



**AUDIT OF THE
SAN ANDREAS REGIONAL CENTER
FOR FISCAL YEARS 2009-10 AND 2010-11**

Department of Developmental Services

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) fiscal compliance audit of San Andreas Regional Center (SARC) was conducted to ensure SARC's compliance with the requirements set forth in the California Code of Regulations, Title 17 (CCR, title 17), the California Welfare and Institutions (W&I) Code, the Home and Community-Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract with DDS. The audit indicated that, overall, SARC maintains accounting records and supporting documentation for transactions in an organized manner. This report identifies some areas where SARC's administrative, operational controls could be strengthened. A follow-up review was performed to ensure SARC has taken corrective action to resolve the findings identified in the prior DDS Audit Report.

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

I. Findings that need to be addressed.

Finding 1: Overstated Claims

A. Rate Increase After the Freeze

A review of 13 sampled Community Placement Program (CPP) vendor files revealed one vendor, Housing Choices Coalition (HCC), that received rate increases for six contracts after the July 1, 2008, rate freeze was in effect. This resulted in overpayments totaling \$149,305.42. This is not in compliance with W&I Code, section 4648.4(b).

B. Negotiated Rate Above the Statewide Median Rate (Repeat)

A review of 50 sampled Purchase of Service (POS) vendor contracts finalized after June 30, 2008, revealed eight vendors that were contracted above the Statewide median rate requirement implemented on July 1, 2008. This resulted in overpayments totaling \$487,518.53. This is not in compliance with the requirements of the W&I Code, section 4691.9(a) and (b). In addition, this issue was reported in the DDS follow-up review report.

C. Rate Reduction

A review of 50 sampled vendor files from various service codes revealed that SARC continued to reimburse one vendor at the old rate when the mandated 3 and 4.25 percent rate reductions had been implemented. This resulted in an overpayment totaling \$5,558.63. This is not in compliance with the Assembly Bill 104, chapter 37, section 24, section 10(a).

Finding 2: Purchase of Service Expenses Not Tied to Consumer Unique Client Identification (UCI) Number

A sample review of SARC's vendor contracts revealed one vendor, [REDACTED] vendor number ZS0546, service code 017, that was paid under a contract UCI number. This vendor provided services under the HCBS Waiver billable service code; however, the POS expenditures were not tied to individual consumers. This is not in compliance with CCR, title 17, section 50604(d)(1).

Finding 3: Family Cost Participation Program (FCPP)

A. Overstated Share of Cost

The review of the FCPP revealed that SARC has been paying for the cost of services that are the responsibility of the families under the requirements of the FCPP for 11 of the 41 sampled consumers participating in the program. This resulted in overpayments totaling \$65,404.65 and is not in compliance with CCR, title 17, section 50255(a).

B. Parents not Assessed Share of Cost

The review of 41 sampled FCPP consumer files found four consumers that SARC had not assessed their parents share of cost participation. This resulted in SARC paying 100 percent of the cost of services under the FCPP. This is not in compliance with CCR, title 17, section 50255(a), and W&I Code, section 4783(a)(1).

Finding 4: Purchase of Service Authorizations Not Retained (Repeat)

A sample review of 109 consumer files revealed that SARC continues to not retain paper copies of the POS authorizations for its own vendor or consumer files. This issue is not in compliance with CCR, title 17, sections 50612(f), and (c)(1)(A)(2) and was identified in the DDS follow-up review report.

Finding 5: Client Trust Disbursements Not Supported

A sample review of 70 client trust money management disbursements revealed that SARC did not retain receipts to support 11 money management disbursement checks that were issued to vendors for the spending down of consumer funds. The unsupported money management disbursements totaled \$6,787.00. This is not in accordance with the Social Security Handbook, chapter 16, section 1616(D).

Finding 6: Missing “Hold Harmless” Clause

A review of SARC’s four lease agreements for real property revealed that the rental lease for the Gilroy office did not include the “Hold Harmless” clause. This is not in compliance with Article VII, section 1 of the DDS contract with SARC.

II. Finding that has been addressed and corrected by SARC.

Finding 7: Salary Expenses Did Not Match to the General Ledger

A review of SARC’s Targeted Case Management (TCM) Rate Study worksheets for May 2010 revealed a discrepancy of \$55,657.16 between the total salary expenses reported on the worksheet and SARC’s Year-End General Ledger. This occurred because SARC did not include salaries from the Senior Companion Program in the TCM Rate Study worksheets.

SARC has since taken the steps necessary to correct the discrepancy by providing the DDS auditors with the revised TCM Rate Study worksheets reflecting the adjustment.

BACKGROUND

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

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

In addition to the fiscal compliance audit, each regional center 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 the regional center's fiscal, administrative and program operations.

DDS and San Andreas Regional Center, Inc., entered into contract, HD099016, effective July 1, 2009, through June 30, 2014. This contract specifies that San Andreas Regional Center, Inc. will operate an agency known as the San Andreas Regional Center (SARC) to provide services to persons with DD and their families in the Monterey, San Benito, Santa Clara, and Santa Cruz counties. The contract is funded by State and Federal funds that are dependent upon SARC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at SARC from July 25, 2011, through September 2, 2011, and was performed by DDS' Audit Branch.

AUTHORITY

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

CRITERIA

The following criteria were used for this audit:

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

AUDIT PERIOD

The audit period was July 1, 2009, through June 30, 2011, with follow-up as needed into prior and subsequent periods.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

- To determine compliance with the W&I Code (or the Lanterman Act),
- To determine compliance with CCR, title 17,
- To determine compliance with the provisions of the HCBS Waiver Program for the Developmentally Disabled, and
- To determine that costs claimed were in compliance with the provisions of the State Contract.

The audit was conducted in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. However, the procedures do not constitute an audit of SARC's financial statements. DDS limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that SARC was in compliance with the objectives identified above. Accordingly, DDS examined transactions, on a test basis, to determine whether SARC was in compliance with the Lanterman Act, CCR, title 17, HCBS Waiver for the Developmentally Disabled, and State Contract.

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

DDS reviewed the annual audit report that was conducted by an independent accounting firm for fiscal year 2009-10, issued on December 8, 2010. No management letter was issued by the independent accounting firm. 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 POS claims billed to DDS. The sample included consumer services, vendor rates, and consumer trust accounts. The sample also included consumers who were eligible for the HCBS Waiver Program. For POS claims the following procedures were performed:

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

- DDS selected a sample of bank reconciliations for Operations and Consumer Trust bank accounts to determine if the reconciliations were properly completed on a monthly basis.

II. Regional Center Operations

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

- A sample of the personnel files, timesheets, payroll ledgers and other support documents was selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of operating expenses, including, but not limited to, purchases of office supplies, consultant contracts, insurance expenses, and lease agreements 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 SARC's policies and procedures for compliance with the DDS Conflict of Interest regulations and DDS selected a sample of personnel files to determine if the policies and procedures were followed.

III. Targeted Case Management and Regional Center Rate Study

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

- Reviewed applicable TCM records and SARC's Rate Study. DDS examined the months of May 2010 and June 2011 and traced the reported information to source documents.
- Reviewed SARC's TCM Time Study. DDS selected a sample of payroll timesheets for this review and compared it to the DS 1916 forms to ensure that the DS 1916 forms were properly completed and supported.

IV. Service Coordinator Caseload Survey

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

- A. For all consumers that are three years of age and younger and for consumers enrolled in the Waiver, the required average ratio shall be 1:62.
- B. For all consumers who have moved from a developmental center to the community since April 14, 1993, and have lived continuously in the community for at least 12 months, the required average ratio shall be 1:62. The required average ratio shall be 1:45 for consumers who have moved within the first year.
- C. For all consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not covered under A above, the required average ratio shall be 1:66. The 1:66 ratio was lifted in February 2009, upon imposition of the 3 percent rate reduction to regional centers as required per W&I Code 4640.6(i) and (j).

However, under W&I Code, section 4640.6(i)(2), for the period commencing February 1, 2009, to June 30, 2010, inclusive, regional centers were no longer required to provide service coordinator caseload data to DDS annually. Regional centers were instead to maintain sufficient service coordinator caseload data to document compliance with the service coordinator-to-consumer ratio requirements in effect.

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

V. Early Intervention Program (Part C Funding)

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

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

VI. Family Cost Participation Program

The FCPP was created for the purpose of assessing consumer costs to parents based on income level and dependents. The family cost participation assessments are only applied to respite, day care, and camping services that are included in the child's Individual Program Plan (IPP). To determine whether SARC is in compliance with CCR, title 17 and the W&I Code, DDS performed the following procedures during the audit review:

- Reviewed the list of consumers who received respite, day care and camping services, for ages 0 through 17 who live with their parents and are not Medi-Cal eligible, to determine their contribution for the FCPP.

- Reviewed the parents' income documentation to verify their level of participation based on the FCPP Schedule.
- Reviewed copies of the notification letters to verify that the parents were notified of their assessed cost participation within 10 working days of receipt of the parents' complete income documentation.
- Reviewed vendor payments to verify that SARC is paying only for its assessed share of cost.

VII. Procurement

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

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

- Reviewed the SARC contracting process to ensure the existence of a Board approved procurement policy, and to verify that the RFP process ensures competitive bidding as required by Article II of the State Contract as amended.
- Reviewed the RFP contracting policy to determine whether the protocols in place include applicable dollar thresholds and comply with Article II of the State Contract as amended.
- Reviewed the RFP notification process to verify that it is open to the public, and clearly communicated to all vendors. All submitted proposals are evaluated by a team of individuals, to determine whether proposals are properly documented, recorded and authorized by appropriate officials at SARC. The process was reviewed to ensure that the vendor selection process is transparent, impartial, and avoids the appearance of favoritism. Additionally, DDS verified that supporting documentation is retained for the selection process and in instances where a vendor with a higher bid is selected there is written documentation retained as justification for such a selection.

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

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

In addition, DDS performed the following procedures to determine compliance with the W&I Code, section 4625.5 for new contracts in place as of March 2011:

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

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

VIII. Statewide/Regional Center Median Rates

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

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

- Reviewed sample vendor files to determine whether SARC is using appropriately vendorized service providers and correct service codes that SARC is paying authorized contract rates and complying with the median rate requirements for the W&I Code, section 4691.9.
- Reviewed vendor contracts to verify that SARC is reimbursing vendors using authorized contract median rates, verified that rates paid represented the lower of

the statewide or regional center median rate set after June 30, 2008. Additionally, DDS verified that providers vendorized before June 30, 2008, did not receive any unauthorized rate increases, except in situations where health and safety exemptions are granted by DDS.

IX. Other Sources of Funding from DDS

Regional centers may receive other sources of funding from DDS. DDS performed sample tests on identified sources of funds from DDS to ensure SARC's accounting staff were inputting data properly, and that transactions were properly recorded and claimed. In addition, tests were performed to determine if the expenditures were reasonable and supported by documentation. The sources of funding from DDS identified in this audit are:

- Start-Up Funds, Community and Placement Program.
- Prevention Program.
- Early Start-American Recovery and Reinvestment Act (ARRA) Funds.
- Foster Grandparents (FGP) and Senior Companion (SC).

X. Follow-Up Review on Prior DDS' Audit Findings

As an essential part of the overall DDS monitoring system, a follow-up review of the prior DDS audit findings was conducted. DDS identified prior audit findings that were reported to SARC and reviewed supporting documentation to determine the degree and completeness of SARC's implementation of corrective actions.

CONCLUSIONS

Based upon the audit procedures performed, DDS has determined that for the items identified in the Findings and Recommendations Section, SARC was in compliance with applicable sections of CCR, title 17, the HCBS waiver, and the State Contract with DDS for the audit period, July 1, 2009, through June 30, 2011.

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

From the review of prior audit issues, it was determined that SARC has not taken appropriate corrective actions to resolve prior audit issues identified in the audit follow-up review.

VIEWS OF RESPONSIBLE OFFICIALS

We issued a draft report on September 17, 2012. The findings in the report were discussed at an exit conference with SARC on October 1, 2012. At the exit conference, we stated that the final report will incorporate the views of responsible officials.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

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

I. The following findings need to be addressed.

Finding 1: Overstated Claims

A. Rate Increase After the Freeze

The review of 13 sampled CPP vendor files revealed one vendor, HCC that has seven contracts with SARC. It was found that HCC received rate increases for six of the seven contracts after the July 1, 2008, rate freeze was in effect. This occurred when SARC reconfigured the monthly payments on the seven contracts to reflect staff positions associated with each contract. Although the rate changes in the contracts did not have a net increase for HCC's total funding, this resulted in rate increases for six of the seven contracts. This resulted in overpayments totaling \$149,305.42. (See Attachment A1.)

W&I Code, section 4648.4(b) states, in pertinent part:

“(b) Notwithstanding any other provision of law or regulation, except for subdivision (a), no regional center may pay any provider of the following services or supports a rate that is greater than the rate that is in effect on or after June 30, 2008, unless the increase is required by a contract between the regional center and the vendor that is in effect on June 30, 2008, or the regional center demonstrates that the approval is necessary to protect the consumer's health or safety and the department has granted prior written authorization.”

Recommendation:

SARC must remit to DDS, a total of \$149,305.42, pursuant to W&I Code, section 4648.4 (b). In addition, SARC should revert to the original payment terms of the contracts that were in place prior to the implementation of the rate freeze.

B. Negotiated Rate Above the Statewide Median Rate (Repeat)

The sample review of 50 POS vendor contracts finalized after June 30, 2008, revealed eight vendors that were contracted above the Statewide median rate requirement implemented on July 1, 2008. This occurred because SARC did not properly monitor and adhere to the median rates in place as of July 1, 2008. This resulted in overpayments totaling \$316,259.02. (See Attachment A2.)

In addition, the DDS auditors followed up on the prior audit finding identified in the DDS Follow-Up Review of the Bureau of State Audits report regarding non-compliance with the Statewide median rate requirement for two vendors. SARC had appealed this finding to DDS and through the Letter of Findings issued on May 15, 2012, from DDS, the finding was upheld resulting in SARC being required to reimburse DDS the amount of \$171,259.51. (See Attachment A3.)

The total overpayment for the issues identified above totaled \$487,518.53.

W&I Code, section 4691.9(a) and (b) provide in relevant part:

“Notwithstanding any other provision of the law or regulation, commencing July 1, 2008:

- (a) No regional center shall pay an existing service provider, for services where rates are determined through a negotiation between the regional center and the provider, a rate higher than the rate in effect on June 30, 2008, unless the increase is required by a contract between the regional center and the vendor that is in effect on June 30, 2008, or the regional center demonstrates that the approval is necessary to protect the consumer’s health and safety and the department has granted prior written authorization.
- (b) No regional center may negotiate a rate with a new service provider, for services where rates are determined through a negotiation between the regional center and the provider, that is higher than the regional center’s median rate for the same service code and unit of service, or the statewide median rate for the same service code and unit of service, whichever is lower...”

Recommendation:

SARC must remit to DDS the \$487,518.53 in total overpayments made to the vendors. SARC must also immediately renegotiate the rates for consistency with the Statewide/SARC median rates and provide DDS with written confirmation of the rate changes. In addition, SARC must comply with the W&I code, section 4691.9 and ensure that all rates negotiated after June 30, 2008, are either equal to or below the Statewide/SARC median rates.

C. Rate Reduction

The review of 50 POS vendor files from various service codes revealed that SARC continued to reimburse one vendor at the old rate when the mandated 3 and 4.25 percent rate reductions had been implemented. It was found that SARC did not reduce the rate for the vendor, National

Telecenter, Inc., vendor number PC0003, service code 056, by the 3 and 4.25 percent rate reductions. This was an oversight on SARC's part that the rate adjustment was not applied to the vendor payments when the 3 and 4.25 percent rate adjustments were implemented. This resulted in an overpayment totaling \$5,558.63 for the months of July 2009 through April 2011. (See Attachment A4.)

Assembly Bill 104, chapter 37, section 24, section 10(a) states:

“(a) Notwithstanding any other provision of law, in order to implement change in the level of funding for regional centers purchase of services, regional centers shall reduce payments for service and supports provided pursuant to Title 14 (commencing with Section 95000) to the Government Code and Division 4.1 (commencing with Section 4400) and Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code. From February 1, 2009, to June 30, 2010, inclusive, regional centers shall reduce all payments for these services and supports paid from purchase of service funds for services delivered on or after February 1, 2009, by 3 percent, and from July 1, 2010, to June 30, 2012, inclusive, by 4.25 percent unless the regional center demonstrates that a non-reduced payment is necessary to protect the health and safety of the individual for whom the services and supports are proposed to be purchased, and the State Department of Developmental Services has granted prior written approval.”

Recommendation:

SARC must reimburse to DDS the overpayment totaling \$5,558.63 that was overpaid to the vendor per the 3 and 4.25 percent rate reduction that is in place as of February 2009 and July 2010, respectively.

Finding 2: Purchase of Service Expenses Not Tied to Consumer Unique Client Identification (UCI) Number

The sample review of 50 vendor contracts revealed one POS vendor, [REDACTED] vendor number ZS0546, service code 017, that was paid under a contract UCI number for services provided to consumers. It was found that the vendor provided services were under the HCBS Waiver billable service code. However, SARC did not tie the POS expenses to individual consumers. In order to determine whether services can be claimed to the HCBS Waiver, the service must be identified to a specific consumer. (See Attachment B.)

CCR, title 17, section 50604(d)(1) states:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program... Service records used to support service providers' billing/invoicing shall include, but not be limited to:

- (1) Information identifying each regional center consumer including the Unique Consumer Identifier and consumer name.”

Recommendation:

SARC must reclassify the POS expenditures to ensure that services are identified to individual consumers. This will ensure all POS payments are accurately accounted for and that invoices are correctly billed to the HCBS Waiver.

Finding 3: Family Cost Participation Program (FCPP)

A. Overstated Share of Cost

The review of the FCPP revealed that SARC has been paying for the cost of services that are the responsibility of the families under the requirements of the FCPP for 11 of the 41 sampled consumers participating in the program. SARC was not aware that it was paying for units that were the responsibility of the parents. This resulted in overpayments totaling \$65,404.65. (See Attachment C1.)

CCR, title 17, section 50255(a) states in part:

“(a) The parents of a child who meet the definition under Section 4783(a)(1) of the Welfare and Institutions Code shall be jointly and severally responsible for the assessed amount of family cost participation.”

Recommendation:

SARC should reimburse the \$65,404.65 of overpayments that resulted from incorrectly paying for the families' share of costs. In addition, SARC should ensure that only costs SARC is responsible for is entered into the UFS to prevent the possibility of any overpayments.

B. Parents not Assessed Share of Cost

The review of 41 sampled FCPP consumer files found four consumers that SARC had not assessed their parents share of cost participation. This resulted in SARC paying 100 percent of the cost of services under the FCPP. SARC's staff responsible for the FCPP was not aware the parents had not been assessed their share of cost participation. This was due to the consumers initially being referred to the Waiver Specialist to determine

Medi-Cal eligibility, but was not referred back to the FCPP Coordinator for assessment in the program. This resulted in SARC paying 100 percent for services provided to the vendors totaling \$34,914.21. (See Attachment C2.)

CCR, title 17, section 50255(a) states in relevant part:

“(a) The parents of a child who meet the definition under Section 4783(a)(1) of the Welfare and Institutions Code shall be jointly and severally responsible for the assessed amount of family cost participation.”

W&I Code, section 4783(a)(1) states:

“The Family Cost Participation Program is hereby created in the State Department of Developmental Services for the purpose of assessing a cost participation to parents, as defined in Section 50215 of Title 17 of the California Code of Regulations, who have a child to whom all of the following applies:

- (A) The child has a developmental disability or is eligible for services under the California Early Intervention Services Act (Title 14 (commencing with Section 95000) of the Government Code).
- (B) The child is zero years of age through 17 years of age.
- (C) The child lives in the parents' home.
- (D) The child receives services and supports purchased through the regional center.
- (E) The child is not eligible for Medi-Cal.”

Recommendation:

SARC must ensure that staff responsible for the FCPP assessment is in communication with the Medi-Cal determination section to ensure that all assessments are completed.

Finding 4: Purchase of Service Authorizations Not Retained (Repeat)

The sample review of 109 consumer files revealed that SARC continues to not retain paper copies of the POS authorizations for its own vendor or consumer files. This issue was noted in the BSA follow-up review. SARC stated that it did not retain paper copies because the POS authorizations are electronically stored in the San Diego Information System (SANDIS). However, authorizations in SANDIS are not signed or dated as proof that individual consumers' services were authorized. In its response to the DDS follow-up to the BSA audit report, SARC agreed to start retaining the paper copies of the Purchase requests and POS authorizations issued to vendors and consumers, but this had not occurred during the DDS audit. (See Attachment D.)

CCR, title 17, section 50612(f) states:

“A copy of the purchase of service authorization shall be retained by the regional center...”

In addition, CCR, title 17, section 50612(c)(1)(A)(2) states:

(c) “The authorization for the purchase of service shall be in the following form:

(1) The authorization shall be in writing, except as follows:

(A) A verbal authorization by the regional center director or his authorized agency representative shall be allowed to provide emergency services utilizing the following procedures:

(2) The verbal authorization is confirmed with a written authorization from the regional center as soon as possible, but no later than the regional center's next cyclical production of purchase of service authorization documents.”

Recommendation:

SARC must comply with CCR, title 17 regulations and its prior response to the BSA follow-up audit by retaining paper copies of the POS authorizations in its vendor and consumer files. This will ensure POS authorizations are consistent with the actual service payments and are traceable to the vendor and consumer copies.

Finding 5: Client Trust Disbursements Not Supported

A sample review of 70 client trust money management disbursements revealed that SARC did not retain receipts to support 11 money management disbursement checks that were issued to 13 vendors for the spend down of consumer funds. SARC stated these receipts are retained by the vendors and given to SARC upon request. However, without supporting receipts, there is no evidence to verify that the disbursements from the client trust funds were appropriate. The unsupported money management disbursements totaled \$6,787.00. (See Attachment E.)

Social Security Handbook, chapter 16, section 1616(D) states:

“The responsibilities of a representative payee are to:

D. Keep written records of all payments received from SSA along with receipts to show how funds were spent and /or saved on behalf of the beneficiary:”

Recommendation:

As the representative payee, SARC must ensure its vendors are aware of retaining receipts to support the client trust money management disbursements and that it be available upon request from SARC. This will ensure all money management checks disbursed to the vendors are for an appropriate purpose, and that there is an accurate accountability for the Social Security (SS) benefits per SS requirements.

Finding 6: Missing “Hold Harmless” Clause

The review of SARC’s four lease agreements for real property revealed that the rental lease for the Gilroy office did not include the “Hold Harmless” clause as required by the contract with DDS. SARC stated that it relies on its real estate brokers and legal counsel to ensure the “Hold Harmless” clause is included in its leases. This clause is needed to ensure the State is held harmless for any claims and/or losses that may be associated with these leases.

State Contract, Article VII, section 1 states:

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

Recommendation:

SARC must amend the lease agreement to include the “Hold Harmless” clause. This would ensure the Gilroy lease is in compliance with the State contract and protect the State from claims and/or losses resulting from the lease. In addition, SARC must ensure that any future lease agreements have the “Hold Harmless” clause included to comply with this contract requirement.

II. Finding that has been addressed and corrected by SARC.**Finding 7: Salary Expenses Did Not Match to the General Ledger**

The review of SARC’s TCM Rate Study worksheets for May 2010 revealed a discrepancy of \$55,657.16 between the total salary expenses reported on the worksheet and SARC’s Year End General Ledger. SARC stated that it was an oversight on its part that it did not include salaries from the Senior Companion Program which lead to the discrepancy. Though this amount did not have a significant impact on the TCM rate, amounts recorded incorrectly in the TCM study can affect the TCM rate billed to the Federal Government.

For good business and internal control practices, salary expenses reported for the TCM Rate Study calculation should match to the General Ledger. Expenses recorded incorrectly may result in an incorrect calculation of the TCM rate, which could result in the requirement to return overpayments of the TCM rate to the Federal Government.

SARC has taken corrective action and re-calculated total salary expenses reported on the worksheet and provided DDS with the properly completed worksheets that matched expenses reported on the Year-End General Ledger.

Recommendation:

SARC must ensure that salary expenses reported on the Rate Study worksheets are accurate and match to the Year-End General Ledger report.

EVALUATION OF RESPONSE

As part of the audit report process, SARC has been provided with a draft report and was requested to provide a response to each finding. SARC's response dated November 30, 2012, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendations section as well as a summary of the findings in the Executive Summary section.

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

Finding 1: Overstated Claims

A. Rate Increase After the Freeze

SARC disagrees that its vendor, HCC, received rate increases for six of the seven contracts after the July 1, 2008, rate freeze was in effect which resulted in overpayments totaling \$149,305.42. SARC stated in its response that it was planning to submit a Statement of Disputed Issues (SODI) to DDS' Audit Appeals Unit.

B. Negotiated Rate Above the Statewide Median Rate (Repeat)

SARC agrees to remit to DDS \$171,259.51, for payments made to [REDACTED] vendor numbers ZS0519, and ZS0530, from the finding noted in the Follow-Up Review of the Bureau of State Audits (BSA) report issued on August 24, 2010. In addition SARC agrees to remit to DDS \$171,835.90, paid to vendors [REDACTED] vendor numbers HS0620, H10740 and P17646, respectively. The overpayments were due to the negotiated rates set above the Statewide Median rate. However, SARC disagrees with the overpayments totaling \$144,423.13 to vendors Priorities, Inc., [REDACTED] Arm in Arm Supported Living Services, Visiting Angels Living Assistance Services, and [REDACTED], vendor numbers, HA0735, PS0180, ZS0610, HS0423 and PB0751.

For Priorities, Inc.(HA0735), SARC indicated that this is a courtesy vendor through ACRC with a daily rate of \$494.70. This rate was set at vendorization when SARC did not have a daily rate for service code 090. The review of the Statewide Median Rate Schedules showed that SARC used ACRC's rate which was lower than the Statewide Median rate of

\$800.00. DDS agrees with SARC and considers the overstated amount totaling \$92,298.84 resolved.

For [REDACTED] (PS0180), SARC stated that the rate used to reimburse this vendor is from Denti-Cal Schedule of Maximum Allowances (SMA) rates for the different services provided during each consumer session. SARC indicated that SMA rates are set by Heath Care Services and are accessible to regional centers per the letter from DDS dated September 15, 2009. SARC provided Denti-Cal CDT-4 codes and associated SMA rates for DDS' review. The review indicated that SARC negotiated rate was lower than the Denti-Cal SMA rate by \$5.00 per encounter. DDS agrees with SARC and considers the overstated amount totaling \$2,204.87 resolved.

For [REDACTED] (ZS0610), SARC provided a \$20.55 rate letter dated March 16, 2010, indicating that a health and safety waiver had been approved by DDS. This letter allowed SARC to reimburse Arm in Arm Supported Living Services above the Statewide Median rate; therefore, DDS agrees with SARC and considers the overstated amount totaling \$36,967.61 resolved.

For Visiting Angels Living Assistance Service, (HS0423), SARC provided documentation indicating that the vendor rate of \$19.93 was established prior to the implementation of the Statewide Median rate. Since this rate is not subject to the Statewide Median rate, DDS considers the overstated amount totaling \$12,868.83 resolved.

For [REDACTED] (PB0751), SARC provided documentation indicating that [REDACTED] is a courtesy vendor from RCEB which was established in January 2005, and that all rates associated with the vendor were established prior to the implementation of the July 1, 2008, Statewide Median rate requirement. DDS agrees with SARC and considers the overstated amount totaling \$82.98 resolved.

C. Rate Reduction

SARC explained that National Telecenter, Inc. is exempt from the State mandated payment reduction because the rate used by National Telecenter, Inc. is a "usual and customary" rate which is not subject to the 3 and 4.25 percent rate reduction. Effective July 1, 2011, certain usual and customary rates were no longer exempted from the payment reduction; however, the services provided by national Telecenter, Inc., were not included in this exemption. DDS agrees with SARC, and considers the overpayment totaling \$5,558.63 resolved.

Based on the evaluation of SARC's response, DDS determined that SARC must

reimburse to DDS, \$149,305.42 from the overpayments in Finding 1A and \$171,835.90 from overpayments in Finding 1B. SARC must also reimburse DDS, \$171,259.51, for overpayments that were noted in the Follow-Up Review of the Bureau of State Audits (BSA) report issued on August 24, 2010.

Finding 3: Family Cost Participation Program (FCPP)

A. Overstated Share of Cost

1. SARC disagrees with the overstated share of cost for the consumer, [REDACTED]. SARC stated that the consumer was on Medi-Cal since January 2007. However, the support documentation provided by SARC does not indicate the consumer was eligible for Medi-Cal during fiscal years 2009-10 and 2010-11. Documents provided by SARC indicate the consumer was on Medi-Cal as of December 5, 2012. Therefore, DDS considers this issue unresolved and recommends that SARC reimburse DDS the overstated amount totaling \$13,316.43.
2. SARC disagrees with the finding that it incorrectly applied the FCPP share of cost for the consumer, [REDACTED]. SARC stated that the consumer's share of cost was assessed at 5 percent. However, supporting documentation provided indicated that SARC assessed the consumer's share of cost at 40 percent rather than 5 percent. Therefore, DDS considers this issue unresolved, and recommends that SARC reimburse DDS the overstated amount totaling \$818.67.
3. SARC disagrees with the finding and states that the consumer, [REDACTED], has been on emergency Medi-Cal since January 2006. However, SARC did not provide documentation to demonstrate that the consumer had Medi-Cal eligibility during the audit period. Therefore, DDS considers this issue unresolved, and recommends that SARC reimburse DDS the overstated amount totaling \$4,202.32.
4. SARC agrees with the finding that it did not reduce the share of cost for consumer, [REDACTED]. However, SARC did not indicate the corrective action it will take to resolve this issue. DDS considers this issue unresolved, and recommends that SARC reimburse DDS the overstated amount totaling \$933.85.
5. SARC disagrees with the finding that the FCPP share of cost for the consumer, [REDACTED], was incorrectly applied. SARC stated that the consumer was assessed a 24 percent share of cost on July 24, 2006. However, DDS' review indicated that the consumer

was reassessed for FCPP at a share of cost of 65 percent on September 11, 2009, and 100 percent on August 8, 2011. However, SARC continued to reimburse the vendor at 24 percent share of cost even though the share of cost had been adjusted. Therefore, DDS considers this issue unresolved, and recommends that SARC reimburse DDS the overstated amount totaling \$4,788.26.

6. SARC disagrees with the finding that the FCPP share of cost for [REDACTED] was incorrectly applied. SARC assessed the consumer's share of cost at 80 percent from July 20, 2007, through June 14, 2010 but DDS' review indicated that SARC reimbursed the vendor the 80 percent share of cost that was the responsibility of the parents. Therefore, this issue remains unresolved, and recommends that SARC reimburse the overstated amount totaling \$20,735.00.
7. SARC agrees with the finding that it did not reduce the share of cost for consumer, [REDACTED]. However, SARC did not indicate the corrective action it will take to resolve this issue. DDS considers this issue unresolved, and recommends that SARC reimburse DDS the overstated amount totaling \$538.64.
8. SARC disagrees with the finding that the FCPP share of cost for [REDACTED], was incorrectly applied. SARC assessed the consumer's share of cost at 22 percent, however, SARC reimbursed the vendor the 22 percent share of cost for the month of March 2011 which was the responsibility of the parents. Therefore, DDS considers this issue unresolved and recommends that SARC reimburse DDS the overstated amount totaling \$41.00.
9. SARC disagrees with the finding that the FCPP share of cost for the consumer, [REDACTED], was incorrectly applied. SARC stated that the consumer was not eligible for the FCPP because the consumer was over the 18 year age limit during fiscal years 2010-11 and 2011-12. DDS' review of the additional documentation indicated that the consumer was over the age of 18, thus not eligible for FCPP. Therefore, DDS considers the overpayments totaling \$2,093.24 resolved.

Based on the evaluation of SARC's response, DDS determined that SARC must reimburse to DDS, \$63,311.41 for payments made over SARC's share of cost.

B. Parents Not Assessed Share of Cost

SARC stated it has revised their FCPP letter to include the FCPP percentage, the services, and share of cost effective date. This should eliminate future delays in applying FCPP. SARC will also conduct trainings for all managers and service coordinators addressing FCPP procedures for effective implementation. Also, SARC indicated that it now has regular contact with staff at the Medi-Cal office in order to identify the proper Medi-Cal numbers for families. DDS will conduct a follow-up during the next scheduled audit to ensure SARC has implemented its new procedures and that all assessments are completed.

Finding 4: Purchase of Service Authorizations Not Retained (Repeat)

SARC stated it is in the process of implementing a new program called Laser Forms, scheduled to be in place by February 28, 2013, to capture an electronic copy of the signed authorizations. DDS will conduct a follow-up during the next scheduled audit to ensure the program has been implemented and authorizations are retained.

Finding 5: Client Trust Disbursement Not Supported

SARC stated it has implemented a procedure which adds a tickler file to highlight outstanding receipts for follow-up. DDS will conduct a follow-up during the next scheduled audit to ensure Client Trust disbursements are available upon request.

San Andreas Regional Center
Over-Stated Claims-Rate Increase After the Rate Freeze
Fiscal Years 2009-10 and 2010-11

	Vendor Number	Vendor Name	Service Code	Sub Code	Payment Period	Overpayments
1	HS0437	Housing Choices Coalition	101	RC	Jul-10	\$3,722.89
2	HS0437	Housing Choices Coalition	101	RC	Aug-10	\$3,722.89
3	HS0437	Housing Choices Coalition	101	RC	Sep-10	\$3,722.89
4	HS0437	Housing Choices Coalition	101	RC	Oct-10	\$3,722.89
5	HS0437	Housing Choices Coalition	101	RC	Nov-10	\$3,722.89
6	HS0437	Housing Choices Coalition	101	RC	Dec-10	\$3,722.89
7	HS0437	Housing Choices Coalition	101	RC	Jan-11	\$3,722.89
8	HS0437	Housing Choices Coalition	101	RC	Feb-11	\$3,722.89
9	HS0437	Housing Choices Coalition	101	RC	Mar-11	\$3,722.89
Total Overpayment for Sub-Code RC1						\$33,505.99
10	HS0437	Housing Choices Coalition	101	RC2	Jul-10	\$10,286.51
11	HS0437	Housing Choices Coalition	101	RC2	Aug-10	\$10,286.51
12	HS0437	Housing Choices Coalition	101	RC2	Sep-10	\$10,286.51
13	HS0437	Housing Choices Coalition	101	RC2	Oct-10	\$10,286.51
14	HS0437	Housing Choices Coalition	101	RC2	Nov-10	\$10,286.51
15	HS0437	Housing Choices Coalition	101	RC2	Dec-10	\$10,286.51
16	HS0437	Housing Choices Coalition	101	RC2	Jan-11	\$10,286.51
17	HS0437	Housing Choices Coalition	101	RC2	Feb-11	\$10,286.51
18	HS0437	Housing Choices Coalition	101	RC2	Mar-11	\$10,286.51
Total Overpayment for Sub-Code RC2						\$92,578.55
19	HS0437	Housing Choices Coalition	101	RC3	Jul-10	\$450.55
20	HS0437	Housing Choices Coalition	101	RC3	Aug-10	\$450.55
21	HS0437	Housing Choices Coalition	101	RC3	Sep-10	\$450.55
22	HS0437	Housing Choices Coalition	101	RC3	Oct-10	\$450.55
23	HS0437	Housing Choices Coalition	101	RC3	Nov-10	\$450.55
24	HS0437	Housing Choices Coalition	101	RC3	Dec-10	\$450.55
25	HS0437	Housing Choices Coalition	101	RC3	Jan-11	\$450.55
26	HS0437	Housing Choices Coalition	101	RC3	Feb-11	\$450.55
27	HS0437	Housing Choices Coalition	101	RC3	Mar-11	\$450.55
Total Overpayment for Sub-Code RC3						\$4,054.91
28	HS0437	Housing Choices Coalition	101	RC4	Jul-10	\$608.53
29	HS0437	Housing Choices Coalition	101	RC4	Aug-10	\$608.53
30	HS0437	Housing Choices Coalition	101	RC4	Sep-10	\$608.53
31	HS0437	Housing Choices Coalition	101	RC4	Oct-10	\$608.53
32	HS0437	Housing Choices Coalition	101	RC4	Nov-10	\$608.53
33	HS0437	Housing Choices Coalition	101	RC4	Dec-10	\$608.53
34	HS0437	Housing Choices Coalition	101	RC4	Jan-11	\$608.53
35	HS0437	Housing Choices Coalition	101	RC4	Feb-11	\$608.53

San Andreas Regional Center
Over-Stated Claims-Rate Increase After the Rate Freeze
Fiscal Years 2009-10 and 2010-11

	Vendor Number	Vendor Name	Service Code	Sub Code	Payment Period	Overpayments
36	HS0437	Housing Choices Coalition	101	RC4	Mar-11	\$608.53
Total Overpayment for Sub-Code RC4						\$5,476.79
37	HS0437	Housing Choices Coalition	101	RC5	Jul-10	\$713.86
38	HS0437	Housing Choices Coalition	101	RC5	Aug-10	\$713.86
39	HS0437	Housing Choices Coalition	101	RC5	Sep-10	\$713.86
40	HS0437	Housing Choices Coalition	101	RC5	Oct-10	\$713.86
41	HS0437	Housing Choices Coalition	101	RC5	Nov-10	\$713.86
42	HS0437	Housing Choices Coalition	101	RC5	Dec-10	\$713.86
43	HS0437	Housing Choices Coalition	101	RC5	Jan-11	\$713.86
44	HS0437	Housing Choices Coalition	101	RC5	Feb-11	\$713.86
45	HS0437	Housing Choices Coalition	101	RC5	Mar-11	\$713.86
Total Overpayment for Sub-Code RC5						\$6,424.72
46	ZS0128	Housing Choices Coalition	894		Jul-10	\$825.97
47	ZS0128	Housing Choices Coalition	894		Aug-10	\$825.97
48	ZS0128	Housing Choices Coalition	894		Sep-10	\$801.79
49	ZS0128	Housing Choices Coalition	894		Oct-10	\$801.79
50	ZS0128	Housing Choices Coalition	894		Nov-10	\$801.79
51	ZS0128	Housing Choices Coalition	894		Dec-10	\$801.79
52	ZS0128	Housing Choices Coalition	894		Jan-11	\$801.79
53	ZS0128	Housing Choices Coalition	894		Feb-11	\$801.79
54	ZS0128	Housing Choices Coalition	894		Mar-11	\$801.79
Total Overpayment for Sub-Code RC5						\$7,264.47
Grand Total Ovepayment for Five Sub-Codes Due to Rate Increase After Freeze						\$149,305.42

San Andreas Regional Center
Over-Stated Claims-Negotiated Rate Set Above the Median Rate
Fiscal Years 2009-10 and 2010-11

	Vendor Number	Vendor Name	Service Code	Payment Period	Overpayments
1	HA0735	Priorities, Inc.	090	Feb-10	\$5,882.45
	HA0735	Priorities, Inc.	090	Mar-10	\$9,592.05
	HA0735	Priorities, Inc.	090	Jul-10	\$6,127.55
	HA0735	Priorities, Inc.	090	Aug-10	\$9,653.68
	HA0735	Priorities, Inc.	090	Sep-10	\$9,311.27
	HA0735	Priorities, Inc.	090	Oct-10	\$9,653.68
	HA0735	Priorities, Inc.	090	Nov-10	\$9,311.27
	HA0735	Priorities, Inc.	090	Dec-10	\$9,653.68
	HA0735	Priorities, Inc.	090	Jan-11	\$9,653.68
	HA0735	Priorities, Inc.	090	Feb-11	\$8,626.45
	HA0735	Priorities, Inc.	090	Mar-11	\$4,833.08
2	HS0620	Stepping Stones Center for Autistic Spectrum	115	Jul-09	\$2,614.76
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Aug-09	\$1,451.37
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Sep-09	\$1,912.12
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Oct-09	\$3,271.33
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Nov-09	\$2,637.81
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Dec-09	\$3,432.60
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Jan-10	\$4,204.36
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Feb-10	\$5,114.33
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Mar-10	\$6,415.95
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Apr-10	\$6,588.73
	HS0620	Stepping Stones Center for Autistic Spectrum	115	May-10	\$7,763.64
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Jun-10	\$8,212.87
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Jul-10	\$7,560.84
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Aug-10	\$8,777.40
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Sep-10	\$8,266.53
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Oct-10	\$10,426.00
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Nov-10	\$11,108.18
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Dec-10	\$10,335.05
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Jan-11	\$10,255.46
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Feb-11	\$11,210.51
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Mar-11	\$12,404.33
	HS0620	Stepping Stones Center for Autistic Spectrum	115	Apr-11	\$11,017.23
3	PS0180			Jul-10	\$722.46
	PS0180			Aug-10	\$770.34
	PS0180			Sep-10	\$664.20
	PS0180			Oct-10	\$47.87

San Andreas Regional Center
Over-Stated Claims-Negotiated Rate Set Above the Median Rate
Fiscal Years 2009-10 and 2010-11

	Vendor Number	Vendor Name	Service Code	Payment Period	Overpayments
4	H10740	Social Vocational Services, Inc.	882	Jul-09	\$711.08
	H10740	Social Vocational Services, Inc.	882	Aug-09	\$711.08
	H10740	Social Vocational Services, Inc.	882	Sep-09	\$711.08
	H10740	Social Vocational Services, Inc.	882	Oct-09	\$754.98
	H10740	Social Vocational Services, Inc.	882	Nov-09	\$623.29
	H10740	Social Vocational Services, Inc.	882	Dec-09	\$667.19
	H10740	Social Vocational Services, Inc.	882	Jan-10	\$640.85
	H10740	Social Vocational Services, Inc.	882	Feb-10	\$649.63
	H10740	Social Vocational Services, Inc.	882	Mar-10	\$772.53
	H10740	Social Vocational Services, Inc.	882	Apr-10	\$728.64
	H10740	Social Vocational Services, Inc.	882	May-10	\$675.97
	H10740	Social Vocational Services, Inc.	882	Jun-10	\$746.20
	H10740	Social Vocational Services, Inc.	882	Jul-10	\$717.81
	H10740	Social Vocational Services, Inc.	882	Aug-10	\$743.75
	H10740	Social Vocational Services, Inc.	882	Sep-10	\$717.81
	H10740	Social Vocational Services, Inc.	882	Oct-10	\$648.62
	H10740	Social Vocational Services, Inc.	882	Nov-10	\$639.97
	H10740	Social Vocational Services, Inc.	882	Dec-10	\$631.33
	H10740	Social Vocational Services, Inc.	882	Jan-11	\$665.92
	H10740	Social Vocational Services, Inc.	882	Feb-11	\$622.68
	H10740	Social Vocational Services, Inc.	882	Mar-11	\$726.46
	H10740	Social Vocational Services, Inc.	882	Apr-11	\$691.86
5	ZS0610	Arm in Arm Supported Living Services	896	Feb-10	\$2,369.56
	ZS0610	Arm in Arm Supported Living Services	896	Mar-10	\$2,623.44
	ZS0610	Arm in Arm Supported Living Services	896	Apr-10	\$2,538.82
	ZS0610	Arm in Arm Supported Living Services	896	May-10	\$2,623.44
	ZS0610	Arm in Arm Supported Living Services	896	Jun-10	\$2,538.82
	ZS0610	Arm in Arm Supported Living Services	896	Jul-10	\$2,375.44
	ZS0610	Arm in Arm Supported Living Services	896	Aug-10	\$2,375.44
	ZS0610	Arm in Arm Supported Living Services	896	Sep-10	\$2,298.82
	ZS0610	Arm in Arm Supported Living Services	896	Oct-10	\$2,375.44
	ZS0610	Arm in Arm Supported Living Services	896	Nov-10	\$2,298.82
	ZS0610	Arm in Arm Supported Living Services	896	Dec-10	\$2,346.71
	ZS0610	Arm in Arm Supported Living Services	896	Jan-11	\$2,623.44
	ZS0610	Arm in Arm Supported Living Services	896	Feb-11	\$2,393.36
	ZS0610	Arm in Arm Supported Living Services	896	Mar-11	\$2,647.24
	ZS0610	Arm in Arm Supported Living Services	896	Apr-11	\$2,538.82

San Andreas Regional Center
Over-Stated Claims-Negotiated Rate Set Above the Median Rate
Fiscal Years 2009-10 and 2010-11

	Vendor Number	Vendor Name	Service Code	Payment Period	Overpayments
6	HS0423	Visiting Angels Living Assistance Services	860	Jul-09	\$614.75
	HS0423	Visiting Angels Living Assistance Services	860	Aug-09	\$550.16
	HS0423	Visiting Angels Living Assistance Services	860	Sep-09	\$471.87
	HS0423	Visiting Angels Living Assistance Services	860	Oct-09	\$401.29
	HS0423	Visiting Angels Living Assistance Services	860	Nov-09	\$368.12
	HS0423	Visiting Angels Living Assistance Services	860	Dec-09	\$425.35
	HS0423	Visiting Angels Living Assistance Services	860	Jan-10	\$467.07
	HS0423	Visiting Angels Living Assistance Services	860	Feb-10	\$374.07
	HS0423	Visiting Angels Living Assistance Services	860	Mar-10	\$457.16
	HS0423	Visiting Angels Living Assistance Services	860	Apr-10	\$432.30
	HS0423	Visiting Angels Living Assistance Services	860	May-10	\$467.28
	HS0423	Visiting Angels Living Assistance Services	860	Jun-10	\$406.75
	HS0423	Visiting Angels Living Assistance Services	860	Jul-10	\$529.32
	HS0423	Visiting Angels Living Assistance Services	860	Aug-10	\$315.90
	HS0423	Visiting Angels Living Assistance Services	860	Sep-10	\$304.97
	HS0423	Visiting Angels Living Assistance Services	860	Oct-10	\$371.71
	HS0423	Visiting Angels Living Assistance Services	860	Nov-10	\$643.43
	HS0423	Visiting Angels Living Assistance Services	860	Dec-10	\$860.68
	HS0423	Visiting Angels Living Assistance Services	860	Jan-11	\$826.36
	HS0423	Visiting Angels Living Assistance Services	860	Feb-11	\$972.94
	HS0423	Visiting Angels Living Assistance Services	860	Mar-11	\$1,542.94
	HS0423	Visiting Angels Living Assistance Services	860	Apr-11	\$1,064.41
7	PB0751		720	Oct-10	\$41.49
	PB0751		720	Dec-10	\$41.49
8	P17646		102	Sep-10	\$1,655.77
Total Overpayment Due to Negotiated Rate Set Above the Statwide Median Rate					\$316,259.02

**San Andreas Regional Center
Overpayments Due to Rate Above the Statewide Median Rate
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Payment Period	Overpayments
Overpayments Due to Rate Above the Statewide Median Rate for FY 2008-09					
1	ZS0519	VIA Services Inc.	056	Jul-08	\$10,152.00
2	ZS0519	VIA Services Inc.	056	Aug-08	\$16,920.00
3	ZS0519	VIA Services Inc.	056	Sep-08	\$20,915.00
4	ZS0519	VIA Services Inc.	056	Oct-08	\$24,722.00
5	ZS0519	VIA Services Inc.	056	Nov-08	\$1,346.33
6	ZS0519	VIA Services Inc.	056	Dec-08	\$1,780.63
7	ZS0519	VIA Services Inc.	056	Jan-09	\$1,693.77
8	ZS0519	VIA Services Inc.	056	Feb-09	\$657.20
9	ZS0519	VIA Services Inc.	056	Mar-09	\$772.21
10	ZS0519	VIA Services Inc.	056	Apr-09	\$624.34
11	ZS0519	VIA Services Inc.	056	May-09	\$722.92
12	ZS0519	VIA Services Inc.	056	Jun-09	\$969.37
13	ZS0530	Aces Behavioral Services	102	Dec-08	\$246.69
14	ZS0530	Aces Behavioral Services	102	Jan-09	\$1,430.79
15	ZS0530	Aces Behavioral Services	102	Feb-09	\$4,301.40
16	ZS0530	Aces Behavioral Services	102	Mar-09	\$7,815.06
17	ZS0530	Aces Behavioral Services	102	Apr-09	\$4,371.30
18	ZS0530	Aces Behavioral Services	102	May-09	\$4,489.72
19	ZS0530	Aces Behavioral Services	102	Jun-09	\$3,177.34
Total Overpayments Due to Rate Above the Statewide Median Rate for FY 2008-09					\$107,108.07
Overpayments Due to Rate Above the Statewide Median Rate for FY 2009-10					
20	ZS0519	VIA Services Inc.	056	Jul-09	\$739.35
21	ZS0519	VIA Services Inc.	056	Aug-09	\$821.50
22	ZS0519	VIA Services Inc.	056	Sep-09	\$952.94
23	ZS0519	VIA Services Inc.	056	Oct-09	\$805.07

**San Andreas Regional Center
Overpayments Due to Rate Above the Statewide Median Rate
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Payment Period	Overpayments
24	ZS0519	VIA Services Inc.	056	Nov-09	\$607.91
25	ZS0519	VIA Services Inc.	056	Dec-09	\$443.61
26	ZS0519	VIA Services Inc.	056	Jan-10	\$575.05
27	ZS0519	VIA Services Inc.	056	Feb-10	\$509.33
28	ZS0519	VIA Services Inc.	056	Mar-10	\$772.21
29	ZS0519	VIA Services Inc.	056	Apr-10	\$640.77
30	ZS0519	VIA Services Inc.	056	May-10	\$706.49
31	ZS0519	VIA Services Inc.	056	Jun-10	\$887.22
32	ZS0530	Aces Behavioral Services	102	Jul-09	\$3,098.40
33	ZS0530	Aces Behavioral Services	102	Aug-09	\$2,545.82
34	ZS0530	Aces Behavioral Services	102	Sep-09	\$2,062.31
35	ZS0530	Aces Behavioral Services	102	Oct-09	\$3,769.39
36	ZS0530	Aces Behavioral Services	102	Nov-09	\$2,042.58
37	ZS0530	Aces Behavioral Services	102	Dec-09	\$6,275.73
38	ZS0530	Aces Behavioral Services	102	Jan-10	\$532.85
39	ZS0530	Aces Behavioral Services	102	Feb-10	\$1,588.67
40	ZS0530	Aces Behavioral Services	102	Mar-10	\$3,424.01
41	ZS0530	Aces Behavioral Services	102	Apr-10	\$4,116.16
42	ZS0530	Aces Behavioral Services	102	May-10	\$5,200.18
43	ZS0530	Aces Behavioral Services	102	Jun-10	\$5,042.30
Total Overpayments Due to Rate Above the Statewide Median Rate for FY 2009-10					\$48,159.85
Overpayments Due to Rate Above the Statewide Median Rate for FY 2010-11					
44	ZS0519	VIA Services Inc.	056	Jul-10	\$739.35
45	ZS0519	VIA Services Inc.	056	Aug-10	\$854.36
46	ZS0519	VIA Services Inc.	056	Sep-10	\$821.50
47	ZS0519	VIA Services Inc.	056	Oct-10	\$238.28

**San Andreas Regional Center
Overpayments Due to Rate Above the Statewide Median Rate
Fiscal Years 2008-09 and 2009-10**

	Vendor Number	Vendor Name	Service Code	Payment Period	Overpayments
48	ZS0530	Aces Behavioral Services	102	Jul-10	\$4,854.81
49	ZS0530	Aces Behavioral Services	102	Aug-10	\$5,140.97
50	ZS0530	Aces Behavioral Services	102	Sep-10	\$3,364.82
Total Overpayments Due to Rate Above the Statewide Median Rate for FY 2010-11					\$16,014.09
Total Overpayments					\$171,259.51

**San Andreas Regional Center
Over-Stated Claims-Rate Reduction
Fiscal Years 2009-10 and 2010-11**

	Vendor Number	Vendor Name	Service Code	Payment Period	Overpayments
1	PC0003	National Telecenter, Inc.	056	Jul-09	\$242.25
2	PC0003	National Telecenter, Inc.	056	Aug-09	\$189.75
3	PC0003	National Telecenter, Inc.	056	Sep-09	\$216.00
4	PC0003	National Telecenter, Inc.	056	Oct-09	\$235.50
5	PC0003	National Telecenter, Inc.	056	Nov-09	\$170.25
6	PC0003	National Telecenter, Inc.	056	Dec-09	\$189.75
7	PC0003	National Telecenter, Inc.	056	Jan-10	\$216.00
8	PC0003	National Telecenter, Inc.	056	Feb-10	\$216.00
9	PC0003	National Telecenter, Inc.	056	Mar-10	\$216.00
10	PC0003	National Telecenter, Inc.	056	Apr-10	\$225.75
11	PC0003	National Telecenter, Inc.	056	May-10	\$225.75
12	PC0003	National Telecenter, Inc.	056	Jun-10	\$225.75
13	PC0003	National Telecenter, Inc.	056	Jul-10	\$287.94
14	PC0003	National Telecenter, Inc.	056	Aug-10	\$282.63
15	PC0003	National Telecenter, Inc.	056	Sep-10	\$319.81
16	PC0003	National Telecenter, Inc.	056	Oct-10	\$319.81
17	PC0003	National Telecenter, Inc.	056	Nov-10	\$255.00
18	PC0003	National Telecenter, Inc.	056	Dec-10	\$282.63
19	PC0003	National Telecenter, Inc.	056	Jan-11	\$282.63
20	PC0003	National Telecenter, Inc.	056	Feb-11	\$319.81
21	PC0003	National Telecenter, Inc.	056	Mar-11	\$319.81
22	PC0003	National Telecenter, Inc.	056	Apr-11	\$319.81
Total Overpayment Due to Three and Four and a Quarter Rate Reduction					\$5,558.63

San Andreas Regional Center
Purchase of Service (POS) Expenses Not Tied to Consumer UCI Number
Fiscal Years 2009-10 and 2010-11

[illegible]

San Andreas Regional Center
Family Cost Participation Program (FCPP)-Over-Stated Share of Cost
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
1		VS2294		420		Jul-09	\$197.41
		VS2294		405		Jul-09	\$1,065.36
		VS2294		420		Aug-09	\$197.41
		VS2294		405		Aug-09	\$634.80
		VS2294		405		Nov-09	\$115.92
		VS2294		420		Nov-09	\$51.95
		VS2294		405		Dec-09	\$182.16
		VS2294		420		Dec-09	\$51.95
		VS2294		420		Jan-10	\$51.95
		VS2294		405		Jan-10	\$99.36
		VS2294		420		Feb-10	\$51.95
		VS2294		405		Feb-10	\$143.52
		VS2294		420		Mar-10	\$51.95
		VS2294		405		Mar-10	\$99.36
		VS2294		420		Apr-10	\$51.95
		VS2294		405		Apr-10	\$33.12
		VS2294		420		May-10	\$51.95
		VS2294		405		May-10	\$110.40
		VS2294		420		Jun-10	\$51.95
		VS2294		405		Jun-10	\$248.40
		VS2294		420		Jul-10	\$51.25
		VS2294		405		Jul-10	\$122.63
		VS2294		405		Jul-10	\$239.78
		VS2294		420		Aug-10	\$51.25
		VS2294		405		Aug-10	\$179.08
		VS2294		420		Oct-10	\$51.25
		VS2294		405		Oct-10	\$154.66
		VS2294		420		Jan-11	\$51.25
		VS2294		405		Jan-11	\$146.52
		VS2294		420		Mar-11	\$51.25
		VS2294		405		Mar-11	\$146.52
2		VS2258		405		Jul-09	\$2,151.95
		VS2258		420		Jul-09	\$664.96
		VS2258		405		Aug-09	\$2,462.54
		VS2258		420		Aug-09	\$664.96

San Andreas Regional Center
Family Cost Participation Program (FCPP)-Over-Stated Share of Cost
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
		VS2258		405		Sep-09	\$1,005.72
		VS2258		405		Oct-09	\$1,198.00
		VS2258		405		Nov-09	\$754.29
		VS2258		405		Dec-09	\$1,819.17
		VS2258		420		Dec-09	\$446.77
		VS2258		405		Jan-10	\$1,641.70
		VS2258		420		Jan-10	\$550.67
		VS2258		405		Feb-10	\$1,464.21
		VS2258		420		Feb-10	\$301.31
		VS2258		405		Mar-10	\$1,286.73
		VS2258		420		Mar-10	\$306.51
		VS2258		405		Apr-10	\$1,582.53
		VS2258		420		Apr-10	\$389.63
		VS2258		405		May-10	\$1,331.10
		VS2258		420		May-10	\$176.63
		VS2258		405		Jun-10	\$473.28
		VS2258		420		Jun-10	\$62.34
3		HS0020		862		Jul-09	\$411.36
		HS0020		862		Aug-09	\$495.12
		HS0020		862		Sep-09	\$444.37
		HS0020		862		Oct-09	\$495.12
		HS0020		862		Nov-09	\$412.19
		HS0020		862		Dec-09	\$456.95
		HS0020		862		Jan-10	\$495.12
		HS0020		862		Feb-10	\$407.24
		HS0020		862		Mar-10	\$487.69
		HS0020		862		Apr-10	\$320.38
		HS0020		862		May-10	\$416.52
		HS0020		862		Jun-10	\$425.18
		HS0020		862		Jul-10	\$461.17
		HS0020		862		Aug-10	\$394.77
		HS0020		862		Sep-10	\$319.81
		HS0020		862		Oct-10	\$488.68
		HS0020		862		Nov-10	\$429.20
		HS0020		862		Dec-10	\$402.51

San Andreas Regional Center
Family Cost Participation Program (FCPP)-Over-Stated Share of Cost
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
		HS0020		862		Jan-11	\$407.40
		HS0020		862		Feb-11	\$366.66
		HS0020		862		Mar-11	\$468.51
		VS6441		405		Jan-10	\$227.10
		VS6441		405		Feb-10	\$295.23
		VS6441		405		Mar-10	\$287.66
		VS6441		405		Apr-10	\$302.80
		VS6441		405		May-10	\$302.80
		VS6441		405		Jun-10	\$302.80
		VS6441		405		Jul-10	\$298.80
		VS6441		405		Aug-10	\$276.39
		VS6441		405		Sep-10	\$268.92
		VS6441		405		Oct-10	\$298.80
		VS6441		405		Nov-10	\$283.86
		VS6441		405		Dec-10	\$298.80
		VS6441		405		Jan-11	\$298.80
		VS6441		405		Feb-11	\$268.92
		VS6441		405		Mar-11	\$298.80
4		HS0280		862		Apr-10	\$87.90
		HS0280		862		May-10	\$158.22
		HS0280		862		Jul-10	\$138.80
		HS0280		862		Aug-10	\$147.48
		HS0280		862		Sep-10	\$60.73
		HS0280		862		Oct-10	\$112.78
		HS0280		862		Nov-10	\$112.78
5		VS4904		405		Jul-09	\$201.76
		VS4904		405		Aug-09	\$201.76
		VS4904		405		Sep-09	\$201.76
		VS4904		405		Oct-09	\$201.76
		VS4904		405		Nov-09	\$201.76
		VS4904		405		Dec-09	\$201.76
		VS4904		405		Jan-10	\$192.06
		VS4904		405		Feb-10	\$201.76
		VS4904		405		Mar-10	\$164.90

San Andreas Regional Center
Family Cost Participation Program (FCPP)-Over-Stated Share of Cost
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
		VS4904		405		Apr-10	\$201.76
		VS4904		405		May-10	\$201.76
		VS4904		405		Jun-10	\$194.00
		VS4904		405		Jul-10	\$197.76
		VS4904		405		Aug-10	\$199.68
		VS4904		405		Sep-10	\$199.68
		VS4904		405		Oct-10	\$199.68
		VS4904		405		Nov-10	\$199.68
		VS4904		405		Dec-10	\$203.52
		VS4904		405		Jan-11	\$203.52
		VS4904		405		Feb-11	\$199.68
		VS4904		405		Mar-11	\$199.68
		VS4904		405		Apr-11	\$32.64
6		HS0561		862		Jul-09	\$35.16
		HS0561		862		Aug-09	\$35.16
		HS0561		862		Sep-09	\$35.16
		HS0561		862		Oct-09	\$35.16
		HS0561		862		Nov-09	\$35.16
		HS0561		862		Dec-09	\$35.16
		HS0561		862		Jan-10	\$35.16
		HS0561		862		Feb-10	\$35.16
		HS0561		862		Mar-10	\$35.16
		HS0561		862		Apr-10	\$35.16
		HS0561		862		May-10	\$35.16
		HS0561		862		Jun-10	\$35.16
		HS0561		862		Nov-10	\$34.70
		HS0561		862		Jan-11	\$34.70
		VS7770		405		Oct-09	\$24.75
		VS7770		405		Nov-09	\$24.75
		VS7770		405		Dec-09	\$24.75
		VS7770		405		Jan-10	\$24.75
		VS7770		405		Feb-10	\$24.75
		VS7770		405		Mar-10	\$24.75
		VS7770		405		Apr-10	\$24.75
		VS7770		405		May-10	\$24.75

San Andreas Regional Center
Family Cost Participation Program (FCPP)-Over-Stated Share of Cost
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
		VS7770		405		Jun-10	\$24.75
		VS7770		405		Jul-10	\$24.42
		VS7770		405		Aug-10	\$24.42
		VS7770		405		Sep-10	\$24.42
		VS7770		405		Oct-10	\$24.42
		VS7770		405		Nov-10	\$24.42
		VS7770		405		Dec-10	\$24.42
		VS7770		405		Jan-11	\$24.42
		VS7770		405		Feb-11	\$24.42
		VS7770		405		Mar-11	\$24.42
7		VS7818		405		Nov-09	\$315.35
		VS7818		405		Dec-09	\$315.35
		VS7818		405		Jan-10	\$315.35
		VS7818		405		Feb-10	\$315.35
		VS7818		405		Mar-10	\$315.35
		VS7818		405		Apr-10	\$315.35
		VS7818		405		May-10	\$315.35
		VS7818		405		Jun-10	\$315.35
		VS7818		405		Jul-10	\$311.10
		VS7818		405		Aug-10	\$311.10
		VS7818		405		Sep-10	\$311.10
		VS7818		405		Oct-10	\$311.10
		VS7818		405		Nov-10	\$285.48
		VS7818		405		Dec-10	\$311.10
		VS7818		405		Jan-11	\$311.10
		VS7818		405		Feb-11	\$307.44
		VS7818		405		Mar-11	\$270.84
		VS7818		405		Apr-11	\$285.48
8		VS6709		420		Mar-11	\$41.00
9		VS7412		405		Jul-09	\$859.68
		VS7412		420		Jul-09	\$249.36
		VS7412		405		Aug-09	\$859.68
		VS7412		420		Aug-09	\$249.36

San Andreas Regional Center
Family Cost Participation Program (FCPP)-Over-Stated Share of Cost
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
		VS7412		405		Sep-09	\$760.18
		VS7412		420		Sep-09	\$238.97
		VS7412		405		Oct-09	\$549.24
		VS7412		420		Oct-09	\$249.36
		VS7412		405		Nov-09	\$811.92
		VS7412		420		Nov-09	\$145.46
		VS7412		405		Dec-09	\$509.44
		VS7412		420		Dec-09	\$114.29
		VS7412		405		Jan-10	\$620.88
		VS7412		420		Jan-10	\$114.29
		VS7412		405		Feb-10	\$469.64
		VS7412		420		Feb-10	\$218.19
		VS7412		405		Mar-10	\$398.00
		VS7412		420		Mar-10	\$238.97
		VS7412		405		Apr-10	\$175.12
		VS7412		420		Apr-10	\$249.36
		VS7412		405		May-10	\$298.50
		VS7412		405		Jun-10	\$382.08
		VS7412		420		Jun-10	\$249.36
		VS7412		405		Jul-10	\$766.35
		VS7412		420		Jul-10	\$246.00
		VS7412		405		Aug-10	\$326.36
		VS7412		420		Aug-10	\$138.38
		VS7412		405		Sep-10	\$459.81
		VS7412		420		Sep-10	\$107.63
		VS7412		405		Oct-10	\$707.40
		VS7412		420		Oct-10	\$240.88
		VS7412		405		Nov-10	\$172.92
		VS7412		420		Nov-10	\$123.00
10		V96104		420		Jun-10	\$166.24
		V96104		420		Jul-10	\$194.75
		V96104		420		Aug-10	\$194.75
		V96104		420		Sep-10	\$194.75
		V96104		420		Oct-10	\$194.75
		V96104		420		Nov-10	\$194.75
		V96104		420		Dec-10	\$194.75

San Andreas Regional Center
Family Cost Participation Program (FCPP)-Over-Stated Share of Cost
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
		V96104		420		Jan-11	\$194.75
		V96104		420		Feb-11	\$174.25
		V96104		420		Mar-11	\$194.75
		V96104		420		Apr-11	\$194.75
		V96104		420		May-10	\$62.34
		V96104		420		Jun-10	\$62.34
11		VS4490		420		Jul-10	\$61.50
		VS4490		420		Aug-10	\$51.25
		VS4490		420		Sep-10	\$82.00
		VS4490		420		Oct-10	\$82.00
		VS4490		420		Nov-10	\$82.00
		VS4490		420		Dec-10	\$51.25
		VS4490		420		Jan-11	\$51.25
		VS4490		420		Feb-11	\$51.25
Total Over Stated Claims-Parents Share of Cost							\$65,404.65

San Andreas Regional Center
Family Cost Participation Program (FCPP)- Parents not Assessed Share of Cost
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number		Vendor Number	Vendor Name			Payment Period	Service Code	Authorization		Overpayments
1			VS2455				Jul-09	420			\$249.36
			VS2455				Aug-09	420			\$249.36
			VS2455				Sep-09	420			\$249.36
			VS2455				Oct-09	420			\$249.36
			VS2455				Nov-09	420			\$249.36
			VS2455				Dec-09	420			\$249.36
			VS2455				Jan-10	420			\$249.36
			VS2455				Feb-10	420			\$249.36
			VS2455				Mar-10	420			\$249.36
			VS2455				Apr-10	420			\$249.36
			VS2455				May-10	420			\$249.36
			VS2455				Jun-10	420			\$249.36
			VS2455				Jul-10	420			\$246.00
			VS2455				Aug-10	420			\$249.36
			VS2455				Sep-10	420			\$249.36
			VS2455				Oct-10	420			\$246.00
			VS2455				Nov-10	420			\$246.00
			VS2455				Dec-10	420			\$246.00
			VS2455				Jan-11	420			\$246.00
			VS2455				Feb-11	420			\$246.00
2			VS2313				Jul-09	420			\$249.36
			VS2313				Aug-09	420			\$249.36
			VS2313				Sep-09	420			\$249.36
			VS2313				Oct-09	420			\$249.36
			VS2313				Nov-09	420			\$249.36
			VS2313				Dec-09	420			\$249.36
			VS2313				Jan-10	420			\$249.36
			VS2313				Feb-10	420			\$249.36
			VS2313				Mar-10	420			\$249.36
			VS2313				Apr-10	420			\$249.36
			VS2313				May-10	420			\$249.36
			VS2313				Jun-10	420			\$249.36
			VS2313				Jul-10	420			\$246.00
			VS2313				Aug-10	420			\$246.00
			VS2313				Sep-10	420			\$246.00
			VS2313				Oct-10	420			\$246.00

San Andreas Regional Center
Family Cost Participation Program (FCPP)- Parents not Assessed Share of Cost
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number		Vendor Number	Vendor Name			Payment Period	Service Code	Authorization		Overpayments
			VS2313				Nov-10	420			\$246.00
			VS2313				Dec-10	420			\$246.00
			VS2313				Jan-11	420			\$246.00
			VS2313				Feb-11	420			\$246.00
3			HS0020				Feb-08	862			\$212.70
			HS0020				Mar-08	862			\$425.40
			HS0020				Apr-08	862			\$446.67
			HS0020				May-08	862			\$510.48
			HS0020				Jun-08	862			\$297.78
			HS0020				Jul-08	862			\$420.08
			HS0020				Aug-08	862			\$490.91
			HS0020				Sep-08	862			\$340.32
			HS0020				Oct-08	862			\$510.48
			HS0020				Nov-08	862			\$510.48
			HS0020				Dec-08	862			\$510.48
			HS0020				Jan-09	862			\$510.48
			HS0020				Feb-09	862			\$495.12
			HS0020				Mar-09	862			\$495.12
			HS0020				Apr-09	862			\$472.84
			HS0020				May-09	862			\$265.10
			HS0020				Jul-09	862			\$495.12
			HS0020				Aug-09	862			\$349.68
			HS0020				Sep-09	862			\$493.88
			HS0020				Oct-09	862			\$445.20
			HS0020				Nov-09	862			\$400.22
			HS0020				Dec-09	862			\$494.71
			HS0020				Jan-10	862			\$439.42
			HS0020				Feb-10	862			\$118.83
			HS0020				Mar-10	862			\$484.80
			HS0020				Apr-10	862			\$226.93
			HS0020				May-10	862			\$495.12
			HS0020				Jun-10	862			\$398.16
			HS0020				Jul-10	862			\$132.41
			HS0020				Aug-10	862			\$40.13
			HS0020				Sep-10	862			\$488.88
			HS0020				Oct-10	862			\$325.92

San Andreas Regional Center
Family Cost Participation Program (FCPP)- Parents not Assessed Share of Cost
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number	Vendor Number	Vendor Name	Payment Period	Service Code	Authorization	Overpayments
		HS0020		Nov-10	862		\$142.59
		HS0020		Dec-10	862		\$325.92
		HS0020		Feb-11	862		\$376.85
		HS0020		Mar-11	862		\$488.88
		HS0020		Apr-11	862		\$448.14
		VS6664		Nov-07	405		\$252.00
		VS6664		Dec-07	405		\$225.00
		VS6664		Jan-08	405		\$189.00
		VS6664		Feb-08	405		\$202.50
		VS6664		Mar-08	405		\$234.00
		VS6664		Apr-08	405		\$243.00
		VS6664		May-08	405		\$229.50
		VS6664		Sep-08	405		\$72.00
		VS6664		Oct-08	405		\$96.00
		VS6664		Nov-08	405		\$96.00
		VS6664		Dec-08	405		\$144.00
		VS6664		Jan-09	405		\$52.50
		VS6664		Feb-09	405		\$110.58
		VS6664		Mar-09	405		\$116.40
		VS6664		Apr-09	405		\$55.29
		VS6664		May-09	405		\$90.21
		VS6664		Jun-09	405		\$133.86
		VS6664		Aug-09	405		\$47.87
		VS6664		Sep-09	405		\$113.49
		VS6664		Oct-09	405		\$117.13
		VS6664		Nov-09	405		\$59.66
		VS6664		Dec-09	405		\$65.48
		VS6664		Jan-10	405		\$65.48
		VS6664		Feb-10	405		\$90.21
		VS6664		Mar-10	405		\$128.04
		VS6664		Apr-10	405		\$88.76
		VS6664		May-10	405		\$104.76
		VS6664		Jun-10	405		\$32.01
		VS6664		Jul-10	405		\$137.76
		VS6664		Aug-10	405		\$54.53
		VS6664		Sep-10	405		\$129.15
		VS6664		Oct-10	405		\$109.06

San Andreas Regional Center
Family Cost Participation Program (FCPP)- Parents not Assessed Share of Cost
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number	Vendor Number	Vendor Name	Payment Period	Service Code	Authorization	Overpayments
		VS6664		Nov-10	405		\$76.06
		VS6664		Dec-10	405		\$45.92
		VS6664		Jan-11	405		\$91.84
		VS6664		Feb-11	405		\$77.49
		VS6664		Mar-11	405		\$110.49
		VS6664		Apr-11	405		\$146.37
4		VS7931		Feb-10	420		\$83.12
		VS7931		Mar-10	420		\$166.24
		VS7931		Apr-10	420		\$166.24
		VS7931		May-10	420		\$249.36
		VS7931		Jun-10	420		\$249.36
		VS7931		Jul-10	420		\$246.00
		VS7931		Aug-10	420		\$246.00
		VS7931		Sep-10	420		\$246.00
		VS7931		Oct-10	420		\$246.00
		VS7931		Nov-10	420		\$246.00
		VS7931		Dec-10	420		\$246.00
		VS7931		Jan-11	420		\$246.00
		VS7931		Feb-11	420		\$246.00
Total FCPP Amount Paid for Consumers Not Assessed Share of Cost							\$34,914.21

San Andreas Regional Center
Purchase of Service (POS) Authorizations Not Retained (Repeat)
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number			Authorization Number		Service Code	Vendor Number
1						875	H18718
2						880	H10740
3						880	H10740
4						880	HS0311
5						875	HS0669
6						880	HS0152
7						805	H36632
8						875	ZA0358
9						875	HS0669
10						880	ZS0488
11						880	H36667
12						880	HS0152
13						880	HS0064
14						875	ZA0358
15						880	H75650
16						880	H36667
17						880	HS0311
18						880	H96042
19						805	H36632
20						707	PS0122
21						805	H95764
22						805	H10658
23						805	HB0256
24						805	HS0457
25						707	HS0661
26						805	HS0457
27						707	HS0211
28						805	HS0498
29						805	HB0256
30						805	HS0498
31						805	H95764
32						707	PS0143
33						707	HS0211
34						707	PS0118
35						875	Z15466
36						805	HS0500
37						707	P14697
38						805	HS0591
39						707	PS0118

San Andreas Regional Center
Purchase of Service (POS) Authorizations Not Retained (Repeat)
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number			Authorization Number		Service Code	Vendor Number
40						707	HS0661
41						805	H10658
42						875	H18718
43						880	H96042
44						880	H75650
45						707	PS0122
46						707	P14697
47						805	HS0591
48						707	PS0151
49						707	PS0143
50						805	HS0500
51						707	PS0151
52						505	H10504
53						915	H07153
54						896	ZS0610
55						515	HS0448
56						093	V75413
57						904	HS0444
58						113	HS0330
59						905	H10962
60						510	H75572
61						915	HS0304
62						910	H10590
63						505	H90945
64						510	HS0297
65						915	HS0148
66						515	H10740
67						915	H10912
68						520	H83045
69						905	H05275
70						915	H75650
71						113	HS0714
72						904	HS0510
73						904	HS0490
74						520	HS0283
75						505	HS0294
76						505	H10740
77						920	H96023
78						510	H75572

San Andreas Regional Center
Purchase of Service (POS) Authorizations Not Retained (Repeat)
Fiscal Years 2009-10 and 2010-11

	Unique Client Identification Number			Authorization Number		Service Code	Vendor Number
79						048	PB0170
80						915	HS0684
81						114	H28033
82						520	HS0283
83						707	PS0122
84						805	H10658
85						805	H10658
86						113	HJ0288
87						805	H10658
88						805	H10658
89						805	H95764
90						707	PS0122
91						805	H95764
92						805	H10658
93						920	H05867
94						920	HS0651
95						034	ZS0106
96						851	HS0131
97						113	H18386
98						515	H90975
99						920	HS0369
100						905	HS0374
101						707	PS0122
102						805	H95764
103						805	H95764
104						805	H10658
105						113	HS0504
106						915	HS0057
107						707	PS0122
108						805	H10658
109						805	H95764

	Unique Client Identification Number		Check Number			Money Management Disbursement Amount
1						\$500.00
2						\$300.00
3						\$329.00
4						\$329.00
5						\$329.00
6						\$1,000.00
7						\$1,000.00
8						\$500.00
9						\$500.00
10						\$1,500.00
11						\$500.00
Total Unsupported Disbursements						\$6,787.00

APPENDIX A

SAN ANDREAS REGIONAL CENTER

RESPONSE TO AUDIT FINDINGS

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

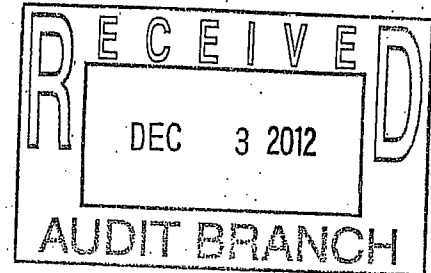


SANTA CLARA COUNTY

300 Orchard City Drive
Suite 170
Campbell, CA 95008
P.O. Box 50002
San Jose, CA
95150-0002
Tel: 1(408) 374-9960
Fax: 1(408) 376-0586

November 30, 2012

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



**SOUTH SANTA CLARA AND
SAN BENITO COUNTY**

7855 Wren Avenue
Suite A
Gilroy, CA 95020
Tel: 1(408) 846-8805
Fax: 1(408) 846-5140

Dear Mr. Yan,

Enclosed is the San Andreas Regional Center's response to the audit report for Fiscal Years 2009-10 and 2010-11. Please contact me with any questions.

MONTEREY COUNTY

344 Salinas Street
Suite 207
Salinas, CA 93901
Tel: 1(831) 759-7500
Fax: 1(831) 424-3007

Sincerely,

Robert Avery
Director of Financial and Administrative Services

SANTA CRUZ COUNTY

1110 Main Street
Suite 8
Watsonville, CA 95076
Tel: 1(831) 728-1781
Toll Free
within Santa Cruz County
1(831) 688-7633
Fax: 1(831) 728-5514

Enclosure

Cc: Santi Rogers, SARC
Beth Calara, SARC
Luciah Ellen Nzima, DDS

www.sarc.org

Member of the Association
of Regional Center Agencies

"Consumers First Through Service, Advocacy, Respect and Choice"

Serving Persons with Developmental Disabilities

SAN ANDREAS REGIONAL CENTER
Response to DDS Audit
FY 09-10 & FY 10-11

Finding 1. Over-Stated Claims

A. Rate Increase After the Freeze

In response to this finding, San Andreas Regional Center (SARC) is submitting a Statement of Disputed Issues to DDS's Audit Appeals Unit. A copy of the Statement of Disputed Issues is being sent by separate pdf and is Attachment A to this response.

B. Negotiated Rate Above the Statewide Median Rate (Repeat)

1. SARC agrees to remit to DDS the amount of \$343,095.41 in response to this audit finding regarding the rates for the following service providers.

ZS0519 /	[REDACTED]	
ZS0530	[REDACTED]	\$ 171,259.51
HS0620	[REDACTED]	\$ 154,981.40
H10740	[REDACTED]	\$ 15,198.73
P17646	[REDACTED]	\$ 1,655.77
	Total =	\$ 343,095.41

Per SARC's previous Statement of Disputed Issues dated February 3, 2012, "SARC has ceased all referrals to [REDACTED] vendor number ZS0530, service code 102." Additionally, the rate for [REDACTED] ZS0519, was adjusted to the statewide median and approval of that was documented in DDS' Letter of Findings dated May 15, 2012.

SARC has renegotiated the rates for consistency with Statewide/SARC median rates for [REDACTED] (see attachment 1-B-1).

2. SARC disagrees with this finding as regards the rates for the following service providers.

HA0735	Priorities, Inc.	\$ 92,298.84
PS0180	Dientes Community Dental Clinic, Inc.	\$ 2,204.87
	Arm in Arm Supported Living	
ZS0610	Services	\$ 36,967.61
	Visiting Angels Living Assistance	
HS0423	Services	\$ 12,868.83
PB0751	Victoria B Alejandro	\$ 82.98
	Total =	\$ 144,423.13

a. HA0735 – Priorities, Inc. – \$92,298.84

This is a courtesy vendorization through ACRC. The vendorization was set up by ACRC with a daily rate of \$494.70. At the time of the courtesy vendorization in January of 2010, SARC did not have a daily rate established for the 090 service code (see attachment B-2-a). SARC then accessed the then current statewide median rate list (see attachment B-2-a) for the 090 service code to confirm that the daily rate of \$494.70 was below the statewide median. SARC was justified in giving this courtesy vendorization the daily rate \$494.70 per Welfare & Institutions Code, Section 4691.9 (b) which states that “No regional center may negotiate a rate with a new service provider, for services where rates are determined through a negotiation between the regional center and the provider, that is higher than the regional center’s median rate for the same service code and unit of service, or the statewide median rate for the same service code and unit of service, whichever is lower. The unit of service designation must conform to an existing regional center designation or, if none exists, a designation used to calculate the statewide median rate for the same service.”

b. [REDACTED] – \$2,204.87

The “Encounter Fee” as stated in the contract, or session rate, of \$175 was a combination of Denti-Cal SMA rates for the combination of dental services provided in each session. SMA rates are accessible to regional centers per the letter from DDS dated September 15, 2009. (see attachment B-2-b) The Denti-Cal CDT-4 codes and associated SMA rates are detailed on the last page of the SARC contract with Dientes for this service. SARC negotiated this rate with [REDACTED] for a savings, over the Denti-Cal rates, of \$5.00 per encounter. (See attachment B-2-b)

c. [REDACTED] - \$36,967.61

In a letter from DDS dated March 16, 2010 (attachment B-2-c), SARC received approval from DDS for this rate which is greater than the median rate.

d. [REDACTED] - \$12,868.83

The only rate that SARC added to this vendorization after the start of the median rate law on July 1, 2008 was a 1:2 rate of \$10.80/hr per consumer. This rate is below the statewide median rate of \$10.90/hr per consumer

e. [REDACTED] - \$ 82.98

The courtesy vendorization from RCEB was established in January, 2005. All rates associated with it were established at that time which is before July 1, 2008 and the start of the median rate law.

C. Rate Reduction

SARC disagrees with this finding of \$5,558.63 regarding the rate for National Telecenter (PC0003). National Telecenter is a provider of a “usual and

customary” service. As such, SARC did not reduce this rate per the letter from DDS dated February 27, 2009 instructing regional centers on how to implement the reductions and stating which three types of services, including “usual and customary” services, were exempt from the reduction. (attachment C)

Finding 2. Purchase of Service (POS) Expenses Not Tied to Consumer Unique Client Identification (UCI) Number

SARC has reclassified the POS expenditures to ensure that services are identified to individual consumers. Please find the enclosed print-outs from SANDIS (attachment 2) showing evidence of this for the 09/10 fiscal year identified in this finding. Services for this provider are identified to individual consumers for subsequent fiscal years as well.

Finding 3: Family Cost Participation Program (FCPP)

A. Over-Stated Share of Cost

1. [REDACTED] Has had medi-cal since 1/2007. Documentation is in the chart. FCPP was not applicable. SARC should not pay back any monies.
2. [REDACTED] FCPP was applied and POS reduced. SARC should not pay back any monies.
3. [REDACTED] Has had medi-cal since Jan. 2006. Documentation is in the chart. FCPP not applicable. SARC should not pay back any monies.
4. [REDACTED] [REDACTED] SC error. POS's were not reduced.
5. [REDACTED] FCPP Applied, No money due back to DDS
[REDACTED] FCPP Applied. No money due back to DDS.
[REDACTED] Service Coordinator error.
[REDACTED] FCPP Applied, No money due back to DDS
[REDACTED] FCPP was not applied because consumer was over the age of 18. If this was previous to his 18th birthday, then it was an error on our part.

B. Parents not Assessed Share of Cost

- San Andreas Regional Center has revised the letter sent to service coordinators regarding families affected by FCPP. Note that it now includes the FCPP %, the service affected, and the effective date. This should help eliminate future potential delays in applying the proper FCPP.

- San Andreas Regional Center will conduct trainings for all managers and service coordinators addressing FCPP procedures and effective implementation.
- San Andreas Regional Center has regular contact with staff at the MediCal office in order to identify the proper MediCal number for families. This was a barrier in the past, due to the fact that the family stated they should not be subject to FCPP because their child had MediCal, yet the number could not be verified.

The email below is the email we have been sending out to the service coordinators:

Subject: FCPP - Family Notification – [REDACTED]

Hello (Srv Coord's name),

This email is to notify you that the FCPP notification letter and assessment went out today to the family of the above identified consumer.

A copy of the notification letter and assessment is coming to you by interoffice mail. When you receive the documents please make the necessary changes in the purchase of service hours for San Andreas.

If you have any questions, please contact your manager.

Sincerely,

This is the email we are going to send to SC in the future (Letter included)

Subject: FCPP - Family Notification – [REDACTED]

Hello (Srv Coord's name),

This email is to notify you that the FCPP notification letter and assessment went out today to the family of the above identified consumer.

A copy of the notification letter and assessment is coming to you by interoffice mail. When you receive the documents please make the necessary changes in the purchase of service hours for San Andreas **as outlined below:**

- 1. FCPP percentage - (X%)
- 2. Services affected - (X)
- 3. Effective date – (XX/XX/XX)

If you have any questions, please contact your manager.

Sincerely,

Clementina Espinoza

Office Technician

Community State Staff/San Andreas Regional Center

Resource Department

cespinoza@sarc.org

Direct Line: (408)341-3551

Fax Number: (408) 379-1130

Finding 4: POS Authorizations Not Retained

SARC is in the process of implementing a new program to capture an electronic copy of the signed authorizations. The program is called Laser Forms. It will be in place by February 28, 2013.

Finding 5: Client Trust Disbursement Not Supported

Client Trust does ask for receipts for spend-down disbursements. Vendors are aware that they are expected to have the receipts available upon request. However, sometimes they do not provide them. SARC continues to remind vendors and Service Coordinators of this requirement. We have added a new tickler file to our process which highlights outstanding receipts for follow-up.

Finding 6: Missing "Hold Harmless" Clause

Please see attached image of the Gilroy office lease which now includes required clause.

Finding 7: Salary Expenses Did Not Match to the General Ledger

We have checked and updated the TCM to match the G/L.