



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

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**Department of Developmental Services**

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# EXECUTIVE SUMMARY

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The Department of Developmental Services (DDS) conducted a fiscal compliance audit of Kern Regional Center (KRC) to ensure KRC is compliant with the requirements set forth in the California Code of Regulations, Title 17 (CCR, Title 17), the California Welfare and Institutions (W&I) Code, the Home and Community-Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract with DDS. Overall, the Audit identifies areas where KRC's administrative and operational controls must be strengthened. Some areas identified are of a nature that would indicate systemic issues and are of serious concern to DDS. A follow-up review was performed to ensure KRC has taken corrective action to resolve the findings identified in the prior DDS audit report.

## **Findings That Need to be Addressed.**

### **Finding 1: Missing Documentation (Repeat)**

#### **A. Purchase of Service**

The sampled review of 127 Purchase of Services (POS) vendor files revealed KRC continues to reimburse its vendors for services provided to the consumers without monthly invoices, attendance, and/or adequate supporting documentation. This resulted in unsupported payments to 30 vendors totaling \$4,558,378.34. This issue was also identified in the prior audit. This is not in compliance with CCR, Title 17, Section 50604(d) and State Contract, Article IV, Section 3(a) and (b).

KRC provided copies of electronic attendance and invoices with its response to resolve the unsupported billings totaling \$4,240,029.32. KRC must reimburse to DDS the \$318,349.02 still outstanding.

#### **B. Deceased Consumers**

The sampled review of 20 deceased consumer files revealed KRC was unable to provide the consumer files or death certificates for two consumers, Unique Client Identification (UCI) Numbers [REDACTED] and [REDACTED]. This issue was also identified in the prior audit. This is not in compliance with the State Contract, Article IV, Section 3(a) and (b).

#### **C. Service Coordinator Caseload Ratios**

The review of the service coordinator caseload ratios revealed KRC did not retain source documents to support its calculations for the service coordinators' caseloads for March 2011 and 2012. These documents are necessary to verify that the caseload ratios reported to DDS are accurate. This



is not in compliance with the State Contract, Article IV, Section 3(a) and (b) and the DDS Service Coordinator Caseload Survey Instructions.

**D. Contract and Rate Letters**

The sampled review of 127 POS vendor files revealed that KRC was unable to provide a vendor contract for Riverside Ranch, Vendor Number H94152, Service Code 113, and the rate letters for Jmar Homes, Inc., Vendor Number H40119, Service Code 930, and Georgina Villasenor, Vendor Number VK3238, Service Code 425. This is not in compliance with the State Contract, Article IV, Section 3(a) and (b).

**Finding 2: KRC Foundation – Developmental Services Support Foundation for Kern, Inyo, and Mono Counties**

**A. In-Kind Services**

The review of the prior audit report indicated that KRC has employees responsible for the management of its headquarters' building, which is owned by the Developmental Services Support Foundation for Kern, Inyo, and Mono Counties (DSSF). However, a discussion with KRC revealed that there was no written "In-Kind" service agreement in place with DSSF to provide these administrative services. Although no agreement exists, DSSF has been reimbursing KRC for the salary expenses of the employees, based on the percentage of time each employee spent providing administrative services for DSSF since July 2008. The cost spent by KRC providing administrative services to DSSF totaled \$815,083 from July 2008 through June 2013. This is not in compliance with the State Contract, Article III, Section 13.

**B. Conflict of Interest**

The review of the DSSF's bylaws, lease agreement, Board member listing, and the KRC staff listing, revealed conflicts of interest that exist between KRC and DSSF. The review found that KRC's prior Chief Executive Officer (CEO) incorporated DSSF. The review also found that KRC's prior CEO and Chief Financial Officer (CFO) simultaneously served as Board President and Vice President/Treasurer of DSSF, respectively. In addition, it was found that KRC's prior CEO and CFO signed the lease agreement between KRC and DSSF representing both parties as lessor and lessee. Furthermore, serving as the Board President and Vice President/Treasurer of DSSF, KRC's CEO and CFO signed the \$13,000,000 bond agreement for DSSF to fund the renovation and expansion of KRC's headquarters' building which is owned by DSSF. These were non-arm's length transactions as the prior CEO and CFO were responsible for making all financial and operational decisions for KRC and DSSF.

Further review of DSSF's bylaws found that KRC is the sole corporate member of DSSF, which authorizes KRC's Board to appoint DSSF Board members. This authority gives KRC total control of DSSF's operational functions. This is not in compliance with CCR, Title 17, Sections 54522(a) and (b)(1)(2)(6)(7) and 54523(a)(b) and (c).

### **C. KRC Vendorization**

The review of KRC's vendor files revealed that KRC's prior CEO vendorized KRC using DSSF's Employer Identification Number (EIN) under Vendor Number Z00372, Service Codes 024 and 103, Vendor Number Z28346, Service Code 024, and Vendor Number PK0620, Service Code 102. KRC utilized these vendor numbers to reimburse itself from July 2010 through January 2013 using POS funds totaling \$1,745,413.41. This is not in compliance with W&I Code, Section 4648(a), CCR, Title 17, Sections 54314(a)(3) and (4), 54326(a)(10), and 50604(d), and the State Contract, Article IV, Section 3(a) and (b).

### **Finding 3: Improper Allocation of Community Placement Program Funds**

The review of KRC's Community Placement Program (CPP) claims revealed that KRC continued to provide CPP funding for three consumers after the initial fiscal year of placement. KRC's CPP claims also included 19 consumers that did not move from the developmental centers to the community. This resulted in an improper allocation of CPP funds totaling \$384,341.38. This is not in compliance with W&I Code, Section 4418.25(c) and (d), State Contract, Exhibit E, and the DDS Guidelines for Regional Center Community Placement Plan (III)(A).

KRC provided documentation with its response indicating \$56,056.45 has been reclassified. The \$221,441.70 allocated to Vendor Number PK5154 was not for CPP related expenses and the remaining \$106,873.23 could not be reclassified due to closed fiscal years for 2010-11, and 2011-12.

### **Finding 4: Unauthorized Services**

The sampled review of 127 POS vendor files revealed that KRC reimbursed one vendor, Celebracion de Familias Exceptionales, Vendor Number PK5380, as a Communication Aide, Service Code 112, a total of \$217,497 in POS funds. The service code used is specifically designated for assisting persons with hearing, speech, and/or vision impairment. However, the vendor did not provide Communication Aide services to consumers, but instead, the vendor assisted consumers' parents with the initial application for Social Security Income (SSI), offered computer classes and monthly parent-training sessions. In addition, these services were not specific to the service code's definition of a Communication Aide, consumer's Individual Program Plan (IPP), nor tied to a specific consumer

UCI number and authorization. This is not in compliance with DDS' service code definition and CCR, Title 17, Section 54340(c).

**Finding 5: Negotiated Rates Above the Statewide Median Rate (Repeat)**

The sampled review of 127 POS vendor files and a follow-up review of the prior DDS audit report revealed that KRC continues to reimburse Riverlakes Residential Care, Vendor Number PK4954, Service Code 113, above KRC's Median Rate which was implemented on July 1, 2008. The total overpayment amount to the vendor is \$78,868.14. This issue was also noted in the prior audit with \$50,516.24 still outstanding. The total overpayment from both the current and prior audit, from May 2009 to June 2013, is \$129,384.38. This is not in compliance with W&I Code, Section 4691.9(a) and (b).

**Finding 6: Payments for Unoccupied Beds (Repeat)**

The sampled review of 127 POS vendor contracts revealed KRC continues to reimburse a vendor for services not provided. KRC paid one vendor, Desert Rose, Vendor Number PK3386, Service Code 113, for services not provided. KRC's contract allows for the Desert Rose's reimbursement rate to increase from \$3,113 per consumer per month to \$3,891 per consumer per month, to subsidize the cost for an unoccupied bed when the facility is not at the full capacity. This resulted in an overpayment totaling \$113,607.74 for the unoccupied beds. This issue was also identified in the prior audit with \$339,901.05 still outstanding. The total overpayment from both the current and prior audit is \$453,508.79. This is not in compliance with CCR, Title 17, Section 54326(a)(10).

KRC reimbursed to DDS \$19,400.45 on March 6, 2015, but \$434,108.34 still remains outstanding.

**Finding 7: Payment Reduction (Repeat)**

The sampled review of 127 POS vendor files revealed that KRC miscalculated the mandated 3 and 4.25 percent payment reduction for 12 vendors. This resulted in overpayments totaling \$67,756.42 and underpayments totaling \$50,011.99 to the vendors. This issue was also noted in the prior audit; however, KRC took corrective action and provided DDS with documentation indicating that the over and underpayments noted in the prior audit report totaling \$3,332.96 and \$490.11 respectively, had been resolved. This is not in compliance with CCR, Title 17, Section 54326(a)(10) and Assembly Bill 104, Chapter 37, Section 24, Section 10(a).

KRC provided documentation indicating underpayments totaling \$50,011.99 have been resolved. However, \$67,756.42 in overpayments still remains outstanding.

**Finding 8: Rate Increase After Rate Freeze**

The sampled review of 127 POS vendor files revealed that eight transportation vendors received one percent rate increases after the July 1, 2008, rate freeze was in effect. KRC issued a rate increase to the eight vendors based on a DDS memo dated September 13, 2006, which allowed vendors to secure a one percent rate increase to cover the added cost of tracking and reporting additional data to support the HCBS Waiver program reimbursements by November 1, 2006. However, none of the vendors identified secured the rate or met the requirements stipulated in the memo. This resulted in an overpayment totaling \$47,874.20. This is not in compliance with W&I Code, Section 4648.4(b).

**Finding 9: Over/Understated Claims**

The review of the Operational Indicator reports revealed 53 instances where KRC over and under claimed expenses to the State. The over and under payments were due to duplicate payments and/or overlapping authorizations. This resulted in over and under payments totaling \$22,372.57 and \$59.12, respectively. This is not in compliance with CCR, Title 17, Section 54326(a)(10).

KRC provided documentation indicating overpayments totaling \$116.82 have been resolved. However, overpayments totaling \$22,255.75 and underpayments totaling \$59.12 still remain outstanding.

**Finding 10: Purchase of Service Funds Used Without Authorizations**

The review of KRC's bank account listing revealed KRC used POS funds for services provided to consumers without proper authorizations. KRC maintains Client Emergency and POS Petty Cash accounts. Funds in these accounts are used to pay for consumers' emergency services and money management expenses. The unauthorized use of POS funds totaled \$370,538.64 from July 2010 to July 2012. This is not in compliance with CCR, Title 17, Sections 50604(d), 54340(c), and Article IV, Section 3(a) and (b) of the State Contract.

**Finding 11: Client Trust Disbursements Not Supported**

The sampled review of 25 consumer trust money management disbursements revealed that KRC did not retain receipts to support 24 money management disbursement checks totaling \$14,110 that were issued to vendors for the spending down of consumer funds. This is not in accordance with the Social Security Handbook, Chapter 16, Section 1616.

KRC provided documentation indicating \$4,013.46 in client trust disbursements has been resolved. However, \$10,096.54 of unsupported money management disbursements still remains outstanding.

**Finding 12: Lack of Signature Authority**

The review of the bank signature cards revealed that KRC had a Post Retirement bank account which lacked the required DDS signatory authority. KRC closed the account as of November 2013 and deposited \$11,037.62 into its General Checking account. However, the \$11,037.62 must be reverted back to DDS since the funds are from a closed fiscal year (FY). This is not in compliance with the State Contract, Article III, Sections 3(f) and (g), and 4.

KRC provided documentation indicating it has reimbursed to DDS the \$11,037.62 of funds remaining from the closed fiscal years.

**Finding 13: Expenses Did Not Match to the Year-End General Ledger**

The review of the Targeted Case Management (TCM) Rate Study worksheets for May 2011, 2012, and 2013 revealed that KRC did not retain the source documents to support its calculations for the 2011 TCM Rate Study. These documents are necessary to verify that the Rate Study worksheets reported to DDS are accurate. In addition, KRC's TCM Rate Study worksheets for May 2013 revealed a discrepancy of \$946,804.28 between the expenses reported on the worksheet and KRC's Year-End General Ledger. This occurred because KRC did not verify its TCM Rate Study worksheets to the General Ledger before forwarding the worksheets to DDS. This is not in compliance with DDS' instructions for the TCM Rate Study Attachment B.

**Finding 14: Purchase of Service Expenses Not Tied to Consumer Unique Client Identification Numbers (Repeat)**

The sampled review of 127 POS vendor files revealed that two POS vendors, Telecare Corp., Vendor Number HC0854, Service Code 117, and Community Support Options, Vendor Number PK3577, Service Code 113, were paid under a contract UCI number for services provided to consumers totaling \$392,496.78. It was found that the vendors provided services under the HCBS Waiver billable service codes, but KRC did not tie the POS expenditures to individual consumers. This is not in compliance with CCR, Title 17, Section 50604(d)(1).

**Finding 15: Bank Reconciliations Not Completed Timely**

The review of the General Checking account revealed that the bank reconciliations were not completed in a timely manner. The reconciliations were prepared more than 90 days after the bank statements were received. KRC indicated the delay in preparing the bank reconciliations were due to the staff's excessive work schedule. This is not in compliance with KRC's Operations Control Guide, Section 7-Bank Reconciliation and Section 10-Claim.

**Finding 16: Employee Conflict of Interest Forms**

The sampled review of KRC employees' files revealed that 16 out of 20 employees did not have an updated Conflict of Interest (COI) disclosure statement on file. In addition, 7 out of the 20 employees COI forms were not reviewed and signed by the Executive Director. This is not in compliance with W&I Code, Section 4626 (e), (f) and (g) and KRC Board Policy No. P7.

**Finding 17: Segregation of Duties**

The review of KRC's internal controls for the Bank Reconciliation process revealed a lack of segregation of duties over the Bank Reconciliation process. The Accounting Manager prepares the reconciliation, handles cash and all deposit functions. In addition, the review of KRC's payroll process also revealed a lack of separation of duties for KRC's Executive Assistant. The Executive Assistant processes payroll and enters changes to employee pay rates and salary deductions. These weaknesses in KRC's internal controls increase the risk of fraud and decreases chances of detecting errors.

**Finding 18: Equipment Inventory**

**A. Missing Equipment**

A sample of 40 items were selected for testing from KRC's equipment inventory listing and the testing revealed five items that could not be located. In addition, KRC failed to complete and send the Property Survey Report form (Std. 152) to the Department of General Services (DGS) for the surveying of the five inventory items. This is not in compliance with the State Contract, Article IV, Section 4(a) and the State's Equipment Management Systems Guidelines, Section III (E).

**B. Equipment Acquisition Form Not Utilized**

KRC has not been completing the required Equipment Acquired Under Contract form (DS 2130) for newly purchased equipment. This is not in compliance with the State Contract, Article IV, Section 4(a) and the State's Equipment Management System Guidelines, Section III (B).

**Finding 19: Vendors Not Enrolled in Electronic Billing**

The review of KRC's electronic billing (e-billing) process found that 1,314 out of 1,817 vendors have not been enrolled in e-billing as of July 1, 2012. KRC exempted 92 vendors from the e-billing; however, none of the vendors were paid by voucher or presented financial hardship, which would have precluded them from enrolling in the e-billing process. This is not in compliance with W&I Code, Section 4641.5(a).

**Finding 20: Policies and Procedures for Vendor Audits and Reviews**

The review of the list of KRC vendors required to contract with an independent accounting firm for an audit or review of its financial statements revealed 117 out of 127 vendors did not submit an audit or review. It was found that KRC has no procedures in place to follow-up with vendors who are required to, but have not yet submitted audit reports or reviews. This is not in compliance with W&I Code, Section 4652.5(a)(1) and (b).

**Finding 21: Whistleblower Policy Not Distributed Annually**

The discussion with KRC staff regarding the Whistleblower Policy revealed that KRC is not annually distributing KRC's and the State's Whistleblower Policies to its employees, Board members, consumers/families and the vendor community. This is not in compliance with KRC's Whistleblower Policy.

**Finding 22: Family Cost Participation Program – Late Assessments**

The sampled review of 24 Family Cost Participation Program (FCPP) consumer files revealed 15 instances in which KRC did not assess the parents' share of cost participation as part of the consumer's Individual Program Plan (IPP) or the Individualized Family Service Plan (IFSP) review. The assessments were completed more than 30 days after the signing of the IPP. This is not in compliance with W&I Code, Section 4783(g)(1).

**Finding 23: Deceased Consumers – Multiple Dates of Death**

The sampled review of 20 deceased consumer files identified six consumers with two different dates of death recorded. This is not in compliance with the State Contract, Article IV, Section 1(c)(1).

**Finding 24: Lack of Minutes for Closed Board Meetings**

KRC could not provide the minutes for closed Board meetings. KRC did not have the minutes for any of its closed Board meetings, including meetings which involved discussions related to employee governance policies, labor issues and lawsuits. This is not in compliance with the W&I Code, Article 3, Section 4663.

**Finding 25: Home and Community-Based Services Provider Agreement Forms (Repeat)**

The sampled review of 127 POS vendor files revealed two vendors, Vendor Number PK0045, Service Code 720, and Vendor Number HC0854, Service Code 114, did not have the HCBS Provider Agreement forms on file. In addition, Vendor Number H94152, Service Code 113, had the wrong service code on the

form. This issue was reported in the prior DDS audit report. This is not in compliance with CCR, Title 17, Section 54326 (a)(16).

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.



## BACKGROUND

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

DDS is also responsible for providing assurance to the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) that services billed under California's HCBS Waiver program are provided and that criteria set forth for receiving funds have been met. As part of DDS' program for providing this assurance, the Audit Branch conducts fiscal compliance audits of each RC no less than every two years, and completes follow-up reviews in alternate years. Also, DDS requires RCs to contract with an 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 RC will also be monitored by the DDS Federal Programs Operations Section to assess overall programmatic compliance with HCBS Waiver requirements. The HCBS Waiver compliance monitoring review has its own criteria and processes. These audits and program reviews are an essential part of an overall DDS monitoring system that provides information on regional centers' fiscal, administrative and program operations.

DDS and Kern Regional Center, Inc., entered into contract HD099009 (State Contract) effective July 1, 2009, through June 30, 2016. The contract specifies that Kern Regional Center, Inc. will operate as 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 13, 2013, through June 21, 2013, and was conducted by the DDS Audit Branch.

## **AUTHORITY**

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

## **CRITERIA**

The following criteria were used for this audit:

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

## **AUDIT PERIOD**

The audit period was July 1, 2010, through June 30, 2012, with follow-up as needed into prior and subsequent periods.

## OBJECTIVES, SCOPE, AND METHODOLOGY

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This Audit was conducted as part of the overall DDS monitoring system that provides information on RCs' 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 regulations
- To determine compliance with the provisions of the HCBS Waiver Program for the Developmentally Disabled
- To determine that costs claimed were in compliance with the provisions of the State Contract

The Audit was conducted in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. However, the procedures do not constitute an audit of KRC's financial statements. DDS limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that 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, the HCBS Waiver for the Developmentally Disabled, and the State Contract.

DDS' review of 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 report that was conducted by an independent accounting firm for FY 2010-11, issued on June 18, 2012. In addition, DDS noted no management letter issued for KRC. This review was performed to determine the impact, if any, upon the DDS audit and, as necessary, develop appropriate audit procedures.

The audit procedures performed included the following:

**I. Purchase of Service**

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

- DDS tested the sample items to determine if the payments made to service providers were properly claimed and could be supported by appropriate documentation.
- DDS selected a sample of invoices for service providers with daily and hourly rates, standard monthly rates, and mileage rates to determine if supporting attendance documentation was maintained by 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 and the W&I Code of Regulations.
- 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 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 accounts to determine if the reconciliations were properly completed on a monthly basis.

## **II. Regional Center Operations**

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

- A sample of the personnel files, timesheets, payroll ledgers and other support documents were 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 were tested to determine compliance with CCR, Title 17 and the State Contract.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the State Contract.
- DDS reviewed 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 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 months of June 2011, June 2012, and June 2013 and traced the reported information to source documents.
- Reviewed KRC's TCM Time Study. DDS selected a sample of payroll timesheets for this review and compared it to the Case Management Time Study Forms (DS 1916) to ensure that they 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 operations reduction to regional centers as required pursuant to W&I Code, Section 4640.6(i) and (j). The ratio continued to be suspended from July 2010 until July 2012 with imposition of the subsequent 4.25 percent and 1.25 percent payment reductions.

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

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

For the Early Intervention Program, there are several sections contained in the Early Start Plan. However, only the Part C section was applicable for this review.

For this program, DDS reviewed the Early Intervention Program, including the Early Start Plan and Federal Part C funding to determine if the funds were properly accounted for in the regional center's accounting records.

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

The 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 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 FCPP Schedule.
- Reviewed copies of the notification letters to verify that the parents were notified of their assessed cost participation within 10 working days of receipt of the parents' income documentation.
- Reviewed vendor payments to verify that KRC is paying for only its assessed share of cost.

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

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

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

## **VIII. Procurement**

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

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

- Reviewed KRC's 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 include applicable dollar thresholds and comply with Article II of the State Contract as amended.
- Reviewed the RFP notification process to verify that it is open to the public, and clearly communicates to all vendors. All submitted proposals are evaluated by a team of individuals to determine whether proposals are properly documented, recorded and authorized by appropriate officials at 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 is written documentation retained as justification for such a selection.

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

- Selected a sample of Operational, Start-Up and negotiated POS contracts subject to competitive bidding to ensure KRC notified the vendor community and the public of contracting opportunities available.
- Reviewed 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 those contracts were 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 24, 2011:

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

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

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

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

To determine whether 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, and that KRC is paying authorized contract rates and complying with the medium rate requirements of 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.

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

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

- Start-Up Funds, Community and Placement Program
- Prevention Program
- Part C
- Denti-Cal

**XI. Follow-up Review on Prior DDS Audit Findings**

As an essential part of the overall DDS monitoring system, a follow-up review of the prior DDS audit findings was conducted. DDS identified 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. The review indicated six prior issues that have not been resolved by KRC.

## **CONCLUSIONS**

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Based upon the audit procedures performed, KRC was not in compliance with several applicable sections of CCR, Title 17, the HCBS Waiver, and the State Contract with DDS for the audit period, July 1, 2010, through June 30, 2012. There are some areas identified in the Findings and Recommendations section of this audit report that are of a nature that would indicate significant systemic issues and are of serious concern to DDS. Consequently, KRC's administrative and operational controls must be strengthened.

From the review of prior Audit issues, it has been determined that KRC has not taken appropriate corrective action to resolve six prior audit issues.

## **VIEWS OF RESPONSIBLE OFFICIALS**

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DDS issued the draft of the audit report on October 30, 2014. The findings in the audit report were discussed at a formal exit conference with KRC on October 31, 2014. The views of the responsible officials are included in the final of the audit report.

## **RESTRICTED USE**

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This audit report is solely for the information and use of the DDS, Department of Health Care Services, CMS, and KRC. This restriction does not limit distribution of this audit report, which is a matter of public record.

# FINDINGS AND RECOMMENDATIONS

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## Findings That Need to be Addressed.

### Finding 1: Missing Documentation (Repeat)

#### A. Purchase of Service

The sampled review of 127 POS contract vendor files revealed KRC continues to reimburse its vendors for services provided to consumers without monthly invoices, attendance documentation and/or adequate documentation to ensure services were provided. This resulted in unsupported payments to 30 vendors totaling \$4,558,378.34. This issue was also noted in the prior audit. In its prior response, KRC stated that it will reinforce its records retention procedures to ensure turnaround invoices and attendance documentations are available for review before reimbursing vendors for services provided.

KRC provided copies of electronic attendance and invoices with its response to resolve the unsupported billings totaling \$4,240,029.32. KRC must reimburse to DDS the \$318,349.02 still outstanding. (See Attachment A.)

CCR Title 17, Section 50604(d) states in part:

“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 must reimburse to DDS \$318,349.02 in total unsupported payments made to its vendors. KRC must develop policies and procedures to ensure supporting documentation, such as invoices and attendance records, are retained and that no payments are made to vendors without appropriate documentation.

**B. Deceased Consumers**

The sampled review of 20 deceased consumer files revealed that KRC was unable to provide the consumer files for UCI Numbers [REDACTED] and [REDACTED]. Consequently, KRC was also unable to provide the death certificates since they were placed in the consumers’ files. This was an oversight by KRC that consumer files were misplaced. This issue was also noted in the prior audit, and in its response, KRC stated that they will ensure that consumer files are properly safeguarded and available for review.

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 must adhere to the requirements set forth in the State Contract, Article IV, Section 3(a) and (b) and ensure that documents are retained, properly safeguarded, and readily available for review.

**C. Service Coordinator Caseload Ratios**

The review of the service coordinator caseload ratios revealed KRC did not retain the source documents to support the service coordinators' caseload for March 2011 and 2012. These documents are necessary to verify that the caseload ratios reported to DDS are accurate. The KRC staff, who are responsible for the caseload ratios, stated that the supporting documentation had not been maintained but have developed policies and procedures to ensure that supporting documentation for service coordinator caseload is retained.

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 . . .”



Also, the DDS Service Coordinator Caseload Survey Instructions, paragraph 5, states:

“For audit purposes, the center must maintain supporting documentation for a minimum of three years. The law requires the Department, as part of its routine auditing responsibility, to review and verify documentation used to respond to this survey.”

**Recommendation:**

KRC must follow its newly developed policies and procedures and ensure that service coordinator caseload data is retained to justify the calculation for all its service coordinator caseload ratios.

**D. Contract and Rate Letters**

The sampled review of 127 POS vendor files revealed that KRC was unable to provide the contract for Riverside Ranch, Vendor Number H94152, Service Code 113, and the rate letters for Jmar Homes, Inc., Vendor Number H40119, Service Code 930, and Georgina Villasenor, Vendor Number VK3238, Service Code 425.

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 must adhere to the requirements set forth in the State Contract, Article IV, Section 3(a) and (b) and ensure that documents are retained, properly safeguarded, and readily available for review.

**Finding 2: KRC Foundation – Developmental Services Support Foundation for Kern, Inyo, and Mono Counties**

**A. In-Kind Services**

The review of the prior audit report indicated that KRC's employees are responsible for the management of its headquarters' building, which is owned by DSSF. The current review indicated five employees continue to provide administrative services for DSSF. However, a discussion with KRC revealed that there was no written "In-Kind" service agreement in place with KRC to provide administrative services. Although no agreement exists, since July 2008, DSSF has been reimbursing KRC for the salary expenses of the employees based on the percentage of time each employee spent providing administrative services for DSSF. KRC spent \$163,245 for FY 2008-09, \$178,885 for FY 2009-10, \$202,408 for FY 2010-11, \$125,139 for FY 2011-12, and \$145,406 for FY 2012-13, for a total of \$815,083 spent providing administrative services.

State Contract, Article III, Section 13 states in part:

**"Foundation Support**

After July 1, 2002, the following provisions shall apply:

- a. Contractor may provide funds to a foundation or similar entity where the purpose of the funds is to provide direct benefits to regional center consumers subject to prior review and written approval by the State in consultation with Contractor.

Contractor may not provide funds or personnel to a foundation or similar entity for fundraising purposes.

- b. Through a written agreement between the Contractor and a foundation, or similar entity, Contractor may provide in-kind administrative services to a foundation, or similar entity, provided such agreement requires reimbursement from the foundation to the Contractor for any services performed by the Contractor or its employees on behalf of the foundation or similar entity. In-kind reimbursement shall be in the form of specifically identifiable, non-monetary benefits for persons with developmental disabilities."

**Recommendation:**

KRC must reimburse DDS \$815,083 for the time its employees spent managing the DSSF property. In addition, KRC should develop and

implement a written agreement between KRC and DSSF for the property management services that KRC employees are performing for DSSF. The agreement should include requirements to properly document and account for the cost of the services provided by KRC to DSSF. In addition, the written agreement should specifically identify the non-monetary in-kind reimbursement that DSSF will provide to KRC, along with documentation requirements to demonstrate that the in-kind reimbursement from DSSF is equivalent to the cost of the services provided by KRC.

## **B. Conflict of Interest**

The review of DSSF's bylaws, lease agreement, Board member and KRC staff listings revealed a conflict of interest that exists between KRC and DSSF. The review identified that DSSF was incorporated by KRC's prior CEO. The review also found that KRC's prior CEO and CFO simultaneously served as Board President and Vice President/Treasurer of DSSF, respectively. It was found that on May 11, 2009, KRC's prior CEO and CFO signed a 30-year lease agreement between KRC and DSSF representing both parties as lessor and lessee. In addition, KRC's prior CEO and CFO, serving as Board President and Vice President/Treasurer of DSSF, signed a \$13,000,000 bond agreement for DSSF to fund the renovation and expansion of KRC's headquarters' building. The bond was issued on May 14, 2009. These were non-arm's length transactions as the prior CEO and CFO were responsible for making all financial and operational decisions for KRC and DSSF.

Further review of DSSF's bylaws found that KRC is the sole corporate member of DSSF which authorizes the KRC Board to appoint DSSF Board members. This authority gives KRC total control of DSSF's operational functions. Furthermore, it is projected that DSSF will have approximately \$16,100,000 in net profit at the end of the lease. DSSF's mission statement indicates that these funds will be used by KRC to assist KRC consumers and purchase items not covered in KRC's operations (OPS) budget.

CCR, Title 17, Sections 54522(a) and (b)(1)(2)(6)(7) states in part:

- “(a) A regional center governing board member or regional center executive director shall not make, participate in making, or in any way attempt to use his or her position to influence a regional center or board decision in which he or she knows or has reason to know that he or she or a family member has a financial interest.
- (b) Financial interest, as used in this section, includes any current or contingent ownership, equity, or security interest that could result, directly or indirectly, in receiving a pecuniary gain or sustaining a pecuniary loss as a result of the interest in any of the following:

- (1) business entity worth two thousand dollars (\$2,000) or more.
- (2) real or personal property worth two thousand dollars (\$2,000) or more in fair market value.
- (6) future interests for compensation of five hundred dollars (\$500) or more.
- (7) personal finances of two hundred fifty dollars (\$250) or more.”

Also, CCR, Title 17, Section 54523(a)(b) and (c) states:

- “(a) The purpose of this section is to make certain that regional center governing board members and regional center executive directors are guided solely by the interests of the regional center and its consumers and not by their personal financial interests when participating in the making of contracts in their official capacity.
- (b) Regional center governing board members and regional center executive directors shall not be financially interested in any contract in which they participate in making in their official capacity.
  - (1) Financially interested, for purposes of this section, means any financial interest regardless of the dollar amount, and includes aiming to achieve a financial gain or avoid a financial loss. The financial interest may be direct or indirect and includes any monetary or proprietary benefit, gain of any sort, or the contingent possibility of monetary or proprietary benefits, and extends to expectations of economic benefit. Certainty of financial gain is not necessary to create a conflict of interest.
    - (A) The financial interest is direct when the individual, in his or her official capacity, does business with himself or herself in his or her private capacity.
    - (B) The financial interest is indirect if a regional center board member or executive director enters into a contract in his or her official capacity with an individual or entity, and because of the relationship between the individual or entity to the board member or executive director, the individual or entity is in a position to render actual or potential pecuniary benefits to the board member or executive director based on that contract.

- (2) Participation in the making of a contract includes any act involving preliminary discussions, development, negotiations, compromises, reasoning, planning, drawing of plans and specifications, solicitation for bids, approval and execution.
- (c) If a regional center governing board member, regional center executive director, or his or her family member has a financial interest in a potential contract that creates a present or potential conflict of interest, the regional center board member or executive director shall do all of the following prior to the first consideration of the potential contract:
  - (1) fully disclose the existence and nature of the conflicting financial interest to the regional center board;
  - (2) have it noted in the official board records;
  - (3) recuse himself or herself from making, participating in making, or in any way attempting to use his or her position to influence a decision on the matter;
  - (4) leave the room during any discussion or deliberations of the matter and shall not return until disposition of the matter is concluded; and
  - (5) shall not cast his or her vote upon any matter or contract concerning the financial interest or be counted for purposes of a quorum.”

**Recommendation:**

KRC must renegotiate its lease agreement with DSSF to obtain more equitable terms for its lease payments. In addition, KRC must renounce its sole corporate member status to resolve the conflict of interest and authority it has over DSSF.

**C. KRC Vendorization**

The review of the KRC’s vendor files revealed that KRC’s prior CEO submitted vendor applications using DSSF’s EIN and vendorized KRC under POS Vendor Numbers Z00372, Service Codes 024 and 103, Z28346, Service Code 024, and PK0620, Service Code 102.

KRC indicated that Vendor Number Z00372, Service Code 024, is utilized as a POS reimbursement account. KRC pays for consumer services using its credit card when there is a need to expedite payment for POS services. KRC

subsequently reimburses itself under this vendor number using POS funds for services paid with its credit card. However, services provided could not be tied to consumer IPPs, nor tied to a specific consumer UCI number and authorization. This resulted in KRC reimbursing itself a total of \$330,214.07 under Service Code 024 without proper authorizations.

In addition, KRC also reimbursed itself using Vendor Number Z00372, Service Code 103, under Subcode "TLMED." KRC indicated that it reimburses itself using POS funds for time spent by its service coordinators scheduling tele-medicine conferences with doctors and consumers when these employees' salaries are already paid under OPS. The review also indicated that KRC has four doctors who are separately vendored and reimbursed for actual tele-medicine services provided to consumers. This resulted in KRC reimbursing itself a total of \$924,511.79 under Service Code 103.

Furthermore, KRC reimbursed itself under Vendor Number Z28346, Service Code 024, \$490,687.55 under a contract UCI. This vendor number was established so KRC could reimburse itself for services provided in case of consumer emergencies. However, services provided could not be tied to consumer IPPs, nor tied to a specific consumer UCI numbers and authorization.

Finally, the review indicated that KRC vendored itself under Vendor Number PK0620 to provide training services under Service Code 102. Although this vendor number has not had any POS activity in more than two years, it remains active in UFS.

The reimbursed payments to KRC under the three vendors from July 2010 through January 2013, totaled \$1,745,413.41. (See Attachment B.)

W&I Code, Section 4648(a) states:

- “(1) The regional center shall secure services and supports that meet the needs of the consumer, as determined in the consumers individual program plan.”

CCR, Title 17, Section 54314(a)(3) and (4) states:

“(a) The following applicants shall not be vendored:

- (3) Employees and board members of any regional center with a conflict of interest pursuant to Title 17, Sections 54500 through 54525, unless the conflict is eliminated or a waiver is obtained pursuant to Title 17, Sections 54522 through 54525;

- (4) Any applicant in which the regional center employee or board member has a relationship which creates a conflict of interest pursuant to Title 17, Sections 54500 through 54525, unless the conflict is eliminated or a waiver is obtained pursuant to Title 17, Sections 54522 through 54525;”

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.”

CCR Title 17, Section 50604(d) states in part:

“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;
- (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 in relevant part:

“. . . 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 must de-vendorize Vendor Numbers Z00372, Z28345, and PK0620; and reimburse DDS \$1,745,413.41 for the payments of unauthorized services. In addition, KRC must implement policies and procedures which comply with the CCR, Title 17, Section 54324, for providing emergency services to consumers.

**Finding 3: Improper Allocation of Community Placement Program Funds**

The review of KRC's CPP expenditures revealed that KRC continued to provide CPP services for three consumers after the end of the initial fiscal year of placement, which resulted in improper allocation of CPP funds totaling \$277,468.15 from July 2011 through May 2013. In addition, KRC's CPP claims also included funding for 19 consumers that did not move from developmental centers to the community, which resulted in improper allocation of CPP funds totaling \$106,873.23 from September 2010 through May 2012. In total, KRC overstated its CPP funding by \$384,341.38. KRC attributed these issues to an oversight on its part.

KRC provided documentation with its response indicating \$56,056.45 has been reclassified, the \$221,441.70 allocated to Vendor Number PK5154 was not for CPP related expenses and the remaining \$106,873.23 could not be reclassified due to closed fiscal years for 2010-11, and 2011-12. (See Attachment C.)

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

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



shall make aggregate performance data for each regional center available, upon request, as well as data on admissions to, and placements from, each developmental center.

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

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

“1. Community Placement Plan

Contractor shall develop and submit an approved Community Placement Plan in accordance with Welf. & Inst. Code 4418.25 and 4418.3 and consistent with Welf. & Inst. Code §§ 4418.7, 4519 and 4648. Contractor’s Community Placement Plan shall, where appropriate, include budget requests for regional center operations, consumer assessments, resource development, deflections and ongoing placement costs.

2. Dedicated Funding

- a. Contractor shall use funds allocated for the regional center’s approved Community Placement Plan only for the purposes allocated and in compliance with the State’s Community Placement Plan and Housing Guidelines. Funds will be allocated through the following categories: Operations, Purchase of Service Placement, Purchase of Service Deflection, Purchase of Service Assessment, and Purchase of Service Start Up. The State shall reduce the contract in the amount of any unspent funds allocated for the Community Placement Plan that are not used for that purpose. Any unspent funds shall revert to the State or be transferred to another regional center for Community Placement Plan activities . . .”

Guidelines for Regional Center Community Placement Plan (III)(A) states in part:

“ . . . Placement funding will be allocated based on claims associated with reconciled CPP placements that occur during each FY. As part of the POS claims review process, the Department may periodically request verification of consumers who have transitioned to the community and their associated costs.”

**Recommendation:**

KRC must ensure that it does not continue to allocate CPP expenditures to consumers after the end of the initial fiscal year of placement. In addition, KRC must also ensure that all CPP claims are allocated to proper funding sources before claims are made to DDS.

**Finding 4: Unauthorized Services**

The sampled review of 127 POS vendor files revealed KRC reimbursed one vendor, Celebracion de Familias Exceptionales, Vendor Number PK5380, as a Communication Aide, Service Code 112. The service code used is specifically designated for assisting persons with hearing, speech, and/or vision impairment. However, the vendor did not provide Communication Aide services to consumers, but instead, the vendor, under a flat contract rate, assisted consumers' parents with the initial application for SSI, offered computer classes, and monthly parent-training sessions. In addition, these services were not specific to the service code's definition of a Communication Aide, the consumer's IPP, nor tied to a specific consumer UCI number and authorization. The expenses claimed under Service Code 112 totaled \$217,497 from August 1, 2010, through June 30, 2013. (See Attachment D.)

DDS description of Services Codes states:

112, Communication Aides:

“A regional center shall only classify a vendor as Communications Aide vendor if they provide those human services necessary to facilitate and assist persons with hearing, speech, or vision impairment to be able to effectively communicate with service provider, family, friends, co-workers, and general public. The following are allowable communication aides, as specifies in consumer's IPP: 1. Facilitators; 2. Interpreters and interpreter services; Communication aide services include evaluation for communication aides and training in use of communication aides, as specified in consumer IPP.”

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.”

CCR, Title 17, Section 54340(c) states, in pertinent part:

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

**Recommendation:**

KRC must reimburse to DDS \$217,497 for the unauthorized services claimed under Service Code 112. In addition, KRC should ensure that services provided tie to consumer IPP, UCI and authorization. This will ensure all POS payments are accurately accounted for and authorized.

**Finding 5: Negotiated Rates Above the Statewide Median Rate (Repeat)**

The sampled review of 127 POS vendor files and a follow-up review of the prior DDS audit report revealed that KRC continues to reimburse Riverlakes Residential Care, Vendor Number PK4954, Service Code 113, above KRC’s Median Rate which was implemented on July 1, 2008. Riverlakes Residential Care was reimbursed at a payment rate of \$8,000 per consumer per month, while KRC’s Median Rate was \$7,221 per consumer per month. This resulted in overpayments totaling \$78,868.14 from February 2011 through June 2013. As of July 2013, KRC has renegotiated Riverlakes Residential Care’s rate to comply with KRC’s Median Rate.

This issue was identified in the prior audit with \$50,516.24 in overpayments to the vendor still outstanding from the prior audit. In its response, KRC appealed this prior audit finding to DDS. On February 15, 2013, DDS rendered its decision indicating that the finding was upheld and KRC is required to reimburse DDS \$50,516.24.

The total overpayment from both the prior and current audit is \$129,384.38. (See Attachment E.)

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 \$129,384.38 of current and prior overpayments made to the vendor. In addition, KRC must comply with the W&I Code, Section 4691.9 and ensure that all vendor rates negotiated after June 30, 2008, are below the Statewide/KRC Median Rates.

**Finding 6: Payments for Unoccupied Beds (Repeat)**

The sampled review of 127 POS vendor contracts revealed KRC continues to reimburse vendors for services not provided. Desert Rose, Vendor Number PK3386, Service Code 113, is reimbursed at a rate of \$3,113 per client per month when the facility is at full capacity and at a rate of \$3,891 per consumer per month when the facility is not at full capacity. This rate increase subsidizes the vendor for the cost of unoccupied beds. KRC's contract with the vendor also stipulates that, effective January 1, 2012; the two tier rate structure would be replaced with the \$3,891 per client per month rate, regardless of occupancy. However, as of November 2013, KRC has ceased using \$3,891 per client per month rate and reverted Desert Rose back to the \$3,113 per client per month rate. The overpayment for the unoccupied beds totaled \$113,607.74.

This issue was identified in the prior DDS Audit with \$339,901.05 in total overpayments to seven vendors for unoccupied beds still outstanding from the prior Audit. In its response to the prior DDS audit report, KRC disagreed with this finding and appealed this finding to DDS. On February 15, 2013, DDS rendered its decision indicating that the finding was upheld and KRC was required to reimburse DDS \$339,901.05 for the unoccupied beds. KRC has since deactivated the seven out-of-home respite vendors reimbursed for unoccupied beds and are no longer providing services to KRC consumers. The total overpayment from both the prior and current Audit is \$453,508.79.

KRC reimbursed to DDS the \$19,400.45 on March 6, 2015, but \$434,108.34 still remains outstanding. (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.”

**Recommendation:**

KRC must reimburse to DDS the \$434,108.34 of current and prior overpayments made to the vendor. In addition, KRC must ensure its contracts with residential vendors stipulate that no payments will be made for maintaining empty beds.

**Finding 7: Payment Reduction (Repeat)**

The sampled review of 127 POS contract vendor files revealed that KRC miscalculated the mandated 3 and 4.25 percent payment reduction for 12 vendors. This resulted in over and under payments totaling \$67,756.42 and \$50,011.99, respectively. KRC stated that it was an oversight on its part for the rate payment reduction. This issue was also noted in the prior audit; however, KRC provided documentation indicating that the prior over and underpayments totaling \$3,332.96 and \$490.11, respectively, have been resolved.

KRC provided documentation indicating underpayments totaling \$50,011.99 have been resolved. However, \$67,756.42 in overpayments still remains outstanding. (See Attachment G.)

Assembly Bill 104, Chapter 37, Section 24, Section 10(a) states in part:

“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 \$67,756.42 that was overpaid to 10 vendors due to the miscalculation of the payment reduction. In addition, KRC must continue to review its vendor payment invoices and rate letters to ensure it has appropriately applied the mandated rate to its vendors and any payment errors identified are corrected in a timely manner.

**Finding 8: Rate Increase After Rate Freeze**

The sampled review of 127 POS vendor files revealed a total of eight transportation vendors that received rate increases after the rate freeze became effective on July 1, 2008. KRC stated that the rate increases were issued based on a memo from DDS dated September 13, 2006, which allowed for the vendors to receive a one percent rate increase to cover the added cost of tracking and reporting additional data to support the HCBS Waiver program reimbursements. The memo required KRC to notify DDS of the vendors who will receive the

increase by November 1, 2006. However, none of the vendors identified secured the rate or met the requirements stipulated in the memo. This resulted in overpayments totaling \$47,874.20. (See Attachment H.)

W&I Code, Section 4648.4(b) states:

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

**Recommendation:**

KRC must remit to DDS a total of \$47,874.20 for the overpayments. In addition, KRC must revert to the original payment terms of the contracts that were in place prior to the implementation of the rate freeze.

**Finding 9: Over/Understated Claims**

The review of the Operational Indicator reports revealed 53 instances where KRC over and under claimed expenses to the State. The over and under payments were due to duplicate payments and overlapping authorizations. This occurred because KRC is not reviewing Operational Indicator reports for erroneous payments to vendors. This resulted in overpayments totaling \$22,372.57 and underpayments totaling \$59.12.

KRC provided documentation indicating overpayments totaling \$116.82 have been resolved. However, overpayments totaling \$22,255.75 and underpayments totaling \$59.12 still remain outstanding. (See Attachment I.)

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 \$22,255.75 and issue a payment for \$59.12 to the underpaid vendor. In addition, KRC should review the Operational Indicator reports and payment invoices to ensure any overpayments are addressed and corrected in a timely manner.

**Finding 10: Purchase of Service Funds Used Without Authorizations**

The review of KRC's bank account listing revealed KRC improperly used POS funds for services provided to consumers. KRC maintains Client Emergency and POS Petty Cash accounts, which are used to pay for consumers' emergency services and money management expenses. At the time of the audit, the two accounts contained \$18,778.94 and \$300 of State funds, respectively. KRC stated that funds from these two accounts are transferred from the General Checking account and claimed to the State as Other Authorized Services. However, KRC was unable to provide documentation indicating the services provided were tied to the program design, IPP, vendor number, service code or authorization number. By using POS funds in this manner, KRC is negatively impacting the State's ability to capture Medicaid Waiver dollars. The unauthorized use of POS funds totaled \$370,538.64 from July 2010 to July 2012. (See Attachment J.)

CCR, Title 17, Section 50604(d) states in part:

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

- (1) Information identifying each regional center consumer including the Unique Consumer Identifier and consumer name;
- (2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center.
- (3) A record of services provided to each consumer . . .”

CCR, Title 17, Section 54340(c) states, in pertinent part:

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

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 term 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 must reimburse to DDS \$370,538.64 in total unsupported POS payments. KRC must also ensure supporting documentation, such as invoices and attendance records, are retained and that no payments are made for consumer services without appropriate documentation. In addition, KRC must tie consumer services to an authorization and services vendor. This will ensure all payments to the vendor are accurately accounted for and that invoices are correctly billed to the proper expense account.

**Finding 11: Client Trust Disbursements Not Supported**

A sampled review of 25 consumer trust money management disbursements revealed that KRC did not retain receipts to support 24 money management disbursement checks that were issued for the spend down of consumer funds. KRC did not have any procedures in place to track or retain money management disbursements. Without supporting receipts, there is no evidence to verify that the disbursements from the client trust funds were appropriate. The unsupported money management disbursements totaled \$14,110.

KRC provided documentation indicating \$4,013.46 in client trust disbursements has been resolved. However, \$10,096.54 in unsupported money management disbursements still remains outstanding. (See Attachment K.)

Social Security Handbook, Chapter 16, Section 1616 states:

“The responsibilities of a representative payee are to:

Keep written records of all payments received from SSA and how the payments were spent and/or saved along with receipts for shelter expenses and major purchases to prove how funds were spent and/or saved on behalf of the beneficiary.”

**Recommendation:**



KRC must reimburse the consumers a total of \$10,096.54 in unsupported money management disbursements paid to the vendors. As the representative payee, KRC must ensure its vendors are aware that receipts to support the client trust money management disbursements are to be submitted to KRC and request reimbursement from vendors who do not comply. This will ensure all money management checks disbursed are for appropriate purposes, and that there is accurate accountability for the consumer benefits.

**Finding 12: Lack of Signature Authority**

The review of the bank signature cards revealed that KRC has one bank account, the Post Retirement account, which lacked the required DDS signatory authority. The account was initially funded with \$40,000 of OPS funds in 2007 to reimburse retirees with a “retirement age” of 75, as defined in KRC’s Healthcare Trust for Health Insurance Premiums. KRC provided documentation indicating that the account has been closed as of November 2013, and the remaining balance of \$11,037.62 has been deposited into its General Checking account. However, KRC should have reverted this amount to DDS since these funds are from a closed fiscal year.

KRC provided documentation indicating it has reimbursed to DDS the \$11,037.62 of funds remaining from the closed fiscal years.

State Contract, Article III, Section 3(f) and (g) states in part:

- “f. All bank accounts and any investment vehicles containing funds from this contract and used for regional center operations, employee salaries and benefits or for consumers’ services and supports, shall be in the name of the State and Contractor.”
- g. For the bank accounts above referenced, there shall be prepared three (3) alternative signature cards with riders attached to each indicating their use.”

State Contract, Article III, Section 4 states in part:

“Any funds which have not been encumbered for services provided or purchased during the term of the contract shall revert to the State.”

**Recommendation:**

KRC must ensure that signatory authorization is given to DDS for all bank accounts that are identified as having State funds as required by the State contract.

**Finding 13: Expenses Did Not Match to the Year-End General Ledger**

The review of the TCM Rate Study worksheets for May 2011, 2012, and 2013 revealed that KRC did not retain the source documents to support its calculations for the 2011 TCM Rate Study. These documents are necessary to verify that the Rate Study worksheets reported to DDS are accurate.

In addition, KRC's TCM Rate Study worksheets for May 2013 revealed a discrepancy totaling \$946,804.28 between the expenses reported on the worksheet and KRC's Year-End General Ledger. KRC understated its payroll, travel, general and other income expenses on the TCM Rate Study worksheets. This occurred because KRC did not verify its TCM Rate Study worksheets to the general ledger before forwarding the worksheet to DDS. TCM rate amounts recorded incorrectly in the TCM study can affect the TCM rate billed to the Federal Government.

Instructions for the TCM Rate Study Attachment B states:

“ADMINISTRATIVE SURVEY – Computation of Applicable Operating Expenses

Operating Expenses:

1. On the worksheet below, enter the actual 2011-12 FY operating expenses, including outstanding encumbrances and accounts payable that will be paid during the current fiscal year for each program per your UFS GL 310 Budget Report – Detail.”

**Recommendation:**

KRC must review its data and provide DDS with the properly completed worksheets that match expenses reported on the Year-End General Ledger. In addition, KRC must retain records used to calculate the TCM rate study.

**Finding 14: Purchase of Service Expenses Not Tied To Consumer Unique Client Identification Numbers (Repeat)**

The sampled review of 127 POS vendor files revealed two POS vendors, Telecare Corp., Vendor Number HC0854, Service Code 117, and Community Support Options, Vendor Number PK3577, Service Code 113, that were paid under a contract UCI number for services provided to consumers. The total payments to the vendors were \$392,496.78. It was found that the vendors provided services under the HCBS Waiver billable service codes, but KRC did not tie the POS expenses to individual consumers and UCI numbers. (See Attachment L.)

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 totaling \$392,496.78 to ensure that services are identified to individual consumers and UCI numbers. This will ensure all POS payments are accurately accounted for and that invoices are correctly billed to the HCBS Waiver.

**Finding 15: Bank Reconciliations Not Completed Timely**

The review of the General Checking account revealed that the bank reconciliations were not completed in a timely manner. The reconciliations were prepared more than 90 days after the bank statements were received. KRC indicated that the delays in preparing the bank reconciliations were due to the staff’s excessive work load.

KRC Operations Control Guide, Section 7-Bank Reconciliation, states in part:

“The Controller shall reconcile the following bank accounts after the claim is run: General Account, Trust Account, Payroll Account, and Quickbooks Account. The Controller shall have until the time of the next claim to complete them.”

In relation to the above section, KRC Operations Control Guide, Section 10-Claim, states in part:

“The Controller or Accountant shall process the claim at or around the 15<sup>th</sup> of the month to ensure adequate mailing time to the DDS by the 23<sup>rd</sup>.”

**Recommendation:**

KRC must adhere to its bank reconciliation procedures and have the bank reconciliation completed in a timely manner so that errors or fraudulent transactions are immediately detected and rectified.

**Finding 16: Employee Conflict of Interest Forms**

The sampled review of 20 KRC employees' files revealed 16 employees did not have an updated COI disclosure statement on file. In addition, seven COI forms on file were not reviewed and signed by the Executive Director. KRC was unable to provide an explanation regarding the cause of this issue.

W&I Code, Section 4626(e)(f)(g) states in part:

- “(e) The department shall develop and publish a standard conflict-of-interest reporting statement. The conflict-of-interest statement shall be completed by each regional center governing board member and each regional center employee specified in regulations, including, at a minimum, the executive director, every administrator, every program director, every service coordinator, and every employee who has decision making or policymaking authority or authority to obligate the regional center's resources.
- (f) Every new regional center governing board member and regional center executive director shall complete and file the conflict-of-interest statement described in subdivision (e) with his or her respective governing board within 30 days of being selected, appointed, or elected. Every new regional center employee referenced in subdivision (e) and every current regional center employee referenced in subdivision (e) accepting a new position within the regional center shall complete and file the conflict-of-interest statement with his or her respective regional center within 30 days of assuming the position.
- (g) Every regional center board member and regional center employee referenced in subdivision (e) shall complete and file the conflict-of-interest statement by August 1 of each year.”

Further, KRC Board Policy No. P7, states in part:

“All KRC Board Members and all KRC employees shall at least annually submit and have on record at KRC a Conflict of Interest Disclosure Statement.”

**Recommendation:**

KRC must comply with the annual filing and review of the Conflict of Interest Disclosure Statement as required to ensure compliance W&I Code, Section 4626(g) and (k) and its Board Policy No. P7.

**Finding 17: Segregation of Duties**

The review of KRC's internal controls for the Bank Reconciliation process revealed a lack of separation of duties over the Bank Reconciliation process. The Accounting Manager prepares the reconciliation and handles cash and all deposit functions. In addition, the review of KRC's payroll process also revealed a lack of separation of duties for KRC's Executive Assistant. The Executive Assistant processes payroll data and has the ability to make changes to employee pay rates and salary deductions. The ability to access and make changes to employee profiles and any employee salary adjustments should be limited to the Human Resources department. These weaknesses in KRC's controls increase the risk of fraud and decrease chances of detecting errors.

Good business practice requires that KRC maintain adequate internal controls over the bank reconciliation, payroll, and personnel functions of the organization by segregating certain duties for these positions.

**Recommendation:**

KRC must ensure that the individual responsible for preparing reconciliations is not the individual responsible for cash receipts and bank deposit functions. In addition, payroll and personnel functions should be performed by different individuals. This would ensure that good internal controls exist for the prevention of errors in the reconciliation, cash receipt, bank deposits, payroll and personnel processes.

**Finding 18: Equipment Inventory**

**A. Missing Equipment**

A sample of 40 items was selected for testing from KRC's equipment inventory listing. The testing revealed five items that could not be located but remain on KRC's property inventory listing. In addition, KRC failed to complete the Property Survey Report form (Std. 152). KRC indicated that it was not aware of the missing items as this occurred under the supervision of the previous equipment custodian. (See Attachment M.)

State Contract, Article IV, Section 4(a) states:

“Contractor shall maintain and administer, in accordance with sound business practice, a program for the utilization, care, maintenance, protection and preservation of State of California property so as to assure its full availability and usefulness for the performance of this contract. Contractor shall comply with the State's Equipment Management System Guidelines for regional center equipment and appropriate directions and instructions which the State may prescribe as reasonably necessary for the protection of State of California property.”

State's Equipment Management System Guidelines, Section III (E), states:

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

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

**Recommendation:**

KRC must follow the State Contract and the State’s Equipment Management System Guidelines for the safeguarding of State property. This will ensure missing items are reported in a timely manner and, if the items cannot be located, a survey form is completed to remove the items from the inventory register.

**B. Equipment Acquisition Form Not Utilized**

KRC has not been completing the required form DS 2130 for newly purchased equipment. This occurred because the current equipment custodian was not aware of the State’s Equipment Management System Guidelines, which requires this form be used to record newly acquired equipment. In addition, KRC’s Fixed Asset Procedures do not address the use of the DS 2130 form.

State Contract, Article IV, Section 4(a) states:

“Contractor shall maintain and administer, in accordance with sound business practice, a program for the utilization, care, maintenance, protection and preservation of State of California property so as to assure its full availability and usefulness for the performance of this contract. Contractor shall comply with the State's Equipment Management System Guidelines for regional center equipment and appropriate directions and instructions which the State may prescribe as reasonably necessary for the protection of State of California property.”

State’s Equipment Management System Guidelines, Section III (B) states:

“RCs will also provide the Department of Developmental Services’ (DDS) Customer Support Section (CSS) with a list of all State-owned, nonexpendable and sensitive equipment received during each calendar quarter. This information is to be provided to CSS quarterly, utilizing the Equipment Acquired Under Contract form (DS 2130), or suitable electronic alternative.”

**Recommendation:**

KRC must revise its policies and procedures to ensure compliance with the State Contract and the State's Equipment System Guidelines. These policies and procedures should include the prompt logging in of all newly acquired equipment into KRC's inventory.

**Finding 19: Vendors Not Enrolled in Electronic Billing**

The review of KRC's e-billing process found that 1,286 out of 1,817 eligible vendors have not been enrolled in e-billing as of July 1, 2012. From the 1,286 vendors not enrolled in e-billing, KRC exempted 92 from the e-billing process. Exceptions are granted for vendors paid by vouchers and vendors who demonstrate enrolling in electronic billing will present a financial hardship. However, it was found that none of the 92 vendors were paid by vouchers or demonstrated that submitting billings electronically would have presented a financial hardship.

KRC explained that the 92 exempted vendors were not enrolled in e-billing due to the limitations of the e-billing system regarding entering medical billing codes and the difficulty of enrolling large corporations. However, KRC could not provide documentation from the vendors that would have precluded them from enrolling in the e-billing process.

W&I Code, Section 4641.5(a) states:

“(a) Effective July 1, 2011, regional centers shall begin transitioning all vendors of all regional center services to electronic billing for services purchased through a regional center. All vendors and contracted providers shall submit all billings electronically for services provided on or after July 1, 2012, with the exception of the following:

- (1) A vendor or provider whose services are paid for by vouchers, as that term is defined in subdivision (i) of Section 4512.
- (2) A vendor or provider who demonstrates that submitting billings electronically for services presents substantial financial hardship for the provider.”

**Recommendation:**

KRC must enroll all its vendors in the e-billing process. In the event that vendors cannot be enrolled in electronic billing, KRC must provide DDS with proper documentation from the vendor that precludes it from the electronic billing process. This would ensure compliance with W&I Code, Section 4641.5(a).

**Finding 20: Policies and Procedures for Vendor Audits and Reviews**

The review of the list of KRC vendors required to contract with an independent accounting firm for an audit or review of its financial statements revealed 117 out of 127 vendors did not submit an audit or review as required. It was found that KRC has no procedures in place to follow-up with the vendors who are required to, but have not yet submitted audit reports or reviews.

W&I Code, Section 4652.5(a)(1) and (b), states:

- “(a)(1) An entity receiving payments from one or more regional centers shall contract with an independent accounting firm for an audit or review of its financial statements . . .”
- (b) An entity subject to subdivision (a) shall provide copies of the independent audit or independent review report required by subdivision (a), and accompanying management letters, to the vendoring regional center within 30 days after completion of the audit or review.”

**Recommendation:**

KRC must develop policies and procedures to ensure it is properly tracking and following-up with vendors who are required to, but have not yet, submitted audit reports or reviews. Failure to receive these reports limits KRC’s ability to detect vendor issues that may adversely affect regional center services.

**Finding 21: Whistleblower Policy Not Distributed Annually**

The discussion with KRC staff regarding the Whistleblower Policy indicated KRC is not in compliance with its policy. KRC is not annually distributing both KRC’s and the State’s Whistleblower Policies to employees, Board members, consumers/families and the vendor community as required. This occurred due to an oversight on KRC’s part.

KRC’s Whistleblower Policy states:

“This KRC Board Policy becomes effective December 31, 2010. It, along with the State’s Whistleblower Policy, shall be distributed to employees, board members, consumers/families and the vendor community within 30 days of the effective date and annually thereafter.”

**Recommendation:**

KRC must ensure that its employees are notified annually about the Whistleblower policy. Employees may fail to report improper activities if they are not aware of the Whistleblower policy.

**Finding 22: Family Cost Participation Program – Late Assessments**



The sampled review of 24 FCPP consumer files revealed 15 instances where KRC did not assess the parents' share of cost participation as part of the consumer's IPP or IFSP review. The 15 assessments were completed more than 30 days after the IPP or IFSP was signed. This occurred when Service Coordinators failed to complete the assessment during the IPP or IFSP review. (See Attachment N.)

W&I Code, Section 4783(g)(1) states:

“(g) Family cost participation assessments or reassessments shall be conducted as follows:

- (1)(A) A regional center shall assess the cost participation for all parents of current consumers who meet the criteria specified in this section. A regional center shall use the most recent individual program plan or individualized family service plan for this purpose.
- (B) A regional center shall assess the cost participation for parents of newly identified consumers at the time of the initial individual program plan or the individualized family service plan.
- (C) Reassessments for cost participation shall be conducted as part of the individual program plan or individual family service plan review pursuant to subdivision (b) of Section 4646 of this code or subdivision (f) of Section 95020 of the Government Code.”

**Recommendation:**

KRC should inform all Service Coordinators that FCPP assessments are to be completed as part of the consumers' IPP or IFSP review. This will ensure compliance with the W&I Code, Section 4873(g)(1).

**Finding 23: Deceased Consumers - Multiple Dates of Death**

The sampled review of 20 deceased consumer files identified six consumers with two different dates of death recorded. Further review found that no payments were made beyond the actual date of death for the six consumers. (See Attachment O.)

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

“Contractor shall make available accurate and complete UFS and SANDIS information to the State. Accordingly Contractor shall:

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

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

**Recommendation:**

KRC should ensure its employees are trained properly to record the date of death in UFS. In addition, KRC should review all current deceased consumer files to ensure that only one date of death is recorded in UFS.

**Finding 24: Lack of Minutes for Closed Board Meetings**

KRC could not provide the minutes for closed Board meetings. KRC did not have the minutes for any of its closed Board meetings, including meetings which involved discussions related to employee governance policies, labor issues and lawsuits.

W&I Code, Section 4663(a)(b) states:

- “(a) The governing board of a regional center may hold a closed meeting to discuss or consider one or more of the following:
- (1) Real estate negotiations.
  - (2) The appointment, employment, evaluation of performance, or dismissal of a regional center employee.
  - (3) Employee salaries and benefits.
  - (4) Labor contract negotiations.
  - (5) Pending litigation.
- (b) . . . Minutes of closed sessions shall be kept by a designated officer or employee of the regional center, but these minutes shall not be

considered public records. Prior to and directly after holding any closed session, the regional center board shall state the specific reason or reasons for the closed session. In the closed session, the board may consider only those matters covered in its statement.”

**Recommendation:**

KRC must ensure all minutes of closed Board sessions are recorded and kept by a designated officer or employee of KRC. In addition, prior to, and directly after, holding any closed session, KRC’s Board shall state the specific reason or reasons for the closed session.

**Finding 25: Home and Community-Based Services Provider Agreement Forms (Repeat)**

The sampled review of 127 POS vendor files revealed that two HCBS Provider Agreement forms were not on file. KRC could not locate the HCBS Provider Agreement forms for Vendor Number PK0045, Service Code 720, and Vendor Number HC0854, Service Code 114. In addition, Vendor Number H94152, Service Code 113 had the wrong service code on the form. This issue was identified in the prior DDS audit report.

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) . . .”

**Recommendation:**

KRC must ensure that there is a completed HCBS Provider Agreement form on file for all vendors.

## EVALUATION OF RESPONSE

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As part of the audit report process, KRC was provided with the draft of the audit report and was requested to provide a response to each finding. KRC's response dated December 22, 2014, is provided as Appendix A. This audit 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. DDS' Audit Branch will confirm KRC's corrective actions identified in the response during the follow-up review of the next scheduled Audit.

### **Finding 1: Missing Documentation (Repeat)**

#### **A. Purchase of Service**

KRC provided copies of electronic attendance and invoices with its response for unsupported billings totaling \$4,240,029.32. However, \$318,349.02 still remains outstanding and must be reimbursed to DDS. KRC stated that it will continue to improve upon its policies and procedure to ensure supporting documentation is retained.

#### **B. Deceased Consumers**

KRC agrees with DDS that consumer files and death certificates must be retained, properly safeguarded, and readily available for review. KRC stated that it is currently imaging and archiving the documents to assure the documents are safeguarded, accessible, and available upon request for review. However, KRC did not provide the consumer files or death certificates for the two consumers, UCI Numbers [REDACTED] and [REDACTED] that were identified in the Audit.

#### **C. Service Coordinator Caseload Ratios**

KRC agrees with DDS that it should retain source documents to support the service coordinators' caseload for March 2011 and 2012. KRC stated that it will maintain records of the caseload ratios by unit and have records available upon request for review.

#### **D. Contract and Rate Letters**

KRC stated in its response that documents will be safeguarded and available upon request for review. KRC provided with its response, copies of the contract for Riverside Ranch, Vendor Number H94152, Service Code 113, and the rate letters for Jmar Homes, Inc., Vendor Number H40119, Service

Code 930. However, for Georgina Villasenor, Vendor Number VK3238, Service Code 425, KRC indicated that in 2005, a contract was not required for services provided to transport family members, under Service Code 425. However KRC did not provide documentation to support this claim. Therefore, KRC must ensure that it has contracts or rate letters in place and readily available for review.

**Finding 2: KRC Foundation – Developmental Services Support Foundation for Kern, Inyo, and Mono Counties**

**A. In-Kind Services**

KRC stated that it will amend its lease agreements and has provided notification to DSSF that it will no longer be responsible for property management functions, and the practice of providing funding through the property management mechanism in the lease agreement will be discontinued. In addition, KRC provided a draft copy of the new lease agreement which indicates that KRC will be responsible for the operational expenses and maintaining the premises at its own cost. However, since KRC did not provide documentation to resolve the monetary portion of the finding, KRC must reimburse to DDS the \$815,083 for time spent by its employees managing DSSF properties.

**B. Conflict of Interest**

KRC stated that it will amend its lease agreement with DSSF to be in compliance with CCR, Title 17, Sections 54522(a) and (b)(1)(2)(6)(7). In addition, KRC provided a draft copy of the amendment to the office lease which indicates that KRC will be directly responsible for all of the operational expenses of the premises. However, KRC did not provide documentation indicating it had renegotiated the lease agreement to obtain more equitable terms for its lease payments. Further, KRC stated that the issue of the sole corporate member status will be addressed by KRC's Board of Directors in 2015.

Therefore, KRC must comply with DDS' recommendation and ensure that the new lease includes equitable terms for its lease payments and that the KRC's Board of Directors has renounced its sole corporate member status of DSSF.

**C. KRC Vendorization**

KRC agrees with DDS and stated that it will devendorize Vendor Number Z00372, Service Codes 024 and 103, Vendor Number Z28346, Service Code 024, and Vendor Number PK0620, Service Code 102. However, since KRC did not provide sufficient documentation to resolve the monetary portion of

the finding, KRC must reimburse DDS the \$1,745,413.41 for payments of unauthorized services.

**Finding 3: Improper Allocation of Community Placement Program Funds**

KRC agrees that it continued to provide CPP services for two consumers after the end of the initial fiscal year of placement, which resulted in improper allocation of CPP funds totaling \$56,056.45 and has provided documentation with its response indicating that this amount has been reclassified. In addition, KRC provided documentation which indicated that the \$221,441.70 allocated to Vendor Number PK5154 was not for CPP expenses.

Further, KRC agrees with DDS that its CPP claims also included a total of \$106,873.23 in expenses for 19 consumers who did not move from the developmental centers to the community. However, KRC stated that the funds could not be reclassified because FYs 2010-11 and 2011-12 were closed.

KRC must ensure that it does not continue to allocate CPP funds for consumers who did not move from the developmental centers to the community. In addition, KRC must not allocate CPP expenditures for consumer service after the end of the initial fiscal year of placement.

**Finding 4: Unauthorized Services**

KRC disagrees with DDS that unauthorized expenses were claimed under the Service Code 112 for Celebracion de Familias Exceptionales (Celebracion), Vendor Number PK5380. KRC stated that Celebracion was initially vendored under Service Code 60, Advocacy/Self Advocacy Trainer and that the service code was changed to Service Code 112, a Communication Aides by DDS. KRC provided documentation which confirms that in 1999, DDS proposed numerous changes to service codes, including the changes described by KRC.

While changes may have been made to service codes in 1999, KRC did not provide documentation which shows that Celebracion was originally vendored under Service Code 60. Additionally, KRC did not provide documentation indicating services provided were specific to the service code's definition of a Communications Aide, the consumer's IPP, nor tied to a specific consumer UCI number and authorization. Therefore, KRC must reimburse the \$217,497 unauthorized expenses claimed under Service Code 112 from August 1, 2010, through June 30, 2013.

**Finding 5: Negotiated Rates Above the Statewide Median Rate (Repeat)**

KRC stated that it disagrees with the finding based on the Letter of Finding it received from DDS, dated February 15, 2013. KRC stated that the DDS Appeals Officer had agreed that the rate was not above the median rate. However, the

DDS Letter of Finding clearly states on page four of the Administrative Review and Decision for Finding 1A, “This portion of the finding is upheld, and KRC is to reimburse DDS \$50,516.24 due to negotiated rates above the median rates.” Since the finding was upheld, KRC must reimburse DDS the \$129,384.38 in total overpayments made to Vendor Number PK4954 for the prior and current Audit.

**Finding 6: Payments for Unoccupied Beds (Repeat)**

KRC agrees to reimburse to DDS the \$113,607.74 billed for unoccupied beds identified in the current audit. KRC recovered \$19,400.45 from the vendor and has provided a copy of the check dated March 6, 2015 indicating this amount was reimbursed to DDS. For the remaining \$94,207.29, KRC stated that it will negotiate a repayment plan with the vendor. In addition, KRC stated that it has made multiple attempts to recover the \$339,901.05 in overpayments from seven other vendors unsuccessfully. However, since the finding was due to KRC’s failure to ensure payments were for services provided, KRC is responsible for the overpayment. Any recovery or negotiations with the vendors are solely between KRC and its vendors. Therefore, KRC must reimburse DDS the \$434,108.34 billed for the unoccupied beds for the prior and current Audit.

**Finding 7: Payment Reduction (Repeat)**

KRC disagrees with the underpayments totaling \$50,011.99 to California Mentor Family and Express Transit. KRC provided sufficient documentation indicating the two vendors were reimbursed correctly. KRC agrees with \$3,473.27 of the \$67,756.42 in overpayments identified in the audit. However, KRC did not submit adequate documentation to support the disputed amount to the vendors. Therefore, KRC must reimburse to DDS the \$67,756.42 due to the miscalculation of the payment reduction.

**Finding 8: Rate Increase After Rate Freeze**

KRC disagrees with DDS regarding the rate increase after the rate freeze and provided documentation which shows that DDS increased KRC’s budget allocation for FY 2006-07. However, the budget increase in FY 2006-07 has no bearing on the budget for FY 2008-09. The issue identified in the audit report relates to eight vendors who received a one percent rate increase after the July 1, 2008, rate freeze became effective. KRC did not provide documentation to justify the rate increases after the rate freeze; therefore, KRC must reimburse to DDS the \$47,874.20 in overpayments.

**Finding 9: Over/Understated Claims**

KRC has resolved \$116.82 of the overstated claims, but has \$22,255.75 of the overstated claims still outstanding. KRC stated that it agrees with the \$59.12 underpayments to Vendor Number HK4314 and that it would send a manual check to the vendor. However, KRC did not provide documentation

indicating that this issue has been resolved. Therefore, KRC must reimburse to DDS \$22,255.75 in overstated claims and \$59.12 to Vendor Number HK4314 for the under payment.

**Finding 10: Purchase of Service Funds Used Without Authorizations**

KRC stated that it will de-vendorize the vendor numbers associated with these payments. However, KRC did not provide documentation indicating this issue has been resolved; therefore, KRC must reimburse to DDS the \$370,538.64 in unsupported POS payments.

**Finding 11: Client Trust Disbursements Not Supported**

KRC provided supporting documentation indicating that it had reimbursed the \$3,310 to the consumers' trust accounts. KRC also provided receipts and consumer ID notes from service coordinators as supporting documentation to resolve the remaining \$10,800 in client trust disbursements. However, the review of the documentation indicated that only \$703.46 in client trust disbursements was adequately supported. Therefore, KRC must reimburse to the consumers the remaining \$10,096.54 for unsupported money management disbursements.

**Finding 12: Lack of Signature Authority**

KRC agrees with the finding and has provided a copy of the check dated March 6, 2015, indicating it has reimbursed to DDS the \$11,037.62 of funds remaining from closed fiscal years.

**Finding 13: Expenses Did Not Match to the Year-End General Ledger**

KRC stated that it has adjusted the May 2013 Rate Study to match the expenses reported on the Year-End General Ledger. However, KRC did not provide DDS with the properly completed worksheets to support this action. KRC must ensure that it retains the source documents to support its calculations for the TCM Rate Study and that the rate studies match to the Year-End General Ledger.

**Finding 14: Purchase of Service Expenses Not Tied To Consumer Unique Client Identification Numbers (Repeat)**

KRC agrees with DDS that services should be identified to individual consumers; however, KRC stated that it was unable to reclassify the \$303,229.10 expenses due to the closed fiscal years. However, for fiscal year 2012-13, KRC did not provide a reason the expenditures were not reclassified since that fiscal year is still open. Therefore, KRC must reclassify the POS expenditures totaling \$89,267.68 since that fiscal year is still open.



**Finding 15: Bank Reconciliations Not Completed Timely**

KRC stated that it will change its procedures to ensure it adheres to staff workload for completing bank reconciliations.

**Finding 16: Employee Conflict of Interest Forms**

KRC stated that it would fully comply with the annual filing and review of the Conflict of Interest Disclosure Statement as required for compliance with W&I Code, Section 4626 (g) and Board Policy P7.

**Finding 17: Segregation of Duties**

KRC stated that it will contract out responsibilities to segregate its duties and free up staff time. In addition, KRC will shift control of the Human Resource functions from the payroll staff to the Human Resource Department.

**Finding 18: Equipment Inventory**

**A. Missing Equipment**

KRC stated that it will continue to improve upon its equipment inventory to better safeguard State property; however, KRC did not provide details on how this will be accomplished. KRC also stated that it will continue to file STD. 152 forms online to dispose of its equipment.

**B. Equipment Acquisition Form Not Utilized**

KRC stated that it will begin using the DS 2130 form for all KRC offices and incorporate this requirement into its policies and procedures.

**Finding 19: Vendors Not Enrolled in Electronic Billing**

KRC stated that it will continue to take strides in enrolling vendors in e-billing who are subject to the regulation; however, KRC did not provide details on when this will be accomplished.

**Finding 20: Policies and Procedures for Vendor Audits and Reviews**

KRC stated that it has developed policies and procedures regarding vendor audits and has posted this requirement on its website. In addition, KRC's board has included this requirement as part of its checklist for contract renewals. KRC provided a copy of its spreadsheets for tracking vendor CPA reports submitted and checklist requirements for contract renewal.

**Finding 21: Whistleblower Policy Not Distributed Annually**

DDS considers this issue resolved since KRC has provided copies of emails with its response indicating that on January 14, 2011 and July 31, 2013, it notified its employees of the Whistleblower policy. KRC stated that it is committed to assuring the Whistleblower policy is distributed to all required individuals.

**Finding 22: Family Cost Participation Program – Late Assessments**

KRC stated that it now prints report PS970S01, YTD, and report #ATTENDV01, Attendance History Report, one month prior to the assessment date of the FCPP. These reports will be given to case management staff as notification that assessments are required.

**Finding 23: Deceased Consumers – Multiple Dates of Death**

KRC stated that it will work towards better compliance with regards to recording the consumers' date of death in UFS; however, KRC did not provide details on how this will be accomplished.

**Finding 24: Lack of Minutes for Closed Board Meetings**

KRC did not address the issue of ensuring all minutes of closed Board sessions are recorded and kept by a designated officer or employee of KRC. KRC must ensure it is in compliance with the W&I Code, Section 4663.

**Finding 25: Home and Community-Based Services Provider Agreement Forms (Repeat)**

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 for Vendor Number PK0045, Service Code 720, and Vendor Number HC0854, Service Code 114, and Vendor Number H94152, Service Code 113.

**Kern Regional Center**  
**Missing Documentation - Purchase of Service (Repeat)**  
**Fiscal Years 2010-11, 2011-12 and 2012-13**

	<b>Vendor Number</b>	<b>Vendor Name</b>	<b>Service Month</b>	<b>Service Code</b>	<b>Total POS Payments</b>	<b>Resolved</b>	<b>Outstanding Balance</b>
1	P33028	Weeks, Sonia	July 2011 - June 2012	610	\$142,278.75	\$142,278.75	\$0.00
2	PT1142	Degroot Nursing Home	March 2012 - May 2012	109	\$2,723.13	\$2,723.13	\$0.00
3	VK3238	Villasenor, Georgina	July 2010 - November 2011	425	\$20,796.46	\$20,796.46	\$0.00
4	PK1552	Bakersfield Association Of Retarded Citizens	July 2010 - June 2012	062	\$95,804.00	\$95,804.00	\$0.00
5	HC0854	Telecare Corporation	July 2011 - June 2012	117	\$1,206,147.76	\$1,206,147.76	\$0.00
6	PK4540	Terrio Kids	September 2010 - November 2010	116	\$66,429.80	\$0.00	\$66,429.80
7	HK2213	Caring Corner	May 2012	868	\$1,573.30	\$1,573.30	\$0.00
8	PK3973	Express Transit	Sept. 2010, Jan. 2011, & July 2011 - June 2012	882	\$428,819.73	\$278,882.66	\$149,937.07
9	PK5292	Inyo-Mono Association for the Handicapped	Sept. 2010 & January 2011 - March 2012	894	\$38,172.32	\$38,172.32	\$0.00
10	P81710	National Seating & Mobility	July 2011 - June 2012	725	\$76,445.31	\$76,445.31	\$0.00
11	PK2057	Interim Health Care	November 2010 & May 2012	742	\$40,881.28	\$40,881.28	\$0.00
12	P15909	Alternative Care	November 2010 - January 2011 & May 2012	743	\$2,108.65	\$0.00	\$2,108.65
13	PK1414	Delano Association	March 2012 - May 2012	101	\$14,362.50	\$14,362.50	\$0.00
14	H17557	Accredited Nursing Care	July 2010 - February 2012	862	\$249,801.54	\$249,801.54	\$0.00
15	P81307	Bakersfield Assoc. For the Retarded	September 2010 - March 2012	055	\$95,328.70	\$0.00	\$95,328.70
16	PK1332	Van, Tassell and Paegel	July 2010 - June 2012	997	\$833,041.05	\$833,041.05	\$0.00
17	H93947	Loyd's Liberty Homes, Inc.	September 2011 - June 2012	935	\$39,920.07	\$39,920.07	\$0.00
18	HK2871	Social Vocational Service	July 2011 - June 2012	950	\$143,803.24	\$143,803.24	\$0.00
19	HK2936	Desert Area Resources and Training	July 2011 - June 2012	954	\$154,110.72	\$154,110.72	\$0.00
20	HL0135	Southland Transit, Inc.	July 2010 - June 2012	875	\$458,989.59	\$458,989.59	\$0.00
21	HK2626	Social Vocational Services, Inc.	September 2009 - January 2011	880	\$129,682.16	\$129,682.16	\$0.00
22	H01533	Association for Retarded Citizens	July 2010 - November 2011	880	\$16,805.95	\$16,805.95	\$0.00

**Kern Regional Center**  
**Missing Documentation - Purchase of Service (Repeat)**  
**Fiscal Years 2010-11, 2011-12 and 2012-13**

	<b>Vendor Number</b>	<b>Vendor Name</b>	<b>Service Month</b>	<b>Service Code</b>	<b>Total POS Payments</b>	<b>Resolved</b>	<b>Outstanding Balance</b>
23	HK3933	Community Support Options	July 2010 - November 2010	880	\$48,343.22	\$48,343.22	\$0.00
24	HK2624	Desert Area Resources and Training	July 2010 - January 2011	880	\$140,019.97	\$140,019.97	\$0.00
25	HK4040	New Advances for People	November 2010 & March 2012	880	\$43,506.33	\$43,506.33	\$0.00
26	PK3597	Routing Logistics	September 2010 - November 2010	883	\$65,418.31	\$60,873.51	\$4,544.80
27	H28476	Delano Association	March 2012	505	\$45.08	\$45.08	\$0.00
28	H62712	Delano Association	November 2010	510	\$1,059.44	\$1,059.44	\$0.00
29	HK0455	Kern Adult Program	March 2012	515	\$635.36	\$635.36	\$0.00
30	HK3510	Cole Vocational Services	December 2011	515	\$1,324.62	\$1,324.62	\$0.00
<b>Total Unsupported Payments Due to Missing Attendance and/or Invoices</b>					<b>\$4,558,378.34</b>	<b>\$4,240,029.32</b>	<b>\$318,349.02</b>



**Kern Regional Center  
KRC Vendorization  
Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number		Payment Period	Over Payments
1	CONTRAC	Z00372	Kern Regional Center	024			Aug-10	\$2,808.67
2	CONTRAC	Z00372	Kern Regional Center	024			Sep-10	\$42,993.88
3	CONTRAC	Z00372	Kern Regional Center	024			Oct-10	\$6,987.43
4	CONTRAC	Z00372	Kern Regional Center	024			Nov-10	\$9,296.72
5	CONTRAC	Z00372	Kern Regional Center	024			Dec-10	\$587.46
6	CONTRAC	Z00372	Kern Regional Center	024			Jan-11	\$23,250.61
7	CONTRAC	Z00372	Kern Regional Center	024			Feb-11	\$462.00
8	CONTRAC	Z00372	Kern Regional Center	024			Mar-11	\$24,842.45
9	CONTRAC	Z00372	Kern Regional Center	024			Apr-11	\$1,520.03
10	CONTRAC	Z00372	Kern Regional Center	024			May-11	\$1,383.98
11	CONTRAC	Z00372	Kern Regional Center	024			Jun-11	\$5,988.09
12	CONTRAC	Z00372	Kern Regional Center	024			Jul-11	\$4,715.46
13	CONTRAC	Z00372	Kern Regional Center	024			Aug-11	\$12,567.67
14	CONTRAC	Z00372	Kern Regional Center	024			Sep-11	\$11,581.04
15	CONTRAC	Z00372	Kern Regional Center	024			Oct-11	\$7,191.27
16	CONTRAC	Z00372	Kern Regional Center	024			Nov-11	\$22,414.95
17	CONTRAC	Z00372	Kern Regional Center	024			Dec-11	\$7,737.94
18	CONTRAC	Z00372	Kern Regional Center	024			Jan-12	\$4,715.46
19	CONTRAC	Z00372	Kern Regional Center	024			Feb-12	\$8,434.18
20	CONTRAC	Z00372	Kern Regional Center	024			Mar-12	\$9,505.63
21	CONTRAC	Z00372	Kern Regional Center	024			Apr-12	\$19,977.91
22	CONTRAC	Z00372	Kern Regional Center	024			May-12	\$6,379.87
23	CONTRAC	Z00372	Kern Regional Center	024			Jun-12	\$7,109.99
24	CONTRAC	Z00372	Kern Regional Center	024			Jul-12	\$6,588.18
25	CONTRAC	Z00372	Kern Regional Center	024			Aug-12	\$4,934.96
26	CONTRAC	Z00372	Kern Regional Center	024			Sep-12	\$7,906.28
27	CONTRAC	Z00372	Kern Regional Center	024			Oct-12	\$8,814.50
28	CONTRAC	Z00372	Kern Regional Center	024			Nov-12	\$5,952.39



**Kern Regional Center  
KRC Vendorization  
Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments
29	CONTRAC	Z00372	Kern Regional Center	024		Dec-12	\$20,465.87
30	CONTRAC	Z00372	Kern Regional Center	024		Jan-13	\$33,099.20
31	CONTRAC	Z00372	Kern Regional Center	103		Jul-10	\$31,949.79
32	CONTRAC	Z00372	Kern Regional Center	103		Aug-10	\$23,948.27
33	CONTRAC	Z00372	Kern Regional Center	103		Sep-10	\$25,279.29
34	CONTRAC	Z00372	Kern Regional Center	103		Oct-10	\$23,924.89
35	CONTRAC	Z00372	Kern Regional Center	103		Nov-10	\$24,872.33
36	CONTRAC	Z00372	Kern Regional Center	103		Dec-10	\$25,234.20
37	CONTRAC	Z00372	Kern Regional Center	103		Jan-11	\$22,845.35
38	CONTRAC	Z00372	Kern Regional Center	103		Feb-11	\$22,703.85
39	CONTRAC	Z00372	Kern Regional Center	103		Mar-11	\$27,166.67
40	CONTRAC	Z00372	Kern Regional Center	103		Apr-11	\$23,503.45
41	CONTRAC	Z00372	Kern Regional Center	103		May-11	\$24,597.40
42	CONTRAC	Z00372	Kern Regional Center	103		Jun-11	\$26,543.94
43	CONTRAC	Z00372	Kern Regional Center	103		Jul-11	\$27,396.87
44	CONTRAC	Z00372	Kern Regional Center	103		Aug-11	\$29,359.18
45	CONTRAC	Z00372	Kern Regional Center	103		Sep-11	\$28,247.90
46	CONTRAC	Z00372	Kern Regional Center	103		Oct-11	\$26,493.94
47	CONTRAC	Z00372	Kern Regional Center	103		Nov-11	\$29,481.79
48	CONTRAC	Z00372	Kern Regional Center	103		Dec-11	\$75,722.22
49	CONTRAC	Z00372	Kern Regional Center	103		Jan-12	\$29,975.61
50	CONTRAC	Z00372	Kern Regional Center	103		Feb-12	\$26,620.96
51	CONTRAC	Z00372	Kern Regional Center	103		Mar-12	\$27,226.23
52	CONTRAC	Z00372	Kern Regional Center	103		Apr-12	\$20,269.88
53	CONTRAC	Z00372	Kern Regional Center	103		May-12	\$32,824.00
54	CONTRAC	Z00372	Kern Regional Center	103		Jun-12	\$29,738.55
55	CONTRAC	Z00372	Kern Regional Center	103		Jul-12	\$35,253.61
56	CONTRAC	Z00372	Kern Regional Center	103		Aug-12	\$48,628.71



**Kern Regional Center  
KRC Vendorization  
Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments
57	CONTRAC	Z00372	Kern Regional Center	103		Sep-12	\$37,042.21
58	CONTRAC	Z00372	Kern Regional Center	103		Oct-12	\$29,682.05
59	CONTRAC	Z00372	Kern Regional Center	103		Nov-12	\$28,948.11
60	CONTRAC	Z00372	Kern Regional Center	103		Dec-12	\$27,044.89
61	CONTRAC	Z00372	Kern Regional Center	103		Jan-13	\$31,985.65
62	CONTRAC	Z28346	Kern Regional Center	024		Jul-10	\$46,494.88
63	CONTRAC	Z28346	Kern Regional Center	024		Aug-10	\$14,474.21
64	CONTRAC	Z28346	Kern Regional Center	024		Sep-10	\$8,671.78
65	CONTRAC	Z28346	Kern Regional Center	024		Oct-10	\$3,415.71
66	CONTRAC	Z28346	Kern Regional Center	024		Nov-10	\$18,966.94
67	CONTRAC	Z28346	Kern Regional Center	024		Dec-10	\$22,626.62
68	CONTRAC	Z28346	Kern Regional Center	024		Jan-11	\$13,382.33
69	CONTRAC	Z28346	Kern Regional Center	024		Feb-11	\$18,873.69
70	CONTRAC	Z28346	Kern Regional Center	024		Mar-11	\$7,650.20
71	CONTRAC	Z28346	Kern Regional Center	024		Apr-11	\$14,002.10
72	CONTRAC	Z28346	Kern Regional Center	024		May-11	\$12,968.62
73	CONTRAC	Z28346	Kern Regional Center	024		Jun-11	\$24,706.84
74	CONTRAC	Z28346	Kern Regional Center	024		Jul-11	\$10,090.31
75	CONTRAC	Z28346	Kern Regional Center	024		Aug-11	\$11,253.54
76	CONTRAC	Z28346	Kern Regional Center	024		Sep-11	\$16,728.55
77	CONTRAC	Z28346	Kern Regional Center	024		Oct-11	\$12,592.75
78	CONTRAC	Z28346	Kern Regional Center	024		Nov-11	\$12,666.89
79	CONTRAC	Z28346	Kern Regional Center	024		Dec-11	\$14,300.45
80	CONTRAC	Z28346	Kern Regional Center	024		Jan-12	\$27,317.45
81	CONTRAC	Z28346	Kern Regional Center	024		Feb-12	\$14,258.24
82	CONTRAC	Z28346	Kern Regional Center	024		Mar-12	\$6,777.52
83	CONTRAC	Z28346	Kern Regional Center	024		Apr-12	\$28,716.53
84	CONTRAC	Z28346	Kern Regional Center	024		May-12	\$6,369.88

**Kern Regional Center  
KRC Vendorization  
Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number		Payment Period	Over Payments
85	CONTRAC	Z28346	Kern Regional Center	024			Jun-12	\$47,524.15
86	CONTRAC	Z28346	Kern Regional Center	024			Jul-12	\$9,229.29
87	CONTRAC	Z28346	Kern Regional Center	024			Aug-12	\$7,922.17
88	CONTRAC	Z28346	Kern Regional Center	024			Sep-12	\$6,127.82
89	CONTRAC	Z28346	Kern Regional Center	024			Nov-12	\$18,638.49
90	CONTRAC	Z28346	Kern Regional Center	024			Dec-12	\$5,776.50
91	CONTRAC	Z28346	Kern Regional Center	024			Jan-13	\$28,163.10
<b>Total Overstated Claims Due to KRC Vendorization</b>								<b>\$1,745,413.41</b>



**Kern Regional Center**  
**Improper Allocation of Community Placement Program Funds**  
**Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Payment Period	Improper Allocated Funds	Resolved	Outstanding Balance
<b>CPP Expenditures Beyond Initial Fiscal Year</b>										
1		PK5154	Liberty in the West	113	CONCP		July-11	\$11,530.84	\$11,530.84	\$0.00
2		PK5154	Liberty in the West	113	CONCP		Aug-11	\$11,530.84	\$11,530.84	\$0.00
3		PK5154	Liberty in the West	113	CONCP		Sep-11	\$11,530.84	\$11,530.84	\$0.00
4		PK5154	Liberty in the West	113	CONCP		Oct-11	\$11,530.84	\$11,530.84	\$0.00
5		PK5154	Liberty in the West	113	CONCP		Nov-11	\$11,530.84	\$11,530.84	\$0.00
6		PK5154	Liberty in the West	113	CONCP		Dec-11	\$11,530.84	\$11,530.84	\$0.00
7		PK5154	Liberty in the West	113	CONCP		Jan-12	\$11,531.74	\$11,531.74	\$0.00
8		PK5154	Liberty in the West	113	CONCP		Feb-12	\$11,531.74	\$11,531.74	\$0.00
9		PK5154	Liberty in the West	113	CONCP		Mar-12	\$11,531.74	\$11,531.74	\$0.00
10		PK5154	Liberty in the West	113	CONCP		Apr-12	\$11,531.74	\$11,531.74	\$0.00
11		PK5154	Liberty in the West	113	CONCP		May-12	\$11,531.74	\$11,531.74	\$0.00
12		PK5154	Liberty in the West	113	CONCP		Jun-12	\$11,531.74	\$11,531.74	\$0.00
13		PK5154	Liberty in the West	113	CONCP		Jul-12	\$11,862.28	\$11,862.28	\$0.00
14		PK5154	Liberty in the West	113	CONCP		Aug-12	\$11,862.28	\$11,862.28	\$0.00
15		PK5154	Liberty in the West	113	CONCP		Sep-12	\$11,862.28	\$11,862.28	\$0.00
16		PK5154	Liberty in the West	113	CONCP		Oct-12	\$11,862.28	\$11,862.28	\$0.00
17		PK5154	Liberty in the West	113	CONCP		Nov-12	\$11,862.28	\$11,862.28	\$0.00
18		PK5154	Liberty in the West	113	CONCP		Dec-12	\$11,862.41	\$11,862.41	\$0.00
19		PK5154	Liberty in the West	113	CONCP		Jan-13	\$11,862.41	\$11,862.41	\$0.00
20		PK51369	Edgemont Home	90	CPP		Aug-12	\$9,628.19	\$9,628.19	\$0.00
21		PK5225	As One, Inc.	63	CPP		Jul-12	\$1,081.50	\$1,081.50	\$0.00
22		PK5225	As One, Inc.	63	CPP		Aug-12	\$1,184.50	\$1,184.50	\$0.00
23		PK5225	As One, Inc.	63	CPP		Sep-12	\$978.50	\$978.50	\$0.00
24		PK5225	As One, Inc.	63	CPP		Oct-12	\$1,133.00	\$1,133.00	\$0.00
25		PK5225	As One, Inc.	63	CPP		Nov-12	\$978.50	\$978.50	\$0.00



**Kern Regional Center**  
**Improper Allocation of Community Placement Program Funds**  
**Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Payment Period	Improper Allocated Funds	Resolved	Outstanding Balance
26		PK5225	As One, Inc.	63	CPP		Dec-12	\$927.00	\$927.00	\$0.00
27		PK5225	As One, Inc.	63	CPP		Jan-13	\$1,081.50	\$1,081.50	\$0.00
28		PK5225	As One, Inc.	63	CPP		Feb-13	\$978.50	\$978.50	\$0.00
29		PK5225	As One, Inc.	63	CPP		Mar-13	\$1,081.50	\$1,081.50	\$0.00
30		PK5225	As One, Inc.	63	CPP		Apr-13	\$1,081.50	\$1,081.50	\$0.00
31		PK5225	As One, Inc.	63	CPP		May-13	\$1,133.00	\$1,133.00	\$0.00
32		PK5230	As One, Inc.	55	CPP		Jul-12	\$1,564.92	\$1,564.92	\$0.00
33		PK5230	As One, Inc.	55	CPP		Aug-12	\$1,713.96	\$1,713.96	\$0.00
34		PK5230	As One, Inc.	55	CPP		Sep-12	\$1,415.88	\$1,415.88	\$0.00
35		PK5230	As One, Inc.	55	CPP		Oct-12	\$1,639.44	\$1,639.44	\$0.00
36		PK5230	As One, Inc.	55	CPP		Nov-12	\$1,415.88	\$1,415.88	\$0.00
37		PK5230	As One, Inc.	55	CPP		Dec-12	\$1,341.36	\$1,341.36	\$0.00
38		PK5230	As One, Inc.	55	CPP		Jan-13	\$1,564.92	\$1,564.92	\$0.00
39		PK5230	As One, Inc.	55	CPP		Feb-13	\$1,415.88	\$1,415.88	\$0.00
40		PK5230	As One, Inc.	55	CPP		Mar-13	\$1,564.92	\$1,564.92	\$0.00
41		PK5230	As One, Inc.	55	CPP		Apr-13	\$1,564.92	\$1,564.92	\$0.00
42		PK5230	As One, Inc.	55	CPP		May-13	\$1,639.44	\$1,639.44	\$0.00
43		PK5235	As One, Inc.	55	CPP		Jul-12	\$1,564.92	\$1,564.92	\$0.00
44		PK5235	As One, Inc.	55	CPP		Aug-12	\$1,713.96	\$1,713.96	\$0.00
45		PK5235	As One, Inc.	55	CPP		Sep-12	\$1,415.88	\$1,415.88	\$0.00
46		PK5235	As One, Inc.	55	CPP		Oct-12	\$1,639.44	\$1,639.44	\$0.00
47		PK5235	As One, Inc.	55	CPP		Nov-12	\$1,415.88	\$1,415.88	\$0.00
48		PK5235	As One, Inc.	55	CPP		Dec-12	\$1,341.36	\$1,341.36	\$0.00
49		PK5235	As One, Inc.	55	CPP		Jan-13	\$1,564.92	\$1,564.92	\$0.00
50		PK5235	As One, Inc.	55	CPP		Feb-13	\$1,415.88	\$1,415.88	\$0.00
51		PK5235	As One, Inc.	55	CPP		Mar-13	\$1,564.92	\$1,564.92	\$0.00

**Kern Regional Center**  
**Improper Allocation of Community Placement Program Funds**  
**Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Payment Period	Improper Allocated Funds	Resolved	Outstanding Balance
52		PK5235	As One, Inc.	55	CPP		Apr-13	\$1,564.92	\$1,564.92	\$0.00
53		PK5235	As One, Inc.	55	CPP		May-13	\$1,639.44	\$1,639.44	\$0.00
54		PK5240	As One, Inc.	880	CPP		Jul-12	\$350.18	\$350.18	\$0.00
55		PK5240	As One, Inc.	880	CPP		Aug-12	\$389.19	\$389.19	\$0.00
56		PK5240	As One, Inc.	880	CPP		Oct-12	\$366.85	\$366.85	\$0.00
<b>Total CPP Expenditures Beyond Initial Fiscal Year</b>								<b>\$ 277,468.15</b>	<b>\$277,468.15</b>	<b>\$0.00</b>
<b>CPP Consumer Not on the DC Mover's List</b>										
1		H93941	Loyd's Liberty Homes	400	P&IRC		Nov-10	\$35.00	\$35.00	\$0.00
2		HK5435	Sails Bakersfield	515	CPP		May-12	\$1,456.14	\$1,456.14	\$0.00
3		HK5435	Sails Bakersfield	515	CPP		May-12	\$1,525.48	\$1,525.48	\$0.00
4		P57922	Scott, Curtis	610	CPP		Jan-11	\$762.50	\$762.50	\$0.00
5		P57922	Scott, Curtis	610	CPP		May-12	\$875.00	\$875.00	\$0.00
6		P57922	Scott, Curtis	610	CPP		May-12	\$875.00	\$875.00	\$0.00
7		P57922	Scott, Curtis	610	CPP		Dec-11	\$62.50	\$62.50	\$0.00
8		PK1580	Kern Psyc. Svcs	102	SECPP		Nov-10	\$360.00	\$360.00	\$0.00
9		PK1580	Kern Psyc. Svcs	102	SECPP		Jan-11	\$180.00	\$180.00	\$0.00
10		PK1580	Kern Psyc. Svcs	102	SECPP		Sep-10	\$360.00	\$360.00	\$0.00
11		PK2577	New Advances	102	CLASC		Nov-10	\$335.15	\$335.15	\$0.00
12		PK2577	New Advances	102	CLASC		Jan-11	\$268.12	\$268.12	\$0.00
13		PK2577	New Advances	102	CLASC		Sep-10	\$271.60	\$271.60	\$0.00
14		PK5279	Planz Facility	610	CPP		Dec-11	\$150.00	\$150.00	\$0.00
15		PK5279	Planz Facility	113	CPPD		Nov-10	\$6,799.00	\$6,799.00	\$0.00
16		PK5279	Planz Facility	113	CPPD		Jan-11	\$6,799.00	\$6,799.00	\$0.00
17		PK5279	Planz Facility	113	CPPD		Sep-10	\$2,680.32	\$2,680.32	\$0.00
18		PK5279	Planz Facility	113	CPPD		Sep-10	\$6,799.00	\$6,799.00	\$0.00



**Kern Regional Center**  
**Improper Allocation of Community Placement Program Funds**  
**Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Payment Period	Improper Allocated Funds	Resolved	Outstanding Balance
19		PK5279	Planz Facility	113	CPPD		Sep-10	\$6,799.00	\$6,799.00	\$0.00
20		PK5279	Planz Facility	113	CPPD		Nov-10	\$6,799.00	\$6,799.00	\$0.00
21		PK5279	Planz Facility	113	CPPD		Jan-11	\$6,799.00	\$6,799.00	\$0.00
22		PK5279	Planz Facility	113	CPPD		Sep-10	\$1,379.84	\$1,379.84	\$0.00
23		PK5279	Planz Facility	113	CPPD		Sep-10	\$6,799.00	\$6,799.00	\$0.00
24		PK5279	Planz Facility	113	CPPD		Nov-10	\$6,799.00	\$6,799.00	\$0.00
25		PK5279	Planz Facility	113	CPPD		Jan-11	\$6,799.00	\$6,799.00	\$0.00
26		PK5279	Planz Facility	113	CPPD		Sep-10	\$6,799.00	\$6,799.00	\$0.00
27		PK5279	Planz Facility	113	CPPD		Nov-10	\$6,799.00	\$6,799.00	\$0.00
28		PK5279	Planz Facility	113	CPPD		Jan-11	\$6,799.00	\$6,799.00	\$0.00
29		PK5279	Planz Facility	113	CPPD		Sep-10	\$6,799.00	\$6,799.00	\$0.00
30		PK5720	Hartnett	113	CPPD		May-12	\$6,719.74	\$6,719.74	\$0.00
31		PT0279	Holdsambeck and Assoc.	620	OOOCP		Sep-10	\$36.84	\$36.84	\$0.00
32		Z08947	Golden Empire	895	01GEC		Nov-10	\$17.00	\$17.00	\$0.00
33		Z08947	Golden Empire	895	01GEC		Sep-10	\$17.00	\$17.00	\$0.00
34		Z08947	Golden Empire	895	01GEC		Nov-10	\$17.00	\$17.00	\$0.00
35		Z08947	Golden Empire	895	01GEC		Nov-10	\$17.00	\$17.00	\$0.00
36		Z08947	Golden Empire	895	01GEC		Sep-10	\$17.00	\$17.00	\$0.00
37		Z08947	Golden Empire	895	01GEC		Nov-10	\$17.00	\$17.00	\$0.00
38		Z08947	Golden Empire	895	01GEC		Sep-10	\$17.00	\$17.00	\$0.00
39		Z08947	Golden Empire	895	01GEC		Nov-10	\$17.00	\$17.00	\$0.00
40		Z08947	Golden Empire	895	01GEC		Sep-10	\$17.00	\$17.00	\$0.00
<b>Total CPP Consumers Not on the DC Mover's List</b>								<b>\$106,873.23</b>	<b>\$106,873.23*</b>	<b>\$0.00</b>
<b>Total Improper Expenditures of CPP Funds</b>								<b>\$384,341.38</b>	<b>\$384,341.38</b>	<b>\$0.00</b>

\* = KRC cannot reallocate these CPP expenditures to correct funding source because the fiscal year is closed.



**Kern Regional Center**  
**Expenses Claimed Under the Wrong Service Code**  
**Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments
1	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Aug-10	\$9,575.00
2	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Sep-10	\$9,700.00
3	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Nov-10	\$9,700.00
4	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Dec-10	\$9,575.00
5	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Feb-11	\$9,575.00
6	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Mar-11	\$9,575.00
7	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Apr-11	\$9,575.00
8	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		May-11	\$9,575.00
9	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Jun-11	\$9,575.00
10	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Jul-11	\$6,128.00
11	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Aug-11	\$6,128.00
12	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Sep-11	\$6,128.00
13	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Oct-11	\$6,128.00
14	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Nov-11	\$6,400.00
15	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Dec-11	\$6,128.00
16	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Jan-12	\$6,128.00
17	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Mar-12	\$6,128.00
18	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Apr-12	\$6,128.00
19	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Jun-12	\$6,128.00
20	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Jul-12	\$6,320.00
21	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Sep-12	\$6,320.00
22	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Oct-12	\$6,320.00
23	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Nov-12	\$6,320.00
24	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Dec-12	\$6,320.00

**Kern Regional Center**  
**Expenses Claimed Under the Wrong Service Code**  
**Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments
25	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Jan-13	\$6,320.00
26	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Feb-13	\$6,320.00
27	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Mar-13	\$6,320.00
28	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Apr-13	\$6,320.00
29	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		May-13	\$6,320.00
30	CONTRAC	PK5380	Celebracion de Familias Exceptionales	112		Jun-13	\$6,320.00
<b>Total Expenses Claimed Under the Wrong Service Code</b>							<b>\$217,497.00</b>

**Kern Regional Center**  
**Negotiated Rates Above the Statewide Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2012-13**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments
<b>Overpayment Due to Negotiated Rates Above the Median Rate for FYs 2008-09 &amp; 2009-10</b>					
1	Riverlakes Residential Care	PK4954	113	May-09	\$106.43
			113	May-09	\$208.20
			113	Jun-09	\$755.63
			113	Jul-09	\$784.46
			113	Jul-09	\$755.63
			113	Jul-09	\$755.63
			113	Aug-09	\$755.63
			113	Aug-09	\$755.63
			113	Sep-09	\$755.63
			113	Sep-09	\$755.63
			113	Oct-09	\$755.63
			113	Oct-09	\$755.63
			113	Nov-09	\$432.50
			113	Nov-09	\$755.63
			113	Nov-09	\$755.63
			113	Dec-09	\$322.51
			113	Dec-09	\$755.63
			113	Dec-09	\$755.63
			113	Dec-09	\$755.63
			113	Jan-10	\$755.63
			113	Jan-10	\$755.63
			113	Jan-10	\$755.63
			113	Jan-10	\$273.01
			113	Feb-10	\$755.63
			113	Feb-10	\$755.63
			113	Feb-10	\$755.63
			113	Mar-10	\$755.63
			113	Mar-10	\$49.51
			113	Mar-10	\$755.63
			113	Mar-10	\$755.63
			113	Apr-10	\$755.63
			113	Apr-10	\$707.40
			113	Apr-10	\$755.63
			113	Apr-10	\$755.63
			113	May-10	\$755.63



**Kern Regional Center**  
**Negotiated Rates Above the Statewide Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2012-13**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments
	Riverlakes Residential Care (Continued)	PK4954	113	May-10	\$755.63
			113	May-10	\$755.63
			113	May-10	\$755.63
			113	Jun-10	\$755.63
			113	Jun-10	\$755.63
			113	Jun-10	\$755.63
			113	Jun-10	\$755.63
			113	Jul-10	\$833.88
			113	Jul-10	\$833.88
			113	Jul-10	\$833.88
			113	Jul-10	\$833.88
			113	Aug-10	\$833.88
			113	Aug-10	\$833.88
			113	Aug-10	\$833.88
			113	Aug-10	\$833.88
			113	Sep-10	\$833.88
			113	Sep-10	\$833.88
			113	Sep-10	\$833.88
			113	Sep-10	\$833.88
			113	Oct-10	\$745.89
			113	Oct-10	\$745.89
			113	Oct-10	\$745.89
			113	Oct-10	\$745.89
			113	Nov-10	\$745.89
			113	Nov-10	\$745.89
			113	Nov-10	\$745.89
			113	Nov-10	\$745.89
			113	Dec-10	\$745.89
			113	Dec-10	\$745.89
			113	Dec-10	\$745.89
			113	Dec-10	\$745.89
			113	Jan-11	\$745.89
			113	Jan-11	\$745.89
			113	Jan-11	\$745.89
			113	Jan-11	\$745.89
Overpayment Due to Negotiated Rates Above the Median Rate for FYs 2008-09 & 2009-10					\$50,516.24



**Kern Regional Center**  
**Negotiated Rates Above the Statewide Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2012-13**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments
<b>Overpayment Due to Negotiated Rates Above the Median Rate for FYs 2010-11 &amp; 2011-12</b>					
1	Riverlakes Residential Care	PK4954	113	Feb-11	\$745.89
			113	Feb-11	\$745.89
			113	Feb-11	\$745.89
			113	Feb-11	\$745.89
			113	Mar-11	\$745.89
			113	Mar-11	\$745.89
			113	Mar-11	\$745.89
			113	Mar-11	\$745.89
			113	Apr-11	\$745.89
			113	Apr-11	\$745.89
			113	Apr-11	\$745.89
			113	Apr-11	\$745.89
			113	May-11	\$745.89
			113	May-11	\$745.89
			113	May-11	\$745.89
			113	May-11	\$745.89
			113	Jun-11	\$745.89
			113	Jun-11	\$745.89
			113	Jun-11	\$745.89
			113	Jun-11	\$745.89
			113	Jul-11	\$745.89
			113	Jul-11	\$745.89
			113	Jul-11	\$745.89
			113	Jul-11	\$745.89
			113	Jul-11	\$745.89
			113	Aug-11	\$745.89
			113	Aug-11	\$745.89
			113	Aug-11	\$745.89
			113	Aug-11	\$745.89
			113	Sep-11	\$745.89
			113	Sep-11	\$745.89
			113	Sep-11	\$745.89
			113	Sep-11	\$745.89
			113	Oct-11	\$748.28
			113	Oct-11	\$745.89
			113	Oct-11	\$745.89

**Kern Regional Center**  
**Negotiated Rates Above the Statewide Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2012-13**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments
	Riverlakes Residential Care (Continued)	PK4954	113	Oct-11	\$745.89
			113	Nov-11	\$749.48
			113	Nov-11	\$745.89
			113	Nov-11	\$745.89
			113	Nov-11	\$745.89
			113	Dec-11	\$745.89
			113	Dec-11	\$745.89
			113	Dec-11	\$745.89
			113	Dec-11	\$745.89
			113	Jan-12	\$745.90
			113	Jan-12	\$745.90
			113	Jan-12	\$745.90
			113	Jan-12	\$745.90
			113	Feb-12	\$745.90
			113	Feb-12	\$745.90
			113	Feb-12	\$745.90
			113	Feb-12	\$745.90
			113	Mar-12	\$745.90
			113	Mar-12	\$745.90
			113	Mar-12	\$745.90
			113	Mar-12	\$745.90
			113	Apr-12	\$745.90
			113	Apr-12	\$745.90
			113	Apr-12	\$745.90
			113	Apr-12	\$745.90
			113	May-12	\$745.90
			113	May-12	\$745.90
			113	May-12	\$745.90
			113	May-12	\$745.90
			113	Jun-12	\$745.90
			113	Jun-12	\$745.90
			113	Jun-12	\$745.90
			113	Jun-12	\$745.90
			113	Jul-12	\$769.19
			113	Jul-12	\$769.27
			113	Jul-12	\$769.27
			113	Jul-12	\$432.90

**Kern Regional Center**  
**Negotiated Rates Above the Statewide Median Rate (Repeat)**  
**Fiscal Years 2008-09 through 2012-13**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over Payments		
	Riverlakes Residential Care (Continued)	PK4954	113	Aug-12	\$769.27		
			113	Aug-12	\$769.27		
			113	Aug-12	\$769.27		
			113	Sep-12	\$769.27		
			113	Sep-12	\$769.27		
			113	Sep-12	\$769.27		
			113	Oct-12	\$769.27		
			113	Oct-12	\$769.27		
			113	Oct-12	\$769.27		
			113	Nov-12	\$770.30		
			113	Nov-12	\$769.27		
			113	Nov-12	\$769.27		
			113	Dec-12	\$772.82		
			113	Dec-12	\$769.27		
			113	Dec-12	\$769.27		
			113	Jan-13	\$771.94		
			113	Jan-13	\$769.26		
			113	Jan-13	\$769.26		
			113	Feb-13	\$770.89		
			113	Feb-13	\$769.26		
			113	Feb-13	\$769.26		
			113	Mar-13	\$769.66		
			113	Mar-13	\$769.26		
			113	Mar-13	\$769.26		
			113	Apr-13	\$770.89		
			113	Apr-13	\$769.26		
			113	Apr-13	\$769.26		
			113	May-13	\$771.32		
			113	May-13	\$769.26		
			113	May-13	\$769.26		
			113	Jun-13	\$771.32		
			113	Jun-13	\$769.26		
			113	Jun-13	\$769.26		
Overpayment Due to Negotiated Rates Above the Median Rate for FYs 2010-11 & 2011-12					\$78,868.14		
Total Overpayment Due to Negotiated Rates Above the Median Rate					\$129,384.38		



**Kern Regional Center**  
**Payments for Unoccupied Beds (Repeat)**  
**Fiscal Years 2009-10 through 2011-12**

Attachment F

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments	Resolved	Outstanding Balance
<b>Overpayments Due to Unoccupied Beds from March 2010 - January 2011</b>									
1	Contract	HK4646	DSI Bordeaux	868		Mar-10	\$1,613.12	\$0.00	\$1,613.12
	Contract	HK4646	DSI Bordeaux	868		Apr-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4647	DSI Bordeaux	868		May-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4648	DSI Bordeaux	868		Jun-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4649	DSI Bordeaux	868		Jul-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4650	DSI Bordeaux	868		Aug-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4651	DSI Bordeaux	868		Sep-10	\$2,611.71	\$0.00	\$2,611.71
	Contract	HK4652	DSI Bordeaux	868		Oct-10	\$2,729.70	\$0.00	\$2,729.70
	Contract	HK4653	DSI Bordeaux	868		Nov-10	\$3,184.65	\$0.00	\$3,184.65
	Contract	HK4654	DSI Bordeaux	868		Dec-10	\$3,184.65	\$0.00	\$3,184.65
	Contract	HK4655	DSI Bordeaux	868		Jan-11	\$3,184.65	\$0.00	\$3,184.65
2	Contract	HK4634	DSI Efada	868		Mar-10	\$1,613.12	\$0.00	\$1,613.12
	Contract	HK4634	DSI Efada	868		Apr-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4634	DSI Efada	868		May-10	\$4,916.16	\$0.00	\$4,916.16
	Contract	HK4634	DSI Efada	868		Jun-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4634	DSI Efada	868		Jul-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4634	DSI Efada	868		Aug-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4634	DSI Efada	868		Sep-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4634	DSI Efada	868		Oct-10	\$6,410.88	\$0.00	\$6,410.88
	Contract	HK4634	DSI Efada	868		Nov-10	\$6,369.30	\$0.00	\$6,369.30
	Contract	HK4634	DSI Efada	868		Dec-10	\$6,369.30	\$0.00	\$6,369.30
	Contract	HK4634	DSI Efada	868		Jan-11	\$6,369.30	\$0.00	\$6,369.30
3	Contract	HK4628	DSI Giro	868		Mar-10	\$1,613.12	\$0.00	\$1,613.12
	Contract	HK4628	DSI Giro	868		Apr-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4628	DSI Giro	868		May-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4628	DSI Giro	868		Jun-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4628	DSI Giro	868		Jul-10	\$3,226.23	\$0.00	\$3,226.23



**Kern Regional Center**  
**Payments for Unoccupied Beds (Repeat)**  
**Fiscal Years 2009-10 through 2011-12**

Attachment F

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments	Resolved	Outstanding Balance
	Contract	HK4628	DSI Giro	868		Aug-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4628	DSI Giro	868		Sep-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4628	DSI Giro	868		Oct-10	\$6,410.88	\$0.00	\$6,410.88
	Contract	HK4628	DSI Giro	868		Nov-10	\$6,369.30	\$0.00	\$6,369.30
	Contract	HK4628	DSI Giro	868		Dec-10	\$6,369.30	\$0.00	\$6,369.30
	Contract	HK4628	DSI Giro	868		Jan-11	\$3,336.30	\$0.00	\$3,336.30
4	Contract	HK4641	DSI Palm	868		Dec-09	\$2,467.90	\$0.00	\$2,467.90
	Contract	HK4641	DSI Palm	868		Jan-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4641	DSI Palm	868		Feb-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4641	DSI Palm	868		Mar-10	\$4,839.35	\$0.00	\$4,839.35
	Contract	HK4641	DSI Palm	868		Apr-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4641	DSI Palm	868		May-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4641	DSI Palm	868		Jun-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4641	DSI Palm	868		Jul-10	\$2,611.71	\$0.00	\$2,611.71
	Contract	HK4641	DSI Palm	868		Aug-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4641	DSI Palm	868		Sep-10	\$6,393.98	\$0.00	\$6,393.98
	Contract	HK4641	DSI Palm	868		Oct-10	\$6,410.88	\$0.00	\$6,410.88
	Contract	HK4641	DSI Palm	868		Nov-10	\$9,553.95	\$0.00	\$9,553.95
	Contract	HK4641	DSI Palm	868		Dec-10	\$9,553.95	\$0.00	\$9,553.95
	Contract	HK4641	DSI Palm	868		Jan-11	\$7,430.85	\$0.00	\$7,430.85
5	Contract	HK4883	PJSI Hinault	868		Dec-09	\$2,467.90	\$0.00	\$2,467.90
	Contract	HK4883	PJSI Hinault	868		Jan-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4883	PJSI Hinault	868		Feb-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4883	PJSI Hinault	868		Mar-10	\$3,610.31	\$0.00	\$3,610.31
	Contract	HK4883	PJSI Hinault	868		Apr-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4883	PJSI Hinault	868		May-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4883	PJSI Hinault	868		Jun-10	\$5,837.94	\$0.00	\$5,837.94
	Contract	HK4883	PJSI Hinault	868		Jul-10	\$307.26	\$0.00	\$307.26



**Kern Regional Center**  
**Payments for Unoccupied Beds (Repeat)**  
**Fiscal Years 2009-10 through 2011-12**

Attachment F

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments	Resolved	Outstanding Balance
	Contract	HK4883	PJSI Hinault	868		Aug-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4883	PJSI Hinault	868		Sep-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4883	PJSI Hinault	868		Oct-10	\$1,668.15	\$0.00	\$1,668.15
	Contract	HK4883	PJSI Hinault	868		Nov-10	\$3,184.65	\$0.00	\$3,184.65
	Contract	HK4883	PJSI Hinault	868		Dec-10	\$3,184.65	\$0.00	\$3,184.65
	Contract	HK4883	PJSI Hinault	868		Jan-11	\$3,184.65	\$0.00	\$3,184.65
6	Contract	HK4656	PJSI Induran	868		Mar-10	\$1,613.12	\$0.00	\$1,613.12
	Contract	HK4656	PJSI Induran	868		Apr-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4656	PJSI Induran	868		May-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4656	PJSI Induran	868		Jun-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4656	PJSI Induran	868		Jul-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4656	PJSI Induran	868		Aug-10	\$6,452.46	\$0.00	\$6,452.46
	Contract	HK4656	PJSI Induran	868		Sep-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4656	PJSI Induran	868		Dec-10	\$3,033.00	\$0.00	\$3,033.00
	Contract	HK4656	PJSI Induran	868		Jan-11	\$3,184.65	\$0.00	\$3,184.65
7	Contract	HK4886	PJSI Riverfront	868		Mar-10	\$1,613.12	\$0.00	\$1,613.12
	Contract	HK4886	PJSI Riverfront	868		Apr-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4886	PJSI Riverfront	868		May-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4886	PJSI Riverfront	868		Jun-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4886	PJSI Riverfront	868		Jul-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4886	PJSI Riverfront	868		Aug-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4886	PJSI Riverfront	868		Sep-10	\$3,226.23	\$0.00	\$3,226.23
	Contract	HK4886	PJSI Riverfront	868		Oct-10	\$3,184.65	\$0.00	\$3,184.65
	Contract	HK4886	PJSI Riverfront	868		Nov-10	\$3,184.65	\$0.00	\$3,184.65
	Contract	HK4886	PJSI Riverfront	868		Dec-10	\$3,184.65	\$0.00	\$3,184.65
	Contract	HK4886	PJSI Riverfront	868		Jan-11	\$4,549.50	\$0.00	\$4,549.50
	Total Overpayment Due to Unoccupied Beds from March 2010 - January 2011							\$339,901.05	\$0.00



**Kern Regional Center**  
**Payments for Unoccupied Beds (Repeat)**  
**Fiscal Years 2009-10 through 2011-12**

Attachment F

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments	Resolved	Outstanding Balance
<b>Overpayments Due to Unoccupied Beds from January 2012 - October 2013</b>									
1		PK3386	Desert Rose ARF	113		Jan-12	\$745.83	\$0.00	\$745.83
		PK3386	Desert Rose ARF	113		Feb-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Mar-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Apr-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		May-12	\$2,785.37	\$0.00	\$2,785.37
		PK3386	Desert Rose ARF	113		Jun-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Jul-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Aug-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Sep-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Oct-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Nov-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Dec-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Jan-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Feb-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Mar-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Apr-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		May-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Jun-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Jul-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Aug-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Sep-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Oct-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Jan-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Feb-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Mar-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Apr-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		May-12	\$2,785.37	\$0.00	\$2,785.37

**Kern Regional Center**  
**Payments for Unoccupied Beds (Repeat)**  
**Fiscal Years 2009-10 through 2011-12**

Attachment F

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments	Resolved	Outstanding Balance
		PK3386	Desert Rose ARF	113		Jun-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Jul-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Aug-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Sep-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Oct-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Nov-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Dec-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Jan-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Feb-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Mar-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Apr-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		May-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Jun-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Jul-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Aug-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Sep-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Oct-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Dec-10	\$744.86	\$0.00	\$744.86
		PK3386	Desert Rose ARF	113		Jan-11	\$747.94	\$0.00	\$747.94
		PK3386	Desert Rose ARF	113		Feb-11	\$747.94	\$0.00	\$747.94
		PK3386	Desert Rose ARF	113		Mar-11	\$747.94	\$0.00	\$747.94
		PK3386	Desert Rose ARF	113		Apr-11	\$747.94	\$0.00	\$747.94
		PK3386	Desert Rose ARF	113		May-11	\$747.94	\$0.00	\$747.94
		PK3386	Desert Rose ARF	113		Jun-11	\$747.94	\$0.00	\$747.94
		PK3386	Desert Rose ARF	113		Jul-11	\$747.94	\$0.00	\$747.94
		PK3386	Desert Rose ARF	113		Aug-11	\$747.94	\$0.00	\$747.94
		PK3386	Desert Rose ARF	113		Sep-11	\$747.94	\$0.00	\$747.94
		PK3386	Desert Rose ARF	113		Oct-11	\$744.94	\$0.00	\$744.94



**Kern Regional Center**  
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Attachment F

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments	Resolved	Outstanding Balance
		PK3386	Desert Rose ARF	113		Nov-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Dec-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Jan-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Feb-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Mar-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Apr-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		May-12	\$2,785.37	\$0.00	\$2,785.37
		PK3386	Desert Rose ARF	113		Jun-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Jul-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Aug-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Sep-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Oct-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Nov-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Dec-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Jan-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Feb-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Mar-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Apr-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		May-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Jun-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Jul-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Aug-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Sep-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Oct-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Jan-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Feb-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Mar-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Apr-12	\$744.94	\$0.00	\$744.94

**Kern Regional Center**  
**Payments for Unoccupied Beds (Repeat)**  
**Fiscal Years 2009-10 through 2011-12**

Attachment F

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments	Resolved	Outstanding Balance
		PK3386	Desert Rose ARF	113		May-12	\$2,785.37	\$0.00	\$2,785.37
		PK3386	Desert Rose ARF	113		Jun-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Jul-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Aug-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Sep-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Oct-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Nov-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Dec-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Jan-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Feb-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Mar-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Apr-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		May-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Jun-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Jul-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Aug-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Sep-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Oct-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Dec-10	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Jan-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Feb-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Mar-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Apr-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		May-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Jun-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Jul-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Aug-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Sep-11	\$744.94	\$0.00	\$744.94



**Kern Regional Center**  
**Payments for Unoccupied Beds (Repeat)**  
**Fiscal Years 2009-10 through 2011-12**

Attachment F

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments	Resolved	Outstanding Balance
		PK3386	Desert Rose ARF	113		Oct-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Nov-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Dec-11	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Jan-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Feb-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Mar-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Apr-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		May-12	\$2,785.37	\$0.00	\$2,785.37
		PK3386	Desert Rose ARF	113		Jun-12	\$744.94	\$0.00	\$744.94
		PK3386	Desert Rose ARF	113		Jul-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Aug-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Sep-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Oct-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Nov-12	\$768.28	\$0.00	\$768.28
		PK3386	Desert Rose ARF	113		Dec-12	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Jan-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Feb-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Mar-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Apr-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		May-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Jun-13	\$768.42	\$0.00	\$768.42
		PK3386	Desert Rose ARF	113		Jul-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Aug-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Sep-13	\$778.00	\$0.00	\$778.00
		PK3386	Desert Rose ARF	113		Oct-13	\$778.00	\$0.00	\$778.00
<b>Total Overpayment for Unoccupied Beds from January 2012 - October 2013</b>							<b>\$113,607.74</b>	<b>\$19,400.45*</b>	<b>\$94,207.29</b>
<b>Total Overpayment for Unoccupied Beds</b>							<b>\$453,508.79</b>	<b>\$19,400.45</b>	<b>\$434,108.34</b>

\* = KRC recovered \$19,400.45 from the vendor and reimbursed this amount to DDS.

**Kern Regional Center  
Payment Reduction (Repeat)  
Fiscal Years 2010-11 and 2011-12**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over/Under Payments	Resolved	Outstanding Balance
<b>Overpayments Due to the Payment Reduction</b>							
1	PK4506	Clinica Sierra Vista	116	Jul-10	\$701.23	\$0.00	\$701.23
				Aug-10	\$743.73	\$0.00	\$743.73
				Sep-10	\$711.85	\$0.00	\$711.85
				Oct-10	\$733.08	\$0.00	\$733.08
				Nov-10	\$786.22	\$0.00	\$786.22
				Dec-10	\$626.81	\$0.00	\$626.81
				Jan-11	\$786.20	\$0.00	\$786.20
				Feb-11	\$839.34	\$0.00	\$839.34
				Mar-11	\$934.97	\$0.00	\$934.97
				Apr-11	\$871.21	\$0.00	\$871.21
				May-11	\$1,030.60	\$0.00	\$1,030.60
				Jun-11	\$966.85	\$0.00	\$966.85
				Jul-11	\$913.70	\$0.00	\$913.70
				Aug-11	\$945.58	\$0.00	\$945.58
				Sep-11	\$1,030.59	\$0.00	\$1,030.59
				Oct-11	\$828.70	\$0.00	\$828.70
				Nov-11	\$1,104.98	\$0.00	\$1,104.98
				Dec-11	\$903.07	\$0.00	\$903.07
2	PK1582	Kern Psychological Services	056	Jul-10	\$208.23	\$0.00	\$208.23
				Aug-10	\$334.65	\$0.00	\$334.65
				Sep-10	\$428.14	\$0.00	\$428.14
				Oct-10	\$385.64	\$0.00	\$385.64
				Nov-10	\$428.14	\$0.00	\$428.14
				Dec-10	\$129.61	\$0.00	\$129.61
				Jan-11	\$190.17	\$0.00	\$190.17
				Feb-11	\$241.16	\$0.00	\$241.16
				Mar-11	\$418.57	\$0.00	\$418.57
				Apr-11	\$160.43	\$0.00	\$160.43
				May-11	\$429.22	\$0.00	\$429.22
				Jun-11	\$349.52	\$0.00	\$349.52
				Jul-11	\$198.66	\$0.00	\$198.66
				Aug-11	\$96.68	\$0.00	\$96.68
				Sep-11	\$313.40	\$0.00	\$313.40
				Oct-11	\$193.36	\$0.00	\$193.36
				Nov-11	\$108.36	\$0.00	\$108.36
				Dec-11	\$492.98	\$0.00	\$492.98
				Jan-12	\$280.47	\$0.00	\$280.47
				Feb-12	\$183.79	\$0.00	\$183.79



**Kern Regional Center  
Payment Reduction (Repeat)  
Fiscal Years 2010-11 and 2011-12**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over/Under Payments	Resolved	Outstanding Balance
2	PK1582	Kern Psychological Services (Continued)	056	Mar-12	\$132.80	\$0.00	\$132.80
				Apr-12	\$75.43	\$0.00	\$75.43
				May-12	\$111.55	\$0.00	\$111.55
				Jun-12	\$295.34	\$0.00	\$295.34
				Jul-12	\$80.59	\$0.00	\$80.59
				Aug-12	\$135.90	\$0.00	\$135.90
				Sep-12	\$92.15	\$0.00	\$92.15
				Oct-12	\$84.05	\$0.00	\$84.05
				Nov-12	\$10.62	\$0.00	\$10.62
				Dec-12	\$10.62	\$0.00	\$10.62
				Jan-13	\$21.24	\$0.00	\$21.24
3	PK1852	Kern Psychological Services	115	Jul-10	\$144.48	\$0.00	\$144.48
				Aug-10	\$216.72	\$0.00	\$216.72
				Sep-10	\$144.48	\$0.00	\$144.48
				Oct-10	\$198.66	\$0.00	\$198.66
				Nov-10	\$108.36	\$0.00	\$108.36
				Dec-10	\$108.36	\$0.00	\$108.36
				Jan-11	\$54.18	\$0.00	\$54.18
				Feb-11	\$234.78	\$0.00	\$234.78
				Mar-11	\$90.30	\$0.00	\$90.30
				Apr-11	\$72.24	\$0.00	\$72.24
				May-11	\$108.36	\$0.00	\$108.36
				Jun-11	\$90.30	\$0.00	\$90.30
				Jul-11	\$90.30	\$0.00	\$90.30
				Aug-11	\$108.36	\$0.00	\$108.36
				Sep-11	\$36.12	\$0.00	\$36.12
				Nov-11	\$36.12	\$0.00	\$36.12
				Jan-12	\$12.75	\$0.00	\$12.75
				Mar-12	\$38.25	\$0.00	\$38.25
				Apr-12	\$12.75	\$0.00	\$12.75
				May-12	\$12.75	\$0.00	\$12.75
				Jun-12	\$51.00	\$0.00	\$51.00
4	PK3386	South Valley Development	113	Jul-10	\$134.50	\$0.00	\$134.50
				Aug-10	\$134.50	\$0.00	\$134.50
5	H18752	Junior Blind of America	920	Jul-10	\$56.61	\$0.00	\$56.61
				Aug-10	\$56.61	\$0.00	\$56.61
				Sep-10	\$56.61	\$0.00	\$56.61
6	HK1184	Lee's Ranch Home	905	Jul-10	\$77.05	\$0.00	\$77.05
				Aug-10	\$61.64	\$0.00	\$61.64
				Sep-10	\$61.64	\$0.00	\$61.64

**Kern Regional Center  
Payment Reduction (Repeat)  
Fiscal Years 2010-11 and 2011-12**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over/Under Payments	Resolved	Outstanding Balance
7	HL0135	Southland Transit, Inc	875	Jul-10	\$452.42	\$0.00	\$452.42
				Aug-10	\$464.77	\$0.00	\$464.77
				Sep-10	\$476.39	\$0.00	\$476.39
				Oct-10	\$447.64	\$0.00	\$447.64
				Nov-10	\$424.55	\$0.00	\$424.55
				Dec-10	\$888.75	\$0.00	\$888.75
				Jan-11	\$1,007.98	\$0.00	\$1,007.98
				Feb-11	\$956.59	\$0.00	\$956.59
				Mar-11	\$1,143.29	\$0.00	\$1,143.29
				Apr-11	\$1,080.05	\$0.00	\$1,080.05
				May-11	\$1,126.47	\$0.00	\$1,126.47
				Jun-11	\$1,071.18	\$0.00	\$1,071.18
				Jul-11	\$963.64	\$0.00	\$963.64
				Aug-11	\$1,191.01	\$0.00	\$1,191.01
				Sep-11	\$1,021.06	\$0.00	\$1,021.06
				Oct-11	\$948.94	\$0.00	\$948.94
				Nov-11	\$905.85	\$0.00	\$905.85
				Dec-11	\$866.92	\$0.00	\$866.92
				Jan-12	\$858.23	\$0.00	\$858.23
				Feb-12	\$842.42	\$0.00	\$842.42
				Mar-12	\$1,004.57	\$0.00	\$1,004.57
				Apr-12	\$907.45	\$0.00	\$907.45
				May-12	\$942.38	\$0.00	\$942.38
				Jun-12	\$937.97	\$0.00	\$937.97
				Jul-12	\$372.06	\$0.00	\$372.06
				Aug-12	\$469.45	\$0.00	\$469.45
				Sep-12	\$381.01	\$0.00	\$381.01
				Oct-12	\$449.04	\$0.00	\$449.04
				Nov-12	\$387.81	\$0.00	\$387.81
				Dec-12	\$360.60	\$0.00	\$360.60
				Jan-13	\$408.23	\$0.00	\$408.23
8	H94072	Community Support Options	510	Jul-10	\$263.84	\$0.00	\$263.84
				Aug-10	\$320.96	\$0.00	\$320.96
				Sep-10	\$280.16	\$0.00	\$280.16
9	PK4271	Chateau D' Bakersfield	702	Jul-10	\$291.53	\$0.00	\$291.53
				Aug-10	\$375.76	\$0.00	\$375.76
				Sep-10	\$391.96	\$0.00	\$391.96
				Oct-10	\$469.69	\$0.00	\$469.69
				Nov-10	\$336.88	\$0.00	\$336.88
				Dec-10	\$404.91	\$0.00	\$404.91



**Kern Regional Center  
Payment Reduction (Repeat)  
Fiscal Years 2010-11 and 2011-12**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over/Under Payments	Resolved	Outstanding Balance
	PK4271	Chateau D' Bakersfield (Continued)	702	Jan-11	\$385.47	\$0.00	\$385.47
				Feb-11	\$427.58	\$0.00	\$427.58
				Mar-11	\$492.36	\$0.00	\$492.36
				Apr-11	\$453.48	\$0.00	\$453.48
				May-11	\$489.13	\$0.00	\$489.13
				Jun-11	\$443.78	\$0.00	\$443.78
				Jul-11	\$382.23	\$0.00	\$382.23
				Aug-11	\$583.06	\$0.00	\$583.06
				Sep-11	\$524.73	\$0.00	\$524.73
				Oct-11	\$596.02	\$0.00	\$596.02
				Nov-11	\$583.04	\$0.00	\$583.04
				Dec-11	\$398.41	\$0.00	\$398.41
				Jan-12	\$560.38	\$0.00	\$560.38
				Feb-12	\$615.44	\$0.00	\$615.44
				Mar-12	\$547.40	\$0.00	\$547.40
				Apr-12	\$618.69	\$0.00	\$618.69
				May-12	\$696.44	\$0.00	\$696.44
				Jun-12	\$515.03	\$0.00	\$515.03
				Jul-12	\$657.57	\$0.00	\$657.57
				Aug-12	\$673.78	\$0.00	\$673.78
				Sep-12	\$544.19	\$0.00	\$544.19
				Oct-12	\$780.68	\$0.00	\$780.68
				Nov-12	\$715.86	\$0.00	\$715.86
				Dec-12	\$702.88	\$0.00	\$702.88
				Jan-13	\$816.27	\$0.00	\$816.27
10	PK3006	Affiliated Speech	707	Jul-10	\$126.99	\$0.00	\$126.99
				Aug-10	\$138.17	\$0.00	\$138.17
				Sep-10	\$163.96	\$0.00	\$163.96
				Oct-10	\$133.10	\$0.00	\$133.10
				Nov-10	\$147.13	\$0.00	\$147.13
				Dec-10	\$125.78	\$0.00	\$125.78
				Jan-11	\$141.63	\$0.00	\$141.63
				Feb-11	\$124.43	\$0.00	\$124.43
				Mar-11	\$142.87	\$0.00	\$142.87
				Apr-11	\$131.14	\$0.00	\$131.14
				May-11	\$145.82	\$0.00	\$145.82
				Jun-11	\$137.98	\$0.00	\$137.98
				Jul-11	\$95.24	\$0.00	\$95.24
				Aug-11	\$109.90	\$0.00	\$109.90
				Sep-11	\$105.01	\$0.00	\$105.01
Total Overpayment Due to Payment Reduction					\$67,756.42	\$0.00	\$67,756.42

**Kern Regional Center**  
**Payment Reduction (Repeat)**  
**Fiscal Years 2010-11 and 2011-12**

	Vendor Name	Vendor Number	Service Code	Payment Period	Over/Under Payments	Resolved	Outstanding Balance
Underpayments Due to the Payment Reduction							
11	P73904	California Mentor Family	904	Jul-10	(\$130.00)	(\$130.00)	\$0.00
				Aug-10	(\$130.00)	(\$130.00)	\$0.00
				Sep-10	(\$130.00)	(\$130.00)	\$0.00
				Oct-10	(\$130.00)	(\$130.00)	\$0.00
				Nov-10	(\$130.00)	(\$130.00)	\$0.00
				Dec-10	(\$130.00)	(\$130.00)	\$0.00
				Jan-11	(\$130.00)	(\$130.00)	\$0.00
				Feb-11	(\$130.00)	(\$130.00)	\$0.00
				Mar-11	(\$130.00)	(\$130.00)	\$0.00
				Apr-11	(\$130.00)	(\$130.00)	\$0.00
				May-11	(\$130.00)	(\$130.00)	\$0.00
				Jun-11	(\$130.00)	(\$130.00)	\$0.00
				Jul-11	(\$130.00)	(\$130.00)	\$0.00
				Aug-11	(\$130.00)	(\$130.00)	\$0.00
				Sep-11	(\$130.00)	(\$130.00)	\$0.00
				Oct-11	(\$130.00)	(\$130.00)	\$0.00
				Nov-11	(\$130.00)	(\$130.00)	\$0.00
				Jul-10	(\$266.00)	(\$266.00)	\$0.00
				Aug-10	(\$266.00)	(\$266.00)	\$0.00
				Sep-10	(\$266.00)	(\$266.00)	\$0.00
				Oct-10	(\$266.00)	(\$266.00)	\$0.00
				Nov-10	(\$266.00)	(\$266.00)	\$0.00
				Dec-10	(\$266.00)	(\$266.00)	\$0.00
				Jan-11	(\$266.00)	(\$266.00)	\$0.00
				Feb-11	(\$266.00)	(\$266.00)	\$0.00
				Mar-11	(\$266.00)	(\$266.00)	\$0.00
				Apr-11	(\$266.00)	(\$266.00)	\$0.00
12	HK3973	Express Transit	875	Jul-12	(\$6,628.81)	(\$6,628.81)	\$0.00
				Aug-12	(\$7,631.86)	(\$7,631.86)	\$0.00
				Sep-12	(\$5,869.23)	(\$5,869.23)	\$0.00
				Oct-12	(\$6,749.38)	(\$6,749.38)	\$0.00
				Nov-12	(\$5,650.94)	(\$5,650.94)	\$0.00
				Dec-12	(\$6,146.31)	(\$6,146.31)	\$0.00
				Jan-13	(\$6,465.46)	(\$6,465.46)	\$0.00
Total Underpayment Due to Payment Reduction					(\$50,011.99)	(\$50,011.99)	\$0.00



**Kern Regional Center  
Rate Increase After Rate Freeze  
Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments
<b>Overpayments Due to Rate Increase After Rate Freeze</b>							
1	H01533	ARC-Taft	CONTRACT	880		Jul-10	\$35.15
			CONTRACT	880		Aug-10	\$33.87
			CONTRACT	880		Sep-10	\$34.52
			CONTRACT	880		Oct-10	\$31.61
			CONTRACT	880		Nov-10	\$30.41
			CONTRACT	880		Dec-10	\$31.05
			CONTRACT	880		Jan-11	\$28.97
			CONTRACT	880		Feb-11	\$29.49
			CONTRACT	880		Mar-11	\$36.17
			CONTRACT	880		Apr-11	\$32.62
			CONTRACT	880		May-11	\$33.56
			CONTRACT	880		Jun-11	\$36.90
			CONTRACT	880		Jul-11	\$30.76
			CONTRACT	880		Aug-11	\$33.89
			CONTRACT	880		Sep-11	\$31.05
			CONTRACT	880		Oct-11	\$30.24
			CONTRACT	880		Nov-11	\$26.54
			CONTRACT	880		Dec-11	\$24.81
			CONTRACT	880		Jan-12	\$26.65
			CONTRACT	880		Feb-12	\$29.69
			CONTRACT	880		Mar-12	\$37.22
			CONTRACT	880		Apr-12	\$39.60
			CONTRACT	880		May-12	\$42.24
			CONTRACT	880		Jun-12	\$38.89

**Kern Regional Center**  
**Rate Increase After Rate Freeze**  
**Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments
	H01533	ARC-Taft (Continued)	CONTRACT	880		Jul-12	\$39.56
			CONTRACT	880		Aug-12	\$49.34
			CONTRACT	880		Sep-12	\$34.96
			CONTRACT	880		Oct-12	\$41.48
			CONTRACT	880		Nov-12	\$34.89
			CONTRACT	880		Dec-12	\$31.99
			CONTRACT	880		Jan-13	\$36.96
2	H08900	Delano Association for the Disabled	CONTRACT	880		Jul-10	\$388.80
			CONTRACT	880		Aug-10	\$368.59
			CONTRACT	880		Sep-10	\$370.75
			CONTRACT	880		Oct-10	\$371.06
			CONTRACT	880		Nov-10	\$361.90
			CONTRACT	880		Dec-10	\$345.74
			CONTRACT	880		Jan-11	\$498.69
			CONTRACT	880		Feb-11	\$367.26
			CONTRACT	880		Mar-11	\$407.01
			CONTRACT	880		Apr-11	\$386.39
			CONTRACT	880		May-11	\$424.72
			CONTRACT	880		Jun-11	\$391.84
			CONTRACT	880		Jul-11	\$362.63
			CONTRACT	880		Aug-11	\$416.70
			CONTRACT	880		Sep-11	\$409.87
			CONTRACT	880		Oct-11	\$393.55
			CONTRACT	880		Nov-11	\$311.54
			CONTRACT	880		Dec-11	\$367.67

**Kern Regional Center**  
**Rate Increase After Rate Freeze**  
**Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments
	H08900	Delano Association for the Disabled (Continued)	CONTRACT	880		Jan-12	\$358.27
			CONTRACT	880		Feb-12	\$396.46
			CONTRACT	880		Mar-12	\$550.67
			CONTRACT	880		Apr-12	\$444.38
			CONTRACT	880		May-12	\$453.29
			CONTRACT	880		Jun-12	\$371.79
			CONTRACT	880		Jul-12	\$371.95
			CONTRACT	880		Aug-12	\$404.76
			CONTRACT	880		Sep-12	\$345.63
			CONTRACT	880		Oct-12	\$425.63
			CONTRACT	880		Nov-12	\$336.95
			CONTRACT	880		Dec-12	\$298.03
			CONTRACT	880		Jan-13	\$369.75
			CONTRACT	880		Jul-10	\$204.68
3	HK2624	Desert Area Resources & Training	CONTRACT	880		Aug-10	\$242.02
			CONTRACT	880		Sep-10	\$219.96
			CONTRACT	880		Oct-10	\$205.44
			CONTRACT	880		Nov-10	\$187.25
			CONTRACT	880		Dec-10	\$171.03
			CONTRACT	880		Jan-11	\$175.15
			CONTRACT	880		Feb-11	\$165.02
			CONTRACT	880		Mar-11	\$185.61
			CONTRACT	880		Apr-11	\$138.66
			CONTRACT	880		May-11	\$123.67
			CONTRACT	880		Jun-11	\$130.47
			CONTRACT	880			



**Kern Regional Center**  
**Rate Increase After Rate Freeze**  
**Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments
	HK2624	Desert Area Resources & Training (Continued)	CONTRACT	880		Jul-11	\$130.24
			CONTRACT	880		Aug-11	\$140.46
			CONTRACT	880		Sep-11	\$131.03
			CONTRACT	880		Oct-11	\$136.17
			CONTRACT	880		Nov-11	\$114.14
			CONTRACT	880		Dec-11	\$117.62
			CONTRACT	880		Jan-12	\$143.70
			CONTRACT	880		Feb-12	\$117.93
			CONTRACT	880		Mar-12	\$125.38
			CONTRACT	880		Apr-12	\$105.60
			CONTRACT	880		May-12	\$129.29
			CONTRACT	880		Jun-12	\$109.07
			CONTRACT	880		Jul-12	\$104.75
			CONTRACT	880		Aug-12	\$139.74
			CONTRACT	880		Sep-12	\$126.43
			CONTRACT	880		Oct-12	\$149.72
			CONTRACT	880		Nov-12	\$119.57
			CONTRACT	880		Dec-12	\$119.51
			CONTRACT	880		Jan-13	\$148.55
4	HK2626	Social Vocational Services	CONTRACT	880		Jul-10	\$340.87
			CONTRACT	880		Aug-10	\$361.41
			CONTRACT	880		Sep-10	\$361.82
			CONTRACT	880		Oct-10	\$359.16
			CONTRACT	880		Nov-10	\$331.58
			CONTRACT	880		Dec-10	\$341.04

**Kern Regional Center  
Rate Increase After Rate Freeze  
Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments
	HK2626	Social Vocational Services (Continued)	CONTRACT	880		Jan-11	\$330.87
			CONTRACT	880		Feb-11	\$318.78
			CONTRACT	880		Mar-11	\$377.56
			CONTRACT	880		Apr-11	\$364.36
			CONTRACT	880		May-11	\$366.47
			CONTRACT	880		Jun-11	\$391.68
			CONTRACT	880		Jul-11	\$359.16
			CONTRACT	880		Aug-11	\$370.83
			CONTRACT	880		Sep-11	\$355.17
			CONTRACT	880		Oct-11	\$362.51
			CONTRACT	880		Nov-11	\$334.30
			CONTRACT	880		Dec-11	\$322.14
			CONTRACT	880		Jan-12	\$322.66
			CONTRACT	880		Feb-12	\$334.87
			CONTRACT	880		Mar-12	\$354.55
			CONTRACT	880		Apr-12	\$361.04
			CONTRACT	880		May-12	\$380.10
			CONTRACT	880		Jun-12	\$360.01
			CONTRACT	880		Jul-12	\$352.79
			CONTRACT	880		Aug-12	\$371.59
			CONTRACT	880		Sep-12	\$305.54
			CONTRACT	880		Oct-12	\$371.02
			CONTRACT	880		Nov-12	\$310.30
			CONTRACT	880		Dec-12	\$305.11
			CONTRACT	880		Jan-13	\$374.00

**Kern Regional Center  
Rate Increase After Rate Freeze  
Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments
5	HK4040	New Advances for People	CONTRACT	880		Jul-10	\$157.89
			CONTRACT	880		Aug-10	\$101.04
			CONTRACT	880		Sep-10	\$273.83
			CONTRACT	880		Oct-10	\$288.66
			CONTRACT	880		Nov-10	\$272.74
			CONTRACT	880		Dec-10	\$183.80
			CONTRACT	880		Jan-11	\$270.38
			CONTRACT	880		Feb-11	\$264.60
			CONTRACT	880		Mar-11	\$306.86
			CONTRACT	880		Apr-11	\$222.06
			CONTRACT	880		May-11	\$320.14
			CONTRACT	880		Jun-11	\$94.20
			CONTRACT	880		Jul-11	\$128.42
			CONTRACT	880		Aug-11	\$95.68
			CONTRACT	880		Sep-11	\$278.62
			CONTRACT	880		Oct-11	\$263.94
			CONTRACT	880		Nov-11	\$206.46
			CONTRACT	880		Dec-11	\$200.14
			CONTRACT	880		Jan-12	\$195.70
			CONTRACT	880		Feb-12	\$224.64
			CONTRACT	880		Mar-12	\$159.84
			CONTRACT	880		Apr-12	\$191.44
			CONTRACT	880		May-12	\$228.84
			CONTRACT	880		Jun-12	\$130.56
			CONTRACT	880		Jul-12	\$83.25



**Kern Regional Center**  
**Rate Increase After Rate Freeze**  
**Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments
6	HL0135	Southland Transit	CONTRACT	875		Jul-10	\$196.94
			CONTRACT	875		Aug-10	\$202.32
			CONTRACT	875		Sep-10	\$207.38
			CONTRACT	875		Oct-10	\$194.86
			CONTRACT	875		Nov-10	\$184.81
			CONTRACT	875		Dec-10	\$168.50
			CONTRACT	875		Jan-11	\$191.10
			CONTRACT	875		Feb-11	\$181.36
			CONTRACT	875		Mar-11	\$216.75
			CONTRACT	875		Apr-11	\$204.76
			CONTRACT	875		May-11	\$213.56
			CONTRACT	875		Jun-11	\$203.08
			CONTRACT	875		Jul-11	\$182.69
			CONTRACT	875		Aug-11	\$225.80
			CONTRACT	875		Sep-11	\$193.58
			CONTRACT	875		Oct-11	\$179.91
			CONTRACT	875		Nov-11	\$171.74
			CONTRACT	875		Dec-11	\$164.36
			CONTRACT	875		Jan-12	\$162.71
			CONTRACT	875		Feb-12	\$159.71
			CONTRACT	875		Mar-12	\$190.45
			CONTRACT	875		Apr-12	\$172.04
			CONTRACT	875		May-12	\$178.66
			CONTRACT	875		Jun-12	\$177.83
			CONTRACT	875		Jul-12	\$165.20

**Kern Regional Center  
Rate Increase After Rate Freeze  
Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments
	HL0135	Southland Transit (Continued)	CONTRACT	875		Aug-12	\$208.45
			CONTRACT	875		Sep-12	\$169.18
			CONTRACT	875		Oct-12	\$199.39
			CONTRACT	875		Nov-12	\$172.20
			CONTRACT	875		Dec-12	\$160.11
			CONTRACT	875		Jan-13	\$181.27
7	HK3933	Community Support Options	CONTRACT	880		Jul-10	\$88.65
			CONTRACT	880		Aug-10	\$94.00
			CONTRACT	880		Sep-10	\$108.63
			CONTRACT	880		Oct-10	\$99.85
			CONTRACT	880		Nov-10	\$88.18
			CONTRACT	880		Dec-10	\$77.00
			CONTRACT	880		Jan-11	\$94.69
			CONTRACT	880		Feb-11	\$89.13
			CONTRACT	880		Mar-11	\$98.74
			CONTRACT	880		Apr-11	\$84.45
			CONTRACT	880		May-11	\$87.88
			CONTRACT	880		Jun-11	\$100.69
			CONTRACT	880		Jul-11	\$88.36
			CONTRACT	880		Aug-11	\$51.30
			CONTRACT	880		Sep-11	\$94.49
8	PK3597	Routing Logistics	CONTRACT	883		Jan-12	\$534.46
			CONTRACT	883		Feb-12	\$534.46
			CONTRACT	883		Mar-12	\$534.46
			CONTRACT	883		Apr-12	\$534.46



**Kern Regional Center  
Rate Increase After Rate Freeze  
Fiscal Years 2010-11 and 2011-12**

	Vendor Number	Vendor Name	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Over/Under Payments
	PK3597	Routing Logistics (Continued)	CONTRACT	883		May-12	\$534.46
			CONTRACT	883		Jun-12	\$534.46
			CONTRACT	883		Jul-12	\$551.21
			CONTRACT	883		Aug-12	\$551.21
			CONTRACT	883		Sep-12	\$551.21
			CONTRACT	883		Oct-12	\$551.21
			CONTRACT	883		Nov-12	\$551.21
			CONTRACT	883		Dec-12	\$551.21
			CONTRACT	883		Jan-13	\$551.21
Total Overpayments Due to Rate Increase After Rate Freeze							\$47,874.20

**Kern Regional Center  
Over/Understated Claims  
Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Balance	
Overpayments Due to Duplicate Payments and Overlapping Authorization										
1			HK2873	Valley Achievement Center	952		Aug-10	\$123.28	\$0.00	\$123.28
2			M43985	Administrator Kern	101		Jul-10	\$500.00	\$0.00	\$500.00
3			M43985	Administrator Kern	065		Mar-12	\$61.20	\$0.00	\$61.20
4			M43985	Administrator Kern	065		Apr-12	\$61.20	\$0.00	\$61.20
5			MK2764	Sharon Weatherly	065		Jan-12	\$61.20	\$0.00	\$61.20
6			MK2764	Sharon Weatherly	065		Feb-12	\$61.20	\$0.00	\$61.20
7			MK2764	Sharon Weatherly	065		Mar-12	\$61.20	\$0.00	\$61.20
8			P81227	Ewalt, Suzanne	998		May-11	\$70.70	\$0.00	\$70.70
9			PK1904	Lopez, Ellyn D.	103		Jul-10	\$295.02	\$0.00	\$295.02
10			PK1904	Lopez, Ellyn D.	103		Aug-10	\$295.02	\$0.00	\$295.02
11			PK1904	Lopez, Ellyn D.	103		Sep-10	\$295.02	\$0.00	\$295.02
12			PK1904	Lopez, Ellyn D.	103		Oct-10	\$295.02	\$0.00	\$295.02
13			PK1904	Lopez, Ellyn D.	103		Nov-10	\$295.02	\$0.00	\$295.02
14			PK1904	Lopez, Ellyn D.	103		Dec-10	\$295.02	\$0.00	\$295.02
15			PK1904	Lopez, Ellyn D.	103		Dec-10	\$70.03	\$0.00	\$70.03
16			PK1904	Lopez, Ellyn D.	103		Jan-11	\$295.02	\$0.00	\$295.02
17			PK1904	Lopez, Ellyn D.	103		Feb-11	\$295.02	\$0.00	\$295.02
18			PK1904	Lopez, Ellyn D.	103		Mar-11	\$295.02	\$0.00	\$295.02
19			PK1904	Lopez, Ellyn D.	103		Mar-11	\$70.03	\$0.00	\$70.03
20			PK1904	Lopez, Ellyn D.	103		Apr-11	\$295.02	\$0.00	\$295.02
21			PK1904	Lopez, Ellyn D.	103		May-11	\$295.02	\$0.00	\$295.02
22			PK1904	Lopez, Ellyn D.	103		May-11	\$70.03	\$0.00	\$70.03
23			PK1904	Lopez, Ellyn D.	103		Jun-11	\$295.02	\$0.00	\$295.02
24			PK1904	Lopez, Ellyn D.	103		Jun-11	\$70.03	\$0.00	\$70.03
25			PK2129	Ewalt, Suzanne	093		Jul-10	\$98.79	\$0.00	\$98.79
26			PK2129	Ewalt, Suzanne	093		Sep-10	\$372.24	\$0.00	\$372.24



**Kern Regional Center  
Over/Understated Claims  
Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Balance
27		PK2129	Ewalt, Suzanne	093		Oct-10	\$2,787.16	\$0.00	\$2,787.16
28		PK2129	Ewalt, Suzanne	093		Nov-10	\$4,382.90	\$0.00	\$4,382.90
29		PK3006	Affiliated Speech	707		May-11	\$172.38	\$0.00	\$172.38
30		PK3268	Employment Through Adap	063		Sep-10	\$3,214.73	\$0.00	\$3,214.73
31		PK3268	Employment Through Adap	063		Sep-10	\$3,129.51	\$0.00	\$3,129.51
32		PK3510	Cole Vocational Services	110		Oct-11	\$1,192.52	\$0.00	\$1,192.52
33		PK4506	Clinica Sierra	116		Jul-11	\$21.24	\$21.24	\$0.00
34		PK4506	Clinica Sierra	116		Aug-11	\$21.24	\$21.24	\$0.00
35		PK4506	Clinica Sierra	116		Sep-11	\$21.24	\$21.24	\$0.00
36		PK4506	Clinica Sierra	116		Oct-11	\$21.24	\$21.24	\$0.00
37		PK4506	Clinica Sierra	116		Nov-11	\$10.62	\$10.62	\$0.00
38		PK4506	Clinica Sierra	116		Dec-11	\$21.24	\$21.24	\$0.00
39		PK5269	Diaz, Magdalena	093		Jul-10	\$28.21	\$0.00	\$28.21
40		PK5269	Diaz, Magdalena	093		Aug-10	\$28.21	\$0.00	\$28.21
41		PK5269	Diaz, Magdalena	093		Sep-10	\$27.30	\$0.00	\$27.30
42		PK5554	Westerberg, Mary Ann	093		May-11	\$241.88	\$0.00	\$241.88
43		PK5554	Westerberg, Mary Ann	093		Jun-11	\$7.59	\$0.00	\$7.59
44		PL0813	California Psychare	615		May-11	\$75.82	\$0.00	\$75.82
45		PL0813	California Psychare	615		Jun-11	\$73.59	\$0.00	\$73.59
46		PL0813	California Psychare	615		Jun-11	\$22.30	\$0.00	\$22.30
47		PM1351	Autism Interventions	612		Oct-11	\$1,518.19	\$0.00	\$1,518.19
48		V58556	Butterfield, Cynthia Lee	420		Oct-10	\$4.20	\$0.00	\$4.20
49		VK0240	Esparza, Blanca	420		Oct-10	\$10.39	\$0.00	\$10.39
50		Z52188	Kern Regional Transit	895		Dec-10	\$28.50	\$0.00	\$28.50
51		Z52188	Kern Regional Transit	895		Apr-11	\$19.00	\$0.00	\$19.00
<b>Total Overpayments Due to Duplicate Payments and Overlapping Authorization</b>							<b>\$22,372.57</b>	<b>\$116.82</b>	<b>\$22,255.75</b>

**Kern Regional Center  
Over/Understated Claims  
Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Balance
<b>Underpayments Due to Duplicate Payments and Overlapping Authorization</b>									
52		HK4314	Innovative Speech Therapy	915		Aug-10	(\$29.56)	\$0.00	(\$29.56)
53		HK4314	Innovative Speech Therapy	915		Sep-10	(\$29.56)	\$0.00	(\$29.56)
<b>Total Underpayments Due to Duplicate Payments and Overlapping Authorization</b>							<b>(\$59.12)</b>	<b>\$0.00</b>	<b>(\$59.12)</b>

**Kern Regional Center**  
**Purchase of Service Funds Used Without Authorization**  
**Fiscal Years 2010-11 and 2011-12**

<b>Bank Statement Date</b>	<b>Date of Transfer</b>	<b>Amount Transferred</b>
07/30/10	07/14/10	\$14,882.51
	07/26/10	\$7,500.00
	07/28/10	\$795.00
	07/28/10	\$4,741.43
08/31/10	08/04/10	\$4,499.90
	08/24/10	\$300.00
	08/24/10	\$5,144.03
	08/31/10	\$4,540.28
09/30/10	09/20/10	\$355.00
	09/20/10	\$5,640.23
	09/29/10	\$2,686.55
10/29/10	10/22/10	\$6,987.43
11/30/10	11/09/10	\$15,600.67
	11/24/10	\$3,436.27
12/31/10	12/03/10	\$7,658.29
	12/08/10	\$8,849.19
	12/21/10	\$6,629.14
01/31/11	01/11/11	\$7,828.78
	01/25/11	\$563.86
	01/31/11	\$4,999.69
02/28/11	02/08/11	\$7,519.64
	02/23/11	\$8,421.41
	02/28/11	\$3,441.64
03/31/11	03/24/11	\$5,569.20
	03/31/11	\$2,130.60
04/29/11	04/13/11	\$7,065.89
	04/27/11	\$14,077.10
	04/27/11	-\$7,080.89
05/31/11	05/13/11	\$6,111.18
	05/24/11	\$6,917.44
06/30/11	06/07/11	\$8,026.30
	06/07/11	\$8,304.78
	06/23/11	\$6,696.03
07/29/11	07/18/11	\$4,524.81
	07/28/11	\$5,555.78
08/31/11	08/19/11	\$6,656.81
	08/31/11	\$5,102.45
09/30/11	09/12/11	\$8,032.85
	09/30/11	\$8,695.70



**Kern Regional Center**  
**Purchase of Service Funds Used Without Authorization**  
**Fiscal Years 2010-11 and 2011-12**

<b>Bank Statement Date</b>	<b>Date of Transfer</b>	<b>Amount Transferred</b>
10/31/11	10/21/11	\$7,577.98
	10/31/11	\$5,014.77
11/30/11	11/17/11	\$9,057.83
	11/30/11	\$3,609.06
12/30/11	12/12/11	\$8,442.03
	12/19/11	\$5,978.42
01/31/12	01/05/12	\$7,858.22
	01/19/12	\$13,197.03
	01/31/12	\$7,776.07
02/29/12	02/21/12	\$14,318.24
03/30/12	03/15/12	\$6,827.52
04/30/12	04/11/12	\$13,977.23
	04/20/11	\$11,300.00
	04/23/11	\$3,548.10
05/31/12	05/21/12	\$6,369.88
07/31/12	07/27/12	\$16,279.29
<b>Total Transfers Into the Client Emergency Fund</b>		<b>\$370,538.64</b>

**Kern Regional Center  
Client Trust Disbursements Not Supported  
Fiscal Years 2010-11 and 2011-12**

	UCI	Date	Invoice Number	Check Number	Money Management Description	Unsupported Documentation	Resolved	Outstanding Balance
1		10/11/2010	00115	813324	Paris Nov 9-16 Spending	\$1,000.00	\$0.00	\$1,000.00
2		6/6/2011	00125	873035	Baja Cruise 11/14	\$1,100.00	\$0.00	\$1,100.00
3		10/11/2010	00796	813328	Clothing	\$200.00	\$0.00	\$200.00
4		8/9/2010	00761	797448	Furniture	\$200.00	\$0.00	\$200.00
5		9/29/2010	00093	809388	Leisure And Recreational	\$100.00	\$0.00	\$100.00
6		3/30/2011	00548	855704	Trip	\$800.00	\$800.00	\$0.00
7		7/25/2011	00573	884493	Clothing And Furniture	\$600.00	\$600.00	\$0.00
8		7/13/2011	00031	882580	Groceries And Utility	\$350.00	\$0.00	\$350.00
9		8/15/2011	00038	890273	Clothes, Bus Ticket, Lodging	\$400.00	\$0.00	\$400.00
10		8/8/2011	01226	888312	Groceries	\$150.00	\$150.00	\$0.00
11		5/30/2012	00008	956550	Clothing And Personal Need	\$250.00	\$250.00	\$0.00
12		7/28/2010	00003	793810	Summer Clothing, Shoes	\$450.00	\$450.00	\$0.00
13		5/2/2011	00029	863573	Clothing	\$100.00	\$0.00	\$100.00
14		6/27/2012	00007	963188	Laptop	\$1,000.00	\$0.00	\$1,000.00
15		6/22/2011	00702	877192	Cook Ware	\$150.00	\$0.00	\$150.00
16		7/21/2010	00047	792920	School Clothing And Bus	\$560.00	\$560.00	\$0.00
17		12/13/2010	00055	830382	Winter Clothes And Christmas	\$1,000.00	\$0.00	\$1,000.00
18		6/8/2011	00062	874101	Summer Clothing	\$500.00	\$500.00	\$0.00
19		9/8/2010	02862	805092	Out Of Town Trip/ Personal	\$300.00	\$0.00	\$300.00
20		9/7/2011	03072	896354	Barc Las Vegas Trip	\$550.00	\$0.00	\$550.00
21		2/13/2012	03172	934174	Disneyworld And Bahamas	\$1,900.00	\$0.00	\$1,900.00
22		6/13/2011	00002	875766	New Mattress, Rx Glasses	\$1,000.00	\$703.46	\$296.54
23		8/24/2011	00003	892377	Removal Of Huge Trees	\$1,050.00	\$0.00	\$1,050.00
24		1/30/2012	03310	929660	Disneyland Trip	\$400.00	\$0.00	\$400.00
<b>Total Client Trust Disbursements Not Supported</b>						<b>\$14,110.00</b>	<b>\$4,013.46</b>	<b>\$10,096.54</b>

**Kern Regional Center**  
**Purchase of Service Expenses Not Tied to Consumer Unique Client Identification Numbers**  
**Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Payments
1	CONTRAC	HC0854	Telecare Corp	117		Dec-10	\$782.75
2	CONTRAC	HC0854	Telecare Corp	117		Dec-10	\$782.75
3	CONTRAC	HC0854	Telecare Corp	117		Dec-10	\$782.75
4	CONTRAC	HC0854	Telecare Corp	117		Dec-10	\$2,872.50
5	CONTRAC	HC0854	Telecare Corp	117		Dec-10	\$5,745.00
6	CONTRAC	HC0854	Telecare Corp	117		Jan-11	\$970.61
7	CONTRAC	HC0854	Telecare Corp	117		Jan-11	\$970.61
8	CONTRAC	HC0854	Telecare Corp	117		Jan-11	\$970.61
9	CONTRAC	HC0854	Telecare Corp	117		Jan-11	\$3,561.90
10	CONTRAC	HC0854	Telecare Corp	117		Jan-11	\$3,561.90
11	CONTRAC	HC0854	Telecare Corp	117		Jan-11	\$3,561.90
12	CONTRAC	HC0854	Telecare Corp	117		Feb-11	\$876.68
13	CONTRAC	HC0854	Telecare Corp	117		Feb-11	\$876.68
14	CONTRAC	HC0854	Telecare Corp	117		Feb-11	\$876.68
15	CONTRAC	HC0854	Telecare Corp	117		Feb-11	\$3,217.20
16	CONTRAC	HC0854	Telecare Corp	117		Feb-11	\$3,217.20
17	CONTRAC	HC0854	Telecare Corp	117		Feb-11	\$3,217.20
18	CONTRAC	HC0854	Telecare Corp	117		Mar-11	\$970.61
19	CONTRAC	HC0854	Telecare Corp	117		Mar-11	\$970.61
20	CONTRAC	HC0854	Telecare Corp	117		Mar-11	\$219.17
21	CONTRAC	HC0854	Telecare Corp	117		Mar-11	\$1,502.88
22	CONTRAC	HC0854	Telecare Corp	117		Mar-11	\$2,757.60
23	CONTRAC	HC0854	Telecare Corp	117		Mar-11	\$3,561.90
24	CONTRAC	HC0854	Telecare Corp	117		Mar-11	\$3,561.90
25	CONTRAC	HC0854	Telecare Corp	117		Mar-11	\$3,561.90
26	CONTRAC	HC0854	Telecare Corp	117		Apr-11	\$939.30
27	CONTRAC	HC0854	Telecare Corp	117		Apr-11	\$939.30



**Kern Regional Center**  
**Purchase of Service Expenses Not Tied to Consumer Unique Client Identification Numbers**  
**Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Payments
28	CONTRAC	HC0854	Telecare Corp	117		Apr-11	\$939.30
29	CONTRAC	HC0854	Telecare Corp	117		Apr-11	\$751.44
30	CONTRAC	HC0854	Telecare Corp	117		Apr-11	\$2,757.60
31	CONTRAC	HC0854	Telecare Corp	117		Apr-11	\$3,447.00
32	CONTRAC	HC0854	Telecare Corp	117		Apr-11	\$3,447.00
33	CONTRAC	HC0854	Telecare Corp	117		Apr-11	\$3,447.00
34	CONTRAC	HC0854	Telecare Corp	117		May-11	\$970.61
35	CONTRAC	HC0854	Telecare Corp	117		May-11	\$970.61
36	CONTRAC	HC0854	Telecare Corp	117		May-11	\$970.61
37	CONTRAC	HC0854	Telecare Corp	117		May-11	\$219.17
38	CONTRAC	HC0854	Telecare Corp	117		May-11	\$3,561.90
39	CONTRAC	HC0854	Telecare Corp	117		May-11	\$3,561.90
40	CONTRAC	HC0854	Telecare Corp	117		May-11	\$3,561.90
41	CONTRAC	HC0854	Telecare Corp	117		May-11	\$1,608.60
42	CONTRAC	HC0854	Telecare Corp	117		Jun-11	\$939.30
43	CONTRAC	HC0854	Telecare Corp	117		Jun-11	\$939.30
44	CONTRAC	HC0854	Telecare Corp	117		Jun-11	\$939.30
45	CONTRAC	HC0854	Telecare Corp	117		Jun-11	\$939.30
46	CONTRAC	HC0854	Telecare Corp	117		Jun-11	\$3,447.00
47	CONTRAC	HC0854	Telecare Corp	117		Jun-11	\$3,447.00
48	CONTRAC	HC0854	Telecare Corp	117		Jun-11	\$3,447.00
49	CONTRAC	HC0854	Telecare Corp	117		Jun-11	\$3,447.00
50	CONTRAC	HC0854	Telecare Corp	117		Jul-11	\$22,520.40
51	CONTRAC	HC0854	Telecare Corp	117		Jul-11	\$6,136.76
52	CONTRAC	HC0854	Telecare Corp	117		Aug-11	\$10,685.70
53	CONTRAC	HC0854	Telecare Corp	117		Aug-11	\$2,911.83
54	CONTRAC	HC0854	Telecare Corp	117		Sep-11	\$10,341.00

**Kern Regional Center**  
**Purchase of Service Expenses Not Tied to Consumer Unique Client Identification Numbers**  
**Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Payments
55	CONTRAC	HC0854	Telecare Corp	117		Sep-11	\$2,817.90
56	CONTRAC	HC0854	Telecare Corp	117		Oct-11	\$10,685.70
57	CONTRAC	HC0854	Telecare Corp	117		Oct-11	\$2,911.83
58	CONTRAC	HC0854	Telecare Corp	117		Nov-11	\$10,341.00
59	CONTRAC	HC0854	Telecare Corp	117		Nov-11	\$2,817.90
60	CONTRAC	HC0854	Telecare Corp	117		Dec-11	\$10,685.70
61	CONTRAC	HC0854	Telecare Corp	117		Dec-11	\$2,911.83
62	CONTRAC	HC0854	Telecare Corp	117		Jan-12	\$10,685.70
63	CONTRAC	HC0854	Telecare Corp	117		Jan-12	\$2,911.83
64	CONTRAC	HC0854	Telecare Corp	117		Feb-12	\$7,813.20
65	CONTRAC	HC0854	Telecare Corp	117		Feb-12	\$2,129.08
66	CONTRAC	HC0854	Telecare Corp	117		Mar-12	\$4,940.70
67	CONTRAC	HC0854	Telecare Corp	117		Mar-12	\$1,346.33
68	CONTRAC	HC0854	Telecare Corp	117		Apr-12	\$6,894.00
69	CONTRAC	HC0854	Telecare Corp	117		Apr-12	\$1,878.60
70	CONTRAC	HC0854	Telecare Corp	117		May-12	\$7,123.80
71	CONTRAC	HC0854	Telecare Corp	117		May-12	\$1,941.22
72	CONTRAC	HC0854	Telecare Corp	117		Jun-12	\$6,894.00
73	CONTRAC	HC0854	Telecare Corp	117		Jun-12	\$1,878.60
74	CONTRAC	PK3577	Community Support Opt.	113		Feb-12	\$11,858.64
75	CONTRAC	PK3577	Community Support Opt.	113		Mar-12	\$11,858.64
76	CONTRAC	PK3577	Community Support Opt.	113		Apr-12	\$11,858.64
77	CONTRAC	PK3577	Community Support Opt.	113		May-12	\$11,858.64
<b>Total Purchase of Service Expenses Not Tied to Consumer UCI Number for FY 2010-11 &amp; 2011-12</b>							<b>\$303,229.10</b>



**Kern Regional Center**  
**Purchase of Service Expenses Not Tied to Consumer Unique Client Identification Numbers**  
**Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Payments
1	CONTRAC	HC0854	Telecare Corp	117		Jul-12	\$7,347.00
2	CONTRAC	HC0854	Telecare Corp	117		Jul-12	\$2,001.98
3	CONTRAC	HC0854	Telecare Corp	117		Aug-12	\$7,347.00
4	CONTRAC	HC0854	Telecare Corp	117		Aug-12	\$2,001.98
5	CONTRAC	HC0854	Telecare Corp	117		Sep-12	\$7,110.00
6	CONTRAC	HC0854	Telecare Corp	117		Sep-12	\$1,937.40
7	CONTRAC	HC0854	Telecare Corp	117		Oct-12	\$11,020.50
8	CONTRAC	HC0854	Telecare Corp	117		Oct-12	\$3,002.97
9	CONTRAC	HC0854	Telecare Corp	117		Nov-12	\$13,390.50
10	CONTRAC	HC0854	Telecare Corp	117		Nov-12	\$3,648.77
11	CONTRAC	HC0854	Telecare Corp	117		Dec-12	\$12,916.50
12	CONTRAC	HC0854	Telecare Corp	117		Dec-12	\$3,519.61
13	CONTRAC	HC0854	Telecare Corp	117		Jan-13	\$11,020.50
14	CONTRAC	HC0854	Telecare Corp	117		Jan-13	\$3,002.97
<b>Total Purchase of Service Expenses Not Tied to Consumer UCI Number for FY 2012-13</b>							<b>\$89,267.68</b>
<b>Total Purchase of Service Expenses Not Tied to Consumer UCI Number</b>							<b>\$392,496.78</b>

**Kern Regional Center  
Equipment Inventory - Missing Equipment  
Fiscal Years 2010-11 and 2011-12**

	<b>Item Description</b>	<b>Serial Number</b>	<b>Invoice Cost</b>	<b>State Tag Number</b>
1	Cannon Laser Fax	-	\$1,662.38	00350161
2	Monitor	7287258A2JES	\$400.00	00329238
3	Dell Laptop Xps 1640	9MOQWK1	\$1,588.45	00350169
4	Mid-Back Fabric Chair	RTP007350-FU	\$324.74	00003075
5	Printer Hp 2200	CNGSG19752	\$802.81	00317100

**Kern Regional Center**  
**Family Cost Participation Program - Late Assessment**  
**Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number		IPP Date	Assessment Date
1			1/7/2010	12/9/2010
2			6/9/2010	3/3/2011
3			8/26/2010	7/29/2011
4			10/30/2010	1/10/2011
5			2/22/2012	5/23/2012
6			12/9/2010	1/24/2011
7			1/24/2011	2/24/2011
8			2/8/2011	4/4/2011
9			6/13/2011	8/3/2011
10			7/15/2011	8/18/2011
11			2/27/2012	5/8/2012
12			3/22/2012	5/8/2012
12			6/14/2010	11/29/2010
13			5/5/2012	11/5/2012
14			7/2/2012	10/11/2012
15			11/23/2010	1/10/2011

**Kern Regional Center  
Deceased Consumers - Multiple Dates of Death  
Fiscal Years 2010-11 and 2011-12**

	Unique Client Identification Number		
1			
2			
3			
4			
5			
6			

## **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 Audit Report due to the detailed and sometimes confidential nature of the information.)**



December 22, 2014

Enclosed is the Kern Regional Center's response to the DDS Audit of May 2013.

**Finding 1 – Missing Documentation – A – Purchase of Service**

We have included system report PS970S01, YTD Invoices by Client and also report #ATTENDV01 – Attendance History Report.

Column G of the attached spreadsheet will indicate which letter represents what report.

Letter Y, represents report PS970S01 while Letter A represents report #ATTENDV01.

Column H of the spreadsheet represents the revised amount based on the reports.

Clearly KRC reimburses its vendors for services provided to consumer with monthly invoices, attendance documentation and/or adequate documentation to ensure services were provided as indicated on these reports.

Report PS970S01 column headings are marked by an invoice number, authorization number, consumer UCI number, etc. while report #ATTENDV01 shows days of attendance per consumer, invoice number, etc.

As stated in the previous May 2011 audit under Finding 6, KRC will continue to use the Electronic Attendance Process (EA) to tie the consumer UCI numbers paid under a group contract to the HCBS waiver for billable service codes. The report #ATTENDV01 is evident of this.

KRC will continue to improve upon its policies and procedures to ensure supporting documentation is retained.

In the future, where certain documentation appears to not be found, KRC will provide these reports in lieu of.

*Due to the volume of information as backup detail, it was sent previously to DDS and will not be included with this response.*

#### **Finding 1 – B – Deceased Consumers**

KRC agrees with DDS regarding document retention and safeguard. As a step forward, KRC is currently imaging documents into electronic archive to assure the safeguarding of all documents and the ability to access them for review.

#### **Finding 1 – C – Service Coordinator Caseload Ratios**

KRC agrees with DDS in the retention of all documentation to support the Caseload Ratio reporting function. KRC will develop and maintain routine reviews and records of the caseload ratios by unit and have them available upon request for review.

#### **Finding 1 – D – Contract and Rate Letters**

KRC agrees with DDS to ensure that documents are safeguarded and ready for review. We have included the contract for Riverlakes Ranch, Vendor #H94152. The rate letter for Jmar Homes, vendor number #H40119, is also attached based on the current Medi-Cal rates for daily rate and bed hold rate for specific home. As for Georgina Villaseñor, vendor number #VK3238, service code 425, it was determined at the time of vendorization, service code 425 vendors did not require payment agreements. This vendor is now closed.

#### **Finding 2A – In Kind Services –**

KRC current Administration has provided notification to the Developmental Services Support Foundation (DSSF) that it will no longer be responsible for property management functions as outlined in the lease agreement.

KRC current Administration has also notified the DSSF that any historic practice of providing funding through the property management mechanism in the lease agreement will no longer be active.

For further information, please refer to the Finding 2B response.

#### **Finding 2B: Conflict of Interest**

KRC will amend its lease with the Developmental Services Support Foundation. The draft of the first amendment to the office lease is attached for reference. The amendment changes the lease from a multiple tenant to a single tenant-ground lease. KRC will be responsible for paying directly, all of the operational expenses of the premises along with the responsibility of maintaining the premises in good

working order at its own cost and on its own time while the DSSF shall have no obligation with respect to the same.

As for the sole corporate member status, it is an issue that belongs to the KRC Board of Directors that shall be addressed sometime next calendar year.

#### Finding 2C: KRC Vendorization

KRC agrees with DDS and will devendorize the following vendor numbers:

- o Z00372
- o Z28346
- o PK0620

Finding 3 – KRC disagrees with the audit finding of \$277,468.15 and has reduced the amount down to \$56,056.45. The reduced amount of \$221,411.70 was due to the fact the funds were actually purchase of service and not CPP. Enclosed for reference are the authorization DMA records showing the general ledger account used was a purchase of service account.

The \$56,056.45 of funds misclassified to CPP will be reclassified by KRC to purchase of service prior to the fiscal year end close of 12-13.

As for those funds identified in the amount of \$106,873.23, KRC agrees. The funds cannot be reclassified as they are for closed years.

Finding 4 – KRC disagrees with DDS that expenses were claimed under the wrong service code for Celebracion de Familias Exceptionales, vendor number PK5380. Celebracion was actually approved under service code 60, which is Advocacy/Self Advocacy Trainer. Attached as reference is a document KRC received from DDS in 1999 showing service code 60 was to be transferred to service code 112, Communication Aides. Therefore, expenses claimed for this vendor number were for the right service code.

#### Finding 5: Negotiated Rates Above the Statewide Median Rate (Repeat)

KRC disagrees with DDS on the finding of the Negotiated Rates for Riverlakes Residential Care is Above the Median Rate, in accordance with WIC 4691.9 (a) and (b).

The February 15, 2013 DDS appeals decision shows agreement with KRC that payment made under service code 113, sub code CPP are correct. Therefore, WIC 4691.9 (a) and (b) was not the issue. Rather,

DDS argues that the expenses to "other individual consumers" in the home were not CPP related expenses, in accordance with the State Contract, Exhibit E of this finding.

KRC disagrees with this finding for the following reason:

- 1) On February 15, 2013, DDS appeals had agreed that the rate is not above the median rate, therefore WIC4691.9 do not apply.
- 2) The Riverlakes Residential Care provided services that are all CPP Related expenses for consumers who reside in the home. All consumers residing in the home are either CPP consumers coming out of the DC and individuals who are in danger of moving into a DC (Deflection), in accordance with the State Contract, Exhibit E of this finding. Furthermore, Riverlakes Residential Care services in the home and outside the home are the same for both CPP and Deflection consumers. This means that the same qualified staff, enhanced consulting hours and the home are used and occupied by all the residences in the home. The home did not hire a different staff member, reduce consultant hours nor built a separate room outside the residence that is considered non-CPP or non – Deflection services.

KRC will provide information on the IDT development and placement of each consumer in the home to verify that the consumers who have transitioned into this community home are associated to CPP related expenses.

#### Finding 6: Payments for Unoccupied Beds

KRC agrees to reimburse DDS in the amount of \$113,607.74. To date, the vendor has paid \$19,400.45 towards that amount and KRC will be sending a check for that amount to DDS. The remaining \$94,207.29 will be negotiated with the vendor towards a repayment plan.

In response to the issue identified in the prior audit regarding the seven vendors paid for unoccupied beds in the amount of \$339,901.05 KRC has made multiple efforts to contact the vendors. Since then, the vendors have ceased doing business with KRC and the efforts to engage regarding the debt outstanding has been met with multiple denials from the vendors' legal counsel. KRC has kept DDS informed of these efforts and has exhausted all recourse options.

#### Finding 7 – Payment Reduction (Repeat)

Item 1 – Clinica Sierra Vista – Vendor #PK4506 – KRC disagrees with DDS regarding the overpayment of \$15,458.71 and has adjusted the amount to be \$15,335.28. We have enclosed the backup detail for reference.

Item 2 – Kern Psychological Services – Vendor #PK1582 – KRC disagrees with DDS. The vendor is usual and customary and the state mandated rate reduction does not apply to service code 56. Enclosed are the fee schedule and the usual and customary rate declaration signed by the vendor. We have also enclosed two payment agreements between KRC and the vendor. Payment agreement #1 dated 2/1/02 shows a checkbox marked as usual and customary while payment agreement #2 dated 1/1/08 shows a checkbox marked as negotiated rate. We find the payment agreement #2 dated 1/1/08 as having a marked checkbox of the negotiated rate in error.

Item 3 – Kern Psychological Services – Vendor #PK1852 – KRC disagrees with DDS regarding the overpayment of \$1,969.62. The vendor is usual and customary and was not required to have the rate reduction until July 1, 2012, resulting in the revised overpayment of \$560.94. Enclosed are the fee schedule and the usual and customary rate declaration signed by the vendor. We have also enclosed two payment agreements between KRC and the vendor. Payment agreement #1 dated 7/10/02 shows a checkbox marked as usual and customary while payment agreement #2 dated 1/1/08 shows a checkbox marked as negotiated rate. We find the payment agreement #2 dated 1/1/08 as having a marked checkbox of negotiated rate in error.

Item 4 – South Valley Development – Vendor #PK3386 – KRC agrees with DDS in the amount of \$269.00

Item 5 – Junior Blind of America – Vendor #H18752 – KRC agrees with DDS in the amount of \$169.83.

Item 6 – Lee's Ranch Home – Vendor #HK1184 – DDS had agreed to waive Item 6 due to the vendor being closed.

Item 7 – Southland Transit, Inc. – Vendor #HL0135 – KRC disagrees with DDS regarding the overpayment amount of \$23,758.72. The amount was calculated based upon audit finding 8 assuming the vendor should not have received the 1% provider rate increase. The adjusted amount is \$1,184.88 based upon the response to audit finding 8. We have enclosed the backup detail for reference.

Item 8 – Community Support Options – Vendor #H94072. KRC agrees with DDS. The vendor closed on September 30, 2010. A request letter was sent to the vendor but they never responded to date. Enclosed is the request letter for reference.

Item 9 – Chateau D'Bakersfield – Vendor #PK4271. The vendor is appealing Item 9. Enclosed for reference is the appeal letter.

Item 10 – Affiliated Speech – Vendor #PK3006. KRC agrees with DDS. The vendor closed September 30, 2011.

Item 11 – California Mentor Family – Vendor #P73904. KRC disagrees with DDS. Please refer to the e-mail from the May 2011 audit regarding Item 11.

Item 12 – Express Transit – Vendor #HK3973. KRC disagrees with DDS. The amount paid was correct. We have enclosed the backup detail for reference.



#### **Finding 8 – Rate Increase After Rate Freeze**

KRC disagrees with DDS regarding the rate increase after the rate freeze. Although KRC may or may not have provided DDS with a list of vendors by the deadline according to the memo sent to KRC by DDS dated September 13, 2006, it did receive the budget allocation for it. Enclosed for reference, is the FY 06-07 C2 allocation, which shows KRC received the "Contracted Provider Rate Increase". Also enclosed for reference is the memo dated September 13, 2006 stating these funds were to be allocated in the FY 06-07 C2 allocation.

#### **Finding 9 – Over/Understated Claims**

Of the following 53 items cited by DDS, it has been determined:

13 items resulting in payments or point of payment offsets

14 items resulting in closed fiscal year

22 items resulting in vendorization closed

4 items to be determined.

Please refer to the detail regarding items 1 thru 53.

*Due to the volume of information as backup detail, it was sent previously to DDS and will not be included with this response.*

#### **Finding 10 – Purchase of Service Funds Used Without Authorizations**

KRC agrees with DDS with respect to the utilization of the vendor number. Please refer to the response to Audit Finding 2C.

#### **Finding 11 – Client Trust Disbursements Not Supported**

We have enclosed backup detail for 17 of the 24 items cited for money management disbursements. KRC will reimburse \$3,310 to those consumers for which backup detail could not be found for the money management disbursements.

#### **Finding 12: Lack of Signature Authority**

KRC agrees with DDS. A check will be issued to DDS in the amount of \$11,037.62.

#### **Finding 13 – Expenses Did Not Match to the Year End General Ledger**

Enclosed for reference is the revised May 2013 Rate Study. The amounts under salary and wages for the column titled, "General" were adjusted.

#### **Finding 14 – POS Expense Not Tied to Consumer UCI**

KRC agrees with DDS that services should be identified to individual consumers. KRC will not be able to reclassify the expenditures for fiscal years 10-11 and 11-12 as those are closed fiscal years. As for fiscal year 12-13, KRC is unable to reclassify expenditures in order to be identified to individual consumers.

#### **Finding 15**

KRC will change its procedures to better adhere to the staff's workloads for completing bank reconciliations. Best practice will remain between claims for completing the reconciliations.

#### **Finding 16: Employee Conflict of Interest Forms**

KRC will fully comply with the annual filing and review of the Conflict of Interest Disclosure Statement as required for compliance with W&I Code, section 4626 (g) and Board policy P7

#### **Finding 17 – Segregation of Duties**

KRC will outsource to better segregate its duties. This will free up staff time to acquire centralized duties from other staff.

In addition, KRC will also work towards shifting control of Human Resource functions from the payroll staff to the Human Resource Department.

#### **Finding 18 – A. - Equipment Inventory**

KRC will continue to improve upon its equipment inventory to better safeguard State property. Regarding the proper disposal of equipment, KRC will continue to use the online State Surplus Property Reuse Program to file STD . 152 online.

#### **Finding 18 – B. – Equipment Acquisition Form Not Utilized**

KRC was unaware it did contain the DS 2130 within its own fixed asset software program. We have included a sample of one location as a reference. KRC will begin using the DS 2130 for all locations and incorporate it into its policies and procedures.

#### **Finding 19 – Vendors Not Enrolled in Electronic Billing**

KRC will continue to take strides in enrolling vendors in e-billing who are subject to the regulation.

#### **Finding 20 – Policies and Procedures for Vendor Audits and Reviews**

KRC has developed policies and procedures regarding vendor audits. KRC actions have been to inform vendors of this requirement by posting the notice on its website. In addition, vendors have been notified through correspondence and/or through assistance by phone or e-mails. KRC has also provided technical information to vendors in understanding the requirement. In addition, the KRC board made it a requirement as part of a checklist for review of a contract renewal. Enclosed for reference are the tracking mechanism spreadsheets dated 9-17-14 and 10-23-14 and also the Board checklist requirements for contract renewal.

#### **Finding 21 – Whistleblower Policy Not Distributed Annually**

KRC has in the past distributed to staff its whistleblower policy within the statutory guidelines. Enclosed for reference is the notification to staff on January 14, 2011 and January 31, 2013.

KRC is committed to assuring the distribution of the Whistleblower policy and procedure to all staff, the Board of Directors, vendor community and clients/families.

#### **Finding 22 – FCPP – Late Assignments**

As part of Accounting's procedure, a report is printed out one month prior to the assessment date of the FCPP. The report is given to case management as notification that the assessment will be required. Enclosed for reference is a sample of the report printed out from Sandis.

#### **Finding 23 – Deceased Consumers – Multiple Dates of Death**

KRC agrees with DDS and will work towards better compliance in this area.

#### **Finding 24 – Lack of Minutes for Closed Board Meetings**

The KRC Board of Directors will initiate a notification as to the rationale for entering "Closed Session" prior to entry and immediately upon return from "Closed Session" in accordance with Welfare and Institutions Code, Article 3, section 4663.

#### **Finding 25 – Home and Community Based Services Provider Agreement Forms**

We have enclosed the provider agreement forms for vendor #PK0045, #HC0854, and H94152.