



**AUDIT OF THE  
SAN ANDREAS REGIONAL CENTER  
FOR FISCAL YEARS 2003-04, 2004-05, 2005-06, and  
2006-07**

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**Department of Developmental Services**

This report was prepared by the  
California Department of Developmental Services  
1600 Ninth Street  
Sacramento, CA 95814

Karyn Meyreles, Acting Deputy Director, Administration Division  
Arthur J. Lee, CPA, Manager, Audit Branch  
Edward Yan, Chief of Regional Center Audits, Audit Branch  
Alex Chan, Supervisor, Audit Branch

Audit Staff: Mubashshir Ahmad, Rachel De Jesus, Gladys Onejeme, and Nestor  
Tuazon

For more information, please call: (916) 654-3695

# TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	1
BACKGROUND .....	4
Authority .....	5
Criteria .....	5
Audit Period .....	5
OBJECTIVES, SCOPE, AND METHODOLOGY .....	6
I.    Purchase of Service .....	7
II.   Regional Center Operations .....	8
III.  Targeted Case Management and Regional Center Rate Study .....	8
IV.   Service Coordinator Caseload Study .....	8
V.    Early Intervention Program (Part C Funding) .....	9
VI.   Family Cost Participation Program .....	9
VII.  Other Sources of Funding .....	10
VIII. Follow-up Review on Prior DDS's Audit Findings .....	10
CONCLUSIONS .....	11
VIEWS OF RESPONSIBLE OFFICIALS .....	12
RESTRICTED USE .....	13
FINDINGS AND RECOMMENDATIONS .....	14
EVALUATION OF RESPONSE .....	22
REGIONAL CENTER'S RESPONSE .....	Appendix A

## EXECUTIVE SUMMARY

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The fiscal compliance audit of San Andreas Regional Center (SARC) revealed that SARC was in substantial compliance with the requirements set forth in California Code of Regulations Title 17, the California Welfare and Institutions (W&I) Code, the Home and Community Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract with the Department of Developmental Services (DDS). The audit indicated that, overall, SARC maintains accounting records and supporting documentation for transactions in an organized manner. This report identifies some areas where SARC's administrative and operational controls could be strengthened, but none of the findings were of a nature that would indicate systemic issues or constitute major concerns regarding SARC's operations.

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

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

**Finding 1: Over/Under Stated Claims**

The review of the Residential, Day, and Transportation programs revealed 14 vendors in which SARC over or under claimed expenses to the State. These payments were either due to duplicate payments, incorrect billings, incorrect rates, and retro payments for the service months. As a result, the total overpayment to vendors by SARC was \$795.36 and the total underpayment was \$8,852.72. This is not in compliance with Title 17, Section 54326 (a)(10). However, SARC has addressed and corrected \$705.20 of the overpayments and \$7,042 of the underpayments by providing additional documentation in its response to the draft report. An overpayment of \$90.16 and underpayments of \$1,810.72 remain outstanding.

**Finding 2: Residential Services - Partial Month Stays (Repeat)**

The review of the Residential programs revealed that SARC is not using the partial month proration factor of 30.44, to establish a per day rate to calculate partial month stays. As a result, the total overpayment to vendors by SARC was \$175.71 and the total underpayment was \$312.63. This is not in compliance with Title 17, Section 56917 (i). This issue was also identified in the prior DDS audit.

**Finding 3: Client Trust Disbursements Not Supported**

A review of the client trust money management disbursements revealed that SARC did not fully maintain supporting receipts for checks issued to vendors for the spending down of consumer funds. The review identified nine money

management disbursements that did not have receipts or had partial receipts to support purchases made by the vendors for the consumers.

**Finding 4: Deleted**

SARC provided additional information with its response dated February 26, 2009, which shows that this issue had been resolved prior to the issuance of the draft report. Therefore, this finding has been deleted.

**Finding 5: Family Cost Participation Program (FCPP)**

**A. Over-Stated Claims**

The review of the Family Cost Participation Program (FCPP) revealed that SARC has been paying more than its assessed share of cost for two of the 15 consumers participating in the program from December 2005 to January 2007. The total amount of overpayments identified was \$2,200.13.

**B. Incorrect Assessments**

The sample review of the 15 FCPP files revealed three consumers that were assessed to participate in the program, but were found to be either on or approved for Medi-Cal. SARC did not make the necessary changes to the assessments to reflect the current status of these three consumers.

**Finding 6: Missing Consultant Contracts**

The review of SARC's Operational Consultant Contractor files revealed five consultants that did not have contracts on file to support their payment rates. For good internal control practices, written and signed contracts should be in place.

**Finding 7: Equipment**

**A. Equipment Record Keeping**

The review of SARC's equipment inventory listing found 155 items identified as sensitive had a recorded cost of zero on the inventory listing. In addition, it was found that 12 items on the inventory listing were missing serial numbers, while three items had an incorrect location identified on the listing. This is not in compliance with the State's Equipment Management System Guidelines-Section III (D) issued by DDS for regional centers.

**B. Equipment Inventory**

The review of SARC's equipment inventory procedures revealed that SARC did not maintain supporting documents to verify that a physical inventory of its property and equipment had been performed within three years. In addition, SARC has not been completing the required Equipment Acquired Under Contract form (DS 2130), for newly purchased equipment since March 2004. This is not in compliance with the State's Equipment Management System Guidelines issued by DDS for regional centers.

**Finding 8: Unsupported Caseload Ratios**

The review of the Service Coordinator Caseload Ratios revealed that supporting documentation was not maintained to verify the reported ratios for Fiscal Year (FY) 2003-04, FY 2004-05, and FY 2005-06.

II. The following findings were identified during the audit, but have since been addressed and corrected by SARC.

**Finding 9: Uniform Fiscal System (UFS) Reconciliations – Lack of Signatures and Dates**

The review of SARC's UFS reconciliations revealed that there were no signatures and dates of the preparer and reviewer on the monthly reconciliations.

For good internal controls and accounting practices the reconciliations should be signed and dated by both the preparer and reviewer to ensure the reconciliations are completed and reviewed in a timely manner.

SARC took corrective action by including space on the UFS reconciliation worksheet for the signatures and dates of the preparer and reviewer.

**Finding 10: Medi-Cal Provider Agreement Forms**

The file review of 78 Day Program, Transportation, and Residential vendor files revealed that Medi-Cal Provider Agreement forms for 31 vendors were found to be either missing or incomplete. The forms were either missing or had incorrect service codes and/or vendor numbers. This is not in compliance with Title 17, Section 54326 (a).

SARC took corrective action by providing DDS with copies of the missing and corrected Medi-Cal Provider Agreement forms.

## BACKGROUND

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

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

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

DDS and San Andreas Regional Center, Inc., entered into two contracts, HD999016, effective July 1, 1999, through June 30, 2004, and HD049015, effective July 1, 2004, through June 30, 2009. These contracts specify that San Andreas Regional Center, Inc. will operate an agency known as the San Andreas Regional Center (SARC) to provide services to persons with DD and their families in the Monterey, San Benito, Santa Clara, and Santa Cruz Counties. The contracts are funded by state and federal funds that are dependent upon the SARC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at SARC from September 10, 2007, through October 26, 2007, and was conducted by DDS's Audit Branch.

## **AUTHORITY**

The audit was conducted under the authority of the Welfare and Institutions (W&I) Code, Section 4780.5, and Article IV, Provision Number 3 of SARC's contract.

## **CRITERIA**

The following criteria were used for this audit:

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

## **AUDIT PERIOD**

The audit period was from July 1, 2003, through June 30, 2007, with follow-up as needed into prior and subsequent periods.



## OBJECTIVES, SCOPE, AND METHODOLOGY

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

- To determine compliance to Title 17, California Code of Regulations (Title 17),
- To determine compliance to the provisions of the HCBS Waiver for the Developmentally Disabled, and
- To determine that costs claimed were in compliance to the provisions of the SARC's contract with DDS.

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

Our review of the SARC's internal control structure was limited to gaining an understanding of the transaction flow and the policies and procedures as necessary to develop appropriate auditing procedures.

We reviewed the annual audit report that was conducted by an independent accounting firm for the following fiscal years:

- FY 2003-04 issued September 24, 2004
- FY 2004-05 issued September 23, 2005
- FY 2005-06 issued October 2, 2006

In addition, we reviewed the associated management letter that was issued by the independent accounting firm for FY 2005-06. This review was performed to determine the impact, if any, upon our audit and, as necessary, develop appropriate audit procedures.

The audit procedures performed included the following:

**I. Purchase of Service**

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

- We tested the sample items to determine if the payments made to service providers were properly claimed and could be supported by appropriate documentation.
- We selected a sample of invoices for service providers with daily and hourly rates, standard monthly rates, and mileage rates to determine if supporting attendance documentation was maintained by SARC. The rates charged for the services provided to individuals were reviewed to ensure that the rates paid were set in accordance with the provisions of Title 17.
- We selected a sample of individual trust accounts to determine if there were any unusual activities and to determine if any individual account balances were not over the \$2,000 resource limit as required by the Social Security Administration (SSA). In addition, we determined if any retro Social Security benefit payments received were not held longer than nine months. We also reviewed these accounts to ensure that the interest earnings were distributed quarterly, personal and incidental funds were paid before the tenth of each month and proper documentation for expenditures are maintained.
- The Client Trust Holding Account, an account used to hold unidentified consumer trust funds, is not used by SARC. An interview with SARC staff revealed that SARC has procedures in place to determine the correct recipient of unidentified consumer trust funds. If the correct recipient cannot be determined, the funds are returned to SSA (or other source) in a timely manner.
- We selected a sample of Uniform Fiscal Systems (UFS) reconciliations to determine if any accounts were out-of-balance or if there were any outstanding reconciling items.
- We analyzed all of SARC's bank accounts to determine if DDS had signatory authority as required by the contract with DDS.
- We selected a sample of bank reconciliations for Operations and Consumer Trust bank accounts to determine if the reconciliations are properly completed on a monthly basis.

## **II. Regional Center Operations**

We audited SARC's operations and conducted tests to determine compliance to the contract with DDS. The tests included various expenditures claimed for administration to ensure that the accounting staff was properly inputting data, transactions were be recorded on a timely basis, and to ensure that expenditures charged to various operating areas were valid and reasonable. These tests included the following:

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

## **III. Targeted Case Management and Regional Center Rate Study**

The Targeted Case Management (TCM) rate study is the study that determines DDS's rate of reimbursement from the Federal Government. The following procedures were performed during our prior audit review:

- Reviewed applicable TCM records and SARC's Rate Study. We examined the month of May 2004 and traced the reported information to source documents.
- Reviewed SARC's Case Management Time Study. We selected a sample of payroll time sheets for this review and compared those to the DS1916 forms to ensure that the DS1916 forms were properly completed and supported.

## **IV. Service Coordinator Caseload Study**

Under the W&I Code Section 4640.6, regional centers are required to provide service coordinator caseload data to DDS annually. Prior to January 1, 2004, the survey required regional centers to have a service coordinator-to-consumer ratio of 1:62 for all consumers who had not moved from developmental centers to the community since April 14, 1993, and a ratio of 1:45 for all consumers who had moved from developmental centers to the community since April 14, 1993.

However, for the period commencing January 1, 2004, to June 30, 2007, inclusive, the following service coordinator-to-consumer ratios apply:

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

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

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

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

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

**VI. Family Cost Participation Program**

The Family Cost Participation Program (FCPP) was for the purpose of assessing cost participation of the parents based on income level and dependents. The family cost participation assessments are only applied to respite, day care, and camping services that are included in the child's individual program plan. To determine whether the regional center is in compliance with Title 17 and the W&I Code, we performed the following procedures during our audit review.

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

## **VII. Other Sources of Funding**

Regional centers may receive many other sources of funding. For the other sources of funding identified for SARC, we performed sample tests to insure that the accounting staff was inputting data properly, and that transactions were properly recorded and claimed. In addition, tests were performed to determine if the expenditures were reasonable and supported by documentation. The other sources of funding identified for this audit are:

- Start Up Programs.
- Medicare Moderation Act (Part D Funding).
- Wellness Programs.

## **VIII. Follow-up Review on Prior DDS's Audit Findings**

As an essential part of the overall DDS monitoring system, a follow-up review of the prior DDS audit findings was conducted. We identified prior audit findings that were reported to SARC, and reviewed supporting documentation to determine the degree and completeness of SARC's implementation of corrective actions.

## CONCLUSIONS

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Based upon the audit procedures performed, we have determined that except for the items identified in the Findings and Recommendations Section, SARC was in substantial compliance to applicable sections of Title 17, the HCBS waiver, and the terms of the SARC's contract with DDS for the audit period July 1, 2003, through June 30, 2007.

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

From the review of prior audit issues, it has been determined that SARC has taken appropriate corrective actions to resolve all prior audit issues, except for Finding two which is included in the Findings and Recommendation Section.

## **VIEWS OF RESPONSIBLE OFFICIALS**

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We issued a draft report on January 8, 2009. The findings in the report were discussed at an exit conference with SARC on January 15, 2009. At the exit conference, we stated that the final report will incorporate the views of responsible officials.

## **RESTRICTED USE**

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This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, the Centers for Medicare and Medicaid Services, and the San Andreas Regional Center. It is not intended and should not be used by anyone other than these specified parties. This restriction does not limit distribution of this report, which is a matter of public record.

ARTHUR J. LEE, CPA, Manager  
Audit Branch



## FINDINGS AND RECOMMENDATIONS

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

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

**Finding 1: Over/Under Stated Claims**

A detailed review of the Residential, Day, and Transportation programs revealed 146 instances in which SARC over or under claimed expenses to the State. There were 3 instances of overpayments totaling \$795.36 due to duplicate payments and incorrect billings. The remaining 143 instances were underpayments totaling \$8,852.72 due to incorrect rates and retro payments. (See Attachment A)

Title 17, Section 56917 (a) states:

“Regional centers shall pay residential service providers monthly at the rate established by the Department.”

Also Title 17, Section 54326 (a) 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.”

SARC provided additional documentation in its response to the draft report showing that corrective actions have been taken in resolving the over and under payments. SARC collected overpayments totaling \$705.20 and issued payments of \$7,042 for the underpayments to its vendors identified in the finding. An overpayment of \$90.16 and underpayments of \$1,810.72 still remain outstanding.

**Recommendation:**

SARC should continue to pursue the remaining overpayment of \$90.16 and make appropriate reimbursements for the remaining underpayments totaling \$1,810.72 to the respective vendors. In addition, SARC should develop and implement procedures to insure changes in approved rates and payments are closely monitored and verified.

**Finding 2: Residential Services - Partial Month Stays (Repeat)**

The review of the Residential programs revealed that SARC is not using the partial month proration factor of 30.44, to establish a per day rate to calculate

partial month stays. This resulted in 3 instances of overpayments totaling \$175.71 and 2 instances of underpayments totaling \$312.63. This issue was also identified in the prior DDS audit. (See Attachment B)

Title 17, Section 56917 (i) states:

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

**Recommendation:**

SARC should recover the improper overpayments made to the respective vendors and reimburse DDS for the amount \$175.71 overpaid to the vendors and make payments of \$312.63 for the underpayments owed to the vendors due to the incorrect proration calculation. In addition, SARC should implement policies and procedures to insure it is in compliance with Title 17, Section 56917(i) by prorating the board and care partial month stays.

**Finding 3: Client Trust Disbursements Not Supported**

A review of the client trust money management disbursements revealed that SARC did not fully maintain receipts to support purchases made by the vendor for the consumers. The review of the disbursements identified seven payments with partial receipts and two which did not have receipts to support purchases made by the vendors for the consumers. (See Attachment C)

Without supporting receipts, there is no evidence to ensure that the disbursements from the client trust funds were appropriate. In addition, the Social Security benefits received from the SSA are included in the client trust funds. Social Security Handbook Chapter: 16, Sections 1623.1 and 1623.3 states:

“Representative payees shall explain how Social Security benefits and/or SSI payments were used during the 12 month report period. Payees should keep records throughout the year so that an accurate accounting of benefits can be provided.”

Social Security Handbook Chapter: 16, Section 1616 states:

“The responsibilities of a representative payee are to:

- D. Keep written records of all payments received from the SSA along with receipts to show how funds were spent and/or saved on behalf of the beneficiary;”

**Recommendation:**

As the representative payee, SARC should develop and implement policies and procedures requiring receipts for disbursements made from the client trust accounts. The receipts should be documented in the consumer's file with the money management check requests for the expenditures. This will insure all money management checks disbursed to vendors are for an appropriate purpose, and that there is an accurate accountability for the Social Security benefits.

**Finding 4: Deleted**

SARC provided additional information with its response dated February 26, 2009, which shows that this issue had been resolved prior to the issuance of the draft report. Therefore, this finding has been deleted.

**Finding 5: Family Cost Participation Program (FCPP)**

**A. Over-Stated Claims**

The review of the FCPP revealed that SARC has been paying for the cost of services that are the responsibility of the families under the requirements of the FCPP for two of the 15 consumers participating in the program from December 2005 to January 2007. This occurred when the UFS was not updated to reflect SARC's assessed share of cost. As a result, SARC made overpayments to two vendors which totaled \$2,200.13. (See Attachment D)

Title 17, section 50255(a), states:

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

**Recommendation:**

SARC should reimburse the \$2,200.13 of overpayments that resulted from incorrectly paying for the family's share of costs. In addition, SARC should develop and implement policies and procedures to ensure that only the costs SARC is responsible for is entered into the UFS to prevent the possibility of any overpayments.

**B. Incorrect Assessments**

The sample review of the 15 FCPP files revealed that one consumer with Medi-Cal eligibility was incorrectly assessed to qualify and participate in the program. In addition, two consumers participating in the program became Medi-Cal eligible, but no changes were reflected in the assessment. This was due to the SANDIS Medi-Cal data not being

updated in a timely manner to allow the staff to determine whether consumers have Medi-Cal eligibility. (See Attachment E)

Title 17, section 50263, states:

“Parents whose child is Institutionally Deemed Medi-Cal eligible shall be exempt from the Family Cost Participation Program for that child.”

**Recommendation:**

SARC should implement procedures to update its record timely to ensure that consumers participating in the FCPP program are reassessed properly and Medi-Cal eligible consumers are not included in the program.

**Finding 6: Missing Consultant Contracts**

The review of SARC’s Operational Consultant Contractor files revealed five consultants did not have contracts on file. These consultants are used by SARC on a continuous basis. (See Attachment F)

For good internal control practices, written contracts should be in place with signatures from all contracting parties. The written contracts should include the scope of services to be provided and the compensation that will be paid for the services. This is to insure that there will be no misunderstanding regarding the agreement between the two parties.

**Recommendation:**

SARC should develop and implement procedures to insure all its consultants have written contracts that are signed and dated prior to the effective date of the contract. In addition, SARC should maintain the signed contracts on file.

**Finding 7: Equipment**

**A. Record Keeping**

The review of SARC’s equipment inventory listing found 155 items identified as sensitive had a recorded cost of zero on the inventory listing. In addition, it was found that 12 items on the inventory listing were missing serial numbers and three items were incorrectly located on the listing.

Article IV, Section 4a of the contract between DDS and SARC states in part:

“Contractor shall comply with the State’s Equipment Management System Guidelines for regional center equipment and appropriate directions and

instructions which the State may prescribe as reasonably necessary for the protection of State of California property.”

In addition, State’s Equipment Management System Guidelines – Revised February 1, 2003, Section III (D), Record Keeping for State-Owned Equipment states:

“A record of state-owned, nonexpendable equipment and sensitive equipment shall be maintained by the RC property custodian in a format that includes the following information: description of the equipment item, the location (e.g., RC office or room number), the state I.D. tag number, the serial number (in any), the acquisition date, and the original cost.”

**Recommendation:**

SARC should develop policies and procedures to insure compliance to the State’s Equipment Management System Guidelines as required by its contract with DDS. The policies and procedures should include requirements to keep a listing of all state-owned, nonexpendable and sensitive equipment in a format that includes: the description of the item, location, State tag number, serial number, acquisition date, and original cost of the item.

**B. Equipment Inventory**

The review of SARC’s equipment inventory revealed that SARC has not followed the State’s Equipment Management System Guidelines. SARC did not maintain supporting documents to verify that a physical inventory of its property and equipment had been performed within three years. In addition, SARC has not been completing the required Equipment Acquired Under Contract form (DS 2130), for newly purchased equipment since March 2004.

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

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

SAM section 8652 states in part:

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

Departments are responsible for developing and carrying out an inventory plan which will include:

2(b). Worksheets used to take inventory will be retained for audit and will show the date of the inventory and the name of the inventory taker.”

Section III (B), of the State’s Equipment Management Systems Guidelines, dated February 1, 2003, states in part:

“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 (DS2130), or suitable electronic alternative.”

**Recommendation:**

SARC should develop policies and procedures to insure compliance to the State’s Equipment Management System Guidelines as required by its contract with DDS. The policies and procedures should include requirements to take a physical inventory, maintain documentation of the physical inventory and the completion and filing of all required forms with DDS.

**Finding 8: Unsupported Caseload Ratios**

The review of the Service Coordinator Caseload Ratios revealed that the supporting documentation for FY 2003-04, FY 2004-05, and FY 2005-06 was not maintained to verify the reported ratios as required in the contract with DDS.

Article IV, Section 3(a) of the contract between DDS and SARC states in part:

“The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget, revenues, expenditures, and consumers served under this contract (hereinafter collectively called the “records”) to the extent and in such detail as will properly reflect net costs (direct and indirect) of labor, materials, equipment, supplies and services, reimbursement is claimed under the provisions of this contract in accordance with mutually agreed to procedures and generally accepted accounting principles.”

**Recommendation:**

SARC should implement policies and procedures to insure all supporting documents are maintained to support the reported caseload ratios.

II. The following findings were identified during the audit, but have since been addressed and corrected by SARC.

**Finding 9: Uniform Fiscal System (UFS) Reconciliations – Lack of Signatures and Dates**

The review of the UFS reconciliations revealed that the reconciliations did not have the signatures and dates of the preparer and reviewer. SARC was unaware that completed UFS reconciliations need to be signed and dated by both the preparer and reviewer.

For good accounting and internal control practices, all reconciliations should have the identification of the preparer, date prepared, and the signature and date of the reviewer. This will document that the reconciliation was prepared and reviewed on a timely basis.

At the end of audit fieldwork, SARC took corrective steps by providing DDS with copies of current UFS reconciliations with the preparer and reviewer signatures section added to the reconciliation form.

**Recommendation:**

SARC should continue to monitor the preparation of the UFS reconciliations to insure that there are signatures and dates from the preparer and reviewer.

**Finding 10: Medi-Cal Provider Agreement Forms**

The file review of 78 Day Program, Transportation, and Residential vendor files revealed 31 files were found to be either missing or had an incomplete Medi-Cal Provider Agreement form. The Medi-Cal Provider Agreement forms were either missing or had incorrect service codes and/or vendor numbers.

Title 17, Section 54326(a) states:

“All vendors shall...

(16) Sign the Home and Community Based Service provider Agreement (6/99), if applicable pursuant to Section 54310(a) (10) (I), (d).”

In addition, for good internal practices, all required forms shall be properly completed and retained on file.

SARC took the corrective steps to comply with Title 17, Section 54326(a) by providing DDS with the missing and incomplete Medi-Cal Provider Agreement forms.

**Recommendation:**

SARC should implement procedures to insure there is a complete Medi-Cal Provider Agreement form on file for every vendor providing services to the consumer.



## EVALUATION OF RESPONSE

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As part of the audit report process, SARC is provided with a draft report and is requested to provide a response to each finding. SARC's response dated February 27, 2009, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendation section and a summary of the findings in the Executive Summary section.

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

**Finding 1: Over/Under Stated Claims**

SARC has stated in its response that corrective action have been taken or is in the process for resolving the over and under payment amounts identified in the finding. Based on the additional documentation provided from SARC, DDS's Audits Team was able to determine that corrective actions have been taken to resolve the over and under payments. SARC collected overpayments totaling \$705.20 and issued payments of \$7,042 for the underpayments to its vendors. Therefore, based on the additional information provided by SARC, DDS has revised the recommendation in the Findings and Recommendation section. The revised recommendation reduces the total amount that SARC needs to reimburse DDS from \$795.36 to \$90.16 and the underpayment amount that is owed to its vendors from \$8,852.72 to \$1,810.72. The remaining overpayment of \$90.16 and underpayments of \$1,810.72 still remain outstanding and will be followed-up in the next scheduled DDS audit to determine if the issues have been addressed.

**Finding 4: Improper Disbursements of Consumer Funds**

SARC provided additional information with its response dated February 26, 2009, which shows that this issue had been resolved prior to the issuance of the draft report. Therefore, based on the additional information provided, DDS will remove this finding from the audit report. However, to insure that similar issues do not arise again, SARC should develop procedures to insure that any funds remaining in a deceased consumer's Trust Account, that are not owed to the Social Security Administration or the State, are disbursed in accordance with the California Probate Code.

**Finding 5: Family Cost Participation Program (FCPP)**

**A. Over-Stated Claims**

SARC has stated in its response that it will be closely monitoring the implementation and evaluation of the family's share of cost. Though this addresses part of DDS's recommendation, SARC did not address the \$2,200.13 repayment of the overpayment identified in the finding. A follow-up will be performed in the next scheduled audit to determine if the overpayment has been resolved.

**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
<b>Overpayment Due to Duplicate Payment</b>									
1		H75572		880	07211190	200703	\$270.64	Yes	\$0.00
<b>Total Overpayment Due to Duplicate Payment</b>							<b>\$270.64</b>		
<b>Total for Unresolved Amount</b>									<b>\$0.00</b>

<b>Overpayments Due to Incorrect Billing</b>									
1	Contract	H18471		875	04190805	200309	\$90.16	No	\$90.16
2		H10560		920	07175213	200701	\$434.56	Yes	\$0.00
<b>Total Overpayments Due to Incorrect Billing</b>							<b>\$524.72</b>		
<b>Total for Unresolved Amount</b>									<b>\$90.16</b>

**Grand Total for Overpayments      \$795.36**  
**Total Resolved      \$705.20**  
**Toal Overpayments Still Outstanding      \$90.16**

**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
<b>Underpayments to Transportation Vendors Due to Incorrect Rate</b>									
1		HS0064		880	07175157	200609	(\$41.94)	No	(\$41.94)
2		HS0277		880	07235994	200609	(\$26.73)	No	(\$26.73)
3		HS0277		880	07235994	200609	(\$26.73)	No	(\$26.73)
4		HS0277		880	07235994	200609	(\$23.28)	No	(\$23.28)
5		H18269		880	06156155	200509	(\$31.20)	No	(\$31.20)
<b>Total Underpayments to Transportation Vendors Due to Incorrect Rate</b>							<b>(\$149.88)</b>		
<b>Total for Unresolved Amount</b>									<b>(\$149.88)</b>

**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
<b>Underpayment Due to Retro Payments</b>									
1		H00336		905	07064547	200701	(\$74.00)	Yes	\$0.00
2		H00336		905	07194041	200701	(\$74.00)	Yes	\$0.00
3		H00336		905	07064550	200701	(\$74.00)	Yes	\$0.00
4		H00336		905	07064551	200701	(\$74.00)	Yes	\$0.00
5		H00336		905	07064552	200701	(\$74.00)	Yes	\$0.00
6		H00336		905	07064547	200702	(\$74.00)	Yes	\$0.00
7		H00336		905	07194041	200702	(\$74.00)	Yes	\$0.00
8		H00336		905	07064550	200702	(\$74.00)	Yes	\$0.00
9		H00336		905	07064551	200702	(\$74.00)	Yes	\$0.00
10		H00336		905	07064552	200702	(\$74.00)	Yes	\$0.00
11		H00336		905	07064547	200703	(\$74.00)	Yes	\$0.00
12		H00336		905	07194041	200703	(\$74.00)	Yes	\$0.00
13		H00336		905	07064550	200703	(\$74.00)	Yes	\$0.00
14		H00336		905	07064551	200703	(\$74.00)	Yes	\$0.00
15		H00336		905	07064552	200703	(\$74.00)	Yes	\$0.00

**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
16		H00336		905	07064547	200704	(\$74.00)	Yes	\$0.00
17		H00336		905	07194041	200704	(\$74.00)	Yes	\$0.00
18		H00336		905	07064550	200704	(\$74.00)	Yes	\$0.00
19		H00336		905	07064551	200704	(\$74.00)	Yes	\$0.00
20		H00336		905	07064552	200704	(\$74.00)	Yes	\$0.00
21		H10590		905	07120625	200701	(\$65.00)	Yes	\$0.00
22		H10590		905	07118654	200701	(\$65.00)	Yes	\$0.00
23		H10590		905	07114839	200701	(\$65.00)	Yes	\$0.00
24		H10590		905	07087487	200701	(\$65.00)	Yes	\$0.00
25		H10590		905	07185313	200701	(\$65.00)	Yes	\$0.00
26		H10590		905	07120625	200702	(\$65.00)	Yes	\$0.00
27		H10590		905	07118654	200702	(\$65.00)	Yes	\$0.00
28		H10590		905	07114839	200702	(\$65.00)	Yes	\$0.00
29		H10590		905	07087487	200702	(\$65.00)	Yes	\$0.00
30		H10590		905	07185313	200702	(\$65.00)	Yes	\$0.00
31		H10590		905	07120625	200703	(\$65.00)	Yes	\$0.00

**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
32		H10590		905	07118654	200703	(\$65.00)	Yes	\$0.00
33		H10590		905	07114839	200703	(\$65.00)	Yes	\$0.00
34		H10590		905	07087487	200703	(\$65.00)	Yes	\$0.00
35		H10590		905	07185313	200703	(\$65.00)	Yes	\$0.00
36		H10590		905	07120625	200704	(\$65.00)	Yes	\$0.00
37		H10590		905	07118654	200704	(\$65.00)	Yes	\$0.00
38		H10590		905	07114839	200704	(\$65.00)	Yes	\$0.00
39		H10590		905	07087487	200704	(\$65.00)	Yes	\$0.00
40		H10590		905	07185313	200704	(\$65.00)	Yes	\$0.00
41		H18482		905	07071438	200701	(\$65.00)	Yes	\$0.00
42		H18482		905	07201347	200701	(\$65.00)	Yes	\$0.00
43		H18482		905	07193861	200701	(\$65.00)	Yes	\$0.00
44		H18482		905	07185310	200701	(\$65.00)	Yes	\$0.00
45		H18482		905	07174005	200701	(\$65.00)	Yes	\$0.00
46		H18482		905	07071438	200702	(\$65.00)	Yes	\$0.00
47		H18482		905	07201347	200702	(\$65.00)	Yes	\$0.00

**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
48		H18482		905	07193861	200702	(\$65.00)	Yes	\$0.00
49		H18482		905	07185310	200702	(\$65.00)	Yes	\$0.00
50		H18482		905	07174005	200702	(\$65.00)	Yes	\$0.00
51		H18482		905	07071438	200703	(\$65.00)	Yes	\$0.00
52		H18482		905	07201347	200703	(\$65.00)	Yes	\$0.00
53		H18482		905	07193861	200703	(\$65.00)	Yes	\$0.00
54		H18482		905	07185310	200703	(\$65.00)	Yes	\$0.00
55		H18482		905	07174005	200703	(\$65.00)	Yes	\$0.00
56		H18482		905	07071438	200704	(\$65.00)	Yes	\$0.00
57		H18482		905	07201347	200704	(\$65.00)	Yes	\$0.00
58		H18482		905	07193861	200704	(\$65.00)	Yes	\$0.00
59		H18482		905	07185310	200704	(\$65.00)	Yes	\$0.00
60		H18482		905	07174005	200704	(\$65.00)	Yes	\$0.00
61		H90944		905	07105173	200701	(\$74.00)	Yes	\$0.00
62		H90944		905	07105171	200701	(\$74.00)	Yes	\$0.00
63		H90944		905	07105169	200701	(\$74.00)	Yes	\$0.00



**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
64		H90944		905	07105174	200701	(\$74.00)	Yes	\$0.00
65		H90944		905	07105175	200701	(\$74.00)	Yes	\$0.00
66		H90944		905	07105176	200701	(\$74.00)	Yes	\$0.00
67		H90944		905	07105173	200702	(\$74.00)	Yes	\$0.00
68		H90944		905	07105171	200702	(\$74.00)	Yes	\$0.00
69		H90944		905	07105169	200702	(\$74.00)	Yes	\$0.00
70		H90944		905	07105174	200702	(\$74.00)	Yes	\$0.00
71		H90944		905	07105175	200702	(\$74.00)	Yes	\$0.00
72		H90944		905	07105176	200702	(\$74.00)	Yes	\$0.00
73		H90944		905	07105173	200703	(\$74.00)	Yes	\$0.00
74		H90944		905	07105171	200703	(\$74.00)	Yes	\$0.00
75		H90944		905	07105169	200703	(\$74.00)	Yes	\$0.00
76		H90944		905	07105174	200703	(\$74.00)	Yes	\$0.00
77		H90944		905	07105175	200703	(\$74.00)	Yes	\$0.00
78		H90944		905	07105176	200703	(\$74.00)	Yes	\$0.00
79		H90944		905	07105173	200704	(\$74.00)	Yes	\$0.00

**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
80		H90944		905	07105171	200704	(\$74.00)	Yes	\$0.00
81		H90944		905	07105169	200704	(\$74.00)	Yes	\$0.00
82		H90944		905	07105174	200704	(\$74.00)	Yes	\$0.00
83		H90944		905	07105175	200704	(\$74.00)	Yes	\$0.00
84		H90944		905	07105176	200704	(\$74.00)	Yes	\$0.00
85		HS0099	Exceptional Children Facility	910	07181119	200701	(\$74.00)	Yes	\$0.00
86		HS0099	Exceptional Children Facility	910	07146712	200701	(\$74.00)	Yes	\$0.00
87		HS0099	Exceptional Children Facility	910	07181119	200702	(\$74.00)	Yes	\$0.00
88		HS0099	Exceptional Children Facility	910	07146712	200702	(\$74.00)	Yes	\$0.00
89		HS0099	Exceptional Children Facility	910	07181119	200703	(\$74.00)	Yes	\$0.00
90		HS0099	Exceptional Children Facility	910	07146712	200703	(\$74.00)	Yes	\$0.00
91		HS0099	Exceptional Children Facility	910	07181119	200704	(\$74.00)	Yes	\$0.00
92		HS0099	Exceptional Children Facility	910	07146712	200704	(\$74.00)	Yes	\$0.00
93		H10590		910	07072066	200701	(\$65.00)	Yes	\$0.00
94		H10590		910	07148602	200701	(\$65.00)	Yes	\$0.00
95		H10590		910	07072066	200702	(\$65.00)	Yes	\$0.00

**San Andreas Regional Center  
Over/Under-Styled Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
96		H10590		910	07148602	200702	(\$65.00)	Yes	\$0.00
97		H10590		910	07072066	200703	(\$65.00)	Yes	\$0.00
98		H10590		910	07148602	200703	(\$65.00)	Yes	\$0.00
99		H10590		910	07072066	200704	(\$65.00)	Yes	\$0.00
100		H10590		910	07148602	200704	(\$65.00)	Yes	\$0.00
101		H10695		910	07159509	200701	(\$74.00)	Yes	\$0.00
<b>Total Underpayments Due to Retro Payments</b>							<b>(\$7,042.00)</b>		
<b>Total for Unresolved Amount</b>									<b>\$0.00</b>

<b>Underpayments to Day Program Vendors Due to Incorrect Rate</b>										
1		HS0277		Behavior Day Program	515	07236036	200607	(\$53.20)	No	(\$53.20)
2		HS0277		Behavior Day Program	515	07210939	200607	(\$53.20)	No	(\$53.20)
3		HS0277		Behavior Day Program	515	07230815	200607	(\$56.00)	No	(\$56.00)
4		HS0277		Behavior Day Program	515	07252647	200607	(\$36.40)	No	(\$36.40)
5		HS0277		Behavior Day Program	515	07236036	200608	(\$64.40)	No	(\$64.40)
6		HS0277		Behavior Day Program	515	07210939	200608	(\$64.40)	No	(\$64.40)

**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
7		HS0277	Behavior Day Program	515	07230815	200608	(\$64.40)	No	(\$64.40)
8		HS0277	Behavior Day Program	515	07252647	200608	(\$56.00)	No	(\$56.00)
9		HS0277	Behavior Day Program	515	07236036	200609	(\$58.80)	No	(\$58.80)
10		HS0277	Behavior Day Program	515	07210939	200609	(\$53.20)	No	(\$53.20)
11		HS0277	Behavior Day Program	515	07230815	200609	(\$53.20)	No	(\$53.20)
12		HS0277	Behavior Day Program	515	07252647	200609	(\$53.20)	No	(\$53.20)
13		HS0277	Behavior Day Program	515	07236036	200610	(\$61.60)	No	(\$61.60)
14		HS0277	Behavior Day Program	515	07210939	200610	(\$61.60)	No	(\$61.60)
15		HS0277	Behavior Day Program	515	07230815	200610	(\$58.80)	No	(\$58.80)
16		HS0277	Behavior Day Program	515	07252647	200610	(\$56.00)	No	(\$56.00)
17		HS0277	Behavior Day Program	515	07236036	200611	(\$56.00)	No	(\$56.00)

**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
18		HS0277	Behavior Day Program	515	07210939	200611	(\$56.00)	No	(\$56.00)
19		HS0277	Behavior Day Program	515	07252647	200611	(\$56.00)	No	(\$56.00)
20		HS0277	Behavior Day Program	515	07236036	200612	(\$53.20)	No	(\$53.20)
21		HS0277	Behavior Day Program	515	07210939	200612	(\$50.40)	No	(\$50.40)
22		HS0277	Behavior Day Program	515	07236036	200701	(\$53.20)	No	(\$53.20)
23		HS0277	Behavior Day Program	515	07210939	200701	(\$58.80)	No	(\$58.80)
24		HS0277	Behavior Day Program	515	07236036	200702	(\$56.00)	No	(\$56.00)
25		HS0277	Behavior Day Program	515	07210939	200702	(\$56.00)	No	(\$56.00)
26		HS0277	Behavior Day Program	515	07236036	200703	(\$61.60)	No	(\$61.60)
27		HS0277	Behavior Day Program	515	07210939	200703	(\$61.60)	No	(\$61.60)
28		HS0277	Behavior Day Program	515	07236036	200704	(\$58.80)	No	(\$58.80)
29		HS0277	Behavior Day Program	515	07210939	200704	(\$58.80)	No	(\$58.80)
30		H83045		520	04194482	200402	(\$0.65)	No	(\$0.65)
31		H83045		520	04194482	200403	(\$1.10)	No	(\$1.10)
32		H83045		520	04194482	200406	(\$0.79)	No	(\$0.79)
33		H83045		520	05206643	200407	(\$0.56)	No	(\$0.56)

**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments	Resolved	Outstanding Amount
34		H83045		520	05206643	200408	(\$0.58)	No	(\$0.58)
35		H83045		520	05214145	200409	(\$4.83)	No	(\$4.83)
36		H83045		520	05214145	200410	(\$7.12)	No	(\$7.12)
37		H83045		520	05214145	200411	(\$4.41)	No	(\$4.41)
<b>Total Underpayments to Day Program Vendors Due to Incorrect Rate</b>							<b>(\$1,660.84)</b>		
<b>Total for Unresolved Amount</b>									<b>(\$1,660.84)</b>

**Grand Total for Underpayments (\$8,852.72)**

**Total Resolved (\$7,042.00)**

**Toal Underpayments Still Outstanding (\$1,810.72)**

**San Andreas Regional Center  
Over/Under-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over/Under Payments
<b>Overpayments Due to 30.44 Proration Errors</b>							
1		H08145		905	04199623	200401	\$15.58
2		H10695		910	04199623	200606	\$64.03
3		HS0195		915	04199623	200402	\$96.10
<b>Total Overpayments Due 30.44 Proration Errors</b>							<b>\$175.71</b>
<b>Underpayments Due to 30.44 Proration Errors</b>							
1		HS0321	Life Services Alternatives	113	04204788	200405	(\$36.80)
2		H75337		113	05212523	200408	(\$275.83)
<b>Total Underpayments Due to 30.44 Proration Errors</b>							<b>(\$312.63)</b>

**San Andreas Regional Center**  
**Client Trust Disbursements not Supported**  
**Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	<b>Unique Client Identification Number</b>	<b>Check Number</b>	<b>Unsupported Money Management Amount</b>
1		5281728	\$800.00
2		5244144	\$174.11
3		5307483	\$720.08
4		5277849	\$500.00
5		5258159	\$676.20
6		5270820	\$420.21
7		5306089	\$39.80
8		5316156	\$1,702.26
9		5289938	\$594.94

Partial Receipts - Numbers 2, 3, 5, 6, 7, 8, and 9

No Receipts - Numbers 1 and 4



**San Andreas Regional Center  
FCPP Over-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments
<b>Overpayments Due to Incorrect Assessments</b>							
1		V91115		420	06238346	12/05	\$68.56
2		V91115		420	06238346	1/06	\$68.56
3		V91115		420	06238346	2/06	\$68.56
4		V91115		420	06238346	3/06	\$68.56
5		V91115		420	06238346	4/06	\$68.56
6		V91115		420	06238346	5/06	\$68.56
7		V91115		420	06238346	6/06	\$68.56
8		V91115		420	07238346	7/06	\$70.64
9		V91115		420	07238346	8/06	\$70.64
10		V91115		420	07238346	9/06	\$70.64
11		V91115		420	07238346	10/06	\$70.64
12		V91115		420	07238346	11/06	\$70.64
13		V91115		420	07238346	12/06	\$70.64
14		V91115		420	07238346	1/07	\$80.96
15		V91115		405	06218008	12/05	\$57.50
16		V91115		405	06239278	1/06	\$57.50

**San Andreas Regional Center  
FCPP Over-Stated Claims  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Over Payments	
17		V91115		405	06239278	2/06	\$57.50	
18		V91115		405	06239278	3/06	\$57.50	
19		V91115		405	06239278	4/06	\$57.50	
20		V91115		405	06239278	5/06	\$57.50	
21		V91115		405	06239278	6/06	\$57.50	
22		V91115		405	07239278	7/06	\$57.50	
23		V91115		405	07239278	8/06	\$57.50	
24		V91115		405	07239278	9/06	\$57.50	
25		V91115		405	07239278	10/06	\$57.50	
26		V91115		405	07239278	11/06	\$57.50	
27		V91115		405	07239278	12/06	\$57.50	
28		V91115		405	07239278	1/07	\$57.50	
<b>Total Overpayments Due to Incorrect Assessments for UCI 6597736</b>								<b>\$1,789.72</b>
29		HS0220	Easter Seals Central	862	07249052	12/06	\$410.41	
<b>Total Overpayments Due to Incorrect Assessments for UCI 6582896</b>								<b>\$410.41</b>
<b>Grand Total Overpayments Due to Incorrect Assessments</b>								<b>\$2,200.13</b>

**San Andreas Regional Center  
FCPP Incorrect Assessments  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Unique Client Identification Number	
1		
2		
3		

**San Andreas Regional Center  
Operational Consultants with no Contracts  
Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07**

	Consultant	Vendor Number	Fiscal Years			
			2003-04	2004-05	2005-06	2006-07
1	Innovation Human Resources	6339	No	No	N/A	No
2	[REDACTED]	4842	N/A	No	Yes	N/A
3	Xenologix	6051	N/A	N/A	No	No
4	[REDACTED]	6023	No	Yes	Yes	Yes
5	[REDACTED]	3139	Yes	No	N/A	N/A

No - No contract on file

Yes - Contract on file

N/A - Not applicable

**APPENDIX A**

**SAN ANDREAS REGIONAL CENTER**

**RESPONSE**

**TO AUDIT FINDINGS**

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

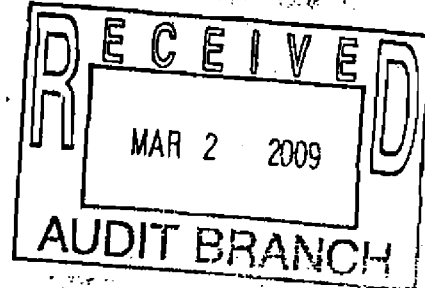


**SANTA CLARA COUNTY**

300 Orchard City Drive  
Suite 170  
Campbell, CA 95008  
P.O. Box 50002  
San Jose, CA  
95150-0002  
Tel: 1(408) 374-9960  
Fax: 1(408) 376-0586

February 26, 2009

Arthur J. Lee, CPA  
Manager, Audit Branch  
Department of Developmental Services  
1600 Ninth Street, Rm 230, MS 2-10  
Sacramento, CA 95814



**SOUTH SANTA CLARA AND  
SAN BENITO COUNTY**

7855 Wren Avenue  
Suite A  
Gilroy, CA 95020  
Tel: 1(408) 846-8805  
Fax: 1(408) 846-5140

Dear Sir:

We are submitting to you the San Andreas Regional Center's Responses to DDS Audit for the Fiscal Years 2003-04, 2004-05, 2005-06 and 2006-07 including the attachments.

If you have any questions, please call Elizabeth B. Bacungan at (408) 341-3820.

**MONTEREY COUNTY**

344 Salinas Street  
Suite 207  
Salinas, CA 93901  
Tel: 1(831) 759-7500  
Fax: 1(831) 424-3007

Very truly yours,

*Lilibeth Calara*  
Lilibeth Calara  
Financial Manager

**SANTA CRUZ COUNTY**

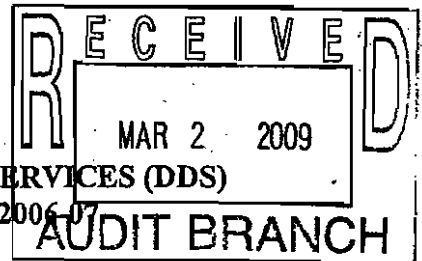
1110 Main Street  
Suite 8  
Watsonville, CA 95076  
Tel: 1(831) 728-1781  
Toll Free  
within Santa Cruz County  
1(831) 688-7633  
Fax: 1(831) 728-5514

Encls as stated

[www.sarc.org](http://www.sarc.org)

Member of the Association  
of Regional Center Agencies

**SAN ANDREAS REGIONAL CENTER (SARC)  
RESPONSES TO THE DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS)  
AUDIT OF FISCAL YEARS 2003-04, 2004-05, 2005-06 & 2006-07**



**Finding 1 – Over/Under Stated Claims**

The DDS review of Residential and Transportation programs revealed overpayments amounting to \$795.36 to three vendors and underpayments amounting to \$8,852.72 due to duplicate payments and incorrect billing rate.

**Actions taken:**

- a) The overpayment due to duplicate payment amounting to \$270.64 had been corrected by Invoice # 1025914 dated 6/30/07. (See Attachment 1)
- b) The overpayment due to incorrect billing for [REDACTED] amounting to \$434.56 was already collected. (See Attachment 2)
- c) Sent collection letter to [REDACTED] for the collection of \$90.16 (See Attachment 3).
- d) Out of the total underpayments amounting to 8,852.72, the amount of \$7,560.00 had been paid on 10/31/07 and the balance of \$1,292.72 will still to be adjusted. (See Attachment 4 (pages 1-6))

**SARC Response: Agree**

**Finding 2 – Residential Services- Partial Month Stays (Repeat)**

There were three instances that SARC did not use the proration factor of 30.44 for partial months billing.

**Action Taken:**

SARC sent collection letters to the 3 homes for the overpayment of \$175.71 and for the underpayments of \$312.63; SARC will pay Life Services Alternatives.

**SARC Response: Agree**

**Finding 3 - Client Trust Disbursements Not Supported**

There were nine instances that SARC did not fully maintain receipts to support the disbursements made to vendors.

**Action taken:**

SARC sent letters requesting the nine (9) vendors to submit the required receipts to support the disbursements made. (See Attachment 5 for a sample)

SARC included in their Residential Services Orientation the importance of keeping complete documentation to support all billings to SARC.

**Finding 4 – Improper Disbursement of Deceased Consumer Funds**

SARC deposited the balance of trust account of one deceased client without consent from the client's heirs to the SARC donation account.

**Action taken:**

SARC already issued Check No. 3046 dated 10/31/2007 amounting to \$1,031.07 to Carole Imus, client's sister. ( See Attachment 6).

**SARC Response: Agree**

**Finding 5- Family Cost Participation Program (FCPP)**

There are two vendors that SARC made an erroneous assessment in computing the family's share of costs. This resulted to an overpayment amounting to \$2,200.13 and these instances occurred when Uniform Fiscal System (UFS) was not updated to reflect the SARC's assessed share of cost.

**Action taken:**

SARC is constantly updating their Family Cost Participation files and closely monitor the implementation and evaluation of family's share of cost.

**SARC's Response: Agree**

**Finding 6 – Missing Consultant Contracts**

SARC paid six consultants without the executed written contracts.

**Action taken:**

SARC will see to it that all consultants should have a duly executed and approved written contract before payment will be effected. SARC is already maintaining complete contracts on file.

**SARC's Response: Agree**

**Finding 7 – Equipment Record Keeping and Inventory**

The review of SARC's equipment inventory listings found that 155 items were recorded as zero, 12 items had missing serial numbers and 3 items had incorrect location. SARC did not also maintain supporting documentation to verify that a physical inventory of property and equipment had been performed within three years.

**Action taken:**

After the exit conference, SARC already started to maintain records for all the property and equipment. Upon delivery of any purchased equipment, RC custodian keep a listing of all equipment including the description of the item, location, State tag numbers, serial numbers, acquisition date and the original cost of the item.

**SARC's Response: Agree**



**Finding 8 -Unsupported Caseload Ratios**

There were no supporting documentation maintained to verify the Service Coordinator Caseload Ratios for Fiscal Years 2003-04; 2004-05; and 2005-06.

**Action taken:**

This finding had been corrected because starting Fiscal Years 2006-07 to the present; SARC maintains complete documentation to support the Service Coordinator caseload ratios.

**SARC's Response: Agree**

**Finding 9 – Uniform Fiscal System (UFS) –Lack of signatures and Dates**

There were no signatures and dates of the preparer and reviewer on the Uniform Fiscal System (UFS) reconciliations.

**Action taken:**

This finding had already been addressed and corrected by SARC.

**SARC's Response: Agree**

**Finding 10 – Medi-Cal Provider Agreement Forms**

Some Medi-Cal Provider Agreement forms were either missing or had incorrect service codes and /or vendor numbers.

**Action Taken:**

This finding had already been addressed and corrected by SARC management.

**SARC's Response: Agree**