862		Aug-10	\$13.73	\$13.73	\$0.00
				862		Nov-10	\$13.73	\$13.73	\$0.00
7		VK4579		420		Jul-08	\$1,103.13	\$1,103.13	\$0.00
				420		Oct-09	\$41.56	\$41.56	\$0.00
				420		Nov-09	\$83.12	\$83.12	\$0.00
				420		Dec-09	\$51.95	\$51.95	\$0.00
				420		Jan-10	\$51.95	\$51.95	\$0.00
				420		Feb-10	\$135.07	\$135.07	\$0.00
				420		Mar-10	\$145.46	\$145.46	\$0.00
				420		Apr-10	\$207.80	\$207.80	\$0.00
				420		Jul-10	\$83.12	\$83.12	\$0.00
				420		Aug-10	\$93.51	\$93.51	\$0.00
				420		Sep-10	\$51.25	\$51.25	\$0.00
				420		Oct-10	\$143.50	\$143.50	\$0.00
				420		Nov-10	\$102.50	\$102.50	\$0.00
				8			VK3358		420
420	Aug-08	\$10.71	\$10.71		\$0.00				
420	Sep-08	\$10.71	\$10.71		\$0.00				
420	Oct-08	\$10.71	\$10.71		\$0.00				
420	Nov-08	\$10.71	\$10.71		\$0.00				
420	Dec-08	\$10.71	\$10.71		\$0.00				
420	Jan-09	\$10.71	\$10.71		\$0.00				
420	Feb-09	\$10.39	\$10.39		\$0.00				
	VK3358		420		Mar-09	\$10.39	\$10.39	\$0.00	
			420		Apr-09	\$10.39	\$10.39	\$0.00	
			420		May-09	\$10.39	\$10.39	\$0.00	
FCPP - Total Over-Stated Share of Costs							\$9,696.62	\$6,657.89	\$3,038.73

Kern Regional Center
Purchase of Services Expenses Not Tied to UCI Numbers
Fiscal Years 2008-09 and 2009-10

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments
Purchase of Services Expenses Not Tied to UCI Number					
1	Arts Council of Kern	PK3713	094	Jul-07	\$41,000.00
			094	Jul-08	\$41,000.00
			094	Aug-08	\$41,000.00
			094	Sep-08	\$41,000.00
			094	Oct-08	\$41,000.00
			094	Nov-08	\$41,000.00
			094	Dec-08	\$41,000.00
			094	Jan-09	\$41,000.00
			094	Feb-09	\$41,000.00
			094	Mar-09	\$41,000.00
			094	Apr-09	\$41,000.00
			094	May-09	\$41,000.00
			094	Jun-09	\$41,000.00
			094	Jul-09	\$41,000.00
			094	Aug-09	\$41,000.00
			094	Sep-09	\$41,000.00
			094	Oct-09	\$41,000.00
			094	Nov-09	\$41,000.00
			094	Dec-09	\$41,000.00
			094	Jan-10	\$41,000.00
			094	Feb-10	\$41,000.00
			094	Mar-10	\$41,000.00
			094	Apr-10	\$41,000.00
			094	May-10	\$41,000.00
094	Jun-10	\$41,000.00			
094	Aug-10	\$41,000.00			
094	Sep-10	\$41,000.00			
094	Oct-10	\$41,000.00			
094	Nov-10	\$41,000.00			
094	Dec-10	\$41,000.00			
2	Business Builders	PK5048	063	Mar-09	\$4,006.10
			063	Apr-09	\$4,006.10
			063	May-09	\$6,125.55
			063	Jun-09	\$7,968.55
			063	Jul-09	\$7,968.55
			063	Aug-09	\$7,968.55
			063	Sep-09	\$7,968.55

Kern Regional Center
Purchase of Services Expenses Not Tied to UCI Numbers
Fiscal Years 2008-09 and 2009-10

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments
Purchase of Services Expenses Not Tied to UCI Number					
	Business Builders	PK5048	063	Oct-09	\$7,968.55
			063	Nov-09	\$7,968.55
			063	Dec-09	\$7,968.55
			063	Jan-10	\$7,968.55
			063	Feb-10	\$7,968.55
			063	Mar-10	\$7,968.55
			063	Apr-10	\$7,968.55
			063	May-10	\$7,968.55
			063	Jun-10	\$7,968.55
			063	Jul-10	\$7,968.55
			063	Aug-10	\$7,968.55
			063	Sep-10	\$7,968.55
			063	Oct-10	\$7,865.86
			063	Nov-10	\$7,865.86
			063	Dec-10	\$7,865.86
	063	Jan-11	\$7,865.86		
3	California Mentor	PK3618	113	Oct-08	\$5,159.00
			113	Nov-08	\$5,159.00
			113	Dec-08	\$5,159.00
			113	Jan-09	\$5,159.00
			113	Feb-09	\$5,004.23
			113	Mar-09	\$5,004.23
			113	Apr-09	\$5,004.23
			113	May-09	\$5,004.23
			113	Jun-09	\$5,004.23
			113	Jul-09	\$5,004.23
			113	Aug-09	\$5,004.23
			113	Sep-09	\$5,004.23
			113	Oct-09	\$5,004.23
			113	Nov-09	\$5,004.23
			113	Dec-09	\$5,004.23
113	Jan-10	\$5,004.23			
4		P15933	720	Jul-08	\$4,150.14
			720	Aug-08	\$4,392.46
			720	Sep-08	\$4,173.13
			720	Oct-08	\$4,077.15
			720	Nov-08	\$3,307.16

Kern Regional Center
Purchase of Services Expenses Not Tied to UCI Numbers
Fiscal Years 2008-09 and 2009-10

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments
Purchase of Services Expenses Not Tied to UCI Number					
			720	Dec-08	\$3,502.76
			720	Jan-09	\$3,124.46
			720	Feb-09	\$2,876.49
			720	Mar-09	\$3,447.44
			720	Apr-09	\$3,939.81
			720	May-09	\$3,462.08
			720	Jun-09	\$3,625.35
			720	Jul-09	\$3,363.30
			720	Aug-09	\$4,103.78
			720	Sep-09	\$2,918.83
			720	Oct-09	\$3,210.61
			720	Nov-09	\$3,335.02
		P15933	720	Dec-09	\$2,567.50
			720	Jan-10	\$3,266.25
			720	Feb-10	\$3,621.09
			720	Mar-10	\$2,681.25
			720	Apr-10	\$2,827.50
			720	May-10	\$2,145.00
			720	Jun-10	\$1,690.00
			720	Jul-10	\$2,713.75
			720	Aug-10	\$3,809.52
			720	Sep-10	\$2,697.50
			720	Oct-10	\$3,168.75
			720	Nov-10	\$3,445.00
			720	Dec-10	\$3,948.75
5	Kern Adult Program	P62954	882	Jul-08	\$5,409.56
			882	Aug-08	\$3,731.75
			882	Sep-08	\$4,177.94
			882	Oct-08	\$3,934.56
			882	Nov-08	\$3,296.63
			882	Dec-08	\$3,425.39
			882	Jan-09	\$3,433.06
			882	Feb-09	\$2,425.55
			882	Mar-09	\$3,505.95
			882	Apr-09	\$3,484.49
			882	May-09	\$2,969.33
			882	Jun-09	\$3,026.57

Kern Regional Center
Purchase of Services Expenses Not Tied to UCI Numbers
Fiscal Years 2008-09 and 2009-10

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments
Purchase of Services Expenses Not Tied to UCI Number					
	Kern Adult Program	P62954	882	Jul-09	\$3,470.18
			882	Aug-09	\$3,119.58
			882	Sep-09	\$3,459.44
			882	Oct-09	\$3,269.84
			882	Nov-09	\$2,951.44
			882	Dec-09	\$3,366.43
			882	Jan-10	\$3,387.89
			882	Feb-10	\$3,545.30
			882	Mar-10	\$3,910.21
			882	Apr-10	\$3,752.80
			882	May-10	\$3,523.84
			882	Jun-10	\$3,548.88
			882	Jul-10	\$3,878.01
			882	Aug-10	\$3,606.12
			882	Sep-10	\$3,734.91
			882	Oct-10	\$4,179.52
			882	Nov-10	\$4,144.22
6	Lighthouse Advocacy	PK3376	112	Jul-08	\$32,000.00
			112	Aug-08	\$32,000.00
			112	Sep-08	\$32,000.00
			112	Oct-08	\$32,000.00
			112	Nov-08	\$32,000.00
			112	Dec-08	\$32,000.00
			112	Jan-09	\$32,000.00
			112	Feb-09	\$31,040.00
			112	Mar-09	\$31,040.00
			112	Apr-09	\$31,040.00
			112	May-09	\$31,040.00
			112	Jun-09	\$31,040.00
			112	Jul-09	\$31,040.00
			112	Aug-09	\$31,040.00
			112	Sep-09	\$31,040.00
	112	Oct-09	\$15,315.30		
7	Loyd's Liberty Home	P93967	017	Jul-08	\$3,000.00
			017	Aug-08	\$3,000.00
			017	Sep-08	\$3,000.00
			017	Oct-08	\$3,000.00

Kern Regional Center
Purchase of Services Expenses Not Tied to UCI Numbers
Fiscal Years 2008-09 and 2009-10

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments
Purchase of Services Expenses Not Tied to UCI Number					
	Loyd's Liberty Home	P93967	017	Nov-08	\$3,000.00
			017	Dec-08	\$3,000.00
			017	Jan-09	\$3,000.00
			017	Feb-09	\$2,910.00
			017	Mar-09	\$2,910.00
			017	Apr-09	\$2,910.00
			017	May-09	\$2,910.00
			017	Jun-09	\$2,910.00
			017	Jul-09	\$2,910.00
			017	Aug-09	\$2,910.00
			017	Sep-09	\$2,910.00
			017	Oct-09	\$2,910.00
			017	Nov-09	\$2,910.00
			017	Dec-09	\$2,910.00
			017	Jan-10	\$2,910.00
			017	Feb-10	\$2,910.00
			017	Mar-10	\$2,910.00
			017	Apr-10	\$2,910.00
			017	May-10	\$2,910.00
			017	Jun-10	\$2,910.00
			017	Jul-10	\$2,910.00
			017	Aug-10	\$2,910.00
			017	Sep-10	\$2,910.00
			017	Oct-10	\$2,872.50
	017	Nov-10	\$2,872.50		
	017	Dec-10	\$2,872.50		
8	Nolan Community	P24741	605	Jul-08	\$1,276.80
			605	Sep-08	\$718.20
			605	Oct-08	\$798.00
			605	Nov-08	\$877.80
			605	Dec-08	\$478.80
			605	Jan-09	\$877.80
			605	Feb-09	\$539.98
			605	Mar-09	\$848.54
			605	Apr-09	\$617.12
			605	Jun-09	\$694.26
			605	Jul-09	\$771.40

Kern Regional Center
Purchase of Services Expenses Not Tied to UCI Numbers
Fiscal Years 2008-09 and 2009-10

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments
Purchase of Services Expenses Not Tied to UCI Number					
	Nolan Community	P24741	605	Aug-09	\$925.68
			605	Sep-09	\$771.40
			605	Oct-09	\$308.56
			605	Nov-09	\$1,079.96
			605	Dec-09	\$539.98
			605	Jan-10	\$462.84
			605	Feb-10	\$1,002.82
			605	Mar-10	\$736.02
			605	Apr-10	\$1,002.82
			605	May-10	\$848.54
			605	Jun-10	\$1,234.24
			605	Jul-10	\$617.12
			605	Aug-10	\$308.56
			605	Sep-10	\$848.54
			605	Oct-10	\$77.14
			605	Nov-10	\$539.98
			605	Dec-10	\$308.56
9	Special Olympics Southern	PW1383	084	Jul-08	\$5,380.00
			084	Aug-08	\$5,380.00
			084	Sep-08	\$5,380.00
			084	Oct-08	\$5,380.00
			084	Nov-08	\$5,380.00
			084	Dec-08	\$5,380.00
			084	Jan-09	\$5,380.00
			084	Feb-09	\$5,234.74
			084	Mar-09	\$5,218.60
			084	Apr-09	\$5,218.60
			084	May-09	\$5,218.60
			084	Jun-09	\$5,218.60
			084	Jul-09	\$5,218.60
			084	Aug-09	\$5,218.60
			084	Sep-09	\$5,218.60
			084	Oct-09	\$5,218.60
			084	Nov-09	\$5,218.60
			084	Dec-09	\$5,218.60
			084	Jan-10	\$5,218.60
			084	Feb-10	\$5,218.60

**Kern Regional Center
Purchase of Services Expenses Not Tied to UCI Numbers
Fiscal Years 2008-09 and 2009-10**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments
Purchase of Services Expenses Not Tied to UCI Number					
	Special Olympics Southern	PW1383	084	Mar-10	\$5,218.60
			084	Apr-10	\$5,218.60
			084	Jun-10	\$10,437.20
			084	Jul-10	\$5,218.60
			084	Aug-10	\$5,218.60
			084	Sep-10	\$5,218.60
			084	Oct-10	\$5,218.60
			084	Nov-10	\$5,218.60
			084	Dec-10	\$5,218.60
Total Purchase of Services Expenses Not Tied to UCI Number					\$2,440,314.17

**Kern Regional Center
Missing Documentation
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Missing Invoices or Attendance Documentation
1	HK1529	Delano Associate	805	January 2009, February 2009, and March 2009
2	Z08947	Golden Empire Transit	895	March 2009, April 2009, May 2009, September 2009, November 2009 and March 2010
3	VK4256		425	January 2009, February 2009, and March 2009
4	PK4629		775	October 2008, April 2009 and July 2009
5	HK3458	Desert Area Resources and Training	805	September 2009, November 2009 and April 2010
6	H01986	Desert Area Resources and Training	805	March 2009, April 2009 and May 2009
7	HK1529	Delano Associate	805	March 2009, April 2009 and May 2009
8	HK3458	Desert Area Resources and Training	805	March 2009, April 2009 and May 2009
9	PK2229	California Mentor	999	June 2010, May 2010 and April 2010
10	PK3233		999	July 2008, August 2008 and September 2008
11	H93751	New Advances for People With Disabilities	880	October 2008, February 2009, June 2009, October 2009, February 2010 and June 2010
12	HK0579		880	October 2008, February 2009, June 2009, October 2009, February 2010 and June 2010
13	HK2622	Bakersfield Arc- Supported Employment	880	October 2008, February 2009, June 2009, October 2009, February 2010 and June 2010
14	HK2630	Bakersfield Association for Retarded Citizens	880	October 2008, February 2009, June 2009, October 2009, February 2010 and June 2010
15	PK4388	Community Support Options	880	October 2008, February 2009, June 2009, October 2009, February 2010 and June 2010

Missing Consumer File

Unique Client Identification Number

1

APPENDIX A

KERN REGIONAL CENTER

**RESPONSE
TO AUDIT FINDINGS**

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

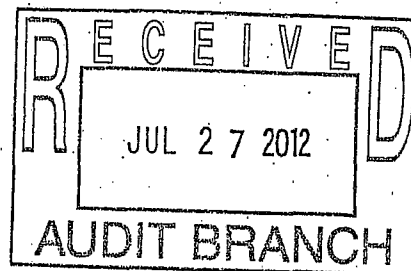
KERN REGIONAL CENTER

Supporting Equality, Independence & Opportunity



July 25, 2012

Edward Yan
Manager
Audit Branch
Department of Developmental Services
1800 Ninth Street
Sacramento, CA 95814



Dear Mr. Yan:

In accordance with our exit conference call to review the Branch's Draft audit findings of Kern Regional Center Fiscal Years 2008-2009 and 2009-2010 this packet of information seeks to clarify each "Finding" where Kern Regional Center either disagrees or partially agrees with the Audit Team's Findings, Conclusions and Recommendations. Kern Regional Center is committed to fulfilling our Fiduciary Responsibility to be in compliance with all Laws and Codes.

While Kern Regional Center is appreciative of the extraordinary effort invested by the Audit Team during their review, we remain confident that some Findings have contractual, operational or historic context that the team may not have been aware during their review. Several responses to these 'Findings' seek to address these contextual elements and bring clarity to the decision-making process, conversion and contractual agreements which form the basis of our appeal. We have provided substantial 'back-up' documentation to these elements and value the opportunity to provide any additional clarification to place these elements into context.

We look forward to our further communication to assure your full understanding and agreement with our appeal relative to each of the findings and value additional requests for information to that end. Please contact myself or Jon Gusman if additional content or clarification is required. We have specific departmental persons designated for each of the findings who can guide further discussions or acquire additional information should it be required.

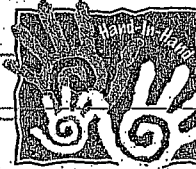
Sincerely,

Duane A. Law,

Chief Executive Officer

KERN REGIONAL CENTER

Supporting Equality, Independence & Opportunity



July 24, 2012

Enclosed is the Kern Regional Center's response to the DDS Audit of May 2011. The response is organized as follows:

Written responses to DDS' findings
Attachments 1 thru 11

The written response references the attachment number. The attachment number lists the detail that supports the written responses.

KRC is still in the process of responding to DDS Audit Finding 1A – California Mentor, Vendor #PK5111. Correspondence to the finding will be sent separately.

You may contact the following KRC staff assigned to each finding should you have any questions regarding the responses:

John Noriega – 661-852-3242, inoriega@kernrc.org, for

Finding 1 – A – Negotiated Rates above the Statewide Median Rates

Finding 2 – Incorrect Rate Paid to Vendors – Positive Directions #9, Vendor #PK3459

Tammie Inman – 661-852-3305, tinman@kernrc.org, for

Finding 1 – B – Residential Services – Partial Month Stays

Finding 1 – C – Duplicate Payments/Overlapping Authorizations

Finding 2 – Incorrect Rate Paid to Vendors - MP Homes – Vendor #PK2121

Finding 5 – FCPP – Over-Stated Share of Cost

Jon Gusman – 661-852-3361, jgusman@kernrc.org, for

Finding 6 – POS Expenses Not Tied to UCI Number

Duane Law – 661-852-3301, dlaw@kernrc.org, and/or Jon Gusman, for

Finding 3 – Payments for Unoccupied Beds

Sincerely,

Jon Gusman
Chief Financial Officer
Kern Regional Center

Finding 1: Over/Under Stated Claims

A. – Negotiated Rates Above the Statewide Median Rates

The provider, Just Johnson's, Inc., vendor #PK5330 underwent a conversion from a flat rate to a unit based rate. The flat rates existed prior to the median rate implementation. Please see attachment #1 regarding Just Johnson's conversion from flat rates to a unit based rate.

[Reserved for future response on California Mentor, vendor #PK5111 with attachment #2]

The provider, Riverlakes Residential Care, vendor #PK4954 was developed with Start-Up funds approved in Kern Regional Center's CPP for fiscal year 08-09. The rate approved was under the median rate of \$9,000 for CPP listed on the DDS median rate survey of July 2008. Please see attachment #3 regarding the provider's rate.

B. – Residential Services – Partial Month Stays

KRC agrees to 7 of the 10 instances of overpayments. Out of the 7 instances in agreement, KRC needs to rebill 5 instances for recoveries and the remaining 2 instances have already been cleared by DDS.

There were 3 instances of a disagreement to the finding. 2 of those instances have already been cleared by DDS.

KRC reviewed the 1 instance of an underpayment for partial month stays and finds DDS has already cleared this instance.

Please refer to the attachment #4 regarding partial month stays.

C. – Duplicate Payments/Overlapping Authorizations

KRC reviewed the 6 vendors that had 8 instances of duplicate/overlapping authorizations. KRC agrees with 5 of those instances and DDS has already cleared those 5 instances. KRC disagrees with the remaining 3 instances.

D. – Rate Reduction

KRC reviewed the 99 sampled Residential Programs and negotiated vendor files for the rate reduction, which consisted of 82 overpayments and 17 underpayments.

KRC disagrees to 37 instances of overpayment in the amount of \$1,066.70.

In addition, KRC found 2 instances of overpayments that were erroneous in the amount of \$57.66

KRC agrees to the remaining 43 instances of overpayments in the amount of \$2,208.60 and will collect the amount from the vendors.

KRC agrees to the 17 underpayments in the amount of (\$490.11) and will pay the amounts due the vendors.

Please see attachment #6 regarding rate reduction.

Finding 2: Incorrect Rate Paid to Vendors

KRC agrees with the DDS finding of MP Homes, Vendor #PK2121. After further analysis on this finding, KRC had renegotiated the contract rate from \$10,000 to \$8,500 effective 7/1/04.

Please refer to attachment #7.

The provider, Positive Directions #9, vendor #PK3459 was developed with Start-Up funds approved in Kern Regional Center's CPP for fiscal year 05-06. The rate approved was under the median rate of \$9,000 for CPP at the time on file with the DDS median rate survey of July 2008. Please see attachment #8 regarding the provider's rate.

Finding 3: Payments for Unoccupied Beds

The payments to the provider are tied to an amended downsizing agreement between the provider and Kern, which ends 2/22/13.

The amendment to the downsizing agreement was to make payment to the provider based on full occupancy at each of the downsizing facilities irrespective of actual occupancy at each of those facilities. The payments for unoccupied beds were posted to out of home respite.

Please see attachment #9 regarding the contractual history of this downsizing transaction.

Finding 4 – Conflict of Interest.

KRC agrees to the finding of the conflict of interest. A recovery amount of \$18,750 will be paid to DDS from KRC.

Finding 5 – Family Cost Participation Program – Over Stated Share of Cost

It has been KRC's practice to treat the encumbrance and payments for respite on an annualized basis as opposed to a monthly basis.

By applying this purchase of service standard to the 8 instances it shows that KRC correctly changed the authorization encumbrance due to FCPP and correctly paid. Please refer to attachment #10 regarding the FCPP.

Finding 6 – Purchase of Service (POS) Expenses Not Tied to Consumer Unique Client Identification (UCI) Number

KRC will use the Electronic Attendance Process (EA) to tie UCI numbers paid under a group contract to the HCBS waiver for billable service codes.

Please see attachment #11 regarding this process.

Finding 7 – Missing Documentation

KRC agrees with DDS to reinforce its record retention procedures.

Finding 8 – Targeted Case Management (TCM) Time Study – Recording of Attendance (Repeat)

KRC agrees with DDS to continue to provide training to its staff in order to ensure that all employee timesheets reconcile to the DDS 1916.