



**AUDIT OF THE
SAN GABRIEL/POMONA REGIONAL CENTER
FOR FISCAL YEARS 2013-14 AND 2014-15**

**Department of Developmental Services
January 18, 2018**

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) conducted a fiscal compliance audit of San Gabriel/Pomona Regional Center (SG/PRC) to ensure SG/PRC is compliant with the requirements set forth in the Lanterman Developmental Disabilities Services Act and Related Laws, Welfare and Institutions (W&I) Code; the Home and Community-Based Services (HCBS) Waiver for the Developmentally Disabled; California Code of Regulations (CCR), Title 17; Federal Office of Management and Budget (OMB) Circulars A-122 and A-133; and the contract with DDS. Overall, the audit indicated that SG/PRC maintains accounting records and supporting documentation for transactions in an organized manner.

The audit period was July 1, 2013, through June 30, 2015, with follow-up as needed into prior and subsequent periods. This report identifies some areas where SG/PRC's administrative and operational controls could be strengthened, but none of the findings were of a nature that would indicate systemic issues or constitute major concerns regarding SG/PRC's operations. A follow-up review was performed to ensure that SG/PRC has taken corrective action to resolve the findings identified in the prior DDS audit report.

Findings that need to be addressed.

Finding 1: Deleted

After further analysis of the additional documentation provided by SG/PRC in its response to the draft report, it has been determined that this was not an issue and the finding has been deleted.

Finding 2: Inappropriate Allocation of Consumer Trust Funds

SG/PRC allocated a total of \$161.18 from 72 inactive or closed trust accounts to all of its consumers with active trust accounts. These funds should have been forwarded to consumers or consumers' beneficiaries or escheated to the State. This is not in compliance with the Social Security Handbook, Chapter 16, Section 1617.1(A) and (B).

Findings that have been addressed and corrected.

Finding 3: Missing Equipment

The sampled review of 40 items from SG/PRC's equipment listing revealed that seven items were missing. SG/PRC surveyed these items without completing the Property Survey Report (Std. 152). This is not in compliance with the State Contract, Article IV, Section 4(a).

SG/PRC has taken corrective action to resolve this issue by providing the Std. 152 forms for the seven missing items.

Finding 4: Multiple Dates of Death

The review of the Uniform Fiscal Systems (UFS) Deceased Consumer Report identified 16 consumers with multiple dates of death. This is not in compliance with the State Contract, Article IV, Section 1(c)(1).

SG/PRC has taken corrective action to resolve the multiple dates of death by researching and updating all 16 consumers' dates of death in UFS.

BACKGROUND

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 integrated 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 (RCs). The RCs are responsible under State law to help ensure that such persons receive access to the programs and services that are best suited to them throughout their lifetime.

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

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

DDS and San Gabriel/Pomona Valleys Developmental Services, (SG/PVDS) Inc., entered into State Contract HD099018 effective July 1, 2009, through June 30, 2016. This contract specifies that SG/PVDS Inc. will operate an agency known as SG/PRC to provide services to individuals with DD and their families in El Monte, Monrovia, Pomona, and Foothill areas. The contract is funded by state and federal funds that are dependent upon SG/PRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at SG/PRC from August 3, 2015, through September 4, 2015, by the Audit Section of DDS.

AUTHORITY

The audit was conducted under the authority of California's W&I Code, Section 4780.5, and Article IV, Section 3 of the State Contract between DDS and SG/PRC

CRITERIA

The following criteria were used for this audit:

- W&I Code,
- "Approved Application for the HCBS Waiver for the Developmentally Disabled,"
- CCR, Title 17,
- OMB Circulars A-122 and A-133, and,
- The State Contract between DDS and SG/PRC, effective July 1, 2009.

AUDIT PERIOD

The audit period was July 1, 2013, through June 30, 2015, with follow-up as needed into prior and subsequent periods.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

- To determine compliance with the W&I Code,
- To determine compliance with the provisions of the HCBS Waiver Program for the Developmentally Disabled,
- To determine compliance with CCR, Title 17 regulations,
- To determine compliance with OMB Circulars A-122 and A-133, and
- To determine that costs claimed were in compliance with the provisions of the State Contract between DDS and SG/PRC.

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. However, the procedures do not constitute an audit of SG/PRC's financial statements. DDS limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that SG/PRC was in compliance with the objectives identified above. Accordingly, DDS examined transactions on a test basis to determine whether SG/PRC was in compliance with the W&I Code; the HCBS Waiver for the Developmentally Disabled; CCR, Title 17; OMB Circulars A-122 and A-133; and the State Contract between DDS and SG/PRC.

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

DDS reviewed the annual audit report that was conducted by an independent CPA firm for Fiscal Year (FY) 2013-14, issued on January 14, 2015. It was noted that no management letter was issued for SG/PRC. This review was performed to determine the impact, if any, upon the DDS audit and, as necessary, develop appropriate audit procedures.

The audit procedures performed included the following:

I. Purchase of Service

DDS selected a sample of Purchase of Service (POS) claims billed to DDS. The sample included consumer services and vendor rates. 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 SG/PRC. The rates charged for the services provided to individual consumers were reviewed to ensure compliance with the provision of the W&I Code; the HCBS Waiver for the Developmentally Disabled; CCR, Title 17, OMB Circulars A-122 and A-133; and the State Contract between DDS and SG/PRC.
- 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. 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 10th of each month, and 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 Social Security Administration in a timely manner. An interview with SG/PRC staff revealed that SG/PRC 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 Social Security Administration, or other source, in a timely manner.
- DDS selected a sample of UFS reconciliations to determine if any accounts were out of balance or if there were any outstanding items that were not reconciled.

- DDS analyzed all of SG/PRC's bank accounts to determine whether DDS had signatory authority as required by the contract with DDS.
- DDS selected a sample of bank reconciliations for Operations (OPS) accounts and Consumer Trust bank accounts to determine if the reconciliations were properly completed on a monthly basis.

II. Regional Center Operations

DDS selected a sample of OPS claims billed to DDS to determine compliance with the State Contract. The sample included various expenditures claimed from the administration section that were reviewed to ensure that SG/PRC's accounting staff were properly inputting data, transactions were recorded on a timely basis, and expenditures charged to various operating areas were valid and reasonable. The following procedures were performed:

- A sample of the personnel files, timesheets, payroll ledgers, and other support documents were selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of OPS expenses, including but not limited to purchases of office supplies, consultant contracts, insurance expenses, and lease agreements were tested to determine compliance with CCR, Title 17 and the State Contract.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the State Contract.
- DDS reviewed SG/PRC'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 (TCM) and Regional Center Rate Study

The TCM Rate Study determines the DDS rate of reimbursement from the federal government. The following procedures were performed upon the study:

- Reviewed applicable TCM records and SG/PRC's Rate Study. DDS examined the month of March 2014, and traced the reported information to source documents.
- The last Case Management Time Study, performed in May 2013, was reviewed in the prior DDS audit that included FY 2012-13. As a result, there was no Case Management Time Study to review for this audit period.

IV. Service Coordinator Caseload Survey

Under W&I Code, Section 4640.6(e), RCs 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):

- “(c) Contracts between the department and regional centers shall require regional centers to have service coordinator-to-consumer ratios, as follows:
 - (1) An average service coordinator-to-consumer ratio of 1 to 62 for all consumers who have not moved from the developmental centers to the community since April 14, 1993. In no case shall a service coordinator for these consumers have an assigned caseload in excess of 79 consumers for more than 60 days.
 - (2) An average service coordinator-to-consumer ratio of 1 to 45 for all consumers who have moved from a developmental center to the community since April 14, 1993. In no case shall a service coordinator for these consumers have an assigned caseload in excess of 59 consumers for more than 60 days.
 - (3) Commencing January 1, 2004, the following coordinator-to-consumer ratios shall apply:
 - (A) All consumers three years of age and younger and for consumers enrolled in the Home and Community-based Services Waiver program for persons with developmental disabilities, an average service coordinator-to-consumer ratio of 1 to 62.
 - (B) 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, an average service coordinator-to-consumer ratio of 1 to 62.
 - (C) All consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not described in subparagraph (A), an average service coordinator-to-consumer ratio of 1 to 66.”

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

V. Early Intervention Program (EIP; Part C Funding)

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

VI. Family Cost Participation Program (FCPP)

The FCPP was created for the purpose of assessing consumer costs to parents based on income level and dependents. The family cost participation assessments are only applied to respite, day care, and camping services that are included in the child's Individual Program Plan (IPP)/Individualized Family Services Plan (IFSP). To determine whether SG/PRC was 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 years who live with their parents and are not Medi-Cal eligible, to determine their contribution for the FCPP.
- Reviewed the parents' income documentation to verify their level of participation based on the FCPP Schedule.
- Reviewed copies of the notification letters to verify that the parents were notified of their assessed cost participation within 10 working days of receipt of the parents' complete income documentation.
- Reviewed vendor payments to verify that SG/PRC was paying for only its assessed share of cost.

VII. Annual Family Program Fee (AFPF)

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

- The adjusted gross family income is at or above 400 percent of the federal poverty level based upon family size.

- The child has a DD or is eligible for services under the California Early Intervention Services Act.
- The child is less than 18 years of age and lives with his or her parent.
- The child or family receives services beyond eligibility determination, needs assessment, and service coordination.
- The child does not receive services through the Medi-Cal program.
- Documentation was maintained by the RC to support reduced assessments.

VIII. Parental Fee Program (PFP)

The PFP was created for the purpose of prescribing financial responsibility to parents of children under the age of 18 years who are receiving 24-hour out-of-home care services through a RC or who are residents of a state hospital or on leave from a state hospital. Parents shall be required to pay a fee depending upon their ability to pay, but not to exceed (1) the cost of caring for a child without a DD at home, as determined by the Director of DDS, or (2) the cost of services provided, whichever is less. To determine whether SG/PRC is in compliance with the W&I Code, DDS requested a list of PFP assessments and verified the following:

- Identified all children with a DD who are receiving the following services:
 - (a) All 24-hour out-of-home community care received through an RC for children under the age of 18 years;
 - (b) All 24-hour care for such minor children in state hospitals; provided, however, that no ability to pay determination shall be made for services required by state or federal law, or both, to be provided to children without charge to their parents.
- Provided DDS with a listing of new placements, terminated cases, and client deaths for those clients. Such listings shall be provided not later than the 20th day of the month following the month of such occurrence.
- Informed parents of children who will be receiving services that DDS is required to determine parents' ability to pay and to assess, bill, and collect parental fees.
- Within 10 working days after placement of a minor child, provide the parents a package containing an informational letter, a Family Financial Statement (FFS), and a return envelope.

- A copy of each informational letter given or sent to parents, indicating the addressee and the date given or mailed, shall be submitted to DDS.

IX. Procurement

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

- Reviewed the SG/PRC contracting process to ensure the existence of a Board-approved procurement policy and to verify that the RFP process ensures competitive bidding, as required by Article II of the State Contract, as amended.
- Reviewed the RFP contracting policy to determine whether the protocols in place included applicable dollar thresholds, and 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 SG/PRC. The process was reviewed to ensure that the vendor selection process is transparent, impartial, and avoids the appearance of favoritism. Additionally, DDS verified that supporting documentation is retained for the selection process and, in instances where a vendor with a higher bid is selected, there is written documentation retained as justification for such a selection.

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

- Selected a sample of Operational, Start-Up, and negotiated POS contracts subject to competitive bidding to ensure SG/PRC notified the vendor community and the public of contracting opportunities available.
- Reviewed the contracts to ensure that SG/PRC has adequate and detailed documentation for the selection and evaluation process of vendor proposals and written justification for final vendor selection decisions and

that contracts were properly signed and executed by both parties to the contract.

In addition, DDS performed the following procedures:

- To determine compliance with the W&I Code, Section 4625.5 for contracts in place as of March 24, 2011: Reviewed to ensure SG/PRC 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 SG/PRC Board-approved Operational, Start-Up, and POS vendor contracts of \$250,000 or more, to ensure the inclusion of a provision for fair and equitable recoupment of funds for vendors that cease to provide services to consumers; verified that the funds provided were specifically used to establish new or additional services to consumers, the usage of funds is of direct benefit to consumers, and the contracts are supported with sufficiently detailed and measurable performance expectations and results.

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

X. Statewide/Regional Center Median Rates

The Statewide and RC Median Rates were implemented on July 1, 2008, and amended on December 15, 2011, to ensure that RCs 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 RCs demonstrate the exemption is necessary for the health and safety of the consumers.

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

- Reviewed sample vendor files to determine whether SG/PRC is using appropriately vendorized service providers and correct service codes and that SG/PRC is paying authorized contract rates and complying with the median rate requirements of W&I Code, Section 4691.9.
- Reviewed vendor contracts to verify that SG/PRC is reimbursing vendors using authorized contract median rates and verified that rates paid represented the lower of the statewide or RC 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 required by regulation, or health and safety exemptions were granted by DDS.

- Reviewed vendor contracts to ensure that SG/PRC did not negotiate rates with new service providers for services which are higher than the RC'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. DDS also ensured that units of service designations conformed with existing RC designations or, if none exists, ensured that units of service conformed to a designation used to calculate the statewide median rate for the same service code.

XI. Other Sources of Funding from DDS

RCs may receive other sources of funding from DDS. DDS performed sample tests on identified sources of funds from DDS to ensure SG/PRC'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 Placement Plan.
- Part C.
- First Five.

XII. 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 SG/PRC and reviewed supporting documentation to determine the degree of completeness of SG/PRC's implementation of corrective actions.

CONCLUSIONS

Based upon the audit procedures performed, DDS has determined that except for the items identified in the Findings and Recommendations section, SG/PRC was in compliance with applicable sections of the W&I Code; the HCBS Waiver for the Developmentally Disabled; CCR, Title 17; OMB Circulars A-122 and A-133; and the State Contract between DDS and SG/PRC for the audit period, July 1, 2013, through June 30, 2015.

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

From the review of the prior audit issues, it has been determined that SG/PRC has taken appropriate corrective action to resolve prior audit issues.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on January 11, 2017. The findings in the draft audit report were discussed at a formal exit conference with SG/PRC on February 16, 2017. The views of the responsible officials are included in this audit report.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Findings that need to be addressed.

Finding 1: Deleted

After further analysis of the additional documentation provided by SG/PRC in its response to the draft audit report, it has been determined that this was not an issue and the finding has been deleted.

Finding 2: Inappropriate Allocation of Consumer Trust Funds

SG/PRC inappropriately allocated a total of \$161.18 from 72 inactive or closed trust accounts to all of its existing consumers with active trust accounts. These funds should have been forwarded to the consumers or consumers' beneficiaries or escheated to the State. The inactive or closed trust accounts were inactivated in 1986 through 2015 and had balances of \$10 or less. SG/PRC stated it dispersed balances of \$10 or less to existing consumers as a cost-saving measure associated with the processing of such small checks. (See Attachment A)

Social Security Handbook, Chapter 16, Section 1617.1, states:

“A representative payee must apply the payments for the use and benefit of the entitled individual. Social Security and/or SSI funds are properly used if they are:

- A. Spent for the beneficiary's current and reasonably foreseeable needs; or
- B. Saved or invested for the beneficiary, if current needs have been met.”

Recommendation:

SG/PRC must not reallocate inactive or closed trust accounts with a balance of \$10 or less to existing consumers. The \$161.18 that was allocated to existing consumers' client trust accounts should be returned to the rightful consumers or escheated to the State if the consumer or the beneficiaries cannot be located. Furthermore, SG/PRC should put procedures in place to ensure any inactive or closed accounts are researched and have the balances forwarded to consumers, or consumers' beneficiaries or escheated to the State timely.

Findings that have been addressed and corrected.

Finding 3: Missing Equipment

The review of 40 items from SG/PRC's equipment inventory listing revealed seven items were missing. SG/PRC stated that these items were surveyed; however, SG/PRC did not complete the Std. 152 form, or receive approval from the Department of General Services prior to disposal of the items. (See Attachment B)

State's Equipment Management System Guidelines, Section III, E states in part:

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

RCs shall work directly with their regional Department of General Services' (DGS) office to properly dispose of state-owned equipment. RCs will complete a *Property Survey Report* (Std. 152) for all state-owned equipment subject to disposal. DGS must review and approve the Std. 152 before the equipment is actually disposed.”

SG/PRC has taken corrective action to resolve this issue by providing approved Std. 152 forms for the seven missing items.

Recommendation:

SG/PRC must follow the State's Equipment Management System Guidelines, Section III (E), to ensure equipment is properly surveyed as required by its contract with DDS.

Finding 4: Multiple Dates of Death

The review of the UFS Deceased Consumer Report identified 16 consumers with multiple dates of death. Further review found that no payments were made beyond the actual date of death.

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

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

- (1) Update changes to all mandatory items of the Client Master File at least annually except for the following elements, which

must be updated within thirty (30) days of Contractor being aware of the following events:

- (a) The death of a consumer;
- (b) The change of address of a consumer; or
- (c) The change of residence type of a consumer.”

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

SG/PRC has taken corrective action to resolve the multiple dates of death by researching and updating all 16 consumers’ dates of death in UFS.

Recommendation:

SG/PRC must ensure its service coordinators accurately record the consumer’s date of death in UFS by utilizing the date stated on the consumer’s death certificate. In addition, the service coordinators must review the UFS Deceased Consumer Report to ensure that only one date of death is recorded in UFS.

EVALUATION OF RESPONSE

As part of the audit report process, SG/PRC was provided with a draft audit report and requested to provide a response to the findings. SG/PRC's response dated March 15, 2017, is provided as Appendix A.

DDS' Audit Section has evaluated SG/PRC's response and will confirm the appropriate corrective actions have been taken during the next scheduled audit.

Finding 1: Deleted

After further analysis of the additional documentation provided by SG/PRC in its response to the draft report, it has been determined that this was not an issue and the finding has been deleted.

Finding 2: Inappropriate Allocation of Consumer Trust Funds

SG/PRC disagreed with the finding that it allocated inactive or closed trust accounts with balances to existing consumers. SG/PRC stated in its response that it had deposited the funds from its inactive and closed trust accounts into a "Contract" account and that these funds were in the process of being escheated to the State. SG/PRC submitted documents with the response that indicated that after learning of the audit finding the \$161.18 had been transferred back into the Contract account. A follow-up will be conducted during the next scheduled audit to ensure SG/PRC distributed the \$161.18 properly.

In addition, SG/PRC stated it has developed new procedures to ensure unclaimed funds are escheated to the State. A follow-up will be conducted during the next scheduled audit to ensure DDS' recommendation has been implemented.

**San Gabriel/Pomona Regional Center
Allocation of Client Trust Funds
Fiscal Years 2013-14 and 2014-15**

	UCI	Status	Date Inactivated	Amount
1		Closed-Transfer	8/11/1986	\$0.02
2		Closed-Deceased	12/22/2000	\$7.21
3		Closed-Deceased	3/1/2002	\$3.79
4		Closed-Deceased	6/17/2002	\$0.03
5		Closed-Transfer	11/26/2002	\$4.73
6		Closed-Other	12/11/2002	\$2.84
7		Closed-Transfer	2/6/2003	\$4.78
8		Closed-Transfer	2/11/2003	\$0.05
9		Closed-Transfer	2/11/2003	\$0.05
10		Closed-Transfer	3/12/2003	\$0.75
11		Closed-Transfer	5/15/2003	\$0.33
12		Closed-Transfer	8/20/2003	\$1.13
13		Closed-Transfer	11/17/2003	\$1.76
14		Closed-Deceased	12/15/2003	\$0.57
15		Closed-Deceased	12/30/2003	\$0.05
16		Inactive	12/30/2003	\$0.88
17		Closed-Deceased	3/15/2004	\$0.04
18		Closed-Deceased	4/6/2004	\$0.03
19		Closed-Deceased	5/5/2004	\$0.09
20		Closed-Transfer	6/30/2004	\$2.68
21		Closed-Transfer	9/2/2004	\$0.33
22		Inactive	6/15/2005	\$8.00
23		Closed-Deceased	7/12/2005	\$9.55
24		Closed-Transfer	10/10/2005	\$1.17
25		Closed-Transfer	11/14/2005	\$1.87
26		Closed-Transfer	4/5/2006	\$8.18
27		Closed-Transfer	7/5/2006	\$7.32
28		Closed-Deceased	8/2/2006	\$1.14
29		Closed-Transfer	9/6/2006	\$6.37
30		Closed-Transfer	11/8/2006	\$5.01
31		Closed-Not DD	1/8/2007	\$2.83
32		Closed-Transfer	1/10/2007	\$8.00
33		Closed-Transfer	1/15/2008	\$0.52
34		Closed-Transfer	2/5/2008	\$1.05
35		Closed-Deceased	5/21/2008	\$6.15
36		Closed-Transfer	11/4/2008	\$2.20
37		Closed-Transfer	12/4/2008	\$2.44
38		Closed-Transfer	1/7/2009	\$1.28
39		Closed-Deceased	1/22/2009	\$0.10

**San Gabriel/Pomona Regional Center
Allocation of Client Trust Funds
Fiscal Years 2013-14 and 2014-15**

	UCI	Status	Date Inactivated	Amount
40		Inactive	3/19/2009	\$1.80
41		Closed-Transfer	5/7/2009	\$5.83
42		Closed-Transfer	8/4/2009	\$3.30
43		Closed-Transfer	12/8/2009	\$4.40
44		Closed-Transfer	8/3/2010	\$0.55
45		Closed-Out of State	9/17/2010	\$0.10
46		Closed-Transfer	10/18/2010	\$0.18
47		Closed-Transfer	1/31/2011	\$0.12
48		Closed-Transfer	1/31/2011	\$0.17
49		Closed-Transfer	5/9/2011	\$0.20
50		Inactive	6/7/2011	\$0.01
51		Closed-Deceased	9/23/2011	\$9.33
52		Closed-Deceased	12/21/2011	\$0.05
53		Closed-Transfer	1/23/2012	\$0.06
54		Closed-Transfer	1/23/2012	\$0.07
55		Closed-Transfer	1/25/2012	\$3.89
56		Closed-Deceased	4/17/2012	\$2.68
57		Closed-Deceased	6/4/2012	\$0.66
58		Closed-Deceased	6/6/2012	\$0.83
59		Closed-Other	7/3/2012	\$0.12
60		Inactive	9/12/2012	\$2.74
61		Closed-Deceased	10/11/2012	\$9.26
62		Closed-Transfer	1/3/2013	\$0.07
63		Closed-Transfer	3/6/2013	\$0.01
64		Closed-Transfer	9/18/2013	\$0.11
65		Closed-Transfer	11/4/2013	\$0.15
66		Closed-Transfer	12/3/2013	\$0.02
67		Closed-Out of State	3/27/2014	\$0.48
68		Closed-Deceased	10/21/2014	\$7.05
69		Inactive	1/26/2015	\$1.37
70		Inactive	2/12/2015	\$0.04
71		Closed-Transfer	4/21/2015	\$0.13
72		Closed-Transfer	6/3/2015	\$0.08
Total Allocation of Consumer Trust Funds				\$161.18

**San Gabriel/Pomona Regional Center
Missing Equipment
Fiscal Years 2013-14 and 2014-15**

	Item	Serial Number	State Tag Number
1	Printer, HP Desk Jet 970 CXI	MY9CH120D5	328901
2	Computer, Compaq EP	6945CZF2K216	325212
3	Printer, Laser Jet	USQB033943	328905
4	Computer, Compaq EP	6945CZF2L607	325207
5	Computer, Compaq EP	6913CL94A914	325039
6	Computer, Compaq EP	6945CZF2L586	325093
7	Computer, Compaq EP	6025DV98A255	328987

APPENDIX A

SAN GABRIEL/POMONA REGIONAL CENTER

**RESPONSE
TO AUDIT FINDINGS**

(Certain documents provided by the San Gabriel/Pomona 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

March 15, 2017



Mr. Edward Yan, Manager, Audit Branch
Department of Developmental Services
1600 Ninth Street, Room 230, MS-2-10
Sacramento, CA 95814

RE: Response to Draft Audit Report for Fiscal Years 2013-14 and 2014-15 (Statement of Disputed Issues)

Dear Mr. Yan, *Ed,*

Please accept this correspondence as San Gabriel/Pomona Regional Center's (SG/PRC), formal response to the draft audit report dated January 11, 2017. The draft audit report was discussed by conference call on February 16, 2017, during the exit conference. Per the attached email, Oscar Perez, DDS Audit Supervisor, informed us that our response would be due March 20, 2017.

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

A. Duplicate Payments for Services

SG/PRC disagrees with the recommendation that SG/PRC reimburse DDS for vehicle inspection services totaling \$44,314.23. The vehicle safety inspections completed by the identified vendors, are part of our agency's commitment to client safety during transport. These vehicle inspections are completed by former California Highway Patrol (CHP) Terminal Inspectors, who are very familiar with the different systems of a vehicle and who particularly focus on vehicles main safety features. The inspectors utilize a check-off vehicle inspection sheet (Attachment A-1) patterned after the CHP 108A Bus Maintenance and Safety Inspection form (Attachment A-2). This service is used to provide an independent

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

opinion, by trained professionals, of whether a vehicle is safe to operate. This service is used specifically to monitor the safety of vehicles used by service providers vendored as Transportation Additional Component (service code 880). Service providers under the 880 service code, are typically day programs who either utilize company vehicles, that are not considered buses (passenger capacity of 10 or less), or utilize the personal vehicle of the staff to transport the clients. Unlike our transportation company service providers (service code 875) who operate paratransit vehicles with passenger capacities of 11 or more, which are required to be inspected by an independent entity (CHP), 880 service providers do not have this additional layer of oversight.

The DDS finding identified that section 8(j)(1) and (2) of the SG/PRC Transportation Contract with transportation service providers specifically requires service providers to have vehicles inspected. This contractual requirement applies to both transportation companies (service code 875; Attachment A-3) and transportation additional component (880-Attachment A-4). These service providers are expected to have vehicles inspected on a routine basis. The SG/PRC Vendor Vehicle and Performance Review, item #10 (Attachment A-5) is used to hold the vendors to this contractual requirement. Vendors typically will address this requirement by having staff take their vehicles to a designated mechanic/technician or may have an in-house technician who will complete these inspections. Having a separate inspection service in place does not preclude or usurp the vendor's responsibility in the contract for making sure that the vehicles that staff drive are safe. The separate inspection service, provided to the 880 vendors, is meant to provide an independent expert to evaluate the safety of vehicles and thus ensure client safety in the vehicles that transport them, offering a similar layer of safety as clients being transported by 875 vendors.

B. Statewide Median Rate

SG/PRC disagrees with the recommendation that SG/PRC reimburse DDS in the amount of \$809.76 due to failing to adhere to the median rate. The [REDACTED] vendor number, identified in the DDS audit, was originally established in 2010. While this was a new vendor number, the intent was not to establish a new

vendorization but rather to complete a clerical/procedural change of an existing vendorization under vendor number [REDACTED]. Based on the documents that we

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were able to locate for [REDACTED] this vendor number was originally established as a 063 primary service code. Also under this same vendor number, service code 040 (Program Support) was attached at a rate of \$14 p/hr. The 040 service code was used back in the 1990's as the service code for Program Support. In 2010, when a request was made to fund for program support, it was determined that keeping the program support under the [REDACTED] vendor number was not appropriate, due to the fact that service code 040 is no longer used. It was decided to move that existing 040 service over to the appropriate service code of 110 and to attach a separate vendor number for this service. As this was an existing service, with an established rate of \$14.00, which was an originally agreed upon amount (Attachment B1-B4), this change was done as a clerical/procedural change rather than a new vendorization. It was not the intent or error of SG/PRC to not adhere to median rate rules.

Finding 2: Inappropriate Allocation of Consumer Trust Funds

SG/PRC in fact did not reallocate inactive or closed trust accounts with a balance of \$10 or less, and an aggregate amount of \$161.18 to existing consumers. The funds were deposited into our "Contract" account on 10-15-15 at the time of the audit. Please refer to Attachment C-1, Client Trust Status Inquiry. We have recently set up and put in place, procedures for reporting unclaimed property (Attachment C-2, Reporting of Unclaimed Property) to the State Controller's office, and are currently in the process of escheating the above amount to the State.

We trust that we have provided the necessary information and documentation that you need to amend your final report. We would be happy to address any further questions and provide any other documentation you might find necessary.

It was a pleasure working with your audit team, and we would like to commend their professionalism.

Sincerely,

[REDACTED]

Attachments