



**AUDIT OF THE  
SAN GABRIEL/POMONA REGIONAL CENTER  
FOR FISCAL YEARS 2007-08 and 2008-09**

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**Department of Developmental Services**

This report was prepared by the  
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# TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	1
BACKGROUND .....	3
Authority .....	4
Criteria .....	4
Audit Period.....	4
OBJECTIVES, SCOPE, AND METHODOLOGY .....	5
I.    Purchase of Service .....	6
II.   Regional Center Operations .....	7
III.  Targeted Case Management and Regional Center Rate Study .....	7
IV.   Service Coordinator Caseload Study .....	7
V.    Early Intervention Program.....	8
VI.   Family Cost Participation Program .....	8
VII.  Other Sources of Funding.....	9
VIII. Follow-up Review on Prior DDS' Audit Findings.....	9
CONCLUSIONS.....	10
VIEWS OF RESPONSIBLE OFFICIALS .....	11
RESTRICTED USE.....	12
FINDINGS AND RECOMMENDATIONS.....	13
EVALUATION OF RESPONSE .....	17
REGIONAL CENTER'S RESPONSE.....	Appendix A

## EXECUTIVE SUMMARY

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

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

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

**Finding 1: Expenses Claimed Under Wrong Service Code**

A detailed review of the Early Start program revealed 158 instances in which SGPRC overstated Early Start expenses. These payments occurred when SGPRC continued to provide Early Start services to consumers who were over three years of age under Service Code 116, which is designated for consumers birth to three years of age. Rather, SGPRC should have used Service Code 115 – Specialized Therapeutic Services designated for consumers aged three and over. As a result, the total overstated expense to Early Start is \$84,278.20. This is not in compliance with the State Contract, Article II, Section 3(2).

**Finding 2: Missing “Hold Harmless” Clause (Repeat)**

The review of SGPRC's lease agreements revealed four leases did not include a “Hold Harmless” clause as required by Article VII, Section 1, of DDS' contract with SGPRC. This issue was identified in prior DDS audit reports.

**Finding 3: Equipment**

**A. Physical Inventory (Repeat)**

The review of SGPRC's inventory worksheet revealed that staff did not sign the worksheets to document that physical inventory was taken at least once every three years, as required by the State's Equipment Management System Guidelines. This issue was identified in the prior DDS audit report.

**B. Missing State Equipment (Repeat)**

A sample of 25 items from the equipment inventory list provided by SGPRC revealed that one item, a digital camera, could not be located. This is not in compliance with Article IV, Section 4(a) of the contract with DDS. This issue was identified in the prior DDS audit report.

II. The following finding was identified during the audit, but has since been addressed and corrected by SGPRC.

**Finding 4: Medi-Cal Provider Agreement Forms (Repeat)**

The file review of 100 Transportation and Residential vendor files revealed 17 Medi-Cal Provider Agreement forms that were not properly completed by SGPRC. The forms had wrong vendor numbers, were missing the service codes, and/or vendor number or had multiple service codes. This issue was found in the prior DDS audit report. This is not in compliance with Title 17, Section 54326(a).

SGPRC took corrective action to resolve this issue before the end of our fieldwork.

## **BACKGROUND**

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

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

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

DDS and San Gabriel/Pomona Valley's Developmental Services, Inc., entered into a contract, HD049017, effective July 1, 2004, through June 30, 2009. This contract specifies that San Gabriel/Pomona Valley's Developmental Services, Inc. will operate an agency known as the San Gabriel/Pomona Regional Center (SGPRC) to provide services to persons with DD and their families in the El Monte, Monrovia, Pomona and Foothill areas. The contract is funded by State and federal funds that are dependent upon the SGPRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at SGPRC from January 11, 2010, through February 4, 2010, and was conducted by DDS' Audit Branch.

## **AUTHORITY**

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

## **CRITERIA**

The following criteria were used for this audit:

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

## **AUDIT PERIOD**

The audit period was from July 1, 2007, through June 30, 2009 with follow-up as needed into prior and subsequent periods.

## OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

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

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

We reviewed the annual audit report that was conducted by an independent accounting firm for fiscal year 2007-08 issued on January 15, 2009.

This review was performed to determine the impact, if any, upon our audit, and, as necessary, develop appropriate audit procedures.



The audit procedures performed included the following:

**I. Purchase of Service**

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

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

## **II. Regional Center Operations**

We audited SGPRC operations and conducted tests to determine compliance to the contract with DDS. The tests included various expenditures claimed for administration to ensure that accounting staff were properly inputting data, transactions were being 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 supporting documents was selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of operating expenses, including, but not limited to, purchases of office supplies, consultant contracts, insurance expenses, and lease agreements was tested to determine compliance to Title 17 and the contract with DDS.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the contract with DDS.
- We reviewed SGPRC's policies and procedures for compliance to the Title 17 Conflict of Interest requirements and selected a sample of personnel files to determine if the policies and procedures were followed.

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

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

- Reviewed applicable TCM records and verified the information submitted by SGPRC to calculate the TCM rate can be traced to the general ledgers and payroll registers.
- Reviewed SGPRC's Case Management Time Study. We selected a sample of payroll time sheets for this review and compared to the DS1916 forms to ensure that the DS1916 forms were properly completed and supported.

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

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

community since April 14, 1993. However, commencing January 1, 2004, the following service coordinator-to-consumer ratios apply:

- A. For all consumers that are 3 years of age and younger and for consumers that are enrolled on the HCBS Waiver, the required average ratio shall be 1:62.
- B. For all consumers who have moved from a developmental center to the community since April 14, 1993, and have lived in the community continuously for at least 12 months, the required average ratio shall be 1:62.
- C. For all consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not covered under 'A' above, the required average ratio shall be 1:66.

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

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

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

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

**VI. Family Cost Participation Program**

The Family Cost Participation Program (FCPP) was created for the purpose of assessing cost participation 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. To determine whether the SGPRC is in compliance with Title 17 and the W&I Code, we performed the following procedures during our audit review.

- Reviewed the parents' income documentation to verify their level of participation based on the Family Cost Participation Schedule.
- Reviewed copies of the notification letters to verify the parents were notified of their assessed cost participation within 10 working days.

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

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

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

- Family Resource Center Program.
- Start Up Programs.
- Wellness Grants.
- Medicare Moderation Act (Part D Funding).

## **VIII. 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 finding was conducted. We identified the prior audit findings that were reported to SGPRC and reviewed supporting documentation to determine the degree and completeness of SGPRC's implementation of corrective action taken.

## CONCLUSIONS

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Based upon the audit procedures performed, we have determined that except for the items identified in the Findings and Recommendations Section, SGPRC was in substantial compliance to applicable sections of Title 17, the HCBS waiver, and the terms of SGPRC's contract with DDS for the audit period July 1, 2007, through June 30, 2009.

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

From the review of prior audit issues, it has been determined that SGPRC has taken appropriate corrective action to resolve all prior audit issues, except for findings two, three, and four which are included in the Findings and Recommendations section as repeat findings.

## **VIEWS OF RESPONSIBLE OFFICIALS**

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We issued a draft report on September 30, 2010. The findings in the report were discussed at an exit conference with SGPRC on October 13, 2010. At the exit conference, we stated that the final report will incorporate the views of responsible officials.

## **RESTRICTED USE**

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

## FINDINGS AND RECOMMENDATIONS

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

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

**Finding 1: Expenses Claimed Under Wrong Service Code**

A detailed review of the Early Start program revealed 158 instances in which SGPRC overstated Early Start expenses. These payments occurred when SGPRC continued to provide Early Start services to consumers over three years of age under Service Code 116, which is designated for consumers birth to three years of age. Rather, SGPRC should have used Service Code 115 – Specialized Therapeutic Services for consumers aged three and over. The Early Start overstated expenses were paid using both federal and state funds that were allocated for infants, birth through two years of age. As a result, the total overstated expense to Early Start is \$84,278.20. (See Attachment A.)

State Contract Article II, Section 3(2) states:

“The Contractor shall use federal funds provided under Part C of the Individuals with Disabilities Education Act only to supplement and increase services and operations obligations and will in no way be used to supplant state or local funds allocated for infants birth through two years of age.”

**Recommendation:**

SGPRC should ensure that all expenses billed and claimed under the Early Start program are for services provided to children with developmental disabilities from birth through two years of age. In addition, SGPRC should review its Early Start claims and ensure that all expenses for consumers over three years of age allocated to Service Code 116 are revised and allocated to Services Code 115. This will reduce the Early Start claims by \$84,278.20 and ensure that the expenses are allocated to the correct Services Code and expense account.

**Finding 2: Missing “Hold Harmless” Clause (Repeat)**

A review of SGPRC’s four lease agreements for real property revealed all leases did not include a “Hold Harmless” clause as required by the contract with DDS. This clause is needed to ensure the State is held harmless for any claims and/or losses that may be associated with these lease agreements. As stated in the prior response, SGPRC explained that it has made several unsuccessful verbal and



written attempts to obtain amendments for all lease agreements from the Landlord.

State Contract Article VII, (1) states:

“The contract shall include in all new leases or rental agreements for real property a clause that holds the State harmless for such leases.”

**Recommendation:**

SGPRC should continue to negotiate with their Landlords to amend all of its leases to include a “Hold Harmless” clause to ensure compliance with the State contract and protect the State from claims and/or losses resulting from these leases. In addition, SGPRC should ensure that any future lease agreements have the “Hold Harmless” clause included to comply with this contract requirement.

**Finding 3: Equipment**

**A. Physical Inventory (Repeat)**

The review of SGPRC’s inventory worksheets conducted in 2009 revealed that staff did not sign the physical inventory worksheets as required by the State’s Equipment Management System Guidelines. This issue was identified in the prior audit. In its prior response, SGPRC stated that it had the inventory forms amended to include the date and signature of the inventory taker; however, it was an oversight on the employee’s part that these procedures have not been followed.

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

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

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

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

State Administrative Manual (SAM) Section 8652 states in part:

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

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

2. Internal Control:

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

**Recommendation:**

SGPRC should follow its developed policies and procedures to ensure compliance with the State’s Equipment Management System Guidelines and its contract with DDS. In addition, SGPRC should ensure the inventory worksheets are signed by the staff that conducted the physical inventory.

**B. Missing State Equipment (Repeat)**

A sample of 25 items from the equipment inventory list provided by SGPRC revealed that one item, a digital camera with State Tag Number 00352169, could not be located. During the audit fieldwork, SGPRC sent an email to all employees to determine if the item could be located. SGPRC stated that if the item is not located, a police report will be filed and a survey form will be completed to remove the item from the inventory listing.

Article IV, Section 4(a) of the contract between DDS and SGPRC states:

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

**Recommendation:**

SGPRC should follow its implemented policies and procedures to ensure that any missing or stolen items are reported in a timely manner and if the item cannot be located, a survey form is completed to remove the item from the inventory listing. This would ensure compliance with the State contract requirements regarding State property.

II. The following finding was identified during the audit, but has since been addressed and corrected by SGPRC.

**Finding 4: Medi-Cal Provider Agreement Forms (Repeat)**

The review of 100 vendor files for Transportation, and Residential programs revealed 17 files were missing or had an incomplete Medi-Cal Provider Agreement form. The Medi-Cal Provider Agreement forms were either incomplete or missing the service code, vendor number, or had multiple service codes.

Title 17, Section 54326(a) states:

“All vendors shall...

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

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

SGPRC took corrective action to resolve this issue and provided properly completed Medi-Cal Provider Agreement forms for all 17 vendors.

**Recommendation:**

SGPRC should continue to enforce its policies and procedures to ensure there is a properly completed Medi-Cal 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, SGPRC has been provided with a draft report and was requested to provide a response to each finding. SGPRC's response dated November 12, 2010, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendation section as well as a summary of the findings in the Executive Summary section.

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

### **Finding 1: Expenses Claimed Under Wrong Service Code**

A detailed review of the Early Start program revealed 158 instances in which SGPRC overstated Early Start expenses. These payments occurred when SGPRC continued to provide Early Start services to consumers over three years of age under Service Code 116, which is designated for consumers, birth to three years of age. Rather, SGPRC should have used Service Code 115 - Specialized Therapeutic Services designated for consumers aged three and over. As a result, the total overstated expense to Early Start Service Code 116 is \$84,278.20.

SGPRC disagrees with DDS' recommendation which stated services for consumers over three year of age should be provided under Service Code 115. SGPRC states that it was going to adjust its guidelines so that services provided to consumers over three years of age are authorized under Service Code 115 - Specialized Therapy Services, but discovered this service code is "limited to services identified in an approved alternative service delivery proposal". In lieu of this information, SGPRC requests that these services be left under Service Code 116. However, DDS stands by its finding and recommends that SGPRC use Service Code 115 for services provided to consumers over three years of age since Service Code 116 is specifically for consumers zero to three years of age. DDS will conduct a follow-up review in the next scheduled fiscal audit to ensure that the incorrectly overstated expenses totaling \$84,278.20 have been adjusted and allocated to Service Code 115 as recommended by DDS.

### **Finding 2: Missing "Hold Harmless" Clause (Repeat)**

The review of SGPRC's lease agreements revealed four leases did not include a "Hold Harmless" clause as required by Article VII, Section 1, of DDS' contract with SGPRC. This issue was identified in the prior DDS audit report. SGPRC states that it understands the contract provisions, but has been unable to comply

with DDS' request because despite repeated requests, the Landlords have refused to add this clause to their contracts. SGPRC provided three letters documenting their requests to the Landlords dated February 25, 2006, July 3, 2008, and October 12, 2010. In addition, SGPRC stated that it has asked its broker to assist in getting the requested clause incorporated into the lease agreements. SGPRC also stated it has requested that its Landlords provide an explanation of the denial in writing as justification for their denial.

SGPRC should continue to negotiate with its Landlords as stated in its response and have its leases amended to include a "Hold Harmless" clause as required per State contract. In addition, SGPRC should ensure that any future lease agreements have the "Hold Harmless" clause included to comply with this contract requirement. DDS will continue to review SGPRC's leases to ensure compliance with the State contract requirements.

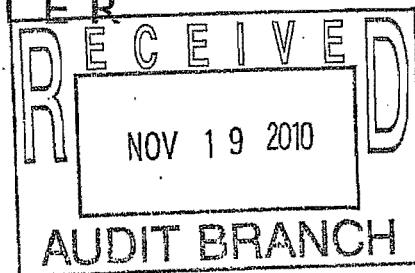
**APPENDIX A**

**SAN GABRIEL/PAMONA REGIONAL CENTER**

**RESPONSE  
TO AUDIT FINDINGS**

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

# SAN GABRIEL/POMONA REGIONAL CENTER



November 12, 2010

Ms. Ellen Nzima, Chief of Regional Center Audits  
 Department of Developmental Services  
 1600 Ninth Street  
 Sacramento, CA 95814

RE: Response to Draft Audit Report for Fiscal Years 2007-08 and 2008-09

Dear Ellen,

This is our formal response to the draft audit report issued on September 30, 2010, and discussed by conference call on October 13, 2010, during the exit conference. We concur with your assessment that overall, we maintain accounting records and supporting documentation appropriately and there are no systemic or major concerns. We are always eager to work efficiently within the legislative framework and maintain solid internal controls. Please note our specific responses to each finding.

## **Finding 1: Overstated Claims**

We agree with your determination that we paid for specialized therapeutic services for children age 3 under service code 116 which applies only for children under the age of 3, per Title 17. These payments have occurred in those exceptional instances where the child's case couldn't be closed before the child's third birthday, and we were required to keep it open due to other regulatory service requirements.

Your recommendation states that we should use service code 115 for those instances. I was in the process to adjust our guidelines so that we would be able to authorize such specialized therapy services under service code 115 when I realized that this service code is "limited to services identified in an approved alternative service delivery proposal", per DDS Miscellaneous Service Codes Updates from October 2006 which is the most current one available to SG/PRC. So we cannot vendor any provider under 115 because our regional center has not pursued the AB 1106 process to gain approval for such "alternative service delivery proposal," nor do we believe that this is appropriate for us to do so. We therefore respectfully ask that such short-term exceptional cases be tolerated. There is no alternative known to us that would prevent totally the exception of paying for up to a couple of months for Specialized Early Start Services under code 116 for children whose transition is extending beyond their age of 36 months.

761 Corporate Center Drive, Pomona, California 91768  
 (909) 620-7722

Program of San Gabriel/Pomona Valleys Developmental Services, Inc.

We do not agree with your determination that such payments (using the 116 service code) would have lead to overstated claims for Part C. Our claims for Part C (and ARRA funds) are based on payments made for children less than three years of age, disregarding the service code used. In order to support our statement, we would like for you to consider that our total expenditures for children under the age of three amounted to \$10,072,690 but we claimed only the amount up to our allocation of \$2,873,150 (in FY09/10).

For fiscal year 2008/09, our Part C POS allocation was \$3,021,042 and our claims totaled the same amount. The actual Part C expenditures during just the last 5 months of that fiscal year, including the supplemental claims, came to \$6,899,971.88. So even when we consider only five months, and we deduct the ARRA claims for the year, we still have \$2,683,899 more Part C expenditures than we claimed for the whole year. Please see the attached worksheet to support our affirmation that we did not overstate our Part C claims.

We respectfully request that this finding is either dropped entirely, or reframed and referring only to the payments under service code 116 for children over 36 months.

**Finding 2: Missing "Hold Harmless" Clause (Repeat)**

We understand the contract provisions but have been unable to comply despite our repeated requests to our landlords. We have attached three letters documenting our requests, dates February 25, 2006, July 3, 2008, and October 12, 2010. Besides those letters, we have also submitted verbal requests and asked our broker to assist us in getting the requested clause incorporated into our lease agreements.

Our latest request also asked for an explanation of the denial as we wanted in writing what a landlord had told the broker in conversation: that he would add the clause if the state would hold him harmless in return.

**Finding 3: Equipment**

**A. Physical Inventory (Repeat):**

The previous finding for the physical inventory was that the inventory taker did not sign nor date the inventory sheets because the inventory form did not provide a place to do so. The recommendation was to amend the inventory forms to include a prompt for the date the inventory was taken, and the initials of the inventory taker. We followed the recommendation and amended our form so that the spaces for date and initials are conspicuously indicated on the top right of the inventory form.

At our next inventory, going through the last day in December 2009, just a couple of weeks before your field visit, two staff took inventory. One read the model and serial numbers, as well as the Regional Center and state ID control numbers, and the other staff completed the inventory sheet. The person in charge was Jose DeLeon who was reading the numbers off the equipment since this required physical strength and dexterity, moving the equipment underneath the desks, often in awkward positions. For efficiency reasons, he did not sign each inventory sheet as it was completed, but waited till the inventory was 100 percent done. At the time of your review, Mr. DeLeon had not yet initialed the inventory sheets after having been out for January holidays, but did so by the end of your field visit. For documentation, I have attached several sample inventory sheets.

761 Corporate Center Drive, Pomona, California 91768  
(909) 620-7722

Program of San Gabriel/Pomona Valleys Developmental Services, Inc.



We kindly request that this finding be dropped since we followed your recommendation of amending the form. We had entered the date on the inventory sheet, and were in the process of procuring the initials of the responsible staff. We are committed to properly train staff so that they follow inventory guidelines and having all inventory sheets dated and initialed by the inventory taker, at the time of the inventory.

**B. Missing State Equipment (Repeat):**

We agree that we were missing a digital camera (valued at \$125) at the time of your review. However, we do have policy and procedures in place to safe guard state equipment, including sensitive equipment. In this case, the camera was just recently missing and we were still confident that it would be discovered. That was the situation during your field visit. In the meantime, we determined that we could not find it and that it would not be reasonable to hold out any longer. At that point, we filed a police report (see attachment). We included the camera in our next survey out report. This survey out report did not need to be reported to DDS due to the low cost of the equipment.

For documentation, we have attached the corresponding survey out report, and the police report. We respectfully request that this item be removed from the final report due to essential compliance and the inquiry happened before the fact that the camera was permanently missing had been confidently determined.

**Finding 4: Medi-Cal Provider Agreement Forms (Repeat)**

Several Home and Community Base Provider Services Agreement forms were missing or were incomplete. We procured the missing forms during your field visit. Most of these forms were from vendors outside our catchment area. In the past, we had requested the provider forms and other vendorization documents from the vendoring Regional Center. In response to your audit, we have changed our procedures and now ask all vendors to submit the required forms directly to us. We have not had a chance to go back to our old files and review all out-of-catchment-area vendors, due to staff shortage related to ongoing budget cuts. However, all new vendor files are being completed according to state and Regional Center guidelines.

We hope we have provided the necessary information and documentation that you need to amend your final report. I'll be happy to answer any further questions and provide any other documentation you might find necessary.

It was a pleasure working with you and we appreciate the professionalism of your five team members.

Sincerely,



Gabi McLean  
Director, Fiscal Services

Attachments

761 Corporate Center Drive, Pomona, California 91768  
(909) 620-7722

Program of San Gabriel/Pomona Valleys Developmental Services, Inc.

**San Gabriel/Pomona Regional Center**  
**Early Start Program - Services to Consumers Over Three Years of Age**  
**Fiscal Years 2007-08 and 2008-09**

	Unique Client Identification Number	Vendor Number	Service Code	Authorization	Date of Birth	Month/Year of Service	Overpayment
1		PD0725	116		6-Dec-05	Jan-09	\$100.00
2		PD0725	116		6-Dec-05	Feb-09	\$291.00
3		PD0725	116		6-Dec-05	Mar-09	\$97.00
4		PD0725	116		26-Jan-06	Feb-09	\$582.00
5		PD0725	116		8-Mar-05	Apr-08	\$1,100.00
6		PD0725	116		21-Apr-05	May-08	\$500.00
7		PD0725	116		21-Apr-05	Jun-08	\$600.00
8		PD0725	116		17-Jan-06	Feb-09	\$97.00
9		PP3207	116		14-Jul-04	Aug-07	\$315.00
10		PP3207	116		14-Jul-04	Sep-07	\$420.00
11		PP3207	116		14-Jul-04	Oct-07	\$420.00
12		PP3207	116		14-Jul-04	Dec-07	\$210.00
13		PP3207	116		13-Jul-04	Aug-07	\$630.00
14		PP3207	116		13-Jul-04	Sep-07	\$840.00
15		PP3207	116		4-Jul-05	Aug-08	\$315.00
16		PP3207	116		28-Dec-05	Jan-09	\$210.00
17		PP3207	116		24-Feb-05	Mar-08	\$210.00
18		PP3207	116		17-Jan-06	Feb-09	\$611.10
19		PP3207	116		30-Jul-04	Aug-07	\$210.00
20		PP3207	116		12-Jun-04	Jul-07	\$840.00
21		PP3207	116		12-Jun-04	Aug-07	\$945.00
22		PP3207	116		19-Aug-04	Sep-07	\$315.00
23		PP3207	116		11-Jan-05	Feb-08	\$630.00
24		PP3207	116		21-Dec-04	Jan-08	\$525.00

**San Gabriel/Pomona Regional Center  
Early Start Program - Services to Consumers Over Three Years of Age  
Fiscal Years 2007-08 and 2008-09**

	Unique Client Identification Number	Vendor Number	Service Code	Authorization	Date of Birth	Month/Year of Service	Overpayment
25		PP3207	116		21-Dec-04	Feb-08	\$945.00
26		PP3207	116		21-Dec-04	Mar-08	\$420.00
27		PP3207	116		7-Jun-06	Jul-09	\$203.70
28		PP3207	116		28-Nov-04	Dec-07	\$105.00
29		PP3207	116		29-Aug-04	Sep-07	\$840.00
30		PP3207	116		29-Aug-04	Oct-07	\$945.00
31		PP3207	116		18-Jun-04	Jul-07	\$945.00
32		PP3207	116		18-Jun-04	Aug-07	\$630.00
33		PP3207	116		18-Jun-04	Sep-07	\$840.00
34		PP3207	116		15-Jul-05	Aug-08	\$210.00
35		PP3207	116		2-Feb-05	Mar-08	\$840.00
36		PP3207	116		2-Feb-05	Apr-08	\$840.00
37		PP3207	116		21-May-05	Jun-08	\$630.00
38		PP3207	116		9-Jul-05	Aug-08	\$420.00
39		PP3207	116		9-Jul-05	Sep-08	\$840.00
40		PP3207	116		24-Feb-06	Mar-09	\$101.85
41		PP3207	116		5-Jan-05	Feb-08	\$840.00
42		PP3207	116		5-Jan-05	Mar-08	\$840.00
43		PP3207	116		17-Oct-05	Nov-08	\$525.00
44		PP3207	116		18-Aug-05	Sep-08	\$210.00
45		PP3207	116		22-Apr-06	May-09	\$407.40
46		PP3207	116		11-Jul-06	Aug-09	\$916.65
47		PP3207	116		30-Jul-05	Aug-08	\$630.00
48		PP3207	116		13-May-05	Jun-08	\$315.00

**San Gabriel/Pomona Regional Center**  
**Early Start Program - Services to Consumers Over Three Years of Age**  
**Fiscal Years 2007-08 and 2008-09**

	Unique Client Identification Number	Vendor Number	Service Code	Authorization	Date of Birth	Month/Year of Service	Overpayment
49		PP3207	116		9-Jun-06	Jul-09	\$712.95
50		PP3207	116		9-Jun-06	Aug-09	\$611.10
51		PP3207	116		16-May-06	Jun-09	\$611.10
52		PP3207	116		29-Mar-06	Apr-09	\$305.55
53		PP3207	116		9-Jul-06	Aug-09	\$814.80
54		PP3207	116		14-Jun-06	Jul-09	\$712.95
55		PP3207	116		20-Apr-06	May-09	\$305.55
56		PP3758	116		31-Aug-05	Sep-08	\$170.00
57		PP3758	116		31-Aug-05	Oct-08	\$765.00
58		PP3758	116		21-Dec-05	Jan-09	\$85.00
59		PP3758	116		3-Aug-04	Sep-07	\$255.00
60		PP3758	116		9-Dec-05	Jan-09	\$510.00
61		PP3758	116		10-Jan-05	Apr-09	\$247.35
62		PP3758	116		10-Jan-05	May-09	\$247.35
63		PP3758	116		10-Jan-05	Jun-09	\$329.80
64		PP3758	116		10-Jan-05	Jul-09	\$329.80
65		PP3758	116		10-Jan-05	Aug-09	\$329.80
66		PP3758	116		10-Jan-05	Sep-09	\$329.80
67		PP3758	116		27-Aug-04	Sep-07	\$595.00
68		PP3758	116		2-Jul-05	Aug-08	\$85.00
69		PP3758	116		21-Jul-05	Aug-08	\$170.00
70		PP3758	116		31-Jul-05	Aug-08	\$255.00
71		PP3758	116		31-Jul-05	Sep-08	\$85.00
72		PP3758	116		1-May-05	Jun-08	\$510.00

**San Gabriel/Pomona Regional Center  
Early Start Program - Services to Consumers Over Three Years of Age  
Fiscal Years 2007-08 and 2008-09**

	Unique Client Identification Number	Vendor Number	Service Code	Authorization	Date of Birth	Month/Year of Service	Overpayment
73		PP3758	116		1-May-05	Jul-08	\$595.00
74		PP3758	116		1-May-05	Aug-08	\$510.00
75		PP3758	116		14-Jul-05	Aug-08	\$340.00
76		PP3943	116		6-Jan-06	Feb-09	\$87.30
77		PP3943	116		6-Jan-06	Mar-09	\$436.50
78		PP3943	116		8-Jun-04	Jul-07	\$90.00
79		PP3943	116		8-Jun-04	Jul-07	\$90.00
80		PP3943	116		13-Mar-05	Apr-08	\$810.00
81		PP3943	116		13-Mar-05	May-08	\$180.00
82		PP3943	116		28-Apr-04	Jul-07	\$315.00
83		PP3943	116		28-Apr-04	Aug-07	\$540.00
84		PP3943	116		19-Aug-05	Sep-08	\$490.00
85		PP3943	116		12-Jul-04	Aug-07	\$630.00
86		PP3943	116		12-Jul-04	Sep-07	\$490.00
87		PP3943	116		6-Jul-04	Aug-07	\$90.00
88		PP3943	116		6-Jul-04	Aug-07	\$660.00
89		PP3943	116		6-Jul-04	Aug-07	\$490.00
90		PP3943	116		6-Jul-04	Sep-07	\$550.00
91		PP3943	116		6-Jul-04	Sep-07	\$490.00
92		PP3943	116		6-Jan-05	Feb-08	\$720.00
93		PP3943	116		6-Jan-05	Mar-08	\$90.00
94		PP3943	116		28-Nov-04	Dec-07	\$90.00
95		PP3943	116		24-Sep-05	Oct-08	\$330.00
96		PP3943	116		24-Sep-05	Nov-08	\$440.00

**San Gabriel/Pomona Regional Center**  
**Early Start Program - Services to Consumers Over Three Years of Age**  
**Fiscal Years 2007-08 and 2008-09**

	Unique Client Identification Number	Vendor Number	Service Code	Authorization	Date of Birth	Month/Year of Service	Overpayment
97		PP3943	116		24-Sep-05	Dec-08	\$330.00
98		PP3943	116		24-Aug-05	Sep-08	\$630.00
99		PP3943	116		24-Aug-05	Sep-08	\$675.00
100		PP3943	116		25-Feb-05	Mar-08	\$550.00
101		PP3943	116		9-Nov-05	Dec-08	\$550.00
102		PP3943	116		9-Nov-05	Jan-09	\$550.00
103		PP3943	116		1-Dec-05	Jan-09	\$490.00
104		PP3943	116		1-Dec-05	Feb-09	\$271.60
105		PP3943	116		5-Apr-05	May-08	\$90.00
106		PP4470	116		20-Mar-05	Apr-08	\$360.00
107		PP4470	116		19-Jul-05	Aug-08	\$720.00
108		PP4470	116		19-Jul-05	Sep-08	\$360.00
109		PP4470	116		4-Mar-05	Apr-08	\$720.00
110		PP4470	116		25-Dec-04	Jan-08	\$360.00
111		PP4470	116		25-Dec-04	Jan-08	\$720.00
112		PP4470	116		25-Feb-05	Mar-08	\$960.00
113		PP4470	116		17-Mar-05	Apr-08	\$480.00
114		PP4470	116		30-Jul-04	Aug-07	\$840.00
115		PP4470	116		8-Aug-04	Sep-07	\$1,320.00
116		PP4470	116		25-May-04	Jul-07	\$840.00
117		PP4470	116		25-May-04	Aug-07	\$1,080.00
118		PP4470	116		16-Jun-04	Jul-07	\$480.00
119		PP4470	116		16-Jun-04	Aug-07	\$600.00
120		PP4470	116		7-Jun-04	Jul-07	\$960.00

**San Gabriel/Pomona Regional Center  
Early Start Program - Services to Consumers Over Three Years of Age  
Fiscal Years 2007-08 and 2008-09**

	Unique Client Identification Number	Vendor Number	Service Code	Authorization	Date of Birth	Month/Year of Service	Overpayment
121		PP4470	116		7-Jun-04	Aug-07	\$1,080.00
122		PP4470	116		16-Jun-05	Jul-08	\$1,680.00
123		PP4470	116		16-Jun-05	Aug-08	\$1,440.00
124		PP4470	116		16-Jun-05	Sep-08	\$1,200.00
125		PP4470	116		16-Jun-05	Oct-08	\$960.00
126		PP4470	116		7-Nov-05	Dec-08	\$840.00
127		PP4470	116		13-Nov-04	Dec-07	\$480.00
128		PP4470	116		27-Oct-05	Nov-08	\$120.00
129		PP4470	116		2-Jul-05	Aug-08	\$240.00
130		PP4470	116		3-Jun-05	Jul-08	\$240.00
131		PP4470	116		3-Jun-05	Aug-08	\$960.00
132		PP4470	116		9-Jun-06	Jul-09	\$698.40
133		PP4899	116		18-Dec-05	Jan-09	\$220.00
134		PP4899	116		23-Dec-05	Jan-09	\$550.00
135		PP4899	116		16-Aug-06	Sep-09	\$960.30
136		PP4899	116		28-Jun-06	Jul-09	\$640.20
137		PP4899	116		16-Jul-04	Jan-09	\$220.00
138		PP4899	116		16-Jul-04	Feb-09	\$853.60
139		PP4899	116		16-Jul-04	Mar-09	\$960.30
140		PP4899	116		16-Jul-04	Apr-09	\$853.60
141		PP4899	116		16-Jul-04	May-09	\$853.60
142		PP4899	116		16-Jul-04	Jun-09	\$853.60
143		PP4899	116		16-Jul-04	Jul-09	\$853.60
144		PP4899	116		11-Nov-05	Dec-08	\$110.00

**San Gabriel/Pomona Regional Center  
Early Start Program - Services to Consumers Over Three Years of Age  
Fiscal Years 2007-08 and 2008-09**

	Unique Client Identification Number	Vendor Number	Service Code	Authorization	Date of Birth	Month/Year of Service	Overpayment
145		PP4899	116		9-Jul-05	Aug-08	\$550.00
146		PP4899	116		24-Dec-05	Jan-09	\$110.00
147		PP4899	116		12-Sep-05	Oct-08	\$660.00
148		PP4899	116		27-Apr-06	May-09	\$853.60
149		PP4899	116		27-Apr-06	Jun-09	\$1,067.00
150		PP4899	116		27-Apr-06	Jul-09	\$106.70
151		PP4899	116		12-Dec-05	Jan-09	\$440.00
152		PP4899	116		13-Jun-06	Jul-09	\$320.10
153		PP4899	116		23-Jun-06	Jul-09	\$640.20
154		PP4899	116		10-Feb-06	Mar-09	\$960.30
155		PP4899	116		23-May-06	Jun-09	\$426.80
156		PP4899	116		18-Jun-06	Jul-09	\$426.80
157		PP4899	116		26-Jul-06	Aug-09	\$106.70
158		PP4899	116		26-Jul-06	Sep-09	\$426.80
<b>Total Amount of Overpayment</b>							<b><u>\$84,278.20</u></b>



**San Gabriel Pomona Regional Center  
Medi-Cal Provider Agreement Forms  
Fiscal Years 2003-04, 2004-05, and 2005-06**

	<b>Vendor Name</b>	<b>Vendor Number</b>	<b>Service Code</b>	<b>Comment</b>
1	Hope House	H00829	915	Missing
2	Fair Oaks Manor	H16746	915	Missing
3	Tory Care Home	HP4478	915	Incomplete
4	Sheann's L.L.C.	HP4599	915	Incomplete
5	Govina Home G&C	HP4628	915	Incomplete
6	Johnson Adult Res. Fac	HP4792	915	Incomplete
7	Gem Care Home	HP5068	915	Incomplete
8	Aspira Foster Family- Moss Beach Home	H12323	920	Incomplete
9	South Coast Childrens Society	HM0173	920	Missing
10	Sierra Vista	HD0080	920	Incomplete
11	Hartsville Home	HP4568	905	Incomplete
12	Hope House	H00829	920	Missing
13	Payson Place	PP3916	113	Wrong Vendor Number
14	Morrison Residential	PP3393	113	Wrong Vendor Number
15	Kaiser Specialized	HP1980	113	Multiple SC's
16	Kaiser Specialized	PP1980	113	Multiple SC's
17	Gemly's Home Care Inc.	HP4053	880	Wrong Vendor Number