



**AUDIT OF THE
WESTSIDE REGIONAL CENTER
FOR FISCAL YEARS 2007-08, 2008-09 AND 2009-10
WITH FOLLOW-UP REVIEW OF THE BSA AUDIT
DATED AUGUST 24, 2010**

Department of Developmental Services

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TABLE OF CONTENTS

	Page
EXECUTIVE SUMMARY	1
BACKGROUND	4
Authority	5
Criteria	5
Audit Period	5
OBJECTIVES, SCOPE, AND METHODOLOGY	6
I. Purchase of Service	7
II. Regional Center Operations	8
III. Targeted Case Management and Regional Center Rate Study	8
IV. Service Coordinator Caseload Survey	8
V. Early Intervention Program.....	9
VI. Family Cost Participation Program	9
VII. Procurement.....	10
VIII. Statewide/Regional Center Median Rates.....	11
IX. Other Sources of Funding From DDS	11
X. Follow-Up Review on Prior DDS's Audit Findings	12
XI. Follow-Up Review on the Bureau of State Audit (BSA) Findings	12
CONCLUSIONS.....	13
VIEWS OF RESPONSIBLE OFFICIALS	14
RESTRICTED USE.....	15
FINDINGS AND RECOMMENDATIONS.....	16
EVALUATION OF RESPONSE	22
REGIONAL CENTER'S RESPONSE.....	Appendix A

EXECUTIVE SUMMARY

The DDS fiscal compliance audit of Westside Regional Center (WRC) was conducted to ensure that WRC was in compliance with the requirements set forth in Title 17 of the California Code of Regulations (CCR, title 17), the Lanterman Developmental Disability Services Act (W&I) Code, the Home and Community Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract between WRC and the Department of Developmental Services. This report identifies areas where WRC's administrative, operational controls must be strengthened. A follow-up review was performed to ensure WRC has taken corrective action to resolve the findings identified in prior DDS and BSA Audits.

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

I. Findings that need to be addressed.

Finding 1: Home Ownership Made Easy (HOME)

A. Housing Services Program – Unsupported Billing

The review of the contract for Home Ownership Made Easy (HOME) revealed that WRC vendorized HOME to provide services to its consumers under service code 101. The review of vendor invoices revealed that HOME billed WRC a total of \$960,213.41 in Purchase of Service (POS) funds for developing and maintaining housing for consumers from July 2007 through April 2010. However, it was found that the services provided were not tied to any consumer Unique Consumer Identification (UCI) number. Further review of the vendor invoices revealed that WRC reimbursed HOME for the services provided without adequate supporting documentation. This is not in compliance with CCR, title 17, sections 50604(d)(1) and (2), and 54326(a)(3), (4) and (10).

B. Three Percent Rate Reduction

The review of HOME's invoices revealed that WRC continued to reimburse HOME at its set rate when a mandated three percent rate reduction had been issued by DDS. This resulted in a total overpayment of \$15,005.13. This amount is included in Finding 1A above. This is not in compliance with the DDS Notice to Vendors dated February 27, 2009 which mandated a three percent rate reduction.

Finding 2: Expenses Claimed Under the Wrong Service Code

A review of the Early Start - Part C program revealed nine instances in which WRC claimed expenses under an incorrect service code. These payments occurred when WRC continued to provide Early Start services to consumers who were over three years of age, under service code 116, which is designated for consumers, birth to three years of age. Rather, WRC should have used service code 115 – Specialized Therapeutic Services designated for consumers aged three and over. This oversight resulted in a total overstated expense to Early Start of \$3,155.10. This is not in compliance with the State Contract, Article II, Section 3(2).

Finding 3: Under-Stated Claims

The review of 13 sampled Transportation vendor contracts revealed one vendor contract that was underpaid by WRC for services provided. The total underpayment claim was \$11,412.58. This is not in compliance with, CCR, title 17, section 54326(a)(12).

Finding 4: Client Trust Disbursements Not Supported (Repeat)

A sampled review of Client Trust money management disbursements revealed that WRC did not retain receipts to support money management disbursement checks that were issued to vendors for the spend down funds for four consumers. The unsupported money management disbursements totaled \$11,702.37. This issue was noted in the prior DDS audit. This is not in compliance with the Social Security Handbook, chapter 16, section 1616(D).

Finding 5: Targeted Case Management Time Study – Recording of Attendance

The review of the Targeted Case Management (TCM) time study revealed that five of the 15 sampled employees, vacation and sick hours recorded on the employee timesheets did not properly reflect what was recorded on the TCM time study forms (DS 1916).

II. Finding has been addressed and corrected by WRC.

Finding 6: Home and Community-Based Services Provider Agreement Forms

The review of 23 sampled vendor files revealed that six Home and Community-Based Services Provider Agreement forms were not properly completed by WRC. The forms were either missing the service code, vendor number, or had multiple vendor numbers and/or service codes. This is not in compliance with CCR, title 17, section 54326(a)(16).

WRC has taken corrective action by providing DDS with the properly completed Home and Community-Based Services Provider Agreement forms.

BACKGROUND

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

DDS is also responsible for providing assurance to the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) that services billed under California's Home and Community-Based Services (HCBS) Waiver program are provided and that criteria set forth for receiving funds have been met. As part of DDS' program for providing this assurance, the Audit Branch conducts fiscal compliance audits of each regional center no less than every two years, and completes follow-up reviews in alternate years. 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 is reviewed by DDS Federal Programs Operations Section staff to assess overall programmatic compliance with HCBS Waiver requirements. 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 Coastal Developmental Services Foundation, Inc., entered into contract HD040921, (State Contract) effective July 1, 2004, through June 30, 2009 and contract HD099003, effective July 1, 2009, through June 30, 2014. The contracts specify that Coastal Developmental Services Foundation, Inc. will operate an agency known as the Westside Regional Center (WRC) to provide services to persons with DD and their families in the Inglewood and Santa Monica-West areas. The contracts are funded by State and federal funds that are dependent upon WRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at WRC from August 2, 2010 through September 9, 2010 and was conducted by DDS' Audit Branch.

AUTHORITY

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

CRITERIA

The following criteria were used for this audit:

- California Welfare and Institutions (W&I) Code
- “Approved Application for the Home and Community-Based Services Waiver for the Developmentally Disabled”
- California Code of Regulations Title 17, (CCR, title 17)
- Federal Office of Management Budget (OMB) Circular A-133
- State Contracts between DDS and WRC, effective July 1, 2004 and effective July 1, 2009

AUDIT PERIOD

The audit period was July 1, 2007, through June 30, 2010, 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 Welfare and Institution (W&I) Code (or Lanterman Act)
- To determine compliance with Title 17, of the California Code of Regulations (CCR, title 17),
- To determine compliance with the provisions of the HCBS Waiver Program for the Developmentally Disabled,
- To determine that costs claimed were in compliance with the provisions of the State Contracts

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 the WRC's financial statements. DDS limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that the WRC was in compliance with the objectives identified above. Accordingly, DDS examined transactions, on a test basis, to determine whether the WRC was in compliance with Lanterman Act, CCR, title 17, the HCBS Waiver for the Developmentally Disabled, and State Contracts.

DDS's review of the WRC's internal control structure was conducted to gaining 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 years:

- FY 2007-08, issued on February 17, 2009
- FY 2008-09, issued on March 3, 2010

No management letters were issued for WRC for the fiscal years listed above.

The audit procedures performed included the following:

I. Purchase of Service

DDS selected a sample of Purchase of Service (POS) claims billed to DDS. The sample included consumer services, 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 the WRC. 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.
- DDS selected a sample of individual consumer trust accounts to determine if there were any unusual activities and whether any account balances exceeded \$2,000 as prohibited by the Social Security Administration (SSA). In addition, DDS determined if any retroactive Social Security benefit payments received exceeded the \$2,000 resource limit for longer than nine months. DDS also reviewed these accounts to ensure that the interest earnings were distributed quarterly, personal and incidental funds were paid before the 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 the SSA in a timely manner. An interview with WRC staff revealed that WRC 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 WRC's bank accounts to determine whether DDS had signatory authority as required by the contracts 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 WRC operations and conducted tests to determine compliance with State Contracts. The tests included various expenditures claimed for administration to ensure that WRC's accounting staff is properly inputting data, transactions were recorded on a timely basis, and to ensure that expenditures charged to various operating areas were valid and reasonable. These tests included the following:

- A sample of the personnel files, time sheets, payroll ledgers and other 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 was tested to determine compliance with CCR, title 17 and State Contracts.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the State Contracts.
- DDS reviewed the WRC's policies and procedures for compliance with the Conflict of Interest regulations and selected a sample of personnel files to determine if the policies and procedures were followed.

III. Targeted Case Management and Regional Center Rate Study

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

- Reviewed applicable TCM records and verified the information submitted by WRC was correct and traceable to the general ledgers and payroll registers.
- Reviewed WRC's Case Management Time Study. DDS selected a sample of payroll time sheets 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 the W&I Code, section 4640.6(e), regional centers are required to provide service coordinator caseload data to DDS. For the period commencing January 1, 2004 through June 30, 2007, inclusive, the following average service coordinator-to-consumer ratios apply:

- 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, commencing February 1, 2009, to June 30, 2010, under W&I Code, section 4640.6(i)(2), regional centers are no longer required to provide service coordinator caseload data to DDS on an annual basis. Instead, regional centers are to maintain service coordinator caseload data on file to document compliance with the service coordinator-to-consumer ratio requirements.

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 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 Family Cost Participation Program (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 WRC 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 FCPP.

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

VII. Procurement

The Request for Proposal (RFP) process was implemented to ensure regional centers outline the vendor selection process or uniform procurement process for all negotiated service codes by requiring an RFP. 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 Contracts as amended.

To determine whether WRC is working towards implementing the required RFP process by January 1, 2011, DDS performed the following procedures during our audit review:

- Reviewed the WRC contracting process to ensure the existence of a Board approved procurement policy, and to verify that the RFP process ensures competitive bidding as required per the W&I Code, section 4648(a)(6)(D), and Article II of the State Contracts as amended.
- Reviewed the RFP contracting guidelines to determine whether the protocols in place include reasonable dollar thresholds based on the average dollar amount of all negotiated contracts.
- Reviewed the RFP notification process to verify that it is open to the public, and clearly communicates to all vendors. All submitted proposals will be evaluated by a team of individuals, to determine whether proposals are properly documented, recorded and authorized by appropriate officials at WRC. 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 will be retained for the selection process and in instances which a vendor with a higher bid is selected there will be written documentation retained as justification for such a selection.
- Selected a sample of Operational, Start-Up and negotiated Purchase of Service (POS) contracts subject to competitive bidding to ensure WRC notified the vendor community and the public of contracting opportunities available. DDS reviewed the contracts to ensure that WRC has adequate and detailed

documentation for the selection and evaluation process of vendor proposals, written justification for final vendor selection decisions, and the contracts are properly signed and executed by both parties to the contract.

- Reviewed WRC board approved POS, Start-Up and Operational vendor contracts, and disbursement policies and procedures to ensure the inclusion of a provision for fair and equitable recoupment of funds for vendors that cease to provide services to consumers. DDS verified that the funds provided are 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 WRC's current RFP process as well as to determine whether the process in place satisfies the W&I Code and WRC's 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 a Health and Safety Waiver from DDS for circumstances in which regional centers demonstrate it's necessary for the health and safety of the consumers.

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

- Reviewed sample vendor files to determine whether WRC is using appropriately vendorized service providers and correct service codes, that WRC is paying authorized contract rates and complying with the requirements of the W&I Code, section 4691.9.
- Reviewed vendor contracts to verify that WRC is reimbursing vendors using authorized contract median rates, verifying 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 many other sources of funding from DDS. DDS performed sample tests on identified sources of funds from DDS to ensure WRC'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.
- Prevention Program.
- Family Resource Center Program.
- American Recovery and Reinvestment Act (ARRA) Funds.

X. Follow-Up Review on Prior DDS's 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 WRC and reviewed supporting documentation to determine the degree and completeness of WRC's implementation of corrective actions.

XI. Follow-Up Review on the Bureau of State Audits (BSA) Findings

This audit also included a follow-up review of issues identified in the BSA audit report, dated August 24, 2010. The objective of the follow-up review was to determine whether WRC has instituted its corrective action plan to resolve findings noted in the BSA report and determine if any repayment is appropriate.

CONCLUSIONS

Based upon the audit procedures performed, we have determined that except for the items identified in the Findings and Recommendations Section, WRC was in compliance with applicable sections of CCR, Title 17, the HCBS waiver, and the State Contracts with DDS for the audit period, July 1, 2007, through June 30, 2010.

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

From the review of prior audit issues, it was determined that WRC took appropriate actions to resolve all prior audit issues with the exception of finding 4 which is included in the Findings and Recommendations section.

VIEWS OF RESPONSIBLE OFFICIALS

We issued a draft report on October 13, 2011. The findings in the report were discussed at an exit conference with WRC on October 25, 2011. 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 Department of Developmental Services, Department of Health Care Services, Centers for Medicare and Medicaid Services, and Westside Regional Center. 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. Findings that need to be addressed.

Finding 1: Home Ownership Made Easy (HOME)

A. Housing Services Program – Unsupported Billing

The review of the Home Ownership Made Easy (HOME) contract revealed that WRC vendorized HOME to provide services to its consumers under service code 101. The review of vendor invoices revealed that HOME billed WRC a total of \$960,213.41 in Purchase of Service (POS) funds for developing and maintaining housing for consumers from July 2007 through April 2010. However, it was found that the services provided were not tied to any consumer; rather, these services were billed under a Unique Client Identification (UCI) contract number. Further review of vendor invoices revealed that WRC reimbursed HOME for the services provided without adequate supporting documentation. The invoices provided for reimbursement did not specify the UCI number of the consumer who received these services or the types of services provided. (See Attachment A1.)

CCR, title 17, section 50604(d)(1) and (2) states, in pertinent part:

“(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 Client Identifier and Consumer name;
- (2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center.”

CCR, title 17, section 54326(a)(3), (4) and (10) states in part:

“(a) All vendors shall:

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

- (4) Make any books and records pertaining to the vendored service, including those of the management organization, if applicable for audit, inspection or authorized agency representatives...
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

Recommendation:

WRC must reimburse DDS \$960,213.41 in unsupported POS expenses and duplicate payments made to HOME. In addition, WRC must ensure that all future POS payments made to the vendors are tied to a consumer UCI number and are supported by source documents before the disbursement of funds.

B. Three Percent Rate Reduction

The review of the HOME’s invoices revealed WRC continued to reimburse HOME at its set contract rates of \$34,650.00 and \$37,450.00 per month when a mandated three percent rate reduction had been issued by DDS as of February 2009. This resulted in a total overpayment of \$15,005.13 from February 2009 through March 2010 which is included in the amount identified in Finding 1A. (See Attachment A2.)

The DDS Notice to Vendors dated February 27, 2009 states in part:

“(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 services and supports provided pursuant to Title 14 (commencing with Section 95000) of 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 form whom the services and supports are proposed to be purchased, and the State Department of Developmental Services has granted prior written approval.”

Recommendation:

WRC must reimburse to DDS a total of \$15,005.13 overpaid to HOME per the three percent rate reduction that is in place as of February 2009. In addition, WRC must review its vendor payment invoices and rate letters to ensure it has appropriately applied the mandated rate reduction to its vendors and any payment errors identified are corrected in a timely manner.

Finding 2: Expenses Claimed Under the Wrong Service Code

A sample review of the Early Start – Part C program revealed nine instances in which WRC applied expenses to an incorrect service code. These expenses occurred when WRC continued to provide Early Start services to consumers over three years of age under service code 116, which is designated for consumers birth to three years of age. Rather, WRC should have used service code 115 - Specialized Therapeutic Services, for consumers aged three and over. The incorrectly coded Early Start claimed expenses were paid using both federal and state funds that were allocated for infants, birth through two years of age. As a result, the total overstated expense to Early Start is \$3,155.10. (See Attachment B.)

State Contract, article II, section 3(2) states:

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

Recommendation:

WRC must ensure all expenses billed and claimed under the Early Start program are for services provided to children with developmental disabilities from birth through two years of age. In addition, WRC shall review its Early Start claims and ensure all expenses allocated to service code 116 for consumers over three years of age are revised and allocated to service code 115. This will reduce Early Start claims by \$3,155.10 and ensure the expenses are allocated to the correct service code and expense account.

Finding 3: Under-Stated Claims

A sample review of 13 Transportation vendor contracts revealed, one vendor, MGH Corporation, vendor number PW0275, service code 880, was underpaid for services provided. WRC continued to reimburse MGH Corporation at an incorrect rate of \$6 per unit when a 10 percent rate increase was issued by DDS. This resulted in a total of \$11,412.58 underpayment to the vendor from July 2005 through April 2010. A discussion with WRC revealed that this was an oversight

on its part and that this vendor rate was not adjusted after the rate increase had been issued. (See Attachment C.)

CCR, title 17, section 54326(a)(12) states, in part:

“(a) All vendors shall:

- (12) Agree to accept the rate established, revised or adjusted by the Department as payment in full for all authorized services provided to consumers and not bill the consumer nor the consumer's family, conservator, guardian or authorized consumer representative for a supplemental amount regardless of the cost of providing the authorized service. This shall not preclude the vendor from billing the consumer or consumer's family for services provided which were authorized by the consumer or family and which were not authorized by the regional center.”

Recommendation:

WRC must make payment to MGH Corporation in the amount of \$11,412.58 for the underpayments. WRC must also review invoice payments to ensure any payment errors that may have occurred in the course of doing business with its vendors are identified and corrected in a timely manner.

Finding 4: Client Trust Disbursements Not Supported (Repeat)

A review of sampled Client Trust disbursements revealed WRC did not retain receipts to support money management disbursement checks that were issued to vendors for four consumers. In its prior response, WRC stated that it requires all receipts be submitted for any disbursements made out of client trust money management accounts. Further, WRC stated that it was working on developing software to keep track of these disbursements. WRC also stated that receipts are also retained by the vendors and are provided to WRC upon request. However, both WRC and the vendors could not provide receipts for these four consumers upon the request of the DDS auditors. Without supporting receipts, there is no evidence to verify that the disbursements from the client trust funds are appropriate. The unsupported money management disbursements totaled \$11,702.37. (See Attachment D.)

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.”

WRC provided documentation to support the money management disbursements for three of the consumers in its response to the draft report. However, the documentation provided for the fourth consumer was deemed insufficient to support the money management disbursement.

Recommendation:

As the representative payee, WRC must retain receipts to support any disbursements for purchases made on behalf of the consumers. This will ensure that all money management checks disbursed to vendors are for appropriate expenditures made on behalf of the consumer. In addition, WRC must abide by its prior response to this issue that it now requires all receipts be submitted for any disbursements from its client trust money management accounts.

Finding 5: Targeted Case Management Time Study – Recording of Attendance

The review of the Targeted Case Management (TCM) time study revealed that for five of the 15 sampled employees, vacation and sick hours recorded on the employee timesheets did not properly reflect what was recorded on the TCM time study forms (DS 1916). The difference between the employee timesheets and the TCM time study forms were 10.5 hours. Although the difference did not have a significant impact on the TCM rate, hours recorded incorrectly in the TCM time study can affect the TCM rate billed to the Federal government.

For good business and internal control practices, vacation and sick leave should be recorded correctly on the TCM study forms (DS 1960). Time 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.

Recommendation:

WRC should ensure all employee timesheets are in agreement with the TCM study forms.

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

Finding 6: Home and Community-Based Services Provider Agreement Forms

The file review of 23 sampled vendor files revealed that six Home and Community-Based Services Provider Agreement forms were not properly completed by WRC. The six forms noted were either missing the service code, vendor number, or had multiple vendor numbers and/or service codes.

CCR, title 17, section 54326(a)(16) states, in relevant part:

“(a) All vendors shall...

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

WRC has taken corrective steps to comply with CCR, title 17, section 54326(a)(16) by providing DDS with the properly completed Home and Community-Based Services Provider Agreement forms.

Recommendation:

WRC should continue to reinforce its procedures to ensure there is a properly completed Home and Community-Based Services Provider Agreement form on file for every vendor providing services to consumers.

EVALUATION OF RESPONSE

As part of the audit report process, WRC has been provided with a draft report and was requested to provide a response to each finding. WRC's response dated December 1, 2011, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendation section as well as a summary of the findings in the Executive Summary section.

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

Finding 1: Home Ownership Made Easy (HOME)

A. Housing Services Program – Unsupported Billing

WRC concurs the services provided by HOME were not tied to any consumer. WRC stated in its response that in September 2011 it took corrective action to ensure there are individual authorizations for each consumer in order to reflect the hours of service provided each month.

In regards to the reimbursement to HOME for services provided without adequate supporting documentation, WRC concurs that HOME should provide documentation to substantiate the services provided and explained that it never audited HOME; therefore, it was not aware that HOME was not maintaining source documentation in accordance with the requirements of CCR, title 17, section 50604 and 54326. To resolve this issue WRC stated it has written a letter to HOME demanding source documentation in support of the payments to which audit exceptions have been identified. WRC expressed it is not responsible for reimbursing DDS for the unsupported expenses, it contends that DDS has no statutory, regulatory or contractual right to hold WRC responsible per the Lanterman Developmental Disabilities Service Act, Welfare & Institutions Code section 4500, et seq., CCR, title 17 and WRC's contract with DDS. WRC cited various sections of W&I Code, Title 17 and WRC's contract with DDS and stressed that the sections referenced in the report pertain to vendor requirements and the relationship between DDS and WRC, which does not hold WRC responsible for HOME.

DDS disagrees with WRC's argument that it is not responsible for reimbursing the overpaid amount to DDS. WRC is responsible for contracting services with the vendors and also ensuring that payment made to the vendors are proper and supported by source documents per the State contract Art. III, § 10, subd. (a), between DDS and WRC which states that

WRC “shall monitor the expenditure of public funds by monitoring vendor fiscal claims”. Therefore, the State contract holds WRC responsible for monitoring HOME’s claims to verify that support documentation substantiates the expenses claimed by the vendor. The fact that WRC did not audit HOME does not relieve it of the responsibility to safeguard State funds.

Since WRC has not provided documentation to substantiate the expenses incurred by HOME, it must reimburse DDS the \$960,213.41 in unsupported POS expenses and duplicate payments made to HOME. Within 60 days of receipt of this report, WRC must provide to DDS a corrective action plan that ensures all future POS payments made to HOME and other vendors are tied to a consumer UCI number and are supported by source documents before disbursement of funds.

B. Three Percent Rate Reduction

WRC concurs with the finding and has adjusted HOME’s rate to reflect the 3 percent reduction as well as the 1.25 percent additional reduction. WRC provided a copy of the check totaling \$15,005.13 received from HOME as supporting documentation that this amount has been collected. Within 60 days of receipt of this report, WRC must provide documentation to DDS showing that the payment history has been adjusted to reflect the correct amount paid to the vendor or support documentation showing that \$15,005.13 has been remitted to DDS.

Finding 2: Expenses Claimed Under the Wrong Service Code

WRC concurs with the finding and explained it could not adjust the nine authorizations to reflect the correct payment history in question since the expenses claimed were for closed fiscal years. In addition, WRC stated that it currently ends the Early Start authorizations at age three and reissues those authorizations under a service code for children over three years of age. However, WRC has not provided any documentation to support the steps taken to resolve this issue. Therefore, within 60 day from receipt of this report, WRC must provide a corrective action plan to DDS indicating the steps taken to resolve this issue. In addition, a follow-up will be conducted by DDS during the next scheduled audit review to ensure this issue has been resolved.

Finding 3: Under-Stated Claims

WRC concurs with the finding and provided documentation to verify payments were made to the vendor to correct the under-paid amounts. As a result, DDS will consider this issue resolved.

Finding 4: Client Trust Disbursements Not Supported (Repeat)

WRC disputes this finding and explains that the auditors did not request receipts for two of the four consumers. WRC provided documentation to support the money management disbursements for three of the consumers stated in the report. However, the documentation provided for the fourth consumer was deemed insufficient to support the money management disbursement. DDS has amended the report to reflect that the three of the four consumers were corrected by WRC. Within 60 days from receipt of this report, WRC must provide sufficient documentation to support the money management disbursement for the remaining consumer identified in this audit report.

Furthermore, as the representative payee, WRC must retain receipts to support any disbursements for purchases made on behalf of the consumers. This will ensure that all money management checks disbursed to vendors are for appropriate expenditures made on behalf of the consumer. In addition, WRC must take this issue seriously and abide by its prior audit response to this issue that it now requires all receipts be submitted for any disbursements from its client trust money management accounts.

Finding 5: Targeted Case Management Time Study – Recording of Attendance

WRC concurs with the finding and explained that they will review all time study forms before submitting them to DDS to ensure that the hours are recorded accurately and reflect what is on the employee timesheets. Follow-up on this issue will be conducted during the next review.

Westside Regional Center
Home Ownership Made Easy (HOME)
Purchase of Service (POS) Expenses Not Tied to Unique Client Identification (UCI) Number
Fiscal Years 2007-08, 2008-09 and 2009-10

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Authorization Number	POS Funds Not Tied to UCI
1		P66263	Jul-07	101		\$15,197.44
2		P66263	Aug-07	101		\$15,197.44
3		P66263	Sep-07	101		\$15,197.44
4		P66263	Oct-07	101		\$7,344.68
5		P66263	Oct-07	101		\$15,197.44
6		P66263	Nov-07	101		\$15,197.44
7		P66263	Dec-07	101		\$15,197.44
8		P66263	Jan-08	101		\$15,197.44
9		P66263	Feb-08	101		\$15,197.44
10		P66263	Mar-08	101		\$15,197.44
11		P66263	Apr-08	101		\$15,197.44
12		P66263	May-08	101		\$15,197.44
13		P66263	Jun-08	101		\$15,197.44
14		P66263	Jul-08	101		\$36,418.35
15		P66263	Aug-08	101		\$36,418.35
16		P66263	Sep-08	101		\$36,418.35
17		P66263	Oct-08	101		\$36,418.35
18		P66263	Nov-08	101		\$36,418.35
19		P66263	Dec-08	101		\$36,418.35
20		P66263	Jan-09	101		\$36,418.35
21		P66263	Feb-09	101		\$33,271.00
22		P66263	Mar-09	101		\$34,650.00
23		P66263	Apr-09	101		\$34,650.00
24		P66263	May-09	101		\$34,650.00
25		P66263	Jun-09	101		\$34,650.00
26		P66263	Jul-09	101		\$35,000.00
27		P66263	Aug-09	101		\$35,350.00
28		P66263	Sep-09	101		\$35,000.00
29		P66263	Oct-09	101		\$37,100.00
30		P66263	Nov-09	101		\$37,100.00
31		P66263	Dec-09	101		\$37,100.00
32		P66263	Jan-10	101		\$37,100.00
33		P66263	Feb-10	101		\$37,450.00
34		P66263	Mar-10	101		\$37,100.00
35		P66263	Apr-10	101		\$15,400.00
Total Overpayments Due to POS Expense Not Tied to UCI Number						\$960,213.41

**Westside Regional Center
Home Ownership Made Easy (HOME)
Three Percent Rate Reduction**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Authorization Number	Amount Paid to Home	Amount with Three Percent Reduction	Over-Stated Claims
1		P66263	Feb-09	101		\$33,271.00	\$32,272.87	\$998.13
2		P66263	Mar-09	101		\$34,650.00	\$33,610.50	\$1,039.50
3		P66263	Apr-09	101		\$34,650.00	\$33,610.50	\$1,039.50
4		P66263	May-09	101		\$34,650.00	\$33,610.50	\$1,039.50
5		P66263	Jun-09	101		\$34,650.00	\$33,610.50	\$1,039.50
6		P66263	Jul-09	101		\$35,000.00	\$33,950.00	\$1,050.00
7		P66263	Aug-09	101		\$35,350.00	\$34,289.50	\$1,060.50
8		P66263	Sep-09	101		\$35,000.00	\$33,950.00	\$1,050.00
9		P66263	Oct-09	101		\$37,100.00	\$35,987.00	\$1,113.00
10		P66263	Nov-09	101		\$37,100.00	\$35,987.00	\$1,113.00
11		P66263	Dec-09	101		\$37,100.00	\$35,987.00	\$1,113.00
12		P66263	Jan-10	101		\$37,100.00	\$35,987.00	\$1,113.00
13		P66263	Feb-10	101		\$37,450.00	\$36,326.50	\$1,123.50
14		P66263	Mar-10	101		\$37,100.00	\$35,987.00	\$1,113.00
Total Overpayments Due to Non-Compliance with the Three Percent Rate Reduction								\$15,005.13

**Westside Regional Center
Early Start Expenses Billed to an Incorrect Service Code**

	Unique Client Identification Number	Vendor Name	Vendor Number	Year/Month of Service	Service Code	Authorization Number	Over-Stated Claims
Early Start Expenses Billed to Incorrect Service Code and Over the Age of Three							
1		Therapy West	H19357	Jan-08	116		\$271.48
2		Therapy West	H19357	May-08	116		\$475.09
3		Therapy West	H19357	May-08	116		\$475.09
4		Therapy West	H19357	May-08	116		\$475.09
5		Therapy West	H19357	May-08	116		\$304.56
6		Therapy West	H19357	Jan-09	116		\$203.61
7		Therapy West	H19357	Jan-09	116		\$271.48
8		Therapy West	H19357	Jan-09	116		\$135.74
9		Therapy West	H19357	Aug-09	116		\$542.96
Total Early Start Expenses Billed to Incorrect Service Code							\$3,155.10

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
1		PW0275	Jul-05	880	N-AM		\$24.70
2		PW0275	Jul-05	880	N-AM		\$26.00
3		PW0275	Jul-05	880	N-AM		\$26.00
4		PW0275	Jul-05	880	N-AM		\$26.00
5		PW0275	Jul-05	880	ZNA		\$10.80
6		PW0275	Jul-05	880	ZNA		\$12.00
7		PW0275	Jul-05	880	ZNA		\$12.00
8		PW0275	Jul-05	880	ZNA		\$12.00
9		PW0275	Aug-05	880	N-AM		\$29.90
10		PW0275	Aug-05	880	N-AM		\$29.90
11		PW0275	Aug-05	880	N-AM		\$29.90
12		PW0275	Aug-05	880	ZNA		\$13.20
13		PW0275	Aug-05	880	ZNA		\$13.80
14		PW0275	Aug-05	880	ZNA		\$13.80
15		PW0275	Aug-05	880	ZNA		\$13.80
16		PW0275	Sep-05	880	N-AM		\$27.30
17		PW0275	Sep-05	880	N-AM		\$12.60
18		PW0275	Sep-05	880	N-AM		\$26.00
19		PW0275	Sep-05	880	N-AM		\$26.00
20		PW0275	Sep-05	880	ZNA		\$12.60
21		PW0275	Sep-05	880	ZNA		\$12.60
22		PW0275	Sep-05	880	ZNA		\$13.86
23		PW0275	Sep-05	880	ZNA		\$13.86
24		PW0275	Oct-05	880	N-AM		\$27.30
25		PW0275	Oct-05	880	N-AM		\$30.03
26		PW0275	Oct-05	880	N-AM		\$26.00
27		PW0275	Oct-05	880	N-AM		\$27.30
28		PW0275	Oct-05	880	ZNA		\$12.60
29		PW0275	Oct-05	880	ZNA		\$13.86
30		PW0275	Oct-05	880	ZNA		\$13.86
31		PW0275	Oct-05	880	ZNA		\$13.20
32		PW0275	Nov-05	880	N-AM		\$26.00
33		PW0275	Nov-05	880	N-AM		\$27.17
34		PW0275	Nov-05	880	N-AM		\$26.00
35		PW0275	Nov-05	880	N-AM		\$26.00
36		PW0275	Nov-05	880	ZNA		\$12.00
37		PW0275	Nov-05	880	ZNA		\$12.54

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
38		PW0275	Nov-05	880	ZNA		\$13.20
39		PW0275	Nov-05	880	ZNA		\$12.00
40		PW0275	Dec-05	880	N-AM		\$27.30
41		PW0275	Dec-05	880	N-AM		\$27.30
42		PW0275	Dec-05	880	N-AM		\$27.30
43		PW0275	Dec-05	880	N-AM		\$27.30
44		PW0275	Dec-05	880	ZNA		\$11.40
45		PW0275	Dec-05	880	ZNA		\$12.00
46		PW0275	Dec-05	880	ZNA		\$12.00
47		PW0275	Dec-05	880	ZNA		\$12.60
48		PW0275	Jan-06	880	N-AM		\$18.20
49		PW0275	Jan-06	880	N-AM		\$24.70
50		PW0275	Jan-06	880	N-AM		\$24.70
51		PW0275	Jan-06	880	N-AM		\$24.70
52		PW0275	Jan-06	880	ZNA		\$12.00
53		PW0275	Jan-06	880	ZNA		\$10.20
54		PW0275	Jan-06	880	ZNA		\$12.00
55		PW0275	Jan-06	880	ZNA		\$12.00
56		PW0275	Feb-06	880	N-AM		\$19.50
57		PW0275	Feb-06	880	N-AM		\$24.70
58		PW0275	Feb-06	880	N-AM		\$23.40
59		PW0275	Feb-06	880	N-AM		\$23.40
60		PW0275	Feb-06	880	ZNA		\$10.80
61		PW0275	Feb-06	880	ZNA		\$11.40
62		PW0275	Feb-06	880	ZNA		\$11.40
63		PW0275	Feb-06	880	ZNA		\$10.80
64		PW0275	Mar-06	880	N-AM		\$28.60
65		PW0275	Mar-06	880	N-AM		\$31.46
66		PW0275	Mar-06	880	N-AM		\$28.60
67		PW0275	Mar-06	880	N-AM		\$28.60
68		PW0275	Mar-06	880	ZNA		\$13.20
69		PW0275	Mar-06	880	ZNA		\$14.52
70		PW0275	Mar-06	880	ZNA		\$14.52
71		PW0275	Mar-06	880	ZNA		\$14.52
72		PW0275	Apr-06	880	N-AM		\$24.70
73		PW0275	Apr-06	880	N-AM		\$26.00
74		PW0275	Apr-06	880	N-AM		\$26.00

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
75		PW0275	Apr-06	880	N-AM		\$26.00
76		PW0275	Apr-06	880	ZNA		\$12.00
77		PW0275	Apr-06	880	ZNA		\$12.00
78		PW0275	Apr-06	880	ZNA		\$12.00
79		PW0275	Apr-06	880	ZNA		\$11.40
80		PW0275	May-06	880	N-AM		\$28.60
81		PW0275	May-06	880	N-AM		\$27.30
82		PW0275	May-06	880	N-AM		\$28.60
83		PW0275	May-06	880	N-AM		\$28.60
84		PW0275	May-06	880	ZNA		\$13.20
85		PW0275	May-06	880	ZNA		\$13.20
86		PW0275	May-06	880	ZNA		\$13.20
87		PW0275	May-06	880	ZNA		\$13.20
88		PW0275	Jun-06	880	N-AM		\$28.60
89		PW0275	Jun-06	880	N-AM		\$28.60
90		PW0275	Jun-06	880	N-AM		\$28.60
91		PW0275	Jun-06	880	N-AM		\$28.60
92		PW0275	Jun-06	880	ZNA		\$13.20
93		PW0275	Jun-06	880	ZNA		\$13.20
94		PW0275	Jun-06	880	ZNA		\$13.20
95		PW0275	Jun-06	880	ZNA		\$13.20
96		PW0275	Jul-06	880	N-AM		\$26.02
97		PW0275	Jul-06	880	N-AM		\$26.02
98		PW0275	Jul-06	880	N-AM		\$26.02
99		PW0275	Jul-06	880	N-AM		\$26.02
100		PW0275	Jul-06	880	ZNA		\$13.03
101		PW0275	Jul-06	880	ZNA		\$13.03
102		PW0275	Jul-06	880	ZNA		\$13.03
103		PW0275	Jul-06	880	ZNA		\$25.66
104		PW0275	Aug-06	880	ZND		\$32.91
105		PW0275	Aug-06	880	N-AM		\$28.62
106		PW0275	Aug-06	880	N-AM		\$28.62
107		PW0275	Aug-06	880	N-AM		\$28.62
108		PW0275	Aug-06	880	N-AM		\$29.92
109		PW0275	Aug-06	880	ZNA		\$14.33
110		PW0275	Aug-06	880	ZNA		\$14.90
111		PW0275	Aug-06	880	ZNA		\$14.98

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
112		PW0275	Aug-06	880	ZNA		\$14.98
113		PW0275	Sep-06	880	ZND		\$27.19
114		PW0275	Sep-06	880	N-AM		\$26.02
115		PW0275	Sep-06	880	N-AM		\$26.02
116		PW0275	Sep-06	880	N-AM		\$26.02
117		PW0275	Sep-06	880	N-AM		\$24.72
118		PW0275	Sep-06	880	ZNA		\$13.03
119		PW0275	Sep-06	880	ZNA		\$12.38
120		PW0275	Sep-06	880	ZNA		\$12.38
121		PW0275	Sep-06	880	ZNA		\$13.03
122		PW0275	Oct-06	880	ZND		\$31.48
123		PW0275	Oct-06	880	N-AM		\$29.48
124		PW0275	Oct-06	880	N-AM		\$28.62
125		PW0275	Oct-06	880	N-AM		\$28.14
126		PW0275	Oct-06	880	N-AM		\$29.48
127		PW0275	Oct-06	880	ZNA		\$14.33
128		PW0275	Oct-06	880	ZNA		\$14.33
129		PW0275	Oct-06	880	ZNA		\$14.33
130		PW0275	Oct-06	880	ZNA		\$14.33
131		PW0275	Nov-06	880	ZND		\$28.62
132		PW0275	Nov-06	880	N-AM		\$26.80
133		PW0275	Nov-06	880	N-AM		\$27.19
134		PW0275	Nov-06	880	N-AM		\$25.76
135		PW0275	Nov-06	880	N-AM		\$26.80
136		PW0275	Nov-06	880	ZNA		\$13.03
137		PW0275	Nov-06	880	ZNA		\$13.03
138		PW0275	Nov-06	880	ZNA		\$13.03
139		PW0275	Nov-06	880	ZNA		\$13.03
140		PW0275	Dec-06	880	ZND		\$28.62
141		PW0275	Dec-06	880	N-AM		\$26.80
142		PW0275	Dec-06	880	N-AM		\$26.02
143		PW0275	Dec-06	880	N-AM		\$26.80
144		PW0275	Dec-06	880	N-AM		\$26.80
145		PW0275	Dec-06	880	ZNA		\$10.42
146		PW0275	Dec-06	880	ZNA		\$11.07
147		PW0275	Dec-06	880	ZNA		\$11.07
148		PW0275	Dec-06	880	ZNA		\$13.03

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
149		PW0275	Jan-07	880	N-AM		\$26.80
150		PW0275	Jan-07	880	N-AM		\$28.62
151		PW0275	Jan-07	880	N-AM		\$26.80
152		PW0275	Jan-07	880	N-AM		\$26.80
153		PW0275	Jan-07	880	ZNA		\$13.03
154		PW0275	Jan-07	880	ZNA		\$13.68
155		PW0275	Jan-07	880	ZNA		\$13.68
156		PW0275	Jan-07	880	ZNA		\$13.03
157		PW0275	Feb-07	880	ZND		\$27.19
158		PW0275	Feb-07	880	N-AM		\$25.46
159		PW0275	Feb-07	880	N-AM		\$27.19
160		PW0275	Feb-07	880	N-AM		\$24.12
161		PW0275	Feb-07	880	N-AM		\$25.46
162		PW0275	Feb-07	880	ZNA		\$11.73
163		PW0275	Feb-07	880	ZNA		\$12.38
164		PW0275	Feb-07	880	ZNA		\$12.38
165		PW0275	Feb-07	880	ZNA		\$12.38
166		PW0275	Mar-07	880	ZND		\$30.05
167		PW0275	Mar-07	880	N-AM		\$28.14
168		PW0275	Mar-07	880	N-AM		\$27.32
169		PW0275	Mar-07	880	N-AM		\$28.14
170		PW0275	Mar-07	880	N-AM		\$28.14
171		PW0275	Mar-07	880	ZNA		\$13.68
172		PW0275	Mar-07	880	ZNA		\$13.68
173		PW0275	Mar-07	880	ZNA		\$13.68
174		PW0275	Mar-07	880	ZNA		\$13.68
175		PW0275	Mar-07	880	ZNA		\$7.82
176		PW0275	Apr-07	880	ZND		\$30.05
177		PW0275	Apr-07	880	N-AM		\$28.14
178		PW0275	Apr-07	880	N-AM		\$27.32
179		PW0275	Apr-07	880	N-AM		\$28.14
180		PW0275	Apr-07	880	N-AM		\$28.14
181		PW0275	Apr-07	880	ZNA		\$13.68
182		PW0275	Apr-07	880	ZNA		\$13.03
183		PW0275	Apr-07	880	ZNA		\$13.03
184		PW0275	Apr-07	880	ZNA		\$13.68
185		PW0275	Apr-07	880	ZNA		\$13.68

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
186		PW0275	May-07	880	ZND		\$31.48
187		PW0275	May-07	880	N-AM		\$29.48
188		PW0275	May-07	880	N-AM		\$28.62
189		PW0275	May-07	880	N-AM		\$29.48
190		PW0275	May-07	880	N-AM		\$29.48
191		PW0275	May-07	880	ZNA		\$14.33
192		PW0275	May-07	880	ZNA		\$14.33
193		PW0275	May-07	880	ZNA		\$14.33
194		PW0275	May-07	880	ZNA		\$14.33
195		PW0275	May-07	880	ZNA		\$13.68
196		PW0275	Jun-07	880	ZND		\$28.62
197		PW0275	Jun-07	880	ZND		\$30.05
198		PW0275	Jun-07	880	N-AM		\$28.14
199		PW0275	Jun-07	880	N-AM		\$27.32
200		PW0275	Jun-07	880	N-AM		\$28.14
201		PW0275	Jun-07	880	N-AM		\$28.14
202		PW0275	Jun-07	880	ZNA		\$13.68
203		PW0275	Jun-07	880	ZNA		\$13.68
204		PW0275	Jun-07	880	ZNA		\$13.68
205		PW0275	Jun-07	880	ZNA		\$13.68
206		PW0275	Jun-07	880	ZNA		\$13.68
207		PW0275	Jul-07	880	ZND		\$30.05
208		PW0275	Jul-07	880	N-AM		\$25.46
209		PW0275	Jul-07	880	N-AM		\$27.32
210		PW0275	Jul-07	880	N-AM		\$28.14
211		PW0275	Jul-07	880	N-AM		\$28.14
212		PW0275	Jul-07	880	ZNA		\$12.38
213		PW0275	Jul-07	880	ZNA		\$13.68
214		PW0275	Jul-07	880	ZNA		\$13.68
215		PW0275	Jul-07	880	ZNA		\$11.73
216		PW0275	Jul-07	880	ZNA		\$13.68
217		PW0275	Aug-07	880	ZND		\$31.48
218		PW0275	Aug-07	880	N-AM		\$18.76
219		PW0275	Aug-07	880	N-AM		\$28.62
220		PW0275	Aug-07	880	N-AM		\$28.14
221		PW0275	Aug-07	880	N-AM		\$29.48
222		PW0275	Aug-07	880	ZNA		\$14.98

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
223		PW0275	Aug-07	880	ZNA		\$14.33
224		PW0275	Aug-07	880	ZNA		\$14.98
225		PW0275	Aug-07	880	ZNA		\$13.03
226		PW0275	Aug-07	880	ZNA		\$14.98
227		PW0275	Sep-07	880	ZND		\$27.19
228		PW0275	Sep-07	880	N-AM		\$25.46
229		PW0275	Sep-07	880	N-AM		\$24.12
230		PW0275	Sep-07	880	N-AM		\$25.46
231		PW0275	Sep-07	880	N-AM		\$25.46
232		PW0275	Sep-07	880	ZNA		\$12.38
233		PW0275	Sep-07	880	ZNA		\$11.73
234		PW0275	Sep-07	880	ZNA		\$12.38
235		PW0275	Sep-07	880	ZNA		\$11.73
236		PW0275	Oct-07	880	ZND		\$32.91
237		PW0275	Oct-07	880	N-AM		\$28.14
238		PW0275	Oct-07	880	N-AM		\$29.48
239		PW0275	Oct-07	880	N-AM		\$29.48
240		PW0275	Oct-07	880	N-AM		\$30.82
241		PW0275	Oct-07	880	ZNA		\$14.33
242		PW0275	Oct-07	880	ZNA		\$14.98
243		PW0275	Oct-07	880	ZNA		\$14.98
244		PW0275	Oct-07	880	ZNA		\$14.98
245		PW0275	Oct-07	880	ZNA		\$14.98
246		PW0275	Nov-07	880	ZND		\$27.19
247		PW0275	Nov-07	880	N-AM		\$26.80
248		PW0275	Nov-07	880	N-AM		\$26.80
249		PW0275	Nov-07	880	N-AM		\$26.80
250		PW0275	Nov-07	880	N-AM		\$25.46
251		PW0275	Nov-07	880	ZNA		\$13.03
252		PW0275	Nov-07	880	ZNA		\$13.03
253		PW0275	Nov-07	880	ZNA		\$13.03
254		PW0275	Nov-07	880	ZNA		\$3.26
255		PW0275	Nov-07	880	ZNA		\$13.03
256		PW0275	Nov-07	880	ZNA		\$12.38
257		PW0275	Dec-07	880	ZND		\$27.19
258		PW0275	Dec-07	880	N-AM		\$25.46
259		PW0275	Dec-07	880	N-AM		\$24.12

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
260		PW0275	Dec-07	880	N-AM		\$25.46
261		PW0275	Dec-07	880	N-AM		\$25.46
262		PW0275	Dec-07	880	ZNA		\$11.73
263		PW0275	Dec-07	880	ZNA		\$11.07
264		PW0275	Dec-07	880	ZNA		\$11.07
265		PW0275	Dec-07	880	ZNA		\$6.51
266		PW0275	Dec-07	880	ZNA		\$12.38
267		PW0275	Dec-07	880	ZNA		\$11.73
268		PW0275	Jan-08	880	ZND		\$30.05
269		PW0275	Jan-08	880	N-AM		\$28.14
270		PW0275	Jan-08	880	N-AM		\$26.80
271		PW0275	Jan-08	880	N-AM		\$26.80
272		PW0275	Jan-08	880	N-AM		\$28.14
273		PW0275	Jan-08	880	ZNA		\$13.68
274		PW0275	Jan-08	880	ZNA		\$12.38
275		PW0275	Jan-08	880	ZNA		\$12.38
276		PW0275	Jan-08	880	ZNA		\$0.65
277		PW0275	Jan-08	880	ZNA		\$13.68
278		PW0275	Jan-08	880	ZNA		\$13.68
279		PW0275	Feb-08	880	ZND		\$27.19
280		PW0275	Feb-08	880	N-AM		\$25.46
281		PW0275	Feb-08	880	N-AM		\$25.46
282		PW0275	Feb-08	880	N-AM		\$25.46
283		PW0275	Feb-08	880	N-AM		\$25.46
284		PW0275	Feb-08	880	ZNA		\$12.38
285		PW0275	Feb-08	880	ZNA		\$12.38
286		PW0275	Feb-08	880	ZNA		\$13.03
287		PW0275	Feb-08	880	ZNA		\$8.47
288		PW0275	Feb-08	880	ZNA		\$12.38
289		PW0275	Feb-08	880	ZNA		\$12.38
290		PW0275	Mar-08	880	ZND		\$30.05
291		PW0275	Mar-08	880	N-AM		\$28.14
292		PW0275	Mar-08	880	N-AM		\$28.14
293		PW0275	Mar-08	880	N-AM		\$28.14
294		PW0275	Mar-08	880	N-AM		\$28.14
295		PW0275	Mar-08	880	ZNA		\$13.68
296		PW0275	Mar-08	880	ZNA		\$13.68

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
297		PW0275	Mar-08	880	ZNA		\$13.68
298		PW0275	Mar-08	880	ZNA		\$12.38
299		PW0275	Mar-08	880	ZNA		\$13.68
300		PW0275	Mar-08	880	ZNA		\$13.68
301		PW0275	Apr-08	880	ZND		\$31.48
302		PW0275	Apr-08	880	N-AM		\$29.48
303		PW0275	Apr-08	880	N-AM		\$29.48
304		PW0275	Apr-08	880	N-AM		\$29.48
305		PW0275	Apr-08	880	N-AM		\$29.48
306		PW0275	Apr-08	880	ZNA		\$13.68
307		PW0275	Apr-08	880	ZNA		\$14.33
308		PW0275	Apr-08	880	ZNA		\$14.33
309		PW0275	Apr-08	880	ZNA		\$9.77
310		PW0275	Apr-08	880	ZNA		\$14.33
311		PW0275	Apr-08	880	ZNA		\$14.33
312		PW0275	May-08	880	ZND		\$30.05
313		PW0275	May-08	880	N-AM		\$28.14
314		PW0275	May-08	880	N-AM		\$28.14
315		PW0275	May-08	880	ZNA		\$13.68
316		PW0275	May-08	880	ZNA		\$13.68
317		PW0275	May-08	880	ZNA		\$13.03
318		PW0275	May-08	880	ZNA		\$8.47
319		PW0275	May-08	880	ZNA		\$13.68
320		PW0275	May-08	880	ZNA		\$13.68
321		PW0275	Jun-08	880	ZND		\$28.62
322		PW0275	Jun-08	880	N-AM		\$28.14
323		PW0275	Jun-08	880	N-AM		\$28.14
324		PW0275	Jun-08	880	N-AM		\$28.14
325		PW0275	Jun-08	880	N-AM		\$26.80
326		PW0275	Jun-08	880	ZNA		\$13.68
327		PW0275	Jun-08	880	ZNA		\$13.68
328		PW0275	Jun-08	880	ZNA		\$13.68
329		PW0275	Jun-08	880	ZNA		\$13.68
330		PW0275	Jun-08	880	ZNA		\$7.82
331		PW0275	Jun-08	880	ZNA		\$13.68
332		PW0275	Jun-08	880	ZNA		\$13.68
333		PW0275	Jul-08	880	ZND		\$30.05

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
334		PW0275	Jul-08	880	N-AM		\$28.14
335		PW0275	Jul-08	880	N-AM		\$29.48
336		PW0275	Jul-08	880	N-AM		\$28.14
337		PW0275	Jul-08	880	N-AM		\$29.48
338		PW0275	Jul-08	880	ZNA		\$13.68
339		PW0275	Jul-08	880	ZNA		\$14.33
340		PW0275	Jul-08	880	ZNA		\$14.33
341		PW0275	Jul-08	880	ZNA		\$14.33
342		PW0275	Jul-08	880	ZNA		\$9.77
343		PW0275	Jul-08	880	ZNA		\$14.33
344		PW0275	Jul-08	880	ZNA		\$13.68
345		PW0275	Aug-08	880	ZND		\$30.05
346		PW0275	Aug-08	880	N-AM		\$28.14
347		PW0275	Aug-08	880	N-AM		\$28.14
348		PW0275	Aug-08	880	N-AM		\$28.14
349		PW0275	Aug-08	880	N-AM		\$28.14
350		PW0275	Aug-08	880	N-AM		\$28.14
351		PW0275	Aug-08	880	N-AM		\$28.14
352		PW0275	Aug-08	880	ZNA		\$13.68
353		PW0275	Aug-08	880	ZNA		\$13.68
354		PW0275	Aug-08	880	ZNA		\$13.03
355		PW0275	Aug-08	880	ZNA		\$13.13
356		PW0275	Aug-08	880	ZNA		\$3.91
357		PW0275	Aug-08	880	ZNA		\$13.68
358		PW0275	Aug-08	880	ZNA		\$13.68
359		PW0275	Sep-08	880	ZND		\$30.05
360		PW0275	Sep-08	880	N-AM		\$28.14
361		PW0275	Sep-08	880	N-AM		\$28.14
362		PW0275	Sep-08	880	N-AM		\$28.14
363		PW0275	Sep-08	880	N-AM		\$28.14
364		PW0275	Sep-08	880	ZNA		\$13.68
365		PW0275	Sep-08	880	ZNA		\$13.68
366		PW0275	Sep-08	880	ZNA		\$13.68
367		PW0275	Sep-08	880	ZNA		\$13.68
368		PW0275	Sep-08	880	ZNA		\$5.86
369		PW0275	Sep-08	880	ZNA		\$13.68
370		PW0275	Sep-08	880	ZNA		\$13.68

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
371		PW0275	Oct-08	880	ZND		\$32.91
372		PW0275	Oct-08	880	N-AM		\$28.14
373		PW0275	Oct-08	880	N-AM		\$22.78
374		PW0275	Oct-08	880	N-AM		\$30.82
375		PW0275	Oct-08	880	N-AM		\$30.82
376		PW0275	Oct-08	880	ZNA		\$14.33
377		PW0275	Oct-08	880	ZNA		\$14.98
378		PW0275	Oct-08	880	ZNA		\$14.98
379		PW0275	Oct-08	880	ZNA		\$14.98
380		PW0275	Oct-08	880	ZNA		\$9.12
381		PW0275	Oct-08	880	ZNA		\$14.33
382		PW0275	Oct-08	880	ZNA		\$14.98
383		PW0275	Nov-08	880	ZND		\$24.33
384		PW0275	Nov-08	880	ZND		\$30.05
385		PW0275	Nov-08	880	N-AM		\$22.78
386		PW0275	Nov-08	880	N-AM		\$21.44
387		PW0275	Nov-08	880	N-AM		\$24.12
388		PW0275	Nov-08	880	N-AM		\$24.12
389		PW0275	Nov-08	880	ZNA		\$11.73
390		PW0275	Nov-08	880	ZNA		\$11.07
391		PW0275	Nov-08	880	ZNA		\$11.73
392		PW0275	Nov-08	880	ZNA		\$11.73
393		PW0275	Nov-08	880	ZNA		\$8.47
394		PW0275	Nov-08	880	ZNA		\$11.73
395		PW0275	Nov-08	880	ZNA		\$11.73
396		PW0275	Dec-08	880	N-AM		\$25.46
397		PW0275	Dec-08	880	N-AM		\$28.14
398		PW0275	Dec-08	880	N-AM		\$28.14
399		PW0275	Dec-08	880	N-AM		\$28.14
400		PW0275	Dec-08	880	ZNA		\$13.68
401		PW0275	Dec-08	880	ZNA		\$13.68
402		PW0275	Dec-08	880	ZNA		\$9.77
403		PW0275	Dec-08	880	ZNA		\$13.68
404		PW0275	Dec-08	880	ZNA		\$13.68
405		PW0275	Dec-08	880	ZNA		\$13.68
406		PW0275	Jan-09	880	ZND		\$27.19
407		PW0275	Jan-09	880	N-AM		\$25.46

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
408		PW0275	Jan-09	880	N-AM		\$25.46
409		PW0275	Jan-09	880	N-AM		\$25.46
410		PW0275	Jan-09	880	N-AM		\$25.46
411		PW0275	Jan-09	880	ZNA		\$12.38
412		PW0275	Jan-09	880	ZNA		\$12.38
413		PW0275	Jan-09	880	ZNA		\$12.38
414		PW0275	Jan-09	880	ZNA		\$12.38
415		PW0275	Jan-09	880	ZNA		\$12.38
416		PW0275	Jan-09	880	ZNA		\$12.38
417		PW0275	Feb-09	880	ZND		\$24.80
418		PW0275	Feb-09	880	N-AM		\$23.40
419		PW0275	Feb-09	880	N-AM		\$23.40
420		PW0275	Feb-09	880	N-AM		\$23.40
421		PW0275	Feb-09	880	N-AM		\$23.40
422		PW0275	Feb-09	880	ZNA		\$11.52
423		PW0275	Feb-09	880	ZNA		\$11.52
424		PW0275	Feb-09	880	ZNA		\$11.52
425		PW0275	Feb-09	880	ZNA		\$11.52
426		PW0275	Feb-09	880	ZNA		\$5.76
427		PW0275	Feb-09	880	ZNA		\$11.52
428		PW0275	Feb-09	880	ZNA		\$11.52
429		PW0275	Mar-09	880	ZND		\$28.93
430		PW0275	Mar-09	880	N-AM		\$26.00
431		PW0275	Mar-09	880	N-AM		\$28.60
432		PW0275	Mar-09	880	N-AM		\$28.60
433		PW0275	Mar-09	880	N-AM		\$28.60
434		PW0275	Mar-09	880	ZNA		\$14.08
435		PW0275	Mar-09	880	ZNA		\$14.08
436		PW0275	Mar-09	880	ZNA		\$14.08
437		PW0275	Mar-09	880	ZNA		\$14.08
438		PW0275	Mar-09	880	ZNA		\$13.44
439		PW0275	Mar-09	880	ZNA		\$13.44
440		PW0275	Apr-09	880	ZND		\$28.93
441		PW0275	Apr-09	880	N-AM		\$10.40
442		PW0275	Apr-09	880	N-AM		\$28.60
443		PW0275	Apr-09	880	N-AM		\$28.60
444		PW0275	Apr-09	880	N-AM		\$28.60

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
445		PW0275	Apr-09	880	ZNA		\$13.44
446		PW0275	Apr-09	880	ZNA		\$14.08
447		PW0275	Apr-09	880	ZNA		\$14.08
448		PW0275	Apr-09	880	ZNA		\$14.08
449		PW0275	Apr-09	880	ZNA		\$13.44
450		PW0275	Apr-09	880	ZNA		\$13.44
451		PW0275	May-09	880	ZND		\$26.17
452		PW0275	May-09	880	N-AM		\$26.00
453		PW0275	May-09	880	N-AM		\$26.00
454		PW0275	May-09	880	N-AM		\$26.00
455		PW0275	May-09	880	N-AM		\$26.00
456		PW0275	May-09	880	ZNA		\$12.80
457		PW0275	May-09	880	ZNA		\$12.80
458		PW0275	May-09	880	ZNA		\$12.80
459		PW0275	May-09	880	ZNA		\$12.16
460		PW0275	May-09	880	ZNA		\$12.80
461		PW0275	May-09	880	ZNA		\$12.80
462		PW0275	Jun-09	880	ZND		\$28.93
463		PW0275	Jun-09	880	N-AM		\$28.60
464		PW0275	Jun-09	880	N-AM		\$27.30
465		PW0275	Jun-09	880	N-AM		\$28.60
466		PW0275	Jun-09	880	N-AM		\$28.60
467		PW0275	Jun-09	880	ZNA		\$14.08
468		PW0275	Jun-09	880	ZNA		\$14.08
469		PW0275	Jun-09	880	ZNA		\$14.08
470		PW0275	Jun-09	880	ZNA		\$14.08
471		PW0275	Jun-09	880	ZNA		\$14.08
472		PW0275	Jun-09	880	ZNA		\$14.08
473		PW0275	Jul-09	880	ZND		\$30.30
474		PW0275	Jul-09	880	N-AM		\$28.60
475		PW0275	Jul-09	880	N-AM		\$28.60
476		PW0275	Jul-09	880	N-AM		\$28.60
477		PW0275	Jul-09	880	N-AM		\$28.60
478		PW0275	Jul-09	880	ZNA		\$12.80
479		PW0275	Jul-09	880	ZNA		\$14.08
480		PW0275	Jul-09	880	ZNA		\$14.08
481		PW0275	Jul-09	880	ZNA		\$14.08

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
482		PW0275	Jul-09	880	ZNA		\$14.08
483		PW0275	Jul-09	880	ZNA		\$14.08
484		PW0275	Aug-09	880	ZND		\$28.93
485		PW0275	Aug-09	880	N-AM		\$27.30
486		PW0275	Aug-09	880	N-AM		\$27.30
487		PW0275	Aug-09	880	N-AM		\$26.00
488		PW0275	Aug-09	880	N-AM		\$27.30
489		PW0275	Aug-09	880	ZNA		\$13.44
490		PW0275	Aug-09	880	ZNA		\$13.44
491		PW0275	Aug-09	880	ZNA		\$13.44
492		PW0275	Aug-09	880	ZNA		\$13.44
493		PW0275	Aug-09	880	ZNA		\$13.44
494		PW0275	Aug-09	880	ZNA		\$13.44
495		PW0275	Sep-09	880	ZND		\$27.55
496		PW0275	Sep-09	880	N-AM		\$24.70
497		PW0275	Sep-09	880	N-AM		\$27.30
498		PW0275	Sep-09	880	N-AM		\$24.70
499		PW0275	Sep-09	880	N-AM		\$27.30
500		PW0275	Sep-09	880	ZNA		\$13.44
501		PW0275	Sep-09	880	ZNA		\$13.44
502		PW0275	Sep-09	880	ZNA		\$13.44
503		PW0275	Sep-09	880	ZNA		\$13.44
504		PW0275	Sep-09	880	ZNA		\$13.44
505		PW0275	Sep-09	880	ZNA		\$12.80
506		PW0275	Oct-09	880	ZND		\$28.93
507		PW0275	Oct-09	880	N-AM		\$28.60
508		PW0275	Oct-09	880	N-AM		\$28.60
509		PW0275	Oct-09	880	N-AM		\$28.60
510		PW0275	Oct-09	880	N-AM		\$28.60
511		PW0275	Oct-09	880	ZNA		\$14.08
512		PW0275	Oct-09	880	ZNA		\$14.08
513		PW0275	Oct-09	880	ZNA		\$13.44
514		PW0275	Oct-09	880	ZNA		\$13.44
515		PW0275	Oct-09	880	ZNA		\$13.44
516		PW0275	Oct-09	880	ZNA		\$13.44
517		PW0275	Nov-09	880	ZND		\$23.42
518		PW0275	Nov-09	880	N-AM		\$23.40

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
519		PW0275	Nov-09	880	N-AM		\$22.10
520		PW0275	Nov-09	880	N-AM		\$22.10
521		PW0275	Nov-09	880	N-AM		\$22.10
522		PW0275	Nov-09	880	ZNA		\$10.88
523		PW0275	Nov-09	880	ZNA		\$10.88
524		PW0275	Nov-09	880	ZNA		\$11.52
525		PW0275	Nov-09	880	ZNA		\$11.52
526		PW0275	Nov-09	880	ZNA		\$11.52
527		PW0275	Nov-09	880	ZNA		\$11.52
528		PW0275	Dec-09	880	ZND		\$27.55
529		PW0275	Dec-09	880	N-AM		\$26.00
530		PW0275	Dec-09	880	N-AM		\$26.00
531		PW0275	Dec-09	880	N-AM		\$26.00
532		PW0275	Dec-09	880	N-AM		\$26.00
533		PW0275	Dec-09	880	ZNA		\$12.80
534		PW0275	Dec-09	880	ZNA		\$11.52
535		PW0275	Dec-09	880	ZNA		\$12.80
536		PW0275	Dec-09	880	ZNA		\$12.80
537		PW0275	Dec-09	880	ZNA		\$12.80
538		PW0275	Dec-09	880	ZNA		\$12.80
539		PW0275	Jan-10	880	ZND		\$24.79
540		PW0275	Jan-10	880	N-AM		\$24.70
541		PW0275	Jan-10	880	N-AM		\$24.70
542		PW0275	Jan-10	880	N-AM		\$24.70
543		PW0275	Jan-10	880	N-AM		\$24.70
544		PW0275	Jan-10	880	ZNA		\$12.16
545		PW0275	Jan-10	880	ZNA		\$12.16
546		PW0275	Jan-10	880	ZNA		\$12.16
547		PW0275	Jan-10	880	ZNA		\$12.16
548		PW0275	Jan-10	880	ZNA		\$11.52
549		PW0275	Jan-10	880	ZNA		\$11.52
550		PW0275	Feb-10	880	ZND		\$26.17
551		PW0275	Feb-10	880	N-AM		\$23.40
552		PW0275	Feb-10	880	N-AM		\$24.70
553		PW0275	Feb-10	880	N-AM		\$24.70
554		PW0275	Feb-10	880	N-AM		\$24.70
555		PW0275	Feb-10	880	ZNA		\$12.16

**Westside Regional Center
Under-Stated Claims
MGH Corporation
Fiscal Years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Year/Month of Service	Service Code	Sub Code	Authorization Number	Under-Stated Claims
556		PW0275	Feb-10	880	ZNA		\$12.16
557		PW0275	Feb-10	880	ZNA		\$12.16
558		PW0275	Feb-10	880	ZNA		\$12.16
559		PW0275	Feb-10	880	ZNA		\$10.24
560		PW0275	Feb-10	880	ZNA		\$12.16
561		PW0275	Mar-10	880	ZND		\$26.17
562		PW0275	Mar-10	880	N-AM		\$27.30
563		PW0275	Mar-10	880	N-AM		\$27.30
564		PW0275	Mar-10	880	N-AM		\$27.30
565		PW0275	Mar-10	880	N-AM		\$27.30
566		PW0275	Mar-10	880	ZNA		\$13.44
567		PW0275	Mar-10	880	ZNA		\$13.44
568		PW0275	Mar-10	880	ZNA		\$14.08
569		PW0275	Mar-10	880	ZNA		\$14.08
570		PW0275	Mar-10	880	ZNA		\$12.16
571		PW0275	Mar-10	880	ZNA		\$13.44
572		PW0275	Apr-10	880	ZND		\$28.93
573		PW0275	Apr-10	880	N-AM		\$27.30
574		PW0275	Apr-10	880	N-AM		\$27.30
575		PW0275	Apr-10	880	N-AM		\$27.30
576		PW0275	Apr-10	880	N-AM		\$27.30
577		PW0275	Apr-10	880	ZNA		\$13.44
578		PW0275	Apr-10	880	ZNA		\$13.44
579		PW0275	Apr-10	880	ZNA		\$12.80
580		PW0275	Apr-10	880	ZNA		\$12.80
581		PW0275	Apr-10	880	ZNA		\$13.44
582		PW0275	Apr-10	880	ZNA		\$13.44
Total Under-Stated Claims							\$11,412.58

Westside Regional Center
Client Trust Disbursements Not Supported
Fiscal Years 2007-08, 2008-09 and 2009-10

	Unique Client Identification Number	Year/Month of Service	Authorization Number	Unsupported Expenses	Comment
1		Sep-08		\$350.00	Corrected
2		Jul-09		\$1,049.00	Corrected
3		May-09		\$9,000.00	\$9,000.00
4		Sep-09		\$1,303.37	Corrected
Total Unsupported Client Trust Disbursements				\$11,702.37	\$9,000.00

APPENDIX A

WESTSIDE REGIONAL CENTER

**RESPONSE
TO AUDIT FINDINGS**

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

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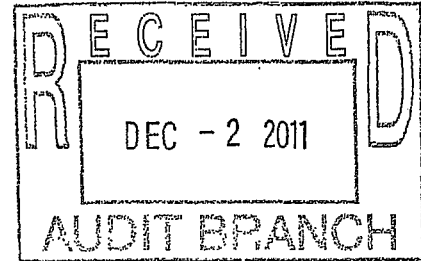
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December 1, 2011

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



Dear Mr. Yan:

This office represents Westside Regional Center ("WRC") in all matters pertaining to the Department of Developmental Services ("DDS") Draft Audit of WRC for Fiscal Years 2007-08, 2008-09, and 2009-10. It is my understanding that DDS has granted WRC until December 2, 2011 in which to respond to the Draft Audit, notwithstanding the provisions of Title 17 of the California Code of Regulations ("CCR") section 50730, subdivision (a).

WRC hereby requests administrative review of the Draft Audit Report. Accordingly, this letter constitutes WRC's Statement of Disputed Issues. Judith A. Enright, of Enright & Ocheltree, LLP, is WRC's authorized agent, authorized to receive any and all documents relating to the appeal of this Draft Audit.

Michael Danneker, Executive Director of Westside Regional Center, represents WRC in these proceedings. WRC is located at 5901 Green Valley Circle, Suite 320, Culver City, California 90230-6953.

STATEMENT OF DISPUTED ISSUES

Finding 1: Home Ownership Made Easy (HOME)

A. Housing Services Program – Unsupported Billing

The review of the Home Ownership Made Easy (HOME) contract revealed that WRC vendorized HOME to provide services to its consumers under service code 101. The review of vendor invoices revealed that HOME billed WRC a total of \$960,213.41 in Purchase of Service (POS) funds for developing and maintaining housing for consumers from July 2007 through April 2010. However, it was found that the services provided were not tied to any consumer; rather, these services were billed under a Unique Consumer Identification (UCI) contract number. Further review of vendor invoices revealed that WRC reimbursed HOME for the services provided without adequate supporting documentation. The invoices provided for reimbursement did not specify the UCI number of the consumer who received these services or the types of services provided. (See Attachment A1)

CCR, title 17, section 50604(d)(1) and (3) states, in pertinent part:

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

ENRIGHT & OCHELTREE, LLP

Edward Yan, Manager
Department of Developmental Services
Audit Branch
December 1, 2011
Page 2

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 Client Identifier and Consumer name;
- (2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center."

CCR, title 17, section 54326(a)(3), (4) and (10 states in part:

"(a) All vendors shall:

- (3) Maintain records of service provided to consumers in sufficient detail to verify delivery of the units of service billed...
- (4) Make any books and records pertaining to the vendored service, including those of the management organization, if applicable for audit, inspection or authorized agency representatives...
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center."

Recommendation:

WRC must reimburse DDS \$960,213.41 in unsupported POS expenses and duplicate payments made to HOME. In addition, WRC must ensure that all future POS payments made to the vendors are tied to a consumer UCI number and are supported by source documents before the disbursement of funds.

WRC RESPONSE:

In September of 2010, upon first notice that DDS had a problem with the manner in which WRC paid HOME for consumer health and safety services, WRC changed its contract with HOME and the way that the authorizations are set up for payment under that contract. Since September of 2010, individual authorizations for each consumer accurately reflect the hours of service provided each month. WRC receives a spreadsheet from HOME detailing the service provided for each consumer. WRC has written to HOME demanding source documentation in support of the payments to which audit exceptions have been made herein. The onus is on HOME to produce such documentation, not WRC.

More to the point, WRC operated at all times in accordance with what it reasonably believed to be and to have been policy approved by DDS. It used a template housing contract that had been approved by DDS for another regional center. It was not until the DDS audit was being performed in September of 2010 that WRC learned that the Department no longer approved of the contractual arrangement that WRC had with HOME. Further, WRC never audited HOME, so it had no awareness that HOME was not keeping appropriate source documentation, in accordance with the requirements of CCR, title 17, sections

ENRIGHT & OCHELTREE, LLP

Edward Yan, Manager
Department of Developmental Services
Audit Branch
December 1, 2011
Page 3

50604 and 54326, quoted above. As DDS knows, WRC was precluded from conducting such audit because it would have been of an amount over \$100,000.

In effect, DDS has held WRC responsible for the failure of one of its vendors to perform. It has no statutory, regulatory or contractual right to do so.

The Lanterman Developmental Disabilities Services Act ("Lanterman Act"), at Welfare & Institutions Code section 4500, et seq., contains no authority allowing DDS to penalize a regional center for a vendor's failure to follow Title 17 regulations. Welfare and Institutions Code section 4631, subdivision (b) provides that "[t]he department's contract with a regional center shall require strict accountability and reporting of all revenues and expenditures, and strict accountability and reporting as to the effectiveness of the regional center in carrying out its program and fiscal responsibilities herein." WRC's contract with DDS includes this requirement. (See Regional Center Contract Language Fiscal Year 2009-10, Article IV, Section 3). However, this language concerns a regional center's contract with DDS and does not grant DDS any authority to hold a regional center responsible for vendor actions.

Title 17 contains no authority for DDS to hold WRC responsible for the repayment of funds following audit findings by DDS against a regional center vendor. The only Title 17 provision remotely on point is found in Section 50610, subdivision (a)(3), which requires that any contract between the regional center and any service provider contain "[a] provision indicating that the service provider shall accept financial liability for any audit findings and/or recommendations disclosed by audit and promptly repay amounts owed unless appealed and liquidation is stayed pursuant to Title 17, California Code of Regulations, Section 50705." However, this section addresses the contract between the regional center and a service provider, rather than DDS and a regional center. WRC is not a service provider and nothing in this section speaks to the relationship between DDS and WRC. Accordingly, this section cannot be used by DDS to impose liability on WRC for DDS' audit findings regarding HOME.

Neither can the sections relied upon by DDS support the claim. CCR, title 17, sections 50604 and 54326, quoted above, both relate to vendor requirements, not to requirements for regional centers.

Moreover, pursuant to Section 50607, subdivision (f), HOME is an independent contractor with respect to WRC. WRC cannot and should not be held accountable for the actions of its independent contractors. "The general supervisory right to control the work so as to ensure its satisfactory completion in accordance with the terms of the contract does not make the hirer of an independent contractor liable for the latter's negligent acts in performing the details of the work." *MacDonald v. Shell Oil Co.* (1955) 44 Cal.2d 785, 789.

The contract between WRC and DDS provides that WRC "agrees to indemnify, defend and hold harmless the State, its officers, agents and employees from any and all losses accruing or resulting to any and all contractors, subcontractors, materialmen, laborers and any other person, firm or corporation furnishing or supplying work services, materials or supplies in connection with the

ENRIGHT & OCHELTREE, LLP

Edward Yan, Manager
Department of Developmental Services
Audit Branch
December 1, 2011
Page 4

performance of this contract, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Contractor in the performance of this contract.” (See Regional Center Contract Language Fiscal Year 2009-2010, at Article I, Section 1). These provisions say nothing about WRC’s liability for audit recommendations regarding a vendor’s failure to perform in accordance with Title 17 regulations. Moreover, this provision indemnifies DDS from all losses “accruing or resulting to contractors” and “from any and all claims and losses accruing or resulting to any person....” (Id.) Accordingly, this provision provides the State with indemnity from WRC for losses caused by the State or WRC to its contractors. It does not provide DDS with indemnity for losses to the State caused by contractors. Accordingly, DDS provides no authority to hold WRC responsible for losses to the State of California caused by WRC’s sub-contractors.

Additionally, the contract between WRC and DDS contains no provisions allowing DDS to hold WRC responsible for the audit findings and recommendations against HOME. The contract between WRC and DDS further provides, in relevant part, that

“[p]urchase of service funds may be used to provide grants for reasonable start-up costs associated with resource development. Contractor shall develop and maintain a policy for the disbursement of start-up monies and shall keep accounting and other records to document the use of these monies. Such policy shall include a provision for fair and equitable recoupment of start-up funds should the vendor and/or fund recipient cease to provide services to consumers after a specified period of time. This includes start-up funds to purchase real property.” (See Regional Center Contract Language Fiscal Year 2009-2010, at Article II, Section 2b).

Thus, the contract between WRC and DDS contemplates that vendors will repay start-up funds in the event that vendors cease providing services, rather than WRC.

Similarly, Article III, Section 10c of the contract between WRC and DDS requires WRC “to make a good faith effort and exhaust all reasonable methods of collection to recover all fiscal adjustments identified as a result of the Contractor’s vendor audits.” This Section provides no authority for DDS to hold WRC responsible for the findings against a vendor audit.

The Contract provides for an audit of WRC by DDS in Article IV, Section 3a, but expressly provides that the “examination and audit shall be confined to those matters connected with the performance of this contract, including but not limited to, the cost of administering this contract.” However, DDS’ audit regarding HOME had nothing to do with the performance of WRC’s contract per se; it was rather an audit of HOME, a service provider and vendor, not WRC

WRC has 2,576 providers billing for services every month. It does not have the staff to audit vendors’ billings to ensure accuracy. WRC operated pursuant to its contract with HOME on the understanding that HOME was keeping detailed records of what was billed to WRC and that those documents would be readily available when requested by WRC.

B. Three Percent Rate Reduction

ENRIGHT & OCHELTREE, LLP

Edward Yan, Manager
Department of Developmental Services
Audit Branch
December 1, 2011
Page 5

The review of the HOME's invoices revealed WRC continued to reimburse HOME at its set contract rate when a mandated three percent rate reduction had been issued by the State as of February 2009. This resulted in a total overpayment of \$15,005.13 from February 2009 through March 2010 which is included in the amount identified in Finding 1A. (See Attachment A2.)

Senate Bill No. 6, chapter 13, section 10(a), (February 20, 2009....

WRC RESPONSE:

WRC has adjusted the rate paid to the vendor to reflect the 3% reduction as well as the 1.25% additional reduction. Further, WRC is collecting this overpayment from HOME. WRC is not aware of any other vendor which is being paid an incorrect rate. Upon identification of any such overpayment, WRC shall take all appropriate action to collect it. WRC does not dispute this finding.

Finding 2: Expenses Claimed Under the Wrong Service Code

A sample review of the Early Start – Part C program revealed nine instances in which WRC applied expenses to an incorrect service code. These expenses occurred when WRC continued to provide Early Start services to consumers over three years of age, under service code 116, which is designated for consumers birth to three years of age. Rather, WRC should have used service code 115 – Specialized Therapeutic Services, for consumers aged three and over. The incorrectly coded Early Start claimed expenses were paid using both federal and state funds that were allocated for infants, birth through two years of age. As a result, the total overstated expense to Early Start is \$3,155.10. (See Attachment B.)

State Contract, article II, section 3(2)....

WRC RESPONSE:

WRC does not dispute this finding. WRC currently ends Early Start authorizations at age 3, and reissues those authorizations under the correct service code for children over 3 years of age. The nine authorizations in this finding could not be moved to the correct service code because the fiscal years have been closed for that time period (FY 07-08 & 08-09).

Finding 3: Under-Stated Claims

A sample review of 13 Transportation vendor contracts revealed, one vendor, MGH Corporation, vendor number PW0275, service code 880, was underpaid for services provided. WRC continued to reimburse MGH Corporation at an

Edward Yan, Manager
Department of Developmental Services
Audit Branch
December 1, 2011
Page 6

incorrect rate of \$6 per unit when a 10 percent rate increase was issued by DDS. This resulted in a total of \$11,412.58 underpayment to the vendor from July 2005 through April 2010. A discussion with WRC revealed that this was an oversight on its part and that this vendor rate was not adjusted after the rate increase had been issued. (See Attachment C.)

CCR, title 17, section 54326(a)(12)....

WRC RESPONSE:

WRC does not dispute this finding. Rates have been corrected and payment made to the vendor to correct the under paid amounts. Attached are copies of the checks issued.

Finding 4: Client Trust Disbursements Not Supported (Repeat)

A review of sampled Client Trust disbursements revealed WRC did not retain receipts to support money management disbursement checks that were issued to vendors for four consumers. In its prior response, WRC stated that it requires all receipts be submitted for any disbursements made out of client trust money management accounts. Further, WRC stated that it was working on developing software to keep track of these disbursements. WRC also stated that receipts are also retained by the vendors and are provided to WRC upon request. However, both WRC and the vendors could not provide receipts for these four consumers upon the request by the DDS auditors. Without supporting receipts, there is no evidence to verify that the disbursements from the client trust funds are appropriate. The unsupported money management disbursements totaled \$11,702.37. (See Attachment D.)

Social Security Handbook, chapter 16, section 1616(D)....

WRC RESPONSE:

WRC disputes this finding. When DDS auditors were on site at WRC, they did not request supporting documentation for two (2) of the consumers included in the findings: UCI ([REDACTED]) and ([REDACTED])

- a. [REDACTED] – Check copy is attached with consumer’s P&I ledger from client residence. Check was deposited in consumer’s account and used as needed.
- b. [REDACTED] – Check copy is attached. Consumer was transferred to San Gabriel Pomona Regional Center (SGPRC). The purpose of the check was to transfer the consumer’s trust

ENRIGHT & OCHELTREE, LLP

Edward Yan, Manager
Department of Developmental Services
Audit Branch
December 1, 2011
Page 7

balance from WRC to SGPRC's Trust department. No receipts are necessary when the funds are being transferred from one regional center. This does not constitute an expenditure.

c. [REDACTED] Disbursement of funds was made to sister to take consumer on a trip to Hawaii. The sister has stated that she was unable to find receipts. WRC will be sending a letter to the sister requesting that she reimburse WRC for the amounts that are not substantiated with receipts.

d. [REDACTED] Consumer was deceased on 7/23/09. The disbursement of the balance of the consumer's trust account was made to the conservator. This is in compliance with the Social Security Handbook. A letter from Social Security is attached stating that any unused funds belong to the estate and should be turned over to the legal representative. WRC performed in accordance with instructions from the Social Security Administration. No receipts are required since this was not an expenditure.

Finding 5: Targeted Case Management Time Study – Recording of Attendance

The review of the Targeted Case Management (TCM) time study revealed that for five of the 15 sampled employees, vacation and sick hours recorded on the employee timesheets did not properly reflect what was recorded on the TCM time study forms (DS 1916). The difference between the employee timesheets and the TCM time study forms were 10.5 hours. Although the difference did not have a significant impact on the TCM rate, hours recorded incorrectly in the TCM time study can affect the TCM rate billed to the Federal government.

For good business and internal control practices, vacation and sick leave should be recorded correctly on the TCM study forms (DS 1960). Time 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.

WRC RESPONSE:

WRC does not dispute this finding. WRC will review all time study forms before submitting them to DDS to ensure that all hours recorded accurately reflect what is on the employee timesheets.

In accordance with CCR, title 17, § 50730, subd. (f), WRC reserves the right to submit additional documentation within the next 30 days.

Sincerely,



Michael Danneker, Executive Director
WESTSIDE REGIONAL CENTER

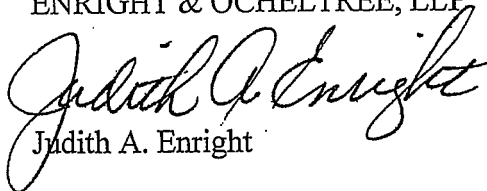
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Edward Yan, Manager
Department of Developmental Services
Audit Branch
December 1, 2011
Page 8

Authorized Representative:

Very truly yours,

ENRIGHT & OCHELTREE, LLP



Judith A. Enright