

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES'  
AUDIT  
OF  
SOUTHERN CALIFORNIA REHABILITATION SERVICES, INC.**

**Programs and Services:**

Community Integration Training Program – PX0837

Coordinated Family Supports – PX1424

Educational Services – PX0964

Coordinated Career Pathways – PX1606

Audit Period: January 1, 2023, through December 31, 2024

**Audit Services Branch**

**Auditors:** Alimou Diallo, Chief of Vendor Audit Section  
Lucy Lao-Hernandez, Supervisor  
Vitaliy Bondar, Auditor

# **SOUTHERN CALIFORNIA REHABILITATION SERVICES, INC.**

## **TABLE OF CONTENTS**

	Pages
EXECUTIVE SUMMARY .....	1
BACKGROUND .....	2
OBJECTIVE, SCOPE, AND METHODOLOGY .....	2
CONCLUSION .....	4
VIEWS OF RESPONSIBLE OFFICIALS.....	4
RESTRICTED USE.....	4
FINDINGS AND RECOMMENDATIONS .....	5
ATTACHMENT A .....	12
ATTACHMENT B .....	13
ATTACHMENT C – VENDOR’S RESPONSE.....	14
ATTACHMENT D – EVALUATION OF RESPONSE .....	15

## EXECUTIVE SUMMARY

The Department of Developmental Services (Department) has audited Southern California Rehabilitation Services, Inc. (SCRS). The audit was performed upon the Community Integration Training Program (CITP), Coordinated Family Supports (CFS), Educational Services (ES), and Coordinated Career Pathways (CCP) for the period of January 1, 2023, through December 31, 2024.

The audit disclosed the following issues of non-compliance:

### **Finding 1: Community Integration Training Program – Unsupported Billings**

The review of SCRS's CITP, Vendor Number PX0837, revealed that SCRS had a total of \$1,437,781 of unsupported billings to East Los Angeles Regional Center (ELARC), Frank D. Lanterman Regional Center (FDLRC), South Central Los Angeles Regional Center (SCLARC), and San Gabriel Pomona Regional Center (SGPRC).

### **Finding 2: Community Integration Training Program – Unsupported Staffing Ratio**

The review of SCRS's CITP, Vendor Number PX0837, revealed that SCRS did not meet its required direct care staffing hours. This resulted in a shortage of the required direct care staffing of 13,749 hours and overpayments of \$279,275 for services billed to ELARC, FDLRC, SCLARC, and SGPRC.

### **Finding 3: Coordinated Family Supports – Unsupported Billings**

The review of SCRS's CFS program, Vendor Number PX1424, revealed that SCRS had a total of \$190,923 of unsupported billings to ELARC and SCLARC.

### **Finding 4: Educational Services – Unsupported Billings**

The review of SCRS's ES program, Vendor Number PX0964, revealed that SCRS had a total of \$82,542 of unsupported billings to ELARC, FDLRC, Harbor Regional Center (HRC), and SCLARC.

### **Finding 5: Educational Services – Unsupported Staffing Ratio**

The review of SCRS's ES program, Vendor Number PX0964, revealed that SCRS did not meet its required direct care staffing hours. This resulted in a shortage of the required direct care staffing of 1,213 hours and overpayments of \$26,358 for services billed to ELARC, FDLRC, and SCLARC.

The total of the findings identified in this audit amounts to \$2,016,879, which is due back to the Department. A detailed discussion of these findings is contained in the Findings and Recommendations section of this report.

## **BACKGROUND**

The Department is responsible, under the Lanterman Developmental Disabilities Services Act, for ensuring that persons with developmental disabilities receive the services and supports they need to lead more independent, productive and normal lives. The Department contracts with 21 private, nonprofit regional centers that provide fixed points of contact in the community for serving eligible individuals with developmental disabilities and their families in California. In order for regional centers to fulfill their objectives, they secure services and supports from qualified service providers and/or contractors. Pursuant to the Welfare and Institutions Code (WIC), Section 4648.1, the Department has the authority to audit those service providers and/or contractors that provide services and supports to persons with developmental disabilities.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

The audit was conducted to determine whether SCRS's programs were compliant with the WIC, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional centers' contracts with SCRS for the period of January 1, 2023, through December 31, 2024.

### **Scope**

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. The auditors did not review the financial statements of SCRS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of SCRS's internal controls to gain an understanding of the transaction flow and invoice preparation process, as necessary, to develop appropriate auditing procedures. The audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance that SCRS complied with WIC and CCR, Title 17. Any complaints that the Department's Audit Services Branch was aware of regarding non-compliance with laws and regulations were also reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to five regional centers that utilized SCRS's services during the audit period. The Department audited services provided to ELARC, FDLRC, HRC, SCLARC, and SGPRC. These five regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

SCRS provided four different types of services, of which the Department audited four. Services chosen were based on the amount of POS expenditures invoiced by SCRS. By analyzing the information received from the vendor, an internal control questionnaire and a risk analysis, it was determined that a two-month sample period would be sufficient to fulfill the audit objectives. However, due to significant discrepancies identified in May 2024 and October 2024, testing was expanded to include calendar year (CY) 2023 and the remaining months of CY 2024.

## **Community Integration Training Program**

During the audit period, SCRS operated three CITPs. The audit included the review of one of SCRS's CITPs, Vendor Number PX0837, SC 055 and testing was done for CY 2023 and CY 2024.

## **Coordinated Family Supports**

During the audit period, SCRS operated four CFS programs. The audit included the review of one of SCRS's CFS programs, Vendor Number PX1424, SC 076 and testing was done for CY 2023 and CY 2024.

## **Educational Services**

During the audit period, SCRS operated two ES programs. The audit included the review of one of SCRS's ES programs, Vendor Number PX0964, SC 107 and testing was done for CY 2023 and CY 2024.

## **Coordinated Career Pathways**

During the audit period, SCRS operated two CCP programs. The audit included the review of one of SCRS's CCP programs, Vendor Number PX1606, SC 956 and testing was done for CY 2023 and CY 2024.

## **Methodology**

The following methodology was used by the Department to ensure the audit objectives were met. The methodology was designed to obtain a reasonable assurance that the evidence provided was sufficient and appropriate to support the findings and conclusions in relation to the audit objectives. The procedures performed included, but were not limited to, the following:

- Reviewed vendor files for contracts, rate letters, program designs, POS authorizations and correspondence pertinent to the review.
- Interviewed vendor staff and management to gain an understanding of the vendor's accounting procedures and processes for regional center billing.
- Obtained and reviewed the vendor's internal control questionnaire.
- Reviewed vendor service/attendance records to determine if the vendor had sufficient and appropriate evidence to support the direct care services billed to the regional centers.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

## **CONCLUSION**

Based upon the audit procedures performed, the Department has determined that except for the items identified in the Findings and Recommendations section, SCRS was in compliance with applicable audit criteria.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on October 6, 2025. The findings in the report were discussed at an exit conference with SCRS on October 8, 2025. Subsequent to the exit conference, on October 30, 2025, SCRS submitted a response to the draft audit report via email. SCRS did not disagree with the findings.

## **RESTRICTED USE**

This report is solely for the information and use of the Department, Department of Health Care Services, Alta California Regional Center (ACRC), ELARC, FDLRC, HRC, Inland Regional Center (IRC), SCLARC, San Diego Regional Center (SDRC), SGPRC, Westside Regional Center (WRC) and SCRS. This restriction is not intended to limit distribution of this report, which is a matter of public record.

## FINDINGS AND RECOMMENDATIONS

### Finding 1: Community Integration Training Program – Unsupported Billings

The review of SCRS's CITP, Vendor Number PX0837, for CY 2023 and CY 2024, revealed that SCRS had unsupported billings for services billed to ELARC, FDLRC, SCLARC, and SGPRC. Unsupported billings occurred due to insufficient payroll hours to support the hours of service billed to ELARC, FDLRC, SCLARC, and SGPRC and non-compliance with the CCR, Title 17.

The Department reviewed SCRS's source documentation and noted that SCRS did not document actual hours of direct care service provided to consumers. As a result, the Department was not able to substantiate the direct care service hours billed based on SCRS's source documentation. Due to the lack of adequate documentation to support billings, the Department used payroll records to substantiate the direct care service hours billed to the regional centers.

The Department reviewed the direct care service hours allocated from the payroll records and compared those hours to the direct care service hours billed to ELARC, FDLRC, SCLARC, and SGPRC. The Department noted that the direct care payroll hours documented in the payroll records were 41,247 hours less than the direct care service hours billed to ELARC, FDLRC, SCLARC, and SGPRC. SCRS billed for 41,247 hours of service that were not supported by payroll records. The lack of documentation resulted in unsupported billings to ELARC, FDLRC, SCLARC, and SGPRC in the amount of \$1,437,781, which is due back to the Department. (See Attachment A)

WIC, Section 4648.1(e)(1) states:

- “(e) A regional center or the Department may recover from the provider funds paid for services when the Department or the regional center determines that either of the following has occurred:
  - (1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

- “(a) All vendors shall: ...
  - (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed: ...
  - (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

CCR, Title 17, Section 50604(d) and (e) states:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program....

(e) All service providers’ records shall be supported by source documentation.”

**Recommendation:**

SCRS must reimburse the Department \$1,437,781 for the unsupported billings. In addition, SCRS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to ELARC, FDLRC, SCLARC, and SGPRC.

**Vendor’s Response:**

SCRS stated in the response, dated October 30, 2025, that SCRS agreed with the finding.

See Attachment C for the full text of SCRS’s response to the draft audit report and Attachment D for Department’s evaluation of SCRS’s response.

**Finding 2: Community Integration Training Program – Unsupported Staffing Ratio**

The review of SCRS’s CITP, Vendor Number PX0837 for the period of CY 2023 and CY 2024, revealed that SCRS had overpayments of services billed to ELARC, FDLRC, SCLARC, and SGPRC. Overpayments occurred due to SCRS not meeting the approved staff-to-consumer ratio of 1:3 for the hours of service billed to ELARC, FDLRC, SCLARC, and SGPRC.

The Department reviewed SCRS’s source documentation and noted that SCRS did not document actual hours of direct care service provided to consumers. As a result, the audit team was not able to substantiate the direct care service hours billed based on SCRS’s source documentation. Due to lack of adequate documentation to support the billings, the audit team used payroll records to substantiate the direct care service hours billed to the regional centers.

The Department found that the payroll direct care service hours were 13,749 hours less than the required hours to meet the approved staff-to-consumer ratio of 1:3 hours billed to ELARC, FDLRC, SCLARC, and SGPRC. The total unsupported direct care staffing hours of 13,749 multiplied by the average salary of the staff for the CITP for the sampled periods, amounts to \$279,275 which is due back to the Department. (See Attachment B)



CCR, Title 17, Section 56756 (a), (i) (1) and (2) states:

- “(a) A staffing ratio shall be approved for each adult day program by the Department pursuant to this section. This ratio shall be based on the program design, the curriculum as vendored, the characteristics and needs of the consumers to be served, and the number of consumers enrolled.
- (i) The vendor shall maintain the approved staffing ratio during its direct service hours. The vendor shall not be required to schedule the ratio with each subgroup of consumers at all times, but shall maintain both:
  - (1) The ratio of staff on duty to consumers in attendance during all service hours which shall be determined by a numerical comparison of the number of individuals on duty as direct care staff with the number of consumers in attendance. If the numerical comparison results in a fraction, more than one-half of a staff person shall be rounded up to the next whole number. Less than one-half of a staff person shall be rounded up to the next one-half of a whole number. One-half of a staff person shall not be rounded.
  - (2) Sufficient supervision for each subgroup to protect the health and safety of the consumers.

**Recommendation:**

SCRS must reimburse the Department \$279,275 for the overpayment of services for the unsupported direct care staffing hours. In addition, SCRS should ensure that the approved staff-to-consumer ratio is met.

**Vendor’s Response:**

SCRS stated in the response, dated October 30, 2025, that SCRS agreed with the finding.

See Attachment C for the full text of SCRS’s response to the draft audit report and Attachment D for Department’s evaluation of SCRS’s response.

**Finding 3: Coordinated Family Supports – Unsupported Billings**

The review of SCRS’s CFS program, Vendor Number PX1424, for CY 2023 and CY 2024, revealed that SCRS had unsupported billings for services billed to ELARC and SCLARC. Unsupported billings occurred due to insufficient payroll hours to support the hours of service billed to ELARC and SCLARC, and non-compliance with the CCR, Title 17.

The Department reviewed SCRS’s source documentation and noted that SCRS did not document actual hours of direct care service provided to

consumers. As a result, the Department was not able to substantiate the direct care service hours billed based on SCRS's source documentation. Due to lack of adequate documentation to support the billings, the Department used payroll records to substantiate the direct care service hours billed to the regional centers.

The Department reviewed the direct care service hours allocated from the payroll records and compared those hours to the direct care service hours billed to ELARC and SCLARC. The Department noted that the direct care payroll hours documented in the payroll records were 3,221 hours less than the direct care service hours billed to ELARC and SCLARC. SCRS billed for 3,221 hours of service not supported by payroll records. The lack of documentation resulted in unsupported billings to ELARC and SCLARC, in the amount of \$190,923, which is due back to the Department. (See Attachment A)

WIC, Section 4648.1(e)(1) states:

“(e) A regional center or the Department may recover from the provider funds paid for services when the Department or the regional center determines that either of the following has occurred:

(1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

“(a) All vendors shall: ...

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

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

CCR, Title 17, Section 50604(d) and (e) states:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program....

(e) All service providers' records shall be supported by source documentation.”

### **Recommendation:**

SCRS must reimburse the Department \$190,923 for the unsupported billings. In addition, SCRS should comply with the CCR, Title 17 as stated above to

ensure that proper documentation is maintained to support the amounts billed to ELARC and SCLARC.

**Vendor's Response:**

SCRS stated in the response, dated October 30, 2025, that SCRS agreed with the finding.

See Attachment C for the full text of SCRS's response to the draft audit report and Attachment D for Department's evaluation of SCRS's response.

**Finding 4: Educational Services – Unsupported Billings**

The review of SCRS's ES program, Vendor Number PX0964, for CY 2023 and CY 2024, revealed that SCRS had unsupported billings for services billed to ELARC, FDLRC, HRC, and SCLARC. Unsupported billings occurred due to insufficient payroll hours to support the hours of service billed to ELARC, FDLRC, HRC, and SCLARC, and non-compliance with the CCR, Title 17.

The Department reviewed SCRS's source documentation and noted that SCRS did not document actual hours of direct care service. As a result, the Department was not able to substantiate the direct care service hours billed based on SCRS's source documentation. Due to lack of adequate documentation to support the billings, the Department used payroll records to substantiate the direct care service hours billed to the regional centers.

The Department reviewed the direct care service hours allocated from the payroll records and compared those hours to the direct care service hours billed to ELARC, FDLRC, HRC, and SCLARC. The Department noted that the direct care payroll hours documented in the payroll records were 2,009 hours less than the direct care service hours billed to ELARC, FDLRC, HRC, and SCLARC. SCRS billed for 2,009 hours of service not supported by payroll records. The lack of documentation resulted in unsupported billings to ELARC, FDLRC, HRC, and SCLARC, in the amount of \$82,542, which is due back to the Department. (See Attachment A)

WIC, Section 4648.1(e)(1) states:

“(e) A regional center or the Department may recover from the provider funds paid for services when the Department or the regional center determines that either of the following has occurred:

- (1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

“(a) All vendors shall: ...

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed: ...
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

CCR, Title 17, Section 50604(d) and (e) states:

- “(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program....
- (e) All service providers’ records shall be supported by source documentation.”

**Recommendation:**

SCRS must reimburse the Department \$82,542 for the unsupported billings. In addition, SCRS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to ELARC, FDLRC, HRC, and SCLARC.

**Vendor’s Response:**

SCRS stated in the response, dated October 30, 2025, that SCRS agreed with the finding.

See Attachment C for the full text of SCRS’s response to the draft audit report and Attachment D for Department’s evaluation of SCRS’s response.

**Finding 5: Educational Services – Unsupported Staffing Ratio**

The review of SCRS’s ES program, Vendor Number PX0964, for the period of CY 2023 and CY 2024, revealed that SCRS had overpayments of services billed to ELARC, FDLRC, and SCLARC. Overpayments occurred due to SCRS not meeting the approved staff-to-consumer ratio of 1:3 for the hours of service billed to ELARC, FDLRC, and SCLARC.

The Department reviewed SCRS’s source documentation and noted that SCRS did not document actual hours of direct care service. As a result, the audit team was not able to substantiate the direct care service hours billed based on SCRS’s source documentation. Due to lack of adequate documentation to support the billings, the Department used payroll records to substantiate the direct care service hours billed to the regional centers.

The Department found that the payroll direct care service hours were 1,213 hours less than the required hours to meet the approved staff-to-consumer ratio of 1:3 hours billed to ELARC, FDLRC, and SCLARC. The total unsupported direct care staffing hours of 1,213 multiplied by the average

salary of the staff for the ES program for the sampled periods, amounts to \$26,358 which is due back to the Department. (See Attachment B)

CCR, Title 17, Section 56756 (a), (i) (1) and (2) states:

- “(a) A staffing ratio shall be approved for each adult day program by the Department pursuant to this section. This ratio shall be based on the program design, the curriculum as vendored, the characteristics and needs of the consumers to be served, and the number of consumers enrolled.
- (i) The vendor shall maintain the approved staffing ratio during its direct service hours. The vendor shall not be required to schedule the ratio with each subgroup of consumers at all times, but shall maintain both:
  - (1) The ratio of staff on duty to consumers in attendance during all service hours which shall be determined by a numerical comparison of the number of individuals on duty as direct care staff with the number of consumers in attendance. If the numerical comparison results in a fraction, more than one-half of a staff person shall be rounded up to the next whole number. Less than one-half of a staff person shall be rounded up to the next one-half of a whole number. One-half of a staff person shall not be rounded.
  - (2) Sufficient supervision for each subgroup to protect the health and safety of the consumers.

**Recommendation:**

SCRS must reimburse the Department \$26,358 for the overpayment of services for the unsupported direct care staffing hours. In addition, SCRS should ensure that the approved staff-to-consumer ratio is met.

**Vendor's Response:**

SCRS stated in the response, dated October 30, 2025, that SCRS agreed with the finding.

See Attachment C for the full text of SCRS's response to the draft audit report and Attachment D for Department's evaluation of SCRS' response.

## **ATTACHMENT A**

### **SOUTHERN CALIFORNIA REHABILITATION SERVICES, INC.**

**To request a copy of the attachment for this audit report, please contact the Audit Services Branch at (916) 654-3695.**

## **ATTACHMENT B**

### **SOUTHERN CALIFORNIA REHABILITATION SERVICES, INC.**

**To request a copy of the attachment for this audit report, please contact the Audit Services Branch at (916) 654-3695.**

## **ATTACHMENT C – VENDOR’S RESPONSE**

**SOUTHERN CALIFORNIA REHABILITATION SERVICES, INC.**

**To request a copy of the vendor’s response to the audit findings, please contact the Audit Services Branch at (916) 654-3695.**



## **ATTACHMENT D – EVALUATION OF RESPONSE**

**The Department evaluated SCRS's written response to the draft audit report, dated October 30, 2025, and determined that SCRS agreed with the findings.**