



**AUDIT OF THE REGIONAL CENTER  
SOUTH CENTRAL LOS ANGELES REGIONAL CENTER  
FOR FISCAL YEARS 2008-09 AND 2009-10 WITH  
FOLLOW-UP REVIEW OF THE OIG – ARRA AUDIT  
DATED AUGUST 26, 2010**

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**Department of Developmental Services**

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# TABLE OF CONTENTS

|   | Page       |
|---|------------|
| EXECUTIVE SUMMARY .....   | 1          |
| BACKGROUND .....  | 5          |
| Authority .....   | 6          |
| Criteria .....  | 6          |
| Audit Period .....  | 6          |
| OBJECTIVES, SCOPE, AND METHODOLOGY .....                                    | 7          |
| I. Purchase of Service .....  | 8          |
| II. Regional Center Operations .....  | 9          |
| III. Targeted Case Management and Regional Center Rate Study .....          | 9          |
| IV. Service Coordinator Caseload Survey .....                               | 9          |
| V. Early Intervention Program.....  | 10         |
| VI. Family Cost Participation Program .....                                 | 10         |
| VII. Procurement.....   | 11         |
| VIII. Statewide/Regional Center Median Rates.....                           | 12         |
| IX. Other Sources of Funding.....   | 12         |
| X. Follow-Up Review on Prior DDS Audit Findings.....                        | 13         |
| XI. Follow-Up Review on the Office of Inspector General (OIG) Findings..... | 13         |
| CONCLUSIONS.....  | 14         |
| VIEWS OF RESPONSIBLE OFFICIALS .....  | 15         |
| RESTRICTED USE.....   | 16         |
| FINDINGS AND RECOMMENDATIONS.....   | 17         |
| EVALUATION OF RESPONSE .....  | 25         |
| REGIONAL CENTER'S RESPONSE.....   | Appendix A |

## EXECUTIVE SUMMARY

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The Department of Developmental Services (DDS) fiscal compliance audit of the South Central Los Angeles Regional Center (SCLARC) revealed that SCLARC was in compliance with the requirements set forth in the California Code of Regulations, Title 17 (CCR, title 17), the California Welfare and Institutions (W&I) Code, the Home and Community Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract with the Department of Developmental Services. The audit indicated that, overall, SCLARC maintains accounting records and supporting documentation for transactions in an organized manner. However, this report identifies some areas where SCLARC's administrative, and operational controls could be strengthened. The report also identifies that SCLARC has not taken corrective action to resolve several repeat findings identified from prior DDS audits. The repeat nature of these findings is concerning to DDS. Therefore, SCLARC must take immediate action to resolve these repeat findings and provide supporting documentation to DDS with its response to the current audit indicating that these repeat findings have been resolved and ensure that the repeat findings do not occur in the future.

In addition, a follow-up review was performed to ensure that SCLARC has taken corrective action to resolve the findings identified in the Office of Inspector General's (OIG) American and Recovery and Reinvestment Act (ARRA) audit report. The follow-up review found that SCLARC has not taken corrective action to resolve one issue identified in the OIG audit report which is incorporated within this audit report.

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

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

#### **Finding 1: Incorrect Rate Paid to Vendor**

The follow-up review of the OIG finding regarding an incorrect rate paid to a vendor revealed that Los Angeles Speech and Education Center, vendor number HX0251, service code 805, was reimbursed for services at an incorrect rate for one of the two programs it operates. It was found that SCLARC reimbursed the Center Based program at the Home Based program rate of \$76.01 per hour rather than the Center Based program rate of \$57.45 per hour. The \$18.56 per hour difference in the rate resulted in an overpayment of \$1,472,338.01 from October 2005 through June 2010. This is not in compliance with CCR, title 17, section 54326(a)(12).

#### **Finding 2: Over/Under-Stated Claims**

A sampled review of invoices for the Transportation, Day Program, Residential, and Operational Indicator reports revealed 319 instances in which SCLARC over or under-stated claims to the State for services provided to consumers.

There were 67 instances in which one Transportation vendor was paid a monthly rate of \$456.06 rather than the contracted rate of \$17.00 per hour and 81 instances in which a Day Program vendor was reimbursed at a temporary rate of \$30.70 per hour rather than the approved DDS permanent rate of \$25.12 per hour. This resulted in a total overpayment amount of \$156,035.77. This is not in compliance with CCR, title 17, sections 54326(a)(10) and 56917(a).

For Residential and the Operational Indicator reports, 171 instances were found in which SCLARC over or under-claimed expenses to the State. The total overpayments amounted to \$27,329.18 and the underpayments totaled \$11,821.12. SCLARC has since corrected the 171 instances of over or under-stated claims.

**Finding 3: Rate Increase Issued After the Rate Freeze**

The review of 48 sampled negotiated contract vendor files from various service codes revealed that SCLARC issued a rate increase to Cambridge Home Care, vendor number HH0030, service code 860, after the June 30, 2008 rate freeze was in effect. This resulted in an overpayment of \$20,652.08. This is not in compliance with the W&I Code, section 4648.4(b).

SCLARC provided a rate letter from Harbor Regional Center (HRC) with its response to the draft report indicating that the rate used to reimburse Cambrian Home Care was set in 2006 before the rate freeze was in-effect. This vendor was from the HRC catchment and was used by SCLARC to provide services for two of its consumers. Therefore, DDS agrees that this issue has been resolved.

**Finding 4: Negotiated Rate Above the Statewide Median Rate**

The sample review of 48 vendor contracts finalized after June 30, 2008 revealed that one vendor, [REDACTED] vendor number PX0434, service code 605, was contracted above the Statewide Median Rate requirement implemented on July 1, 2008. This resulted in an overpayment of \$3,931.67. This is not in compliance with the requirements of the W&I Code, section 4691.9(a) and (b).

**Finding 5: Targeted Case Management Time Study – Recording of Attendance (Repeat)**

The review of the Targeted Case Management (TCM) Time Study revealed that two of the 15 sampled employees had vacation and sick hours recorded on their timesheets which did not properly reflect what was recorded on the TCM Time Study forms (DS 1916). This issue was reported in the prior DDS audit report. In SCLARC's response, it stated that it would provide staff training to ensure that future TCM Time Study forms match employee timesheets. However, DDS found that SCLARC has not implemented the appropriate policies and procedures to ensure that this issue will not occur in the future.

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

A sample review of SCLARC's vendor contracts revealed eight POS consultants that were paid a total of \$167,159.52 under a contract UCI number. All of these consultants provided services under the Home and Community-Based Services (HCBS) Waiver billable service codes; however, POS expenses were not tied to individual consumers. This issue was identified in the prior audit report and in its response, SCLARC stated that new billing procedures would be fully implemented by October 1, 2010. This is not in compliance with CCR, title 17, section 54326(a)(3).

**Finding 7: Family Cost Participation Program (FCPP)**

**A. Late Notification Letters (Repeat)**

The sample review of the 20 FCPP files revealed that 17 notification letters sent to inform parents of their assessed cost of participation were not sent within 10 working days of receipt of the parents' income documentation. This issue was identified in the last three prior DDS audit reports. This is not in compliance with the W&I Code, section 4783(g)(3).

**B. Missing Individual Program Plan (IPP)**

The sample review of 20 FCPP files revealed four instances in which it did not have an Individual Program Plan (IPP) on file as verification that the consumers are eligible to be funded for services consistent with the FCPP. This is not in compliance with the CCR, title 17, section 50261(b).

**Finding 8: In-Kind Services (Repeat)**

The review of the Friends of SCLARC (FOS) account revealed that six SCLARC employees provide accounting, administrative and program services for the FOS. In return for the services provided by these employees, FOS provided funding to consumers for services that are not provided by SCLARC. Although SCLARC has agreements in place to document which "In-Kind" services are received as payment for services provided to the FOS, the agreements do not specify whether the amount paid is equivalent to the time the SCLARC employees spent working for FOS. This issue has been reported in two prior DDS audits. In its prior responses, SCLARC stated that it would immediately take action to revise the "In-Kind" agreements to specify the percentage of time spent for services provided by FOS and ensure that the services provided are equivalent to the cost of services provided by SCLARC employees. However, it was found that SCLARC had not implemented its corrective action plan as stated in its prior

responses. This is not in compliance with SCLARC's State Contract, article III, section 13(b).

## **II. Finding that has been addressed and corrected by SCLARC.**

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

The sample review of 37 vendor files revealed that Home and Community-Based Services Provider Agreement forms for nine of the vendors were not properly completed by SCLARC. The forms were either missing the service code, vendor number, or had multiple service codes. This is not in compliance with CCR, title 17, section 54326(a)(16).

SCLARC has taken corrective action by providing DDS with the properly completed Home and Community-Based Services 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 corporations that provide fixed points of contact in the community for serving eligible individuals with DD and their families in California. These fixed points of contact are referred to as regional centers. The regional centers are responsible under State law to help ensure that such persons receive access to the programs and services that are best suited to them throughout their lifetime.

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

In addition to the fiscal compliance audit, each regional center is reviewed by DDS Federal Programs Operations Section to assess overall programmatic compliance with HCBS Waiver requirements. 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 the Regional Center's fiscal, administrative and program operations.

DDS and South Central Los Angeles Regional Center for Developmentally Disabled Persons, Inc., entered into contract HD049018, (State Contract) effective July 1, 2004, through June 30, 2009, and contract HD099019, effective July 1, 2009, through June 30, 2014. The contracts specify that South Central Los Angeles Regional Center for Developmentally Disabled Persons, Inc. will operate an agency known as the South Central Los Angeles Regional Center (SCLARC) to provide services to persons with DD and their families in the Compton, San Antonio, South, Southeast, and Southwest areas. The contracts are funded by State and federal funds that are dependent upon SCLARC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at SCLARC from September 20, 2010 through October 21, 2010 and was performed by DDS' Audit Branch with a follow-up review from November 2, 2011, through November 9, 2011.



## **AUTHORITY**

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

## **CRITERIA**

The following criteria were used for this audit:

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

## **AUDIT PERIOD**

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

## OBJECTIVES, SCOPE, AND METHODOLOGY

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This audit and follow-up review were 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 and follow-up review are:

- To determine compliance with the Welfare and Institution (W&I) Code (or the Lanterman Act)
- To determine compliance with Title 17, of the California Code of Regulations (CCR, title 17),
- 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 Contracts,
- To determine if corrective action has been taken to resolve findings identified in the Office of Inspector General (OIG) ARRA Audit.

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

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

DDS reviewed the annual audit report that was conducted by an independent accounting firm for fiscal year 2008-09, issued on February 16, 2010. In addition, DDS found no management letter issued for SCLARC.

The audit procedures performed included the following:

**I. Purchase of Service**

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

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

## **II. Regional Center Operations**

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

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

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

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

- Reviewed applicable TCM records and SCLARC's Rate Study. DDS examined the month of May 2010 and traced the reported information to source documents.
- Reviewed SCLARC's Case Management Time Study. DDS selected a sample of payroll time sheets for this review and compared it to the DS 1916 forms to ensure that the DS 1916 forms were properly completed and supported.

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

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

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

- B. For all consumers who have moved from a developmental center to the community since April 14, 1993, and have lived continuously in the community for at least 12 months, the required average ratio shall be 1:62. The required average ratio shall be 1:45 for consumers who have moved within the first year.

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

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

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

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

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

**VI. Family Cost Participation Program**

The Family Cost Participation Program (FCPP) was created for the purpose of assessing consumer costs to parents based on income level and dependents. The family cost participation assessments are only applied to respite, day care, and camping services that are included in the child's Individual Program Plan (IPP). To determine whether SCLARC 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 FCPP.
- Reviewed the parents' income documentation to verify their level of participation based on the Family Cost Participation Schedule.
- Reviewed copies of the notification letters to verify that the parents were notified of their assessed cost participation within 10 working days.

- Reviewed vendor payments to verify that SCLARC is paying for only its assessed share of cost.

## **VII. Procurement**

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

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

- Reviewed the SCLARC 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 communicated to all vendors. All submitted proposals are evaluated by a team of individuals, to determine whether proposals are properly documented, recorded and authorized by appropriate officials at SCLARC. The process was reviewed to ensure that the vendor selection process is transparent, impartial, and avoids the appearance of favoritism. Additionally, DDS verified that supporting documentation is retained for the selection process and in instances where a vendor with a higher bid is selected there will be written documentation retained as justification for such a selection.

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

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

- Reviewed SCLARC 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 SCLARC board approved POS, Start-Up and Operational vendor contracts over \$250,000 to ensure the inclusion of a provision for fair and equitable recoupment of funds for vendors that cease to provide services to consumers. Verified that the funds provided were specifically used to establish new or additional services to consumers and that the usage of funds are of direct benefit to consumers, and that contracts are supported with sufficiently detailed and measurable performance expectations and results.

The process above was conducted in order to assess SCLARC's current RFP process as well as to determine whether the process in place satisfies the W&I Code and SCLARC's State Contract requirements as amended.

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

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

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

- Reviewed sample vendor files to determine whether SCLARC is using appropriately vendorized service providers and correct service codes that SCLARC is paying authorized contract rates and complying with the median rate requirements for the W&I Code, section 4691.9.
- Reviewed vendor contracts to verify that SCLARC is reimbursing vendors using authorized contract median rates, 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 are granted by DDS.

### **IX. Other Sources of Funding from DDS**

Regional centers may receive other sources of funding from DDS. DDS performed sample tests on identified sources of funds from DDS to ensure SCLARC's accounting staff were inputting data properly, and that transactions were properly recorded and claimed. In addition, tests were performed to determine if the expenditures were

reasonable and supported by documentation. The sources of funding from DDS identified in this audit are:

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

**X. Follow-Up Review on Prior DDS 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 SCLARC and reviewed supporting documentation to determine the degree and completeness of SCLARC's implementation of corrective actions.

**XI. Follow-Up Review on the Office of Inspector General Audit (OIG) Findings**

This audit included a follow-up review of issues identified in the OIG audit report, dated August 26, 2010. The objective of the follow-up review was to determine whether SCLARC has instituted a corrective action plan to resolve findings noted in the OIG report and determine if any repayment is appropriate. The follow-up review found that SCLARC has taken corrective action to resolve all but one issue identified in the OIG report.



## CONCLUSIONS

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

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

From the review of the prior DDS audit report and the OIG audit report issued August 26, 2010, it has been determined that SCLARC has not taken appropriate corrective actions to resolve all prior issues identified in the above mentioned reports. SCLARC reported in its prior responses the corrective action it is taking to remediate the various audit findings; however, it was found during the DDS audit that many of the findings have not been resolved as indicated in the responses submitted to DDS. The repeat nature of the findings and the lack of corrective action taken to resolve the findings are of concern to DDS. SCLARC must provide DDS with documentation within 60 days of the issuance of the final audit report indicating that these issues have been resolved.

## **VIEWS OF RESPONSIBLE OFFICIALS**

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We issued a draft report on October 17, 2011. The findings in the report were discussed at an exit conference with SCLARC on October 27, 2011. 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, Centers for Medicare and Medicaid Services, and South Central Los Angeles Regional Center. This restriction does not limit distribution of this report, which is a matter of public record.

## **FINDINGS AND RECOMMENDATIONS**

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

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

#### **Finding 1: Incorrect Rate Paid to Vendor**

The follow-up review of the OIG finding regarding an incorrect rate paid to a vendor revealed that the Los Angeles Speech and Education Center, vendor number HX0251, service code 805, was reimbursed for services at an incorrect rate. SCLARC reimbursed the Infant Development-Center Based 1:2 ratio program, service code 805, using a rate for an Infant Development-Home Based 1:1 ratio program, from October 2005 through June 2010. Per SCLARC, the overpayments occurred because the individual responsible for inputting rates into the UFS did not recognize that they had applied the same rate to both programs. Due to this oversight, SCLARC reimbursed the Center Based program at the Home Based rate of \$76.01 per hour rather than the correct program rate of \$57.45 per hour. This resulted in an overpayment of \$1,472,338.01. (See Attachment A.)

CCR, title 17, section 54326(a)(12) states in pertinent part that:

(a) “All vendors shall:

(12) Agree to accept the rate established, revised or adjusted by the Department as payment in full for all authorized services provided to consumers...”

#### **Recommendation:**

SCLARC shall recover the improper overpayments from the vendor and reimburse to DDS the overpayment amount of \$1,472,338.01. In addition, SCLARC should implement additional safeguards when inputting vendor rates into the UFS to ensure that all rates paid to vendors are correct and accurate.

#### **Finding 2: Over/Under-Stated Claims**

A sample review of the invoices for the Transportation, Day Program, Residential, and Operational Indicator reports revealed 319 instances in which SCLARC over or understated claims to the State for services provided to consumers.

One transportation vendor, Lynwood Developmental Care Inc., vendor number H73544, service code 880, had 67 instances in which it was paid a monthly rate of \$456.06 rather than the contracted rate of \$17.00 per hour resulting in a total

overpayment of \$101,793.88. Also, SCLARC had 81 instances in which it continued to reimburse a Day Program vendor, Crossroads to Success, vendor number HL0014, service code 520, at a temporary rate of \$30.70 per hour when the approved DDS permanent rate is \$25.12 per hour. This resulted in a total overpayment of \$54,241.89. The total overstated claims due to the incorrect rates for the two vendors was \$156,035.77. (See Attachments B1 and B2.)

For Residential and the Operational Indicator reports, 171 instances were found in which SCLARC over or under claimed expenses to the State. The total overpayment amounted to \$27,329.18 and the underpayment amounted to \$11,821.12. SCLARC has since corrected the 171 instances of over or under claimed expenses and provided documentation to support that these over or underpayments have been resolved either through credit memos and payments to vendors.

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

“(a) All vendors shall...

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

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

“Regional centers shall pay vendors for service providers monthly at the rate established by the Department pursuant to Section 56902(b) and (c).”

**Recommendation:**

SCLARC shall reimburse to DDS a total of \$156,035.77 that was overpaid to the two vendors. In addition, SCLARC shall review vendor payment invoices and rate letters to ensure any payment errors that may have occurred in the course of doing business with its vendors are identified and corrected in a timely manner.

**Finding 3: Rate Increase Issued After the Rate Freeze**

A review of 48 sampled negotiated contract vendor files from various service codes revealed that SCLARC issued a rate increase to Cambridge Home Care, vendor number HH0030, service code 860, after the June 30, 2008 rate freeze was in effect. This resulted in a total overpayment of \$20,652.08.

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..."

SCLARC has taken corrective steps to comply with with W&I Code, section 4648.4(b) by providing DDS with a rate letter from Harbor Regional Center with its response to the draft report indicating that the rate used to reimburse Cambrian Home Care was set in 2006 before the rate freeze was in-effect. This vendor was from the HRC's catchment, and was used by SCLARC to provide services for its two of its consumers. Therefore, DDS agrees that this issue has been resolved.

**Recommendation:**

SCLARC must ensure that negotiated compensation rate set by other regional centers is properly documented, on file, justifiable and in compliance with W&I Code, section 4648.4(b).

**Finding 4: Negotiated Rate Above the Statewide Median Rate**

A sampled review of 48 vendor contracts finalized after June 30, 2008 revealed that one vendor, [REDACTED] vendor number PX0434, service code 605, was contracted above the Statewide Median Rate requirement implemented on July 1, 2008. It was found that SCLARC reimbursed the vendor at a rate of \$32.59 per hour while the median rate was \$29.00 per hour. SCLARC had entered into a contract with the vendor in January 2010, which was after the median rate requirement was in effect, and did not set the rate within the median rate requirement. This resulted in a total overpayment of \$3,931.67. (See Attachment C.)

W&I Code, section 4691.9(a) and (b) states, in relevant part:  
"Notwithstanding any other provision of the law or regulation, commencing July 1, 2008:

- (a) No regional center shall pay an existing service provider, for services where rates are determined through a negotiation between the regional center and the provider, a rate higher than the rate in effect on June 30, 2008, unless the increase is required by a contract between the regional center and the vendor that is in effect on June 30, 2008...
- (b) No regional center may negotiate a rate with a new service provider, for services where rates are determined through a negotiation between the regional center and the provider, that is higher than the regional center's median rate for the same service code and unit of service, or the statewide median rate for the same service code and unit of service, whichever is lower..."

**Recommendation:**

SCLARC shall recover and reimburse DDS the \$3,931.67 in total overpayments made to the vendor. SCLARC shall also immediately renegotiate the rate for consistency with the Statewide/SCLARC median rate and provide DDS with written confirmation of the rate change. In addition, SCLARC must comply with W&I Code, section 4691.9 and ensure that any rates negotiated after June 30, 2008 are equal to or below the Statewide/SCLARC Median Rates.

**Finding 5: Targeted Case Management Time Study – Recording of Attendance (Repeat)**

The review of SCLARC's Targeted Case Management (TCM) Time Study for the month of May 2009 revealed that two of the 15 sampled employees' timesheets did not reconcile with the TCM Time Study forms (DS 1916). The difference between the employees' timesheets and the TCM Time Study forms was a total of eight hours. This issue was reported in the prior DDS audit report. In SCLARC's prior response, it stated that it would provide staff training to ensure that future TCM Time Study forms match employee timesheets. However, in the current review, DDS noted that SCLARC has not implemented appropriate policies and procedures, nor has it trained its staff to these procedures to ensure that this issue will not occur in the future.

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

**Recommendation:**

SCLARC must implement policies and procedures and provide training to its staff in order to ensure that all employee timesheets are in agreement with the TCM Time Study forms (DS 1916). SCLARC shall provide these procedures to DDS within 60 days of receiving the draft report to indicate that this issue has been resolved.

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

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

prior DDS audit. In its prior response, SCLARC agreed with the finding and stated that it was developing new billing procedures to ensure that consumer expenses are identified by individual consumer name. SCLARC stated that the new procedures would be fully implemented by October 1, 2010; however, it was found that the procedures had not been implemented. (See Attachment D.)

CCR, title 17, section 54326(a)(3) states:

“(a) All vendors shall:

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

**Recommendation:**

SCLARC must consider this issue seriously and take immediate action to reclassify the POS expenses to ensure that services are identified by individual consumers. This will ensure that all POS payments are accurately accounted for and that invoices are correctly billed to the Medicaid Waiver. SCLARC must adhere to the corrective actions it provided in its response to the previous DDS audit by implementing new billing procedures to ensure that consumer expenses are identified by individual consumer name. Within 60 days of receiving this draft report, SCLARC shall take immediate action to resolve this finding and provide DDS with supporting documentation indicating that this issue has been resolved.

**Finding 7: Family Cost Participation Program (FCPP)**

**A. Late Notification Letters (Repeat)**

The sample review of the 20 FCPP files revealed that 17 notification letters sent to inform parents of their assessed cost of participation were not sent within 10 working days of receipt of the income documentation. The staff person responsible for FCPP was not following the policies and procedures in place. This finding was noted in the last three prior DDS audits. In its prior response, SCLARC stated that it is in the process of re-assessing its current FCPP procedures and will develop a better tracking system to complement the current SANDIS program. These procedures have not been implemented nor has the staff responsible for FCPP taken action to follow DDS’ recommendation. (See Attachment E.)

W&I Code, section 4783(g)(3) states:

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



- (3) A regional center shall notify parents of the parents' assessed cost participation within 10 working days of receipt of the parents' complete income documentation."

**Recommendation:**

SCLARC shall ensure that the staff responsible for FCPP is aware of the policies and procedures in place. In particular, the staff must be aware that notification letters detailing the parents' assessed share of cost are to be sent within 10 working days as required by W&I Code, section 4783(g)(3). Within 60 days of receiving this draft report, SCLARC must immediately take action to resolve this finding and provide DDS with supporting documentation indicating that this issue has been resolved.

**B. Missing Individual Program Plan (IPP)**

The sample review of 20 FCPP files revealed four instances in which consumers did not have an IPP on file as verification that the consumers are eligible to be funded for services provided. (See Attachment F.)

CCR, title 17, section 50261(b) states:

"The Individual Program Plan signature page shall include a statement indicating that the regional center shall fund respite, day care, and camping services consistent with the Family Cost Participation Program, if applicable."

**Recommendation:**

SCLARC shall comply with CCR, title 17, section 50261(b) which requires that a signed copy of each consumer's IPP is on file as verification of the consumer's eligibility for services provided. This will ensure that the authorized services can be traced to the initial IPP and that billed services have been approved by SCLARC.

**Finding 8: In-Kind Services (Repeat)**

The review of the Friends of SCLARC (FOS) account revealed that six SCLARC employees provide accounting, administrative and program services for the FOS. In return for the services provided by these employees, FOS provided funding to consumers for services that are not provided by SCLARC. Although SCLARC has taken corrective action and put agreements in place to document which "In-Kind" services are received as payment for services provided to the FOS, the agreements did not specify whether the amount paid is equivalent to the time SCLARC employees spent working for FOS. This issue was reported in the last two prior DDS audits.

In its prior responses, SCLARC stated that it was in the process of revising the "In-Kind" services agreements for each staff member that has involvement with

FOS. This was to ensure that each agreement specifies the percentage of time each SCLARC employee spends providing services for FOS is equal to the salary of the SCLARC employee providing the services. However, during the current audit, SCLARC was unable to provide DDS with the revised agreements for the six SCLARC employees. The repeat nature of this finding is quite concerning to DDS. Therefore, within 60 days of receiving the draft report, SCLARC must provide DDS with the revised “In-Kind” services agreements detailing the percentage of time each employee provides in services to FOS for the six SCLARC employees.

State Contract, article III, section 13(b) states:

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

**Recommendation:**

SCLARC must adhere to DDS’ prior recommendation by ensuring the written agreement with FOS stipulates that percentages of time SCLARC employees spend working for FOS are equal to the salaries of each SCLARC employee providing services to FOS. The written agreement shall also specifically identify the “In-Kind” services that FOS will provide to SCLARC as “In-Kind” reimbursement along with documentation requirements which demonstrate that the “In-Kind” reimbursement from the FOS is equivalent to the cost of the services provided by SCLARC. In the event that the services provided by FOS to SCLARC are not equal to the salary percentage of each SCLARC employee spent providing services to FOS, SCLARC shall request reimbursement from FOS for the difference. This will ensure the services provided by SCLARC employees are equivalent to the services provided by FOS, as stated in the written agreement. In addition, SCLARC must ensure that its written agreement and the equivalent breakdown of services provided to the consumers are reviewed and approved by DDS as per the June 9, 2009, letter from DDS to SCLARC. SCLARC must provide these revised agreements to DDS within 60 days of receipt of this draft report.

**II. Finding that has been addressed and corrected by SCLARC.**

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

The sample review of 37 vendor files revealed that Home and Community-Based Services Provider Agreement forms for nine of the vendors were not properly

completed by SCLARC. The forms were either missing the service code, vendor number, or had multiple service codes.

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

“(a) 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)...”

SCLARC 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 forms.

**Recommendation:**

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

## EVALUATION OF RESPONSE

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As part of the audit report process, SCLARC has been provided with a draft report and was requested to provide a response to each finding. SCLARC's response dated December 2, 2011, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendation section as well as a summary of the findings in the Executive Summary section.

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

### **Finding 1: Incorrect Rate Paid to Vendor**

SCLARC concurs with the overpayments totaling \$1,472,338.01 resulting from incorrect rate reimbursed for services provided to Los Angeles Speech and Education Center (LASEC), vendor number HX0251, service code 805. SCLARC stated that it had issued a collection letter to the vendor dated January 18, 2011 in order to recover the overpaid funds, until DDS advised it to delay collection. DDS acknowledges that it advised SCLARC to delay collection of the overpayments from LASEC until DDS completed its vendor audit and a final report is issued. Once the report is issued to the vendor, SCLARC should follow-up on DDS' recommendation and ensure that corrective action has been taken to resolve this issue. DDS will conduct a follow-up during the next scheduled audit to ensure SCLARC has followed up on DDS's recommendation to the vendor to resolve this issue.

SCLARC also stated it has instituted procedures as an additional safeguard to ensure that any rate errors are discovered immediately. DDS will conduct a follow-up review during the next scheduled audit to ensure implemented procedures are followed and that vendor rates paid are correct.

### **Finding 2: Over/Under-Stated Claims**

SCLARC concurs with the overpayments totaling \$156,035.77 to vendors H73544, and HL0014, and states it will reimburse DDS the overstated amount. SCLARC further states that it implemented procedures to ensure vendor invoices and rate letters are reviewed on an ongoing basis in order to avoid any over stated claims. However, SCLARC did not provide supporting documentation of the implemented procedures. Therefore, within 60 days of receipt of this report, SCLARC must provide DDS with the implemented procedures, a corrective action plan taken to resolve this issue and proof that overpayments totaling \$156,035.77 have been reimbursed to DDS.

**Finding 3: Rate Increase Issued After the Rate Freeze**

SCLARC disputes the finding that it issued a rate increase to vendor Cambrian Home Care, vendor HH0030, after the June 30, 2008 rate freeze which resulted in an overpayment totaling \$20,652.08. SCLARC states that the rate it is using for this vendor was set by Harbor Regional Center and was in effect as of July 1, 2006. SCLARC provided a rate letter between Harbor Regional Center and the vendor which indicated that the rate was set before the rate freeze was in effect.

DDS agrees with SCLARC and has amended the report as an indication that this issue has been resolved.

**Finding 4: Negotiated Rate Above the Statewide Median Rate**

SCLARC concurs that it issued [REDACTED] vendor PX0434 a negotiated rate above the statewide median rate. SCLARC agrees to reimburse DDS the amount of \$3,931.67 in total overpayments to the vendor. In addition, SCLARC stated the rate for vendor [REDACTED] has been renegotiated to comply with the statewide median rate. Therefore, within 60 days of receipt of this report, SCLARC must provide DDS with documentation to showing that it has recovered the overpayment totaling \$3,931.67, that the new negotiated rate has been adjusted and is in compliance with the statewide median rate.

**Finding 5: Targeted Case Management Time Study – Recording of Attendance (Repeat)**

SCLARC concurs with the finding which states employee timesheets did not match to the DS1916 forms. SCLARC states that it is providing staff training to ensure future TCM Rate study forms match employee timesheets as it did in its prior response. However, since this is a repeat issue SCLARC must make certain that employees are trained. Further, within 60 days of receipt of this report SCLARC must provide to DDS the implemented procedures, schedule of training given to its employees indicating steps taken to ensure future employees' timesheets are in agreement with TCM study forms (DS1916).

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

SCLARC concurs with the finding that eight POS consultants' payments were not tied to individual consumers so that services could be claimed to the HCBS Waiver. SCLARC continues to express the point it stated in its prior response that it is developing new billing procedures to ensure consumer expenses are identified per individual consumer. This issue has been on-going for two prior fiscal audits with no action taken by SCLARC to resolve this issue. SCLARC must take this issue seriously and ensure vendor payments are tied to consumer UCI. Within 60 days of receipt of this report, SCLARC must provide DDS with

newly implemented procedures documenting that all POS payments are accurately accounted for and that invoices are correctly billed to the Medicaid Waiver.

**Finding 7: Family Cost Participation Program (FCPP)**

**A. Late Notification Letters (Repeat)**

Since 2005 SCLARC concurred with the issue that notification letters detailing share of cost are not sent to consumers' parents within 10 working days from receipt of income documentation. SCLARC stated in its prior responses that it will follow procedures and train employees responsible for FCPP in order to resolve this issue. However, no action has been taken by SCLARC since 2005 to resolve this issue. Within 60 days of receipt of this report, SCLARC must provide DDS with the implemented procedures, a corrective action plan taken to resolve.. SCLARC must take this issue seriously and provide DDS with proof that it has trained employees responsible for the FCCP program and staff responsible for FCPP are following the implemented procedures, and are ensuring that notification letters detailing the assessed share of cost are currently sent to the parents within 10 working days as required by the W&I code Section 4783(g)(3).

**B. Missing Individual Program Plan (IPP)**

SCLARC agrees that a signed copy of the IPP must be on file as verification of the consumer's eligibility for services. In addition, SCLARC provided an explanation for the missing IPP's for each of the consumers, but did not provide supporting documentation to verify services provided were requested in the consumers IPP. Within 60 days of receipt of this report, SCLARC must provide DDS with IPPs for the consumers identified in this report. Failure of the services coordinators to meet deadlines should not be an excuse for not having the consumer's IPP on file. Service coordinators must ensure that there is an IPP on file even if the deadline has passed.

**Finding 8: In-Kind Services (Repeat)**

Although SCLARC has submitted agreements documenting what types of "In-Kind" services are received as payment for SCLARC services provided to FOS, and specified the percentage of time spent, it still did not specify the equivalency of the "In-Kind" services provided by FOS to SCLARC. Further, SCLARC failed to assure DDS that it will make certain that it requests reimbursement from FOS for the difference, in the event services provided by FOS to SCLARC do not equal the percentage of salaries of each SCLARC employee spent providing services to FOS. Therefore, this issue remains unchanged and within 60 days of receipt of this report, SCLARC must provide DDS with amended agreements assuring DDS that the equivalent breakdown of services provided to the consumers equal the percentage of time spent by SCLARC providing services for

FOS. The agreements must be reviewed and approved by DDS as stated in the June 9, 2009 letter from the DDS to SCLARC.

**South Central Los Angeles Regional Center**  
**Incorrect Rate Paid to Vendor**  
**Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

|  | <b>Vendor Number</b> | <b>Vendor Name</b>                      | <b>Service Code</b> | <b>Payment Period</b> | <b>Overpayments</b> |
|--|----------------------|---|---------------------|-----------------------|---------------------|
| <b>Fiscal Year 2005-06</b>                       |                      |   |                     |                       |                     |
| 1  | HX0251               | Los Angeles Speech and Education Center | 805                 | Oct-05                | \$668.16            |
| 2  | HX0251               | Los Angeles Speech and Education Center | 805                 | Nov-05                | \$4,343.04          |
| 3  | HX0251               | Los Angeles Speech and Education Center | 805                 | Dec-05                | \$6,236.16          |
| 4  | HX0251               | Los Angeles Speech and Education Center | 805                 | Jan-06                | \$8,240.64          |
| 5  | HX0251               | Los Angeles Speech and Education Center | 805                 | Feb-06                | \$10,746.24         |
| 6  | HX0251               | Los Angeles Speech and Education Center | 805                 | Mar-06                | \$15,423.36         |
| 7  | HX0251               | Los Angeles Speech and Education Center | 805                 | Apr-06                | \$15,924.48         |
| 8  | HX0251               | Los Angeles Speech and Education Center | 805                 | May-06                | \$17,761.92         |
| 9  | HX0251               | Los Angeles Speech and Education Center | 805                 | Jun-06                | \$24,146.56         |
| <b>Total Overpayment for Fiscal Year 2005-06</b> |                      |   |                     |                       | <b>\$103,490.56</b> |
| <b>Fiscal Year 2006-07</b>                       |                      |   |                     |                       |                     |
| 10   | HX0251               | Los Angeles Speech and Education Center | 805                 | Jul-06                | \$22,026.24         |
| 11   | HX0251               | Los Angeles Speech and Education Center | 805                 | Aug-06                | \$26,863.60         |
| 12   | HX0251               | Los Angeles Speech and Education Center | 805                 | Sep-06                | \$22,427.76         |
| 13   | HX0251               | Los Angeles Speech and Education Center | 805                 | Oct-06                | \$24,588.32         |
| 14   | HX0251               | Los Angeles Speech and Education Center | 805                 | Nov-06                | \$22,140.96         |
| 15   | HX0251               | Los Angeles Speech and Education Center | 805                 | Nov-06                | \$18,240.48         |
| 16   | HX0251               | Los Angeles Speech and Education Center | 805                 | Jan-07                | \$21,223.20         |
| 17   | HX0251               | Los Angeles Speech and Education Center | 805                 | Feb-07                | \$24,722.16         |
| 18   | HX0251               | Los Angeles Speech and Education Center | 805                 | Mar-07                | \$31,337.68         |
| 19   | HX0251               | Los Angeles Speech and Education Center | 805                 | Apr-07                | \$30,114.00         |
| 20   | HX0251               | Los Angeles Speech and Education Center | 805                 | May-07                | \$34,301.28         |
| 21   | HX0251               | Los Angeles Speech and Education Center | 805                 | Jun-07                | \$37,570.80         |
| <b>Total Overpayment for Fiscal Year 2006-07</b> |                      |   |                     |                       | <b>\$315,556.48</b> |
| <b>Fiscal Year 2007-08</b>                       |                      |   |                     |                       |                     |
| 22   | HX0251               | Los Angeles Speech and Education Center | 805                 | Jul-07                | \$29,578.64         |
| 23   | HX0251               | Los Angeles Speech and Education Center | 805                 | Aug-07                | \$32,064.24         |
| 24   | HX0251               | Los Angeles Speech and Education Center | 805                 | Sep-07                | \$22,121.84         |
| 25   | HX0251               | Los Angeles Speech and Education Center | 805                 | Oct-07                | \$32,140.72         |
| 26   | HX0251               | Los Angeles Speech and Education Center | 805                 | Nov-07                | \$32,886.40         |
| 27   | HX0251               | Los Angeles Speech and Education Center | 805                 | Dec-07                | \$30,290.86         |
| 28   | HX0251               | Los Angeles Speech and Education Center | 805                 | Jan-08                | \$33,350.06         |
| 29   | HX0251               | Los Angeles Speech and Education Center | 805                 | Feb-08                | \$29,158.00         |
| 30   | HX0251               | Los Angeles Speech and Education Center | 805                 | Mar-08                | \$33,804.16         |
| 31   | HX0251               | Los Angeles Speech and Education Center | 805                 | Apr-08                | \$36,729.52         |
| 32   | HX0251               | Los Angeles Speech and Education Center | 805                 | May-08                | \$32,580.48         |
| 33   | HX0251               | Los Angeles Speech and Education Center | 805                 | Jun-08                | \$32,580.48         |
| <b>Total Overpayment for Fiscal Year 2007-08</b> |                      |   |                     |                       | <b>\$377,285.40</b> |



**South Central Los Angeles Regional Center**  
**Incorrect Rate Paid to Vendor**  
**Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

|   | <b>Vendor Number</b> | <b>Vendor Name</b>                      | <b>Service Code</b> | <b>Payment Period</b> | <b>Overpayments</b>   |
|---|----------------------|---|---------------------|-----------------------|-----------------------|
| <b>Fiscal Year 2008-09</b>  |                      |   |                     |                       |                       |
| 34  | HX0251               | Los Angeles Speech and Education Center | 805                 | Jul-08                | \$32,523.12           |
| 35  | HX0251               | Los Angeles Speech and Education Center | 805                 | Aug-08                | \$31,949.52           |
| 36  | HX0251               | Los Angeles Speech and Education Center | 805                 | Sep-08                | \$35,161.68           |
| 37  | HX0251               | Los Angeles Speech and Education Center | 805                 | Oct-08                | \$34,416.00           |
| 38  | HX0251               | Los Angeles Speech and Education Center | 805                 | Nov-08                | \$27,131.28           |
| 39  | HX0251               | Los Angeles Speech and Education Center | 805                 | Dec-08                | \$29,310.96           |
| 40  | HX0251               | Los Angeles Speech and Education Center | 805                 | Jan-09                | \$27,532.80           |
| 41  | HX0251               | Los Angeles Speech and Education Center | 805                 | Feb-09                | \$26,753.22           |
| 42  | HX0251               | Los Angeles Speech and Education Center | 805                 | Mar-09                | \$29,367.36           |
| 43  | HX0251               | Los Angeles Speech and Education Center | 805                 | Apr-09                | \$30,813.48           |
| 44  | HX0251               | Los Angeles Speech and Education Center | 805                 | May-09                | \$29,701.08           |
| 45  | HX0251               | Los Angeles Speech and Education Center | 805                 | Jun-09                | \$35,263.08           |
| <b>Total Overpayment for Fiscal Year 2008-09</b>                        |                      |   |                     |                       | <b>\$369,923.58</b>   |
| <b>Fiscal Year 2009-10</b>  |                      |   |                     |                       |                       |
| 46  | HX0251               | Los Angeles Speech and Education Center | 805                 | Jul-09                | \$35,763.66           |
| 47  | HX0251               | Los Angeles Speech and Education Center | 805                 | Aug-09                | \$30,312.90           |
| 48  | HX0251               | Los Angeles Speech and Education Center | 805                 | Sep-09                | \$32,203.98           |
| 49  | HX0251               | Los Angeles Speech and Education Center | 805                 | Oct-09                | \$30,924.72           |
| 50  | HX0251               | Los Angeles Speech and Education Center | 805                 | Nov-09                | \$26,753.22           |
| 51  | HX0251               | Los Angeles Speech and Education Center | 805                 | Dec-09                | \$27,476.28           |
| 52  | HX0251               | Los Angeles Speech and Education Center | 805                 | Jan-10                | \$23,137.92           |
| 53  | HX0251               | Los Angeles Speech and Education Center | 805                 | Feb-10                | \$24,806.52           |
| 54  | HX0251               | Los Angeles Speech and Education Center | 805                 | Mar-10                | \$28,143.72           |
| 55  | HX0251               | Los Angeles Speech and Education Center | 805                 | Apr-10                | \$23,694.12           |
| 56  | HX0251               | Los Angeles Speech and Education Center | 805                 | May-10                | \$22,804.20           |
| 57  | HX0251               | Los Angeles Speech and Education Center | 805                 | Jun-10                | \$60.75               |
| <b>Total Overpayment for Fiscal Year 2009-10</b>                        |                      |   |                     |                       | <b>\$306,081.99</b>   |
| <b>Grand Total Overpayment for Fiscal Years 2005-06 through 2009-10</b> |                      |   |                     |                       | <b>\$1,472,338.01</b> |

**South Central Los Angeles Regional Center  
Over-Stated Claims  
Monthly Rate Higher than the Hourly Rate  
Fiscal Years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

|  | <b>Vendor Number</b> | <b>Vendor Name</b>                                       | <b>Payment Period</b> | <b>Service Code</b> | <b>Overpayments</b> |
|--|----------------------|--|-----------------------|---------------------|---------------------|
| <b>Fiscal Year 2004-05</b>                       |                      |  |                       |                     |                     |
| 1  | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jul-04                | 880                 | \$1,541.57          |
| 2  | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Aug-04                | 880                 | \$1,552.50          |
| 3  | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Sep-04                | 880                 | \$1,552.50          |
| 4  | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Oct-04                | 880                 | \$1,505.97          |
| 5  | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Nov-04                | 880                 | \$1,509.41          |
| 6  | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Dec-04                | 880                 | \$1,552.50          |
| 7  | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jan-05                | 880                 | \$1,388.66          |
| 8  | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Feb-05                | 880                 | \$1,503.66          |
| 9  | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Mar-05                | 880                 | \$1,508.09          |
| 10   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Apr-05                | 880                 | \$1,514.17          |
| 11   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | May-05                | 880                 | \$1,495.00          |
| 12   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jun-05                | 880                 | \$1,458.41          |
| <b>Total Overpayment for Fiscal Year 2004-05</b> |                      |  |                       |                     | <b>\$18,082.43</b>  |
| <b>Fiscal Year 2005-06</b>                       |                      |  |                       |                     |                     |
| 13   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jul-05                | 880                 | \$1,581.25          |
| 14   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Aug-05                | 880                 | \$1,504.25          |
| 15   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Sep-05                | 880                 | \$1,415.72          |
| 16   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Oct-05                | 880                 | \$1,331.34          |
| 17   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Nov-05                | 880                 | \$1,468.09          |
| 18   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Dec-05                | 880                 | \$1,457.78          |
| 19   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jan-06                | 880                 | \$1,442.11          |
| 20   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Feb-06                | 880                 | \$1,435.78          |
| 21   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Mar-06                | 880                 | \$1,405.25          |
| 22   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Apr-06                | 880                 | \$1,325.10          |
| 23   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | May-06                | 880                 | \$1,391.50          |

**South Central Los Angeles Regional Center  
Over-Stated Claims  
Monthly Rate Higher than the Hourly Rate  
Fiscal Years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

|  | <b>Vendor Number</b> | <b>Vendor Name</b>                                       | <b>Payment Period</b> | <b>Service Code</b> | <b>Overpayments</b> |
|--|----------------------|--|-----------------------|---------------------|---------------------|
| 24   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jun-06                | 880                 | \$1,391.50          |
| <b>Total Overpayment for Fiscal Year 2005-06</b> |                      |  |                       |                     | <b>\$17,149.68</b>  |
| <b>Fiscal Year 2006-07</b>                       |                      |  |                       |                     |                     |
| 25   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jul-06                | 880                 | \$1,431.79          |
| 26   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Aug-06                | 880                 | \$1,496.87          |
| 27   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Sep-06                | 880                 | \$1,561.95          |
| 28   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Oct-06                | 880                 | \$1,535.33          |
| 29   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Nov-06                | 880                 | \$1,517.46          |
| 30   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Dec-06                | 880                 | \$1,544.84          |
| 31   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jan-07                | 880                 | \$1,561.95          |
| 32   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Feb-07                | 880                 | \$1,627.04          |
| 33   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Mar-07                | 880                 | \$1,600.41          |
| 34   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Apr-07                | 880                 | \$1,475.19          |
| 35   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | May-07                | 880                 | \$1,588.58          |
| 36   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jun-07                | 880                 | \$1,627.04          |
| <b>Total Overpayment for Fiscal Year 2006-07</b> |                      |  |                       |                     | <b>\$18,568.46</b>  |
| <b>Fiscal Year 2007-08</b>                       |                      |  |                       |                     |                     |
| 37   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jul-07                | 880                 | \$1,627.04          |
| 38   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Aug-07                | 880                 | \$1,627.04          |
| 39   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Sep-07                | 880                 | \$1,627.04          |
| 40   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Oct-07                | 880                 | \$1,598.74          |
| 41   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Nov-07                | 880                 | \$1,589.37          |
| 42   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Dec-07                | 880                 | \$1,464.36          |
| 43   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jan-08                | 880                 | \$1,487.59          |
| 44   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Feb-08                | 880                 | \$1,503.41          |

**South Central Los Angeles Regional Center  
Over-Stated Claims  
Monthly Rate Higher than the Hourly Rate  
Fiscal Years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

|  | <b>Vendor Number</b> | <b>Vendor Name</b>                                       | <b>Payment Period</b> | <b>Service Code</b> | <b>Overpayments</b> |
|--|----------------------|--|-----------------------|---------------------|---------------------|
| 45   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Mar-08                | 880                 | \$1,561.95          |
| 46   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Apr-08                | 880                 | \$1,561.95          |
| 47   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Mar-08                | 880                 | \$1,509.28          |
| 48   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jun-08                | 880                 | \$1,596.05          |
| <b>Total Overpayment for Fiscal Year 2007-08</b> |                      |  |                       |                     | <b>\$18,753.82</b>  |
| <b>Fiscal Year 2008-09</b>                       |                      |  |                       |                     |                     |
| 49   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jul-08                | 880                 | \$1,603.37          |
| 50   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Aug-08                | 880                 | \$1,627.04          |
| 51   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Sep-08                | 880                 | \$1,571.23          |
| 52   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Oct-08                | 880                 | \$1,627.04          |
| 53   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Nov-08                | 880                 | \$1,600.23          |
| 54   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Dec-08                | 880                 | \$1,568.13          |
| 55   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jan-09                | 880                 | \$1,627.04          |
| 56   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Feb-09                | 880                 | \$1,519.31          |
| 57   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Mar-09                | 880                 | \$1,484.02          |
| 58   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Apr-09                | 880                 | \$1,458.23          |
| 59   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | May-09                | 880                 | \$1,339.27          |
| 60   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jun-09                | 880                 | \$1,512.69          |
| <b>Total Overpayment for Fiscal Year 2008-09</b> |                      |  |                       |                     | <b>\$18,537.59</b>  |
| <b>Fiscal Year 2009-10</b>                       |                      |  |                       |                     |                     |
| 61   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jul-09                | 880                 | \$1,472.57          |
| 62   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Aug-09                | 880                 | \$1,572.70          |
| 63   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Sep-09                | 880                 | \$1,584.70          |
| 64   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Oct-09                | 880                 | \$1,615.81          |
| 65   | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Nov-09                | 880                 | \$1,638.74          |

**South Central Los Angeles Regional Center  
Over-Stated Claims  
Monthly Rate Higher than the Hourly Rate  
Fiscal Years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

|   | <b>Vendor Number</b> | <b>Vendor Name</b>                                       | <b>Payment Period</b> | <b>Service Code</b> | <b>Overpayments</b> |
|---|----------------------|--|-----------------------|---------------------|---------------------|
| 66  | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Dec-09                | 880                 | \$1,638.74          |
| 67  | H73544               | LDCI - Lynwood Developmental Care, Inc. - Transportation | Jun-10                | 880                 | \$1,178.63          |
| <b>Total Overpayment for Fiscal Year 2009-10</b>  |                      |  |                       |                     | <b>\$10,701.90</b>  |
| <b>Total Overpayment to Lynwood Developmental Care, Inc Transportation for Fiscal Years 2004-05 through 2009-10</b> |                      |  |                       |                     | <b>\$101,793.88</b> |

**South Central Los Angeles Regional Center**  
**Over-Stated Claims**  
**Use of Temporary Rate Rather Than Permanent Rate**  
**Fiscal Years 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

|  | Vendor Number | Vendor Name           | Payment Period | Service Code | Overpayments      |
|--|---------------|-----------------------|----------------|--------------|-------------------|
| <b>Fiscal Year 2003-04</b>                       |               |                       |                |              |                   |
| 1  | HL0014        | Crossroads to Success | Jul-03         | 520          | \$290.16          |
| 2  | HL0014        | Crossroads to Success | Aug-03         | 520          | \$245.52          |
| 3  | HL0014        | Crossroads to Success | Sep-03         | 520          | \$320.85          |
| 4  | HL0014        | Crossroads to Success | Oct-03         | 520          | \$479.88          |
| 5  | HL0014        | Crossroads to Success | Nov-03         | 520          | \$401.76          |
| 6  | HL0014        | Crossroads to Success | Dec-03         | 520          | \$507.78          |
| 7  | HL0014        | Crossroads to Success | Jan-04         | 520          | \$555.21          |
| 8  | HL0014        | Crossroads to Success | Feb-04         | 520          | \$560.79          |
| 9  | HL0014        | Crossroads to Success | Mar-04         | 520          | \$525.92          |
| 10   | HL0014        | Crossroads to Success | Apr-04         | 520          | \$549.63          |
| 11   | HL0014        | Crossroads to Success | May-04         | 520          | \$541.26          |
| 12   | HL0014        | Crossroads to Success | Jun-04         | 520          | \$555.21          |
| <b>Total Overpayment for Fiscal Year 2003-04</b> |               |                       |                |              | <b>\$5,533.97</b> |
| <b>Fiscal Year 2004-05</b>                       |               |                       |                |              |                   |
| 13   | HL0014        | Crossroads to Success | Jul-04         | 520          | \$555.21          |
| 14   | HL0014        | Crossroads to Success | Aug-04         | 520          | \$532.89          |
| 15   | HL0014        | Crossroads to Success | Oct-04         | 520          | \$680.76          |
| 16   | HL0014        | Crossroads to Success | Oct-04         | 520          | \$454.77          |
| 17   | HL0014        | Crossroads to Success | Nov-04         | 520          | \$532.89          |
| 18   | HL0014        | Crossroads to Success | Dec-04         | 520          | \$518.94          |
| 19   | HL0014        | Crossroads to Success | Jan-05         | 520          | \$602.64          |
| 20   | HL0014        | Crossroads to Success | Feb-05         | 520          | \$574.74          |
| 21   | HL0014        | Crossroads to Success | Mar-05         | 520          | \$546.84          |
| 22   | HL0014        | Crossroads to Success | Apr-05         | 520          | \$552.42          |
| 23   | HL0014        | Crossroads to Success | May-05         | 520          | \$549.63          |
| 24   | HL0014        | Crossroads to Success | Jun-05         | 520          | \$552.42          |
| <b>Total Overpayment for Fiscal Year 2004-05</b> |               |                       |                |              | <b>\$6,654.15</b> |
| <b>Fiscal Year 2005-06</b>                       |               |                       |                |              |                   |
| 25   | HL0014        | Crossroads to Success | Jul-05         | 520          | \$750.51          |
| 26   | HL0014        | Crossroads to Success | Aug-05         | 520          | \$764.46          |
| 27   | HL0014        | Crossroads to Success | Sep-05         | 520          | \$733.77          |
| 28   | HL0014        | Crossroads to Success | Oct-05         | 520          | \$661.23          |
| 29   | HL0014        | Crossroads to Success | Nov-05         | 520          | \$672.39          |
| 30   | HL0014        | Crossroads to Success | Dec-05         | 520          | \$650.07          |
| 31   | HL0014        | Crossroads to Success | Jan-06         | 520          | \$703.08          |
| 32   | HL0014        | Crossroads to Success | Feb-06         | 520          | \$636.12          |
| 33   | HL0014        | Crossroads to Success | Mar-06         | 520          | \$703.08          |

**South Central Los Angeles Regional Center**  
**Over-Stated Claims**  
**Use of Temporary Rate Rather Than Permanent Rate**  
**Fiscal Years 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

|  | Vendor Number | Vendor Name           | Payment Period | Service Code | Overpayments      |
|--|---------------|-----------------------|----------------|--------------|-------------------|
| 34   | HL0014        | Crossroads to Success | Apr-06         | 520          | \$842.58          |
| 35   | HL0014        | Crossroads to Success | May-06         | 520          | \$888.62          |
| 36   | HL0014        | Crossroads to Success | Jun-06         | 520          | \$915.12          |
| <b>Total Overpayment for Fiscal Year 2005-06</b> |               |                       |                |              | <b>\$8,921.03</b> |
| <b>Fiscal Year 2006-07</b>                       |               |                       |                |              |                   |
| 37   | HL0014        | Crossroads to Success | Jul-06         | 520          | \$751.19          |
| 38   | HL0014        | Crossroads to Success | Aug-06         | 520          | \$636.77          |
| 39   | HL0014        | Crossroads to Success | Sep-06         | 520          | \$616.87          |
| 40   | HL0014        | Crossroads to Success | Oct-06         | 520          | \$661.64          |
| 41   | HL0014        | Crossroads to Success | Nov-06         | 520          | \$661.64          |
| 42   | HL0014        | Crossroads to Success | Jan-07         | 520          | \$562.15          |
| 43   | HL0014        | Crossroads to Success | Feb-07         | 520          | \$596.97          |
| 44   | HL0014        | Crossroads to Success | Mar-07         | 520          | \$656.67          |
| 45   | HL0014        | Crossroads to Success | Apr-07         | 520          | \$805.91          |
| 46   | HL0014        | Crossroads to Success | May-07         | 520          | \$803.42          |
| 47   | HL0014        | Crossroads to Success | Jun-07         | 520          | \$786.01          |
| <b>Total Overpayment for Fiscal Year 2006-07</b> |               |                       |                |              | <b>\$7,539.22</b> |
| <b>Fiscal Year 2007-08</b>                       |               |                       |                |              |                   |
| 48   | HL0014        | Crossroads to Success | Jul-07         | 520          | \$747.50          |
| 49   | HL0014        | Crossroads to Success | Aug-07         | 520          | \$741.75          |
| 50   | HL0014        | Crossroads to Success | Sep-07         | 520          | \$718.75          |
| 51   | HL0014        | Crossroads to Success | Oct-07         | 520          | \$638.25          |
| 52   | HL0014        | Crossroads to Success | Nov-07         | 520          | \$615.25          |
| 53   | HL0014        | Crossroads to Success | Dec-07         | 520          | \$563.50          |
| 54   | HL0014        | Crossroads to Success | Jan-08         | 520          | \$563.50          |
| 55   | HL0014        | Crossroads to Success | Feb-08         | 520          | \$563.50          |
| 56   | HL0014        | Crossroads to Success | Mar-08         | 520          | \$563.50          |
| 57   | HL0014        | Crossroads to Success | Apr-08         | 520          | \$540.50          |
| 58   | HL0014        | Crossroads to Success | May-08         | 520          | \$540.50          |
| 59   | HL0014        | Crossroads to Success | Jun-08         | 520          | \$540.50          |
| <b>Total Overpayment for Fiscal Year 2007-08</b> |               |                       |                |              | <b>\$7,337.00</b> |
| <b>Fiscal Year 2008-09</b>                       |               |                       |                |              |                   |
| 60   | HL0014        | Crossroads to Success | Jul-08         | 520          | \$563.50          |
| 61   | HL0014        | Crossroads to Success | Aug-08         | 520          | \$701.50          |
| 62   | HL0014        | Crossroads to Success | Sep-08         | 520          | \$874.00          |
| 63   | HL0014        | Crossroads to Success | Oct-08         | 520          | \$874.00          |
| 64   | HL0014        | Crossroads to Success | Nov-08         | 520          | \$862.50          |

**South Central Los Angeles Regional Center  
Over-Stated Claims  
Use of Temporary Rate Rather Than Permanent Rate  
Fiscal Years 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

|  | <b>Vendor Number</b> | <b>Vendor Name</b>    | <b>Payment Period</b> | <b>Service Code</b> | <b>Overpayments</b> |
|--|----------------------|-----------------------|-----------------------|---------------------|---------------------|
| 65   | HL0014               | Crossroads to Success | Dec-08                | 520                 | \$874.00            |
| 66   | HL0014               | Crossroads to Success | Jan-09                | 520                 | \$874.00            |
| 67   | HL0014               | Crossroads to Success | Feb-09                | 520                 | \$848.07            |
| 68   | HL0014               | Crossroads to Success | Mar-09                | 520                 | \$848.16            |
| 69   | HL0014               | Crossroads to Success | Apr-09                | 520                 | \$820.26            |
| 70   | HL0014               | Crossroads to Success | May-09                | 520                 | \$848.16            |
| 71   | HL0014               | Crossroads to Success | Jun-09                | 520                 | \$848.16            |
| <b>Total Overpayment for Fiscal Year 2008-09</b>   |                      |                       |                       |                     | <b>\$9,836.31</b>   |
| <b>Fiscal Year 2009-10</b>   |                      |                       |                       |                     |                     |
| 72   | HL0014               | Crossroads to Success | Jul-09                | 520                 | \$825.84            |
| 73   | HL0014               | Crossroads to Success | Aug-09                | 520                 | \$809.10            |
| 74   | HL0014               | Crossroads to Success | Sep-09                | 520                 | \$848.16            |
| 75   | HL0014               | Crossroads to Success | Oct-09                | 520                 | \$848.16            |
| 76   | HL0014               | Crossroads to Success | Nov-09                | 520                 | \$848.16            |
| 77   | HL0014               | Crossroads to Success | Dec-09                | 520                 | \$848.16            |
| 78   | HL0014               | Crossroads to Success | Jan-10                | 520                 | \$848.16            |
| 79   | HL0014               | Crossroads to Success | Feb-10                | 520                 | \$848.16            |
| 80   | HL0014               | Crossroads to Success | Mar-10                | 520                 | \$848.16            |
| 81   | HL0014               | Crossroads to Success | Apr-10                | 520                 | \$848.16            |
| <b>Total Overpayment for Fiscal Year 2009-10</b>   |                      |                       |                       |                     | <b>\$8,420.22</b>   |
| <b>Total Overpayment to Crossroads to Success for Fiscal Years 2003-04 through 2009-10</b> |                      |                       |                       |                     | <b>\$54,241.89</b>  |



## South Central Los Angeles Regional Center

## Fiscal Years 2008-09 and 2009-10

|   | Unique Client Identification Number | Vendor Number | Vendor Name | Service Code | Authorization Number | Payment Period | Over/Under Payments |
|---|-------------------------------------|---------------|-------------|--------------|----------------------|----------------|---------------------|
| 1   |                                     | PX0434        |             | 605          |                      | Jan-10         | \$233.35            |
| 2   |                                     | PX0434        |             | 605          |                      | Feb-10         | \$402.08            |
| 3   |                                     | PX0434        |             | 605          |                      | Mar-10         | \$306.95            |
| 4   |                                     | PX0434        |             | 605          |                      | Apr-10         | \$382.34            |
| 5   |                                     | PX0434        |             | 605          |                      | May-10         | \$378.75            |
| 6   |                                     | PX0434        |             | 605          |                      | Jun-10         | \$385.03            |
| 7   |                                     | PX0434        |             | 605          |                      | Jul-10         | \$411.06            |
| 8   |                                     | PX0434        |             | 605          |                      | Aug-10         | \$484.65            |
| 9   |                                     | PX0434        |             | 605          |                      | Sep-10         | \$439.78            |
| 10  |                                     | PX0434        |             | 605          |                      | Oct-10         | \$386.74            |
| 11  |                                     | PX0434        |             | 605          |                      | Nov-10         | (\$221.40)          |
| 12  |                                     | PX0434        |             | 605          |                      | Dec-10         | \$342.36            |
| <b>Total Overpayment Due to Negotiated Rate Set Above the Statewide Median Rate</b> |                                     |               |             |              |                      |                | <b>\$3,931.67</b>   |

**South Central Los Angeles Regional Center  
POS Expenses Not Tied to Consumer UCI Number  
Fiscal Year 2008-09 and 2009-10**

|   | <b>Vendor Number</b> | <b>Service Code</b> | <b>HCBS Waiver<br/>Billable</b> |
|---|----------------------|---------------------|---------------------------------|
| 1 | PX0297               | 772                 | Yes                             |
| 2 | PX0403               | 100                 | Yes                             |
| 3 | P25655               | 715                 | Yes                             |
| 4 | PH1325               | 744                 | Yes                             |
| 5 | PD1313               | 103                 | Yes                             |
| 6 | PM1401               | 775                 | Yes                             |
| 7 | P26216               | 605                 | Yes                             |
| 8 | PW2147               | 056                 | Yes                             |

**South Central Los Angeles Regional Center  
Late Notification Letters  
Fiscal Year 2008-09 and 2009-10**

|    | <b>Unique Client Identification Number</b> | <b>Date of Notification</b> | <b>Date IPP Signed</b> |
|----|--|-----------------------------|------------------------|
| 1  |  | 7/10/2008                   | Not on File            |
| 2  |  | 5/14/2009                   | 2/26/2009              |
| 3  |  | 5/28/2009                   | 5/7/2009               |
| 4  |  | 6/2/2009                    | Not on File            |
| 5  |  | 6/2/2009                    | 5/7/2009               |
| 6  |  | 6/2/2009                    | 5/8/2009               |
| 7  |  | 6/3/2009                    | Not on File            |
| 8  |  | 6/3/2009                    | Not on File            |
| 9  |  | 6/9/2010                    | 3/31/2010              |
| 10 |  | 7/29/2009                   | 6/4/2009               |
| 11 |  | 10/12/2009                  | 6/17/2009              |
| 12 |  | 11/12/2009                  | 8/28/2009              |
| 13 |  | 12/23/2009                  | 11/3/2009              |
| 14 |  | 12/23/2009                  | 7/30/2009              |
| 15 |  | 3/17/2010                   | 1/28/2010              |
| 16 |  | 6/9/2010                    | -                      |
| 17 |  | 7/22/2010                   | 10/13/2009             |

**South Central Los Angeles Regional Center  
Missing Individual Program Plan  
Fiscal Year 2008-09 and 2009-10**

|   | Unique Client Identification Number |
|---|-------------------------------------|
| 1 |                                     |
| 2 |                                     |
| 3 |                                     |
| 4 |                                     |

**APPENDIX A**

**SOUTH CENTRAL LOS ANGELES REGIONAL CENTER**

**RESPONSE  
TO AUDIT FINDINGS**

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

**SCLARC**

Responses to DDS Findings and Recommendations  
Audit of SCLARC for Fiscal Years 08-09 and 09-10.

**Finding 1: Incorrect Rate Paid to Vendor.**

SCLARC agrees with the recommendation to recover the overpayment amount of \$1,472,338.01 from Vendor number HX0251-Los Angeles Speech and Education Center and implement additional safeguards when inputting vendor rates into UFS. SCLARC started the collection process on June 24, 2010 and issued a demand letter on January 18, 2011. On June 7, 2011, Ed Yan of the DDS Audit Branch advised SCLARC to delay the collection of the overpayment until further notice.

In regards to implementation of additional safeguards, SCLARC's vendorization has instituted a State Rate Letter Request and Tracking Procedure to ensure that a follow up is made to DDS within 60 days of input of a provisional rate. This will ensure that any errors in rates are discovered immediately and rate letters are filed in a timely manner.

**Finding 2: Over/Under-Stated Claims.**

SCLARC agrees with the recommendation to recover the overpayments from the following vendors:

- |  |              |
|--|--------------|
| 1. H73544-Lynwood Developmental Care, Inc. | \$101,793.88 |
| 2. HL0014-Crossroads to Success            | \$ 54,241.89 |

Procedures are in place to ensure the review of vendor invoices and rate letters on an ongoing basis. The current rates now reflect the approved rates for both vendors.

**Finding 3: Rate Increase Issued After Rate Freeze.**

SCLARC is disputing the finding that SCLARC issued a rate increase to Vendor number HH030-Cambridge Home Care after the June 30, 2008 rate freeze took effect and which resulted to an overpayment of \$20,652.08.

On November 13, 2008, SCLARC was advised by Harbor Regional Center at the request of the vendor that SCLARC's rate for this vendor was not the current rate. Per the advise of the vendoring regional center, SCLARC updated the rate that was in effect on 7/1/06. This was not a rate increase but instead a rate correction of an approved rate prior to June 30, 2008.

**Finding 4: Negotiated Rate Above the Statewide Median Rate.**

SCLARC agrees with the recommendation to recover and reimburse DDS the amount of \$3,931.67 in total overpayments made to the vendor number PX0434- [REDACTED] SCLARC has since renegotiated and corrected the rate to comply with the Median Rate.

**Finding 5: Targeted Case Management Time Study-Recording Attendance (Repeat).**

SCLARC agrees with the recommendation to provide training to all staff to ensure that timesheets are in agreement with the Time Study Forms (DS 1916). Additionally, SCLARC is implementing an electronic timesheet in the near future to complement the regular training to staff.

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

As previously stated in our response, SCLARC will develop an enhanced billing and authorization procedure for the vendor contracts in question. However, due to the complication of this procedure and the programming required, the implementation was delayed. Furthermore, there was a change in the software platform that necessitated extensive reprogramming of tool which added to the delay. We expect to complete this project no later than March 31, 2012 and to take effect April 1, 2012.

**Finding 7: FCPP-Late Notification Letters and Missing IPP.**

SCLARC agrees with the recommendation to constantly review and follow the procedures in place to ensure that notification letters to families that are assessed a fee are sent within 10 working days.

SCLARC agrees with the recommendation that a signed copy of the IPP is on file as verification of consumer's eligibility of services. The following are SCLARC'S explanation for the missing IPP for each of the cases that were mentioned in this finding:

- 1) UCI# [REDACTED] - Service Coordinator completed the face to face Triennial Individual Program Plan on 04/17/2009 but due to workload issues failed to file the documentation prior to audit. In April 2010 Service Coordinator had difficulty contacting family for the April 2010 Annual Contact visit. The Service Coordinator was able to contact family and conducted the Individual Program Plan on July 2, 2010.
- 2) UCI# [REDACTED] - Service Coordinator completed the Triennial Individual Program Plan on May 8, 2008. On May 6, 2009 Service Coordinator completed the Annual Contact visit to review the previous IPP. The Service Coordinator due to workload issues failed to file the documentation prior to the audit. On May 4, 2010 Service Coordinator conducted the Annual Review but the Service Coordinator did not have enough time to have the Annual Contact reviewed and signed by her Program Manager prior to the audit.
- 3) UCI# [REDACTED] - SCLARC was unable to verify reason for missing documentation due to the fact that the case file was transferred out to the Inland Regional Center on June 23, 2010 and accepted on August 01, 2010.
- 4) UCI# [REDACTED] - This consumer is a part of the Early Start Program therefore an Individual Program Plan is not a required document the Individual Family Service Plan (IFSP) however is required. Upon further review of the case, an initial Individual Family Service Plan was completed with the family on March 19, 2009 and submitted for review. The approved initial IFSP report was returned to the Intake Service Coordinator filed in the chart. The Service Coordinator conducted the first required 6-month Periodic Review with the family on

September 15, 2009. The approved Periodic Review report was returned to the Service Coordinator and filed in the chart. The first year annual IFSP was completed on January 25, 2010 and was submitted for review on February 16, 2010. The approved first year Individual Family Service Plan report was returned to the Intake Service Coordinator and filed in the chart. The Service Coordinator conducted the second required 6-month Periodic Review with the family on July 01, 2010 after the audit was conducted. Therefore SCLARC was unable to determine the files that were missing during the audit.

**Finding 8: In-Kind Services (Repeat).**

SCLARC has complied with this recommendation. A copy was sent to DDS on July 1, 2010.

**Finding 9: Home Community-Based Services Provider Agreement Forms.**

SCLARC has complied with this recommendation and has continued to enforce its procedures.

RD: 11/30/11