



**AUDIT OF THE  
SOUTH CENTRAL LOS ANGELES REGIONAL CENTER  
FOR FISCAL YEARS 2014-15 AND 2015-16**

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**Department of Developmental Services  
December 18, 2019**

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# EXECUTIVE SUMMARY

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The Department of Developmental Services (DDS) conducted a fiscal compliance audit of South Central Los Angeles Regional Center (SCLARC) to ensure SCLARC 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 SCLARC maintains accounting records and supporting documentation for transactions in an organized manner.

The audit period was July 1, 2014, through June 30, 2016, with follow-up, as needed, into prior and subsequent periods. This report identifies some areas where SCLARC'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 SCLARC's operations. A follow-up review was performed to ensure SCLARC has taken corrective action to resolve the findings identified in the prior DDS audit report.

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

### **Finding 1: Misuse of Operational Funds**

The review of Operational (OPS) expenses revealed that SCLARC misused OPS funds. SCLARC used OPS funds to reimburse expenses that were the responsibility of the Friends of SCLARC (FOS) Foundation. There were 14 transactions in which FOS expenses totaling \$1,472.90 were charged to SCLARC's account. In addition, the review revealed SCLARC paid a total of \$70,295.95 for office space, parking and utilities for FOS from May 2015 through August 2017. Expenses reimbursed by SCLARC which were the responsibility of FOS totaled \$71,768.85.

SCLARC provided documentation with its response indicating it received \$70,295.95 for the office space, parking and utilities from FOS. The remaining \$1,472.90 for the 14 transactions charged to SCLARC's account remains outstanding.

### **Finding 2: Credit Card Practices**

#### **A. Credit Card Procedures Not Followed (Repeat)**

The review of credit card statements found that SCLARC continues to violate its credit card reimbursement procedures. The review noted \$12,168.42 in credit card purchases were either missing receipts or had

insufficient documentation to detail the items purchased. This issue was identified in the Fiscal Year (FY) 2005-06 audit report and has been a recurring issue in five of the seven prior audits. In addition, SCLARC employees purchased alcohol totaling \$361.22 and made personal purchases totaling \$11,663.68. SCLARC incurred a total of \$24,193.32 in unsupported and unallowable credit card expenditures. This is not in compliance with the OMB Circular A-122 Appendix B to Part 230—Selected Items of Cost, Item, the State Contract, Article IV, Section 3(a) and (b) and SCLARC's Procedures for Credit Card Purchases, Section D (1) and (3).

SCLARC has since reimbursed \$11,927.35 for the alcohol and personal expenses, with the remaining unsupported and unallowable credit card expenditures totaling \$12,265.97.

SCLARC provided additional documentation with its response indicating \$31.37 for food was supported and \$66.18 was reimbursed for alcohol and personal expenses. Therefore, the remaining amount of unsupported credit card expenditures is \$12,168.42.

#### **B. Inappropriate Use of Operational Funds (Repeat)**

The review of credit card statements revealed three instances where SCLARC inappropriately used OPS funds totaling \$1,505.36 for items that were neither for the delivery of RC services nor for administrative purposes. The use of State funds in this manner is not in compliance with OMB Circular A-122 Appendix B to Part 230—Selected Items Of Cost, Item 12(a) and SCLARC's Contract with the State, Article I, Section 11. This issue was identified in the prior audit.

#### **Finding 3: In-Kind Services (Repeat)**

The review of Friends of Housing Inc.'s (FHI) account revealed that three SCLARC employees continued to provide accounting, administrative and program services to FHI for FYs 2014-15 and 2015-16. In return for the services provided by these employees, FHI was to provide services or funding to SCLARC consumers totaling \$5,704.94 for the two FYs. However, the review noted SCLARC did not receive any in-kind services or reimbursement in exchange for the services provided to FHI. In addition, SCLARC has not taken corrective action to collect \$1,357.53 that was identified in the prior audit. This does not comply with the State Contract, Article III, Section 13(b) and the First Amendment to SCLARC's In-Kind Service Agreement with FHI.

SCLARC stated that it provided a limited number of in-kind hours to FHI and provided a new in-kind services agreement with its response indicating that the amount of in-kind services provided to FHI in FYs 2014-15 and 2015-16 was \$574.83 and \$645.00, respectively. Therefore, the total monetary equivalence was adjusted to \$1,219.83.

**Finding 4: Missing Documentation for a Fitness Allowance**

The review of the employee payroll revealed that SCLARC reimbursed its Executive Director (ED) a total of \$1,200 in fitness allowances for FYs 2014-15 and 2015-16. However, SCLARC could not provide documentation indicating that the ED entered into a contract with a fitness center. This not in compliance with the Executive Employment Agreement between SCLARC and the ED's, Terms and Conditions, 8.

**Finding 5: Conflict of Interest (COI)**

**A. COI Disclosure Statements**

The review of the COI disclosure statements and discussions with SCLARC staff revealed two employees did not disclose a COI that existed. First, the ED did not disclose the relationship that exists between him and the Property Manager for FOS. Second, one employee did not disclose that she works for both SCLARC and FHI. This is not in compliance with W&I Code, Section 4626(a), (d) and (l), CCR, Title 17, Sections 54522(a) and (b)(1)(2)(5)(6)(7), 54523(c)(1)(2) and 54533(a).

**B. COI Statement Not Reviewed by the Executive Director**

The sample review of 19 employee files revealed the ED did not review COI statements for SCLARC employees. This is not in compliance with W&I Code, Section 4626(e) and (k).

**Finding 6: Personnel Salary Schedule Not Posted on the Transparency Portal Website**

SCLARC did not post the current salary schedule for all personnel classifications for FYs 2014-15, 2015-16 and 2016-17 on its Transparency Portal website. This is not in compliance with W&I Code, Section 4629.5(b)(13) and 4639.5(a).

A follow-up review during the current audit revealed SCLARC took corrective action by posting its personnel salary schedule for all personnel classifications on the Transparency Portal; therefore, this issue is considered resolved.

**Finding 7: Lack of Minutes for Closed Board Meetings**

A discussion with SCLARC's Chief Financial Officer (CFO) revealed SCLARC conducted closed Board meetings. However, SCLARC was not able to provide minutes for the closed Board meetings related to employee governance policies, labor issues and lawsuits. In addition, prior to and directly after holding any closed session, SCLARC's Board did not state the specific reason or reasons for the closed session. This is not in compliance with W&I Code, Section 4663(a) and (b).

**Finding 8: Lack of Annual Notification of the Whistleblower Policy**

SCLARC is not notifying its Board members annually of the Whistleblower policy. This is not in compliance with the State Contract, Article I, Sections 17(b)(6).

**Finding 9: Missing Equipment**

The review of 40 sampled items from the Equipment Inventory listing revealed four items that could not be located. This is not in compliance with the State Contract, Article IV, Section 4(a).

SCLARC provided additional documentation with its response and during the recent audit indicating this issue has been resolved.

## BACKGROUND

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DDS is responsible, under the W&I Code, 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 South Central Los Angeles Regional Center for Developmentally Disabled Persons, Inc., entered into State Contract HD149019, effective July 1, 2014, through June 30, 2021. This contract specifies that South Central Los Angeles Regional Center for Developmentally Disabled Persons, Inc., will operate an agency known as SCLARC to provide services to individuals with DD and their families in the Compton, San Antonio, South, Southeast, and Southwest Los Angeles County Health Districts. The contract is 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 May 8, 2017, through June 16, 2017, by the Audit Section of DDS.



## **AUTHORITY**

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

## **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 SCLARC, effective July 1, 2014.

## **AUDIT PERIOD**

The audit period was July 1, 2014, through June 30, 2016, with follow-up, as needed, into prior and subsequent periods.

## OBJECTIVES, SCOPE, AND METHODOLOGY

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

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 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 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 SCLARC.

DDS' review of SCLARC'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 reports that were conducted by an independent CPA firm for Fiscal Years (FYs) 2014-15 and 2015-16, issued on February 17, 2016 and March 23, 2017, respectively. It was noted that no management letters were issued for SCLARC. 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 SCLARC. 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 SCLARC.
- 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 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 the Social Security Administration or other sources 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 State 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 for administration that were reviewed to ensure SCLARC's accounting staff properly input 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 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 (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 SCLARC's Rate Study. DDS examined the months of May 2015 and May 2016 and traced the reported information to source documents.
- Reviewed SCLARC's TCM Time Study. DDS selected a sample of payroll timesheets for this review and compared timesheets to the Case Management Time Study Forms (DS 1916) to ensure that the forms were properly completed and supported.

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

Under the 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)(1)(2)(3)(A)(B)(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.

## **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 SCLARC was in compliance with CCR, Title 17, and the W&I Code, Section 4783, 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' income documentation.
- Reviewed vendor payments to verify that SCLARC 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 SCLARC was in compliance with the W&I Code, Section 4785, 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 DD at home, as determined by the Director of DDS, or (2) the cost of services provided, whichever is less. To determine whether SCLARC is in compliance with the W&I Code, Section 4782, DDS requested a list of PFP assessments and verified the following:

- Identified all children with 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) 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.
- Provided parents a package containing an informational letter, a Family Financial Statement (FFS), and a return envelope within 10 working days after placement of a minor child.
- Provided DDS a copy of each informational letter given or sent to parents, indicating the addressee and the date given or mailed.

## 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. To determine whether SCLARC implemented the required RFP process, DDS performed the following procedures during the audit review:

- Reviewed SCLARC's contracting process to ensure the existence of a Board-approved procurement policy and to verify that the RFP process ensures competitive bidding, as required by Article II of the State Contract, as amended.
- Reviewed the RFP contracting policy to determine whether the protocols in place 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 SCLARC. The process was reviewed to ensure that the vendor selection process is transparent and 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, written documentation is 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 Operations, Community Placement Plan (CPP), and negotiated 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 and written justification for final vendor selection decisions and that those contracts were properly signed and executed by both parties to the contract.



In addition, DDS performed the following procedures:

- To determine compliance with the W&I Code, Section 4625.5 for contracts in place as of March 24, 2011: Reviewed to ensure 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 Operations, 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 SCLARC's current RFP process and Board approval for contracts of \$250,000 or more, as well as to determine whether the process in place satisfies the W&I Code and SCLARC'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 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, and that SCLARC is paying authorized contract rates and complying with the median rate requirements of W&I Code, Section 4691.9.
- Reviewed vendor contracts to ensure that SCLARC 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 SCLARC 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 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;
- CPP;
- Denti-Cal;
- Part C – Early Start Program; and
- Family Resource Center.

## **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 SCLARC and reviewed supporting documentation to determine the degree of completeness of SCLARC's implementation of corrective actions.

## **CONCLUSIONS**

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Based upon the audit procedures performed, DDS determined that except for the items identified in the Findings and Recommendations section, SCLARC 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 SCLARC for the audit period, July 1, 2014, through June 30, 2016.

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

From the review of the nine prior audit findings, it has been determined that SCLARC has taken appropriate corrective action to resolve six findings.

## **VIEWS OF RESPONSIBLE OFFICIALS**

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DDS issued the draft audit report on February 27, 2019. The finding in the draft audit report was discussed at a formal exit conference with SCLARC on March 14, 2019. The views of SCLARC's responsible officials are included in this final audit report.

## **RESTRICTED USE**

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

## FINDINGS AND RECOMMENDATIONS

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### Findings to be addressed.

#### Finding 1: Misuse of Operational Funds

The review of OPS expenses revealed that SCLARC misused OPS funds. SCLARC used OPS funds to reimburse 14 expenses that were the responsibility of the FOS. Transactions for FOS expenses, such as food for FOS Board meetings, lunches, a plane ticket for an FOS employee to attend active shooter training, reception tickets for FOS employees to attend a Martin Luther King, Jr. breakfast event and donations for a golf tournament totaling \$1,472.90, were paid by SCLARC and subsequently recorded as expenses of SCLARC. (See Attachment A)

In addition, from May 2015 through August 2017, SCLARC paid a total of \$70,295.95 for 656 square feet of office space, parking, telephone and internet expenses utilized by FOS. These expenses were also recorded as SCLARC's expenses. This occurred when SCLARC entered into a lease agreement with FOS for the entire building and did not take into account the office space, parking and utilities that were part of FOS. SCLARC stated that it was an oversight on its part.

The total amount of expenses SCLARC paid and recorded, but were determined to be the responsibility of FOS, is \$71,768.85. (See Attachment A1)

SCLARC provided documentation with its response indicating it received \$70,295.95 for the office space, parking and utilities from FOS. The remaining \$1,472.90 for the 14 transactions charged to SCLARC's account remains outstanding.

For good internal controls and to maintain proper accounting records, the accounting books and records for SCLARC and the FOS should be maintained separately. If the accounting books and records are not properly maintained for SCLARC and the FOS as separate entities, the financial activities and the results of the financial operations for both entities cannot be properly accounted for.

#### Recommendation:

SCLARC must ensure that all financial activities and accounting transactions for SCLARC and FOS are maintained separately. SCLARC must amend its lease agreement with FOS to account for the office,

parking spaces, telephone and internet utilized by FOS. Furthermore, SCLARC must seek reimbursement from FOS totaling \$1,472.90 and reimburse DDS.

**Finding 2: Credit Cards Practices**

**A. Credit Card Procedures Not Followed (Repeat)**

The review of SCLARC's credit card statements found that SCLARC continues to violate its credit card reimbursement procedures. The review of 24 months of credit card statements identified the following:

- 102 instances of credit card purchases without receipts, totaling \$8,557.92.
- 29 instances of credit card purchases totaling \$3,610.50 without detailed/itemized receipts.
- 11 instances of alcohol purchases totaling \$361.22.
- 16 instances of credit card purchases totaling \$11,663.68 that were for personal use.

SCLARC incurred a total of \$24,193.32 in unsupported and unallowable credit card expenditures. This issue was initially identified in the FY 2005-06 audit report and has been a recurring issue in five of the seven prior DDS audits. (See Attachment B)

SCLARC has since reimbursed \$11,927.35 for the alcohol and personal expenses. In addition, SCLARC provided documentation with its response indicating \$31.37 for food was supported and \$66.18 was reimbursed for alcohol and personal expenses. Therefore, the remaining amount of unsupported credit card expenditures is \$12,168.42.

OMB Circular A-122 Appendix B to Part 230—Selected Items of Cost, Item 3 states:

“Alcoholic beverages. Costs of alcoholic beverages are unallowable.”

State Contract, Article IV, Section 3(a) and (b) states in part:

“Contractor shall keep records, as follows:

- a. The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget,

revenues, expenditures, and consumers served under this contract.

- b. The Contractor shall make available at the office of the Contractor at any time during the term of this agreement during normal working hours, and for a period of three years after final payment under this annual contract, any of its records (personnel records excepted) for the inspection, audit, examination or reproduction by an authorized representative of the State, federal auditor, the State Auditor of the State of California, or any other appropriate State agency, which shall be conducted with the minimum amount of disruption to Contractor's program."

SCLARC's Procedures for Credit Card Purchases, Section D (1) and (3) states in part:

- "1. THE CREDIT CARD IS NOT TO BE USED FOR PERSONAL USE....
3. Every purchase made with the company credit card, must have an original receipt to support the expenditure and a completed credit card form. Employees who fail to provide original receipts on two occasions may have their credit card privileges suspended indefinitely.
  - A. Employees making purchases at a restaurant must obtain a receipt that indicates the item(s) purchased at the restaurant. The agency doesn't reimburse for purchases of alcohol (No exceptions)."

**Recommendation:**

SCLARC must enforce its credit card procedures by suspending credit card privileges for those employees who fail to provide itemized receipts for purchases made using credit cards. In addition, SCLARC must ensure that credit cards issued to employees are not used for the purchase of personal items or alcohol. Furthermore, SCLARC must reimburse to DDS a total of \$12,168.42 for the unsupported expenditures still outstanding.

**B. Inappropriate Use of Operational Funds (Repeat)**

The review of credit card statements revealed three instances where SCLARC inappropriately used OPS funds for items that were neither for the delivery of RC services nor for administrative purposes. This



issue was identified in the prior audit. SCLARC used OPS funds totaling \$1,505.36 on gifts to its Board members. (See Attachment C)

OMB Circular A-122 Appendix B to Part 230—Selected Items of Cost, Item 12(a) states:

“Donations and contributions.

- a. Contributions or donations rendered. Contributions or donations, including cash, property, and services, made by the organization, regardless of the recipient, are unallowable.”

SCLARC’s Contract with the State, Article I. Standard Terms and Conditions, Section 11 Definitions, states:

- f. “Operations Budget” means that portion of a Contractor’s budget allocation set forth in Exhibit A that is intended for the delivery of regional center “direct consumer services” and “administration.”
- g. “Direct Consumer Services” means those direct services to persons with developmental disabilities delivered by Contractor. These services include but are not limited to case management, funds management for persons with developmental disabilities, rights assurance, diagnosis and assessment, intake, prevention, quality assurance, program development, and other services under the Lanterman Act provided directly by Contractor.
- h. “Administration” means those support activities required of Contractor that are essential to the efficient conduct of business.”

**Recommendation:**

SCLARC must reimburse DDS a total of \$1,505.36 for the inappropriate use of OPS funds. In addition, SCLARC must ensure its OPS funds are used only for the delivery of RC services or for administrative purposes.

**Finding 3: In-Kind Services (Repeat)**

The review of the FHI’s account revealed that three SCLARC employees continued to provide accounting, administrative and program services to FHI in the amount of \$2,852.47 per year in FYs 2014-15 and 2015-16. In return for the services provided by these employees, FHI was to provide

services or funding to SCLARC consumers totaling \$5,704.94 for the two FYs. However, during this audit, SCLARC did not receive any In-Kind services or funding in exchange for the services provided to FHI. In addition, SCLARC did not collect \$1,357 in administrative costs covered by SCLARC noted in the prior audit. SCLARC stated that it did not seek In-kind services from FHI because the percentage of time spent by its employees providing services was reduced. However, SCLARC could not provide documentation indicating that the percentage of time spent providing services to FHI had been reduced. The total amount owed to SCLARC from current and prior FYs is \$7,062.47.

SCLARC stated that it provided limited number of in-kind hours to FHI during FYs 2014-15 and 2015-16. In addition, SCLARC provided an amendment to the In-Kind agreement with its response indicating that the amount of In-kind services provided to FHI in FYs 2014-15 and 2015-16 was reduced to \$574.83 and \$645, respectively. The total monetary equivalence was adjusted to \$1,219.83. Therefore, the total monetary equivalence was adjusted for both prior and current audit is \$2,576.83. However, the \$1,357 was already invoiced when the prior audit was issued.

State Contract, Article III, Section 13(b) states:

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

First Amendment to In-Kind Services Agreement (SCLARC and Friends Housing, Inc.) states in part:

“1. Valuation of SCLARC’s In-Kind Services The Agreement identified the percentage of time applicable that SCLARC staff members have spent, and intend to continue to spend, on in-kind services to FHI. Based on such percentages, the monetary value of such services for FY 2012-13 and FY 2013-14 will be \$2,852.47 (the “**Monetary value of SCLARC’s In-Kind Services**”).

3. Records: Annual Reconciliation Within 90 days after the end of a fiscal year, the parties shall provide to each other adequate records to reasonably document the monetary value of all in-kind services from SCLARC to FHI, and the monetary value of all services from FHI to SCLARC. Based on such documentation, the parties shall then calculate and compare the Monetary Value of SCLARC's In-Kind Services during such fiscal year against the Monetary Value of FHI's during that same fiscal year.
4. Payment by FHI to SCLARC If the Monetary Value of SCLARC's In-Kind Services in a fiscal year exceeds the Monetary Value of FHI's Services in that same year, FHI shall remit the difference to SCLARC (the "Payment") within 90 days thereafter. FHI may remit the Payment either in (i) cash, (ii) grants to SCLARC's consumers and/or (iii) non-monetary assistance to SCLARC's staff and consumers."

**Recommendation:**

SCLARC must seek monetary equivalence from FHI and reimburse DDS a total of \$1,219.83 for the services provided by SCLARC employees to FHI.

**Finding 4: Missing Documentation for a Fitness Allowance**

The review of the employee payroll revealed that SCLARC reimbursed its ED a \$50 monthly fitness allowance totaling \$1,200 for FYs 2014-15 and 2015-16. However, SCLARC could not provide documentation indicating that the ED entered into a contract with a fitness center. SCLARC has since stopped paying the fitness allowance, until the ED provides a contract from a fitness center.

Executive Employment Agreement between SCLARC and Dexter Henderson states in part:

"Terms and Conditions

8. Benefits.

Henderson shall be eligible for a Fifty Dollar (\$50) monthly allowance for a membership in a fitness center effective upon entering into a contract with a fitness center and presenting the contract to the Board's Executive Committee.

**Recommendation:**

The ED must provide a fitness center contract to SCLARC for the periods of audit or reimburse SCLARC \$1,200 for the fitness allowance.

**Finding 5: Conflict of Interest**

**A. COI Disclosure Statements**

The review of COI disclosure statements and discussions with SCLARC staff revealed two employees did not disclose a COI that existed. The ED did not disclose his relationship with FOS' Property Manager. In addition, one employee did not disclose that she works for both SCLARC and FOS and receives monthly compensation from each. The employee works for SCLARC as a Community Relations Specialist and for FHI as a Property Manager. These COIs should be disclosed to ensure employees act in the course of their duties solely in the best interest of SCLARC consumers and their families without regard to the interests of any other organization with which they are associated or persons to whom they are related and to promote transparency. SCLARC stated that it does not believe this should be considered a conflict and therefore did not see the need for the two employees filing COI disclosure statements.

W&I Code, Section 4626(a), (d) and (l) states:

“(a) The department shall give a very high priority to ensuring that regional center board members and employees act in the course of their duties solely in the best interest of the regional center consumers and their families without regard to the interests of any other organization with which they are associated or persons to whom they are related. Board members, employees, and others acting on the regional center’s behalf, as defined in regulations issued by the department, shall be free from conflicts of interest that could adversely influence their judgment, objectivity, or loyalty to the regional center, its consumers, or its mission.”

“(d) The department shall ensure that no regional center employee or board member has a conflict of interest with an entity that receives regional center funding, including, but not limited to, a nonprofit housing organization and an organization qualified under Section 501(c)(3) of the Internal Revenue Code, that actively functions in a supporting relationship to the regional center.”

“(l) The department and the regional center governing board shall review the conflict-of-interest statement of the regional center executive director and each regional center board member to ensure that no conflicts of interest exist. If a present or potential conflict of interest is identified for a regional center director or a board member that cannot be eliminated, the regional center governing board shall, within 30 days of receipt of the statement, submit to the department and the state council a copy of the conflict-of-interest statement and a plan that proposes mitigation measures, including timeframes and actions the regional center governing board or the individual, or both, will take to mitigate the conflict of interest.”

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

“(a) A regional center governing board member or regional center executive director shall not make, participate in making, or in any way attempt to use his or her position to influence a regional center or board decision in which he or she knows or has reason to know that he or she or a family member has a financial interest.

(b) Financial interest, as used in this section, includes any current or contingent ownership, equity, or security interest that could result, directly or indirectly, in receiving a pecuniary gain or sustaining a pecuniary loss as a result of the interest in any of the following:

(1) business entity worth two thousand dollars (\$2,000) or more.

(2) real or personal property worth two thousand dollars (\$2,000) or more in fair market value. ...

(5) sources of gross income aggregating five hundred dollars (\$500) or more within the prior 12 months.

(6) future interests for compensation of five hundred dollars (\$500) or more.

(7) personal finances of two hundred fifty dollars (\$250) or more.”

CCR, Title 17, Section 54523(c)(1)(2) states:

“(c) If a regional center governing board member, regional center executive director, or his or her family member has a financial interest in a potential contract that creates a present or potential conflict of interest, the regional center board member or executive director shall do all of the following prior to the first consideration of the potential contract:

(1) fully disclose the existence and nature of the conflicting financial interest to the regional center board;

(2) have it noted in the official board records.”

CCR, Title 17, Section 54533(a) states:

“When a present or potential conflict of interest is identified for a regional center board member, executive director, employee, contractor, agent or consultant, the present or potential conflict shall be either eliminated or mitigated and managed through a Conflict Resolution Plan, or the individual shall resign his or her position with the regional center or regional center governing board.”

**Recommendation:**

The two employees must file COI disclosure statements and forward the forms to DDS for review and approval. This will ensure the employees are free from any COI that could adversely influence their judgment, objectivity and loyalty to the RC, its consumers and its mission and to promote transparency.

**B. COI Statement Not Reviewed by the Executive Director**

The sample review of 19 employee files revealed the ED did not review all of SCLARC employees' COI disclosure statements. SCLARC stated this occurred due to an oversight.

W&I Code, Section 4626(e) and (k) states in part:

“(e) The department shall develop and publish a standard conflict-of-interest reporting statement. The conflict-of-interest statement shall be completed by each regional center governing board member and each regional center employee specified in regulations, including, at a minimum, the executive director, every administrator, every program director, every service

coordinator, and every employee who has decision making or policymaking authority or authority to obligate the regional center's resources."

"(k) The director of the regional center shall review the conflict of interest statement of each regional center employee referenced in subdivision (e) within 10 days of the receipt of the statement.

**Recommendation:**

The ED must review all employees' COI disclosure statements to ensure employees are free from COIs that could adversely influence their judgment, objectivity or loyalty to the regional center, its consumers or its mission.

**Finding 6: Personnel Salary Schedule not Posted on the Transparency Portal Website**

SCLARC did not post a current personnel salary schedule for all personnel classifications on its Transparency Portal website for FYs 2014-15, 2015-16 and 2016-17. SCLARC did not have any explanation why current personnel salary schedules were not posted on its website.

A follow-up review during the current audit revealed SCLARC took corrective action by posting its personnel salary schedule for all personnel classifications on the Transparency Portal; therefore, this issue is considered resolved.

W&I Code, Section 4629.5(b)(13) states:

"(b) To promote transparency, each regional center shall include on its Internet Web site, as expeditiously as possible, at least all of the following:

(13) Reports required pursuant to Section 4639.5."

W&I Code, Section 4639.5 states:

"(a) December 1 of each year, each regional center shall provide a listing to the State Department of Developmental Services a complete current salary schedule for all personnel classifications used by the regional center."

**Recommendation:**

SCLARC must post the current salary schedule for all personnel classifications on its Transparency Portal website for transparency requirements.

**Finding 7: Lack of Minutes for Closed Board Meetings**

A discussion with SCLARC's CFO revealed SCLARC conducted closed Board meetings. However, SCLARC was not able to provide minutes for the closed Board meetings related to employee governance policies, labor issues and lawsuits. In addition, prior to and directly after holding any closed session, SCLARC's Board did not state the specific reason or reasons for the closed session. Further, minutes of closed sessions are to be kept by a designated officer or employee of the regional center. However, SCLARC could not provide the name of the individual responsible for keeping Board minutes. SCLARC stated that the minutes had been misplaced and could not be found.

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

“(a) The governing board of a regional center may hold a closed meeting to discuss or consider one or more of the following:

- (1) Real estate negotiations.
- (2) The appointment, employment, evaluation of performance, or dismissal of a regional center employee.
- (3) Employee salaries and benefits.
- (4) Labor contract negotiations.
- (5) Pending litigation.

(b) . . . Minutes of closed sessions shall be kept by a designated officer or employee of the regional center, but these minutes shall not be considered public records. Prior to and directly after holding any closed session, the regional center board shall state the specific reason or reasons for the closed session. In the closed session, the board may consider only those matters covered in its statement.”

**Recommendation:**

SCLARC must ensure all minutes of closed Board meetings are recorded and kept by a designated officer or employee of SCLARC. In addition,



prior to, and directly after, holding any closed session, SCLARC's Board shall state the specific reason or reasons for the closed session.

**Finding 8: Lack of Annual Notification of the Whistleblower Policy**

SCLARC did not notify its Board members annually of the Whistleblower policy. SCLARC indicated this was an oversight on its part.

The State Contract, Article I, Section 17(b)(6) states:

“(b)(6) Include a process for ensuring notification of employees, board members, consumers/families, and vendor community of both the regional center and the State's Whistleblower policy within 30 days of the effective date of the regional center's policy and annually thereafter.”

**Recommendation:**

SCLARC must notify its Board annually of the Whistleblower policy and ensure that they are aware of the process.

**Finding 9: Missing Equipment**

The review of 40 sampled items from the Equipment Inventory listing revealed four items that could not be located. SCLARC did not have any explanation on the four missing items. (See Attachment D)

SCLARC provided additional documentation with its response and during the recent audit indicating this issue has been resolved.

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

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

**Recommendation:**

SCLARC must follow the State's Equipment Management System Guidelines for the safeguarding of State property. This would ensure that any missing items are reported in a timely manner and, if the items cannot be located, a survey form should be completed to remove the items from the Equipment Inventory listing.

## EVALUATION OF RESPONSE

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As part of the audit report process, SCLARC was provided with a draft audit report and requested to provide a response to the findings. SCLARC's response dated April 18, 2019, is provided as Appendix A.

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

### **Finding 1: Misuse of Operational Funds**

SCLARC provided documentation with its response indicating FOS reimbursed \$70,295.95 in expenditures with \$1,472.90 still outstanding which must be reimbursed to DDS.

SCLARC also stated that it would monitor FOS expenditures to ensure the expenses that are the responsibility of FOS are not recorded in SCLARC's ledger. In addition, SCLARC stated that it would create a Memorandum of Understanding (MOU) with Community Impact Development (CID) indicating FOS is responsible for reimbursing SCLARC for the office and parking space, telephone and internet charges utilized by FOS.

### **Finding 2: Credit Card Practices**

#### **A. Credit Card Procedures Not Followed (Repeat)**

SCLARC provided a receipt for expenses totaling \$31.37, reimbursed DDS for alcohol and personal expenses totaling \$66.18, and had \$12,168.42 still outstanding. SCLARC contends the outstanding expenses were business-related, but will reimburse DDS since it was unable to provide supporting documentation for these expenditures. In addition, SCLARC stated in its response that it is committed to enforcing its credit card reimbursement procedures and monitoring items charged to the credit cards.

#### **B. Inappropriate Use of Operational Funds (Repeat)**

SCLARC did not address this issue in its response to the draft report. The finding remains unresolved; therefore, SCLARC must reimburse DDS OPS funds totaling \$1,505.36 used to purchase gifts for its Board members.

**Finding 3: In-Kind Services (Repeat)**

SCLARC provided an amended In-Kind agreement indicating the amount of services provided in FYs 2014-15 and 2015-16 was adjusted to \$574.83 and \$645, respectively. SCLARC stated that it will seek reimbursement from FHI and remit \$1,219.83 to DDS.

**Finding 4: Missing Documentation for a Fitness Allowance**

SCLARC stated that the ED utilized the fitness but was unable to locate the contract; therefore, SCLARC agrees to reimburse \$1,200 to DDS.

**Finding 5: Conflict of Interest (COI)**

**A. COI Disclosure Statements**

SCLARC stated it will ensure the two employees file COI statements and forward them to DDS for review and approval.

**B. COI Statement Not Reviewed by the Executive Director**

SCLARC stated the ED reviewed the majority of the staff members' COI statements and that a new system will be implemented to confirm the ED's review and approval of COI statements.

**Finding 6: Personnel Salary Schedule Not Posted on the Transparency Portal Website**

SCLARC stated it will ensure the updated personnel salary schedule for all personnel classifications is posted on the Transparency Portal on December 1st of each year. A follow-up was conducted during the current audit and it was verified that the personnel salary schedule for all personnel classifications is posted on the Transparency Portal; therefore, this issue is resolved.

**Finding 7: Lack of Minutes for Closed Board Meetings**

SCLARC stated it agrees with the recommendation to record the minutes of closed Board meetings and to have a designated officer or employee of SCLARC maintain the minutes.

**Finding 8: Lack of Annual Notification of the Whistleblower Policy**

SCLARC stated it will develop a process to notify its board members of the regional center and the State's Whistleblower policy within 30 days of

the effective date of the policy and annually thereafter.

**Finding 9: Missing Equipment**

SCLARC provided documentation indicating one item was located. A follow-up review indicated that the three items were disposed, survey forms were completed, and the items were removed from the inventory listing; therefore, this issue is resolved.

**South Central Los Angeles County Regional Center  
Misuse of Operational Funds  
Fiscal Years 2014-15 and 2015-16  
FOS Expenses**

<b>No.</b>	<b>Merchant</b>	<b>Transaction Date</b>	<b>Transaction Amount</b>
1	Golfsmith Golf Center	9/24/14	\$358.86
2	Study Hall	10/3/14	\$8.54
3	Study Hall	10/3/14	\$95.29
4	Target	10/3/14	\$103.04
5	SQ caveman kitchen	10/9/15	\$4.31
6	SQ caveman kitchen	10/9/15	\$109.68
7	Winchell's Donuts	10/12/15	\$29.10
8	Mrs Fields	12/20/15	\$62.90
9	YMCA of Metro LA	1/5/16	\$126.00
10	El Pollo Loco	2/18/16	\$111.98
11	Delta Air	4/18/16	\$19.00
12	Delta Air	4/18/16	\$19.00
13	Delta Air	4/18/16	\$275.20
14	Helpers Club of St Johns	6/10/16	\$150.00
<b>Total FOS Expenses</b>			<b>\$1,472.90</b>

**South Central Los Angeles County Regional Center  
Credit Card Practices - Credit Card Procedures Not Followed (Repeat)  
Fiscal Years 2014-15 and 2015-16**

No.	Merchant	Transaction Date	Transaction Amount	Amount Resolved	Outstanding Amount
	<b>Missing Receipts</b>				
1	The Chronicle	5/30/14	\$99.00	\$0.00	\$99.00
2	Intuit Quickbooks	5/30/14	\$149.00	\$0.00	\$149.00
3	LA Live Parking Garage	6/4/14	\$5.00	\$0.00	\$5.00
4	Rosa Mexicano	7/23/14	\$93.21	\$0.00	\$93.21
5	LA Live Parking Garage	7/24/14	\$5.00	\$0.00	\$5.00
6	Sweetfish Sushi Bar	7/24/14	\$59.78	\$0.00	\$59.78
7	The signature room	7/29/14	\$85.44	\$0.00	\$85.44
8	LA LIVE Parking	8/13/14	\$5.00	\$0.00	\$5.00
9	LA LIVE Parking	8/20/14	\$5.00	\$0.00	\$5.00
10	New TG	9/12/14	\$42.05	\$0.00	\$42.05
11	Double Tree Torrance	9/17/14	\$19.32	\$0.00	\$19.32
12	Double Tree Torrance	9/18/14	\$14.99	\$0.00	\$14.99
13	Morton's of Burbank	9/19/14	\$140.17	\$0.00	\$140.17
14	Fry's Electronics	9/24/14	\$217.95	\$0.00	\$217.95
15	LA Live Parking Garage	9/25/14	\$15.00	\$0.00	\$15.00
16	Larchmont Chandara	9/25/14	\$69.71	\$0.00	\$69.71
17	LA Live Parking Garage	9/30/14	\$10.00	\$0.00	\$10.00
18	FedExOffice	10/9/14	\$30.67	\$0.00	\$30.67
19	Wallypark Express	10/15/14	\$20.49	\$0.00	\$20.49
20	Ampco Parking	10/16/14	\$12.00	\$0.00	\$12.00
21	Dinahs Family Restaurant	10/16/14	\$36.84	\$0.00	\$36.84
22	Ampco Parking	11/5/14	\$1.50	\$0.00	\$1.50
23	Johnny Foleys Irish House	12/5/14	\$29.00	\$0.00	\$29.00
24	Harold & Belle Restaurant	12/5/14	\$39.88	\$0.00	\$39.88
25	Johnny Foleys Irish House	12/5/14	\$48.00	\$0.00	\$48.00
26	Family Dollar	12/15/14	\$47.52	\$0.00	\$47.52
27	Ampco Parking	12/16/14	\$13.00	\$0.00	\$13.00
28	Staples Center Parking	12/17/14	\$250.00	\$0.00	\$250.00
29	Arashi Sushi	12/18/14	\$53.73	\$0.00	\$53.73
30	Cal Chamber of Commerce	12/19/14	\$319.00	\$0.00	\$319.00
31	Paypal IDAOFCA	1/9/15	\$25.00	\$0.00	\$25.00
32	Softerware	1/12/15	\$63.00	\$0.00	\$63.00
33	Ampco Parking	2/6/15	\$7.50	\$0.00	\$7.50
34	LA Live Parking Garage	2/19/15	\$5.00	\$0.00	\$5.00
35	Fishwife Restaurant	3/5/15	\$37.87	\$0.00	\$37.87
36	Artesano	3/6/15	\$10.86	\$0.00	\$10.86
37	LA LIVE Parking	3/10/15	\$5.00	\$0.00	\$5.00
38	Radisson Hotel Restaurant	3/13/15	\$53.78	\$0.00	\$53.78
39	Ralphs	3/24/15	\$38.20	\$0.00	\$38.20

**South Central Los Angeles County Regional Center  
Credit Card Practices - Credit Card Procedures Not Followed (Repeat)  
Fiscal Years 2014-15 and 2015-16**

<b>No.</b>	<b>Merchant</b>	<b>Transaction Date</b>	<b>Transaction Amount</b>	<b>Amount Resolved</b>	<b>Outstanding Amount</b>
40	Officemax/OfficeDepot	3/29/15	\$43.59	\$0.00	\$43.59
41	LA LIVE Parking	3/31/15	\$10.00	\$0.00	\$10.00
42	LA LIVE Parking	4/1/15	\$5.00	\$0.00	\$5.00
43	Sitoea long island C NY	4/14/15	\$23.25	\$0.00	\$23.25
44	LAX airport LOT P 1 LA	4/15/15	\$55.00	\$0.00	\$55.00
45	Four points hotel - sacramento	4/15/15	\$174.40	\$0.00	\$174.40
46	Storquest - Hill Street	4/16/15	\$75.00	\$0.00	\$75.00
47	Shell Oil	4/20/15	\$40.00	\$0.00	\$40.00
48	Radisson Hotel Restaurant	5/4/15	\$160.43	\$0.00	\$160.43
49	Wyndham Resort	5/19/15	\$280.80	\$0.00	\$280.80
50	Greenware Technologies	5/22/15	\$380.00	\$0.00	\$380.00
51	amazon	5/28/15	\$271.30	\$0.00	\$271.30
52	amazon	5/28/15	\$271.30	\$0.00	\$271.30
53	amazon	5/28/15	\$271.30	\$0.00	\$271.30
54	amazon	5/28/15	\$271.30	\$0.00	\$271.30
55	amazon	5/28/15	\$271.30	\$0.00	\$271.30
56	amazon	5/28/15	\$271.30	\$0.00	\$271.30
57	amazon	5/28/15	\$271.30	\$0.00	\$271.30
58	Pasta roma	5/29/15	\$45.43	\$0.00	\$45.43
59	Ralphs	5/30/15	\$11.08	\$0.00	\$11.08
60	Starbucks	5/30/15	\$14.95	\$0.00	\$14.95
61	Café Pizza Moon	5/30/15	\$51.15	\$0.00	\$51.15
62	gotocitrix	5/30/15	\$69.00	\$0.00	\$69.00
63	Pasta Roma	5/31/15	\$24.36	\$0.00	\$24.36
64	SQ NORAS JUMPERS PARTY	6/3/15	\$534.36	\$0.00	\$534.36
65	TSO USA	6/5/15	\$30.00	\$0.00	\$30.00
66	LA Live Parking	6/8/15	\$5.00	\$0.00	\$5.00
67	Ampco Parking	6/12/15	\$10.00	\$0.00	\$10.00
68	Café Pizza Moon	6/15/15	\$35.31	\$0.00	\$35.31
69	Walmart	6/17/15	\$65.17	\$0.00	\$65.17
70	Shell Oil	6/19/15	\$35.00	\$0.00	\$35.00
71	Holiday Inn	6/19/15	\$192.66	\$0.00	\$192.66
72	j2 efax services	6/25/15	\$345.40	\$0.00	\$345.40
73	Ampco Parking	7/7/15	\$8.00	\$0.00	\$8.00
74	Telefloracom picks	7/15/15	\$87.94	\$0.00	\$87.94
75	Café Pizza Moon	7/20/15	\$36.85	\$0.00	\$36.85
76	Food4Less	7/27/15	\$6.99	\$0.00	\$6.99
77	Pasta Roma	7/27/15	\$115.10	\$0.00	\$115.10
78	Softeware	8/10/15	\$63.00	\$0.00	\$63.00
79	Hilton Parking	8/11/15	\$15.00	\$0.00	\$15.00



**South Central Los Angeles County Regional Center  
Credit Card Practices - Credit Card Procedures Not Followed (Repeat)  
Fiscal Years 2014-15 and 2015-16**

No.	Merchant	Transaction Date	Transaction Amount	Amount Resolved	Outstanding Amount
80	DoubleTree	8/22/15	\$267.83	\$0.00	\$267.83
81	Inns of Monterey	9/22/15	\$4.89	\$0.00	\$4.89
82	Coffee for less	10/8/15	\$31.30	\$0.00	\$31.30
83	Casa Del Mar Oceanfront	10/31/15	\$100.41	\$0.00	\$100.41
84	Softerware	11/10/15	\$63.00	\$0.00	\$63.00
85	USC Trans SVCS PAY	11/14/15	\$2.00	\$0.00	\$2.00
86	Amenpark	11/16/15	\$3.00	\$0.00	\$3.00
87	Amazon	11/26/15	\$39.02	\$0.00	\$39.02
88	Handlery Hotel	12/4/15	\$392.92	\$0.00	\$392.92
89	Pasta Roma	12/10/15	\$85.75	\$0.00	\$85.75
90	Michaels	1/6/16	\$98.01	\$0.00	\$98.01
91	Michaels	1/8/16	\$9.23	\$0.00	\$9.23
92	Softerware	1/10/16	\$63.00	\$0.00	\$63.00
93	Market@Work	1/27/16	\$3.05	\$0.00	\$3.05
94	Amazon	2/25/16	\$7.40	\$0.00	\$7.40
95	SSP softerware	3/1/16	\$63.00	\$0.00	\$63.00
96	Softerware	3/11/16	\$63.00	\$0.00	\$63.00
97	Ralphs	4/3/16	\$40.00	\$0.00	\$40.00
98	LA Live parking	4/7/16	\$5.00	\$0.00	\$5.00
99	Starbucks	4/22/16	\$15.90	\$0.00	\$15.90
100	Cinemark Reserve	6/1/16	\$39.88	\$0.00	\$39.88
101	El Pollo Loco	11/11/16	\$12.95	\$0.00	\$12.95
102	Starbucks	11/12/16	\$15.60	\$0.00	\$15.60
<b>Total Missing Receipts</b>			<b>\$8,557.92</b>	<b>\$0.00</b>	<b>\$8,557.92</b>
<b>Non-Itemized Receipts</b>					
1	LA Taquiza	8/4/14	\$58.93	\$0.00	\$58.93
2	Hyatt Hotels	9/27/14	\$13.25	\$0.00	\$13.25
3	Pasta Roma	10/22/14	\$79.69	\$0.00	\$79.69
4	LA Taquiza	12/11/14	\$119.99	\$0.00	\$119.99
5	Gardena Valley News	12/12/14	\$1,912.50	\$0.00	\$1,912.50
6	Paul Martins	12/20/14	\$135.25	\$0.00	\$135.25
7	Radisson Hotel	1/5/15	\$64.68	\$0.00	\$64.68
8	Pasta Roma	1/6/15	\$30.28	\$0.00	\$30.28
9	Pasta Roma	1/6/15	\$42.95	\$0.00	\$42.95
10	Palm Resturant	1/6/15	\$96.37	\$0.00	\$96.37
11	Belinda's Authentic Mex	2/26/15	\$28.59	\$0.00	\$28.59
12	Cypress Grille	3/12/15	\$53.72	\$0.00	\$53.72
13	El Cholo	4/28/15	\$64.43	\$0.00	\$64.43
14	Pasta Roma	5/5/15	\$88.10	\$0.00	\$88.10
15	Compari S. Italian	7/9/15	\$26.35	\$0.00	\$26.35

**South Central Los Angeles County Regional Center  
Credit Card Practices - Credit Card Procedures Not Followed (Repeat)  
Fiscal Years 2014-15 and 2015-16**

No.	Merchant	Transaction Date	Transaction Amount	Amount Resolved	Outstanding Amount
16	Four Seasons	8/29/15	\$123.80	\$0.00	\$123.80
17	Arashi Sushi	9/3/15	\$56.51	\$0.00	\$56.51
18	Pizza Moon	9/15/15	\$80.00	\$0.00	\$80.00
19	Maddelena restaurant	10/23/15	\$48.30	\$0.00	\$48.30
20	Pacos Cantina	11/13/15	\$74.04	\$0.00	\$74.04
21	Radisson Restaurant	1/19/16	\$91.21	\$0.00	\$91.21
22	El Cholo	1/27/16	\$94.84	\$0.00	\$94.84
23	Marmalade Café	2/5/16	\$56.49	\$0.00	\$56.49
24	Caveman Kitchen	4/14/16	\$59.65	\$0.00	\$59.65
25	Radisson Restaurant	4/21/16	\$38.70	\$0.00	\$38.70
26	Sheraton Grand Dining	5/19/16	\$22.36	\$0.00	\$22.36
27	Sheraton Grand Dining	5/20/16	\$24.70	\$0.00	\$24.70
28	Palm Restaurant	6/7/16	\$21.53	\$0.00	\$21.53
29	Market@Work	6/22/16	\$3.29	\$0.00	\$3.29
	<b>Total Non-Itemized Receipts</b>		<b>\$3,610.50</b>	<b>\$0.00</b>	<b>\$3,610.50</b>
	<b>Alcohol Purchases</b>				
1	Chart Hs. Marina	10/2/14	\$36.50	\$36.50	\$0.00
2	Eureka Tasting Kitchen	10/17/14	\$5.00	\$5.00	\$0.00
3	Mexicano Los Angeles CA	4/12/15	\$8.95	\$8.95	\$0.00
4	Kaya Sushi	7/28/15	\$28.00	\$28.00	\$0.00
5	Inter-continental Hotels	11/20/15	\$56.94	\$56.94	\$0.00
6	Palms Restaurant	2/19/16	\$15.50	\$15.50	\$0.00
7	Palm Restaurant	4/24/16	\$102.46	\$102.46	\$0.00
8	Café Del Rey	5/13/16	\$39.00	\$39.00	\$0.00
9	Sheraton Sacramento	5/21/16	\$31.37	\$31.37	\$0.00
10	Rock & Brews	5/29/16	\$25.00	\$25.00	\$0.00
11	La Barca	6/23/16	\$12.50	\$12.50	\$0.00
	<b>Total Alcohol Purchases</b>		<b>\$361.22</b>	<b>\$361.22</b>	<b>\$0.00</b>
	<b>Personal Purchases</b>				
1	State of California DMV	7/18/14	\$584.00	\$584.00	\$0.00
2	Xpress Auto Wash	10/26/14	\$15.00	\$15.00	\$0.00
3	Los Martin Towing	1/21/15	\$150.00	\$150.00	\$0.00
4	The UPS Store	1/22/15	\$38.68	\$38.68	\$0.00
5	Enterprise	2/11/15	\$600.00	\$600.00	\$0.00
6	Enterprise	2/20/15	\$600.00	\$600.00	\$0.00
7	Truckins Bill Payment	2/20/15	\$1,430.00	\$1,430.00	\$0.00
8	The Rapport Company	3/15/15	\$215.82	\$215.82	\$0.00
9	Enterprise rent a car	7/13/15	\$28.52	\$28.52	\$0.00
10	Apple Itunes	9/1/15	\$7.99	\$7.99	\$0.00
11	Apple Itunes	12/4/15	\$1.29	\$1.29	\$0.00
12	Holiday Inn	3/8/16	\$188.42	\$188.42	\$0.00

**South Central Los Angeles County Regional Center  
Credit Card Practices - Credit Card Procedures Not Followed (Repeat)  
Fiscal Years 2014-15 and 2015-16**

<b>No.</b>	<b>Merchant</b>	<b>Transaction Date</b>	<b>Transaction Amount</b>	<b>Amount Resolved</b>	<b>Outstanding Amount</b>
13	Target	3/18/16	\$7.58	\$7.58	\$0.00
14	Vida Vacations	3/28/16	\$7,460.00	\$7,460.00	\$0.00
15	Enterprise	5/30/16	\$147.38	\$147.38	\$0.00
16	Holiday Inn	5/30/16	\$189.00	\$189.00	\$0.00
	<b>Total Personal Purchases</b>		<b>\$11,663.68</b>	<b>\$11,663.68</b>	<b>\$0.00</b>
	<b>Total Unsupported and Disallowed Purchases</b>		<b>\$24,193.32</b>	<b>\$12,024.90</b>	<b>\$12,168.42</b>

**South Central Los Angeles County Regional Center  
Credit Card Practices - Inappropriate Use of Operational Funds (Repeat)  
Fiscal Years 2014-15 and 2015-16  
Gifts**

<b>No.</b>	<b>Merchant</b>	<b>Transaction Date</b>	<b>Transaction Amount</b>
1	Mrs Fields	12/4/14	\$639.85
2	Costco	6/22/15	\$26.99
3	Mrs Fields	12/10/15	\$838.52
<b>Total Inappropriate Use of Operational Funds</b>			<b>\$1,505.36</b>

**South Central Los Angeles County Regional Center  
Missing Equipment  
Fiscal Years 2014-15 and 2015-16**

No.	Serial Number	Description	State Tag Number	Acquisition Cost	Resolved
1		Thin Client T5740E	00358775	\$498.07	Yes
2		Acer M4630G	00378057	\$850.28	Yes
3		Tablet	00378101	\$1,725.24	Yes
4		HP SB t620	00038384	\$597.03	Yes

## **APPENDIX A**

### **SOUTH CENTRAL LOS ANGELES REGIONAL CENTER**

#### **RESPONSE TO AUDIT FINDINGS**

**The regional center response to the audit findings is currently not compliant with the digital accessibility law. To request a copy of this document, please contact the DDS Audit Section at (916) 654-3695.**