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AUDIT OF THE WESTSIDE REGIONAL CENTER FOR FISCAL YEARS 2022-23 AND 2023-24

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RESTRICTED USE

This audit report is solely for the information and use of the Department of Developmental Services (Department), the Centers of Medicare and Medicaid Services, the Department of Health Care Services, and the Regional Center. This restriction does not limit distribution of this audit report, which is a matter of public record.

EXECUTIVE SUMMARY

The Department conducted a fiscal compliance audit of Westside Regional Center (WRC) to assess compliance with the requirements set forth in the Lanterman Developmental Disabilities Services Act and Related Laws/Welfare and Institutions Code (WIC); the Home and Community-based Services (HCBS) Waiver for the Developmentally Disabled; California Code of Regulations (CCR), Title 17; Federal Office of Management and Budget (OMB) Circulars A-122 and A-133; and the contract with the Department. Overall, the audit indicated that the Regional Center maintains accounting records and supporting documentation for transactions in an organized manner.

The audit period was July 1, 2022, through June 30, 2024, with follow-up, as needed, into prior and subsequent periods. This report identifies various areas where WRC's administrative and operational controls must be strengthened. WRC has been working with different consultants to address prior and current audit issues to strengthen its administrative and operation controls. The current audit revealed WRC continues to have several findings that constitute major concerns regarding its administrative and operational controls. As a result, WRC must provide a written status update 30 days after the issuance of this final audit report and monthly every 30 days thereafter until the findings are resolved.

A follow-up review was also performed to determine whether WRC has taken corrective action to resolve the findings identified in the prior Department audit report. The results of the follow-up can be found in the Conclusions section.

Findings that need to be addressed:

Finding 1: Duplicate Payments and Overlapping Authorizations - WRC overstated claims to 47 vendors totaling \$69,714.36. WRC has taken corrective action by collecting overpayments totaling \$57,300.43 from 32 vendors. As a result, overpayments totaling \$12,413.93 remain outstanding.

WRC subsequently provided documentation indicating it has collected an additional \$11,136.76 from 11 vendors. As a result, overpayments totaling \$1,277.17 remain outstanding.

Finding 2: See findings that have been addressed and corrected on page 5.

Finding 3: Individual Trust Accounts:

- A. Individual Trust Balances Over the Resource Limit- WRC has five individual trust accounts that exceed the \$2,000 resource limit.
- B. Remaining Individual Trust Balances for Transferred Individuals - WRC has balances totaling \$13,364.48 for six individuals that were not transferred to other Regional Centers.

WRC subsequently provided documentation indicating the individual account balances have been reduced; however, five of the six individual trust accounts still have remaining account balances totaling \$14.93.

- C. Individual Trust Disbursements Not Supported - WRC could not provide documentation to support money management disbursements for four individuals totaling \$14,733.

WRC subsequently provided documentation indicating the money management disbursements for three of the four individuals are supported.

- D. Personal and Incidental (P&I) Funds Not Disbursed by the 10th of the Month - WRC did not disburse P&I funds to three individuals by the 10th of the month.

WRC subsequently provided documentation indicating the P&I payments to the three individuals were subsequently disbursed.

- E. Missing Social Security Administration (SSA) Award Letters - WRC did not retain the SSA award letters from July 2022 to December 2022 for one individual.

WRC subsequently provided the missing SSA award letters for the one individual covering July 2022 through December 2022.

Finding 4: Deceased Individuals:

- A. Remaining Individual Trust Balances - WRC has eight deceased individuals with remaining trust balances totaling \$6,887.19.

WRC subsequently provided documentation indicating the account balances for the deceased individuals have been reduced; however, three of the eight deceased individual trust accounts still have remaining account balances totaling \$2.45.

B. Missing Death Certificates - WRC has three deceased individuals that do not have death certificates on file.

WRC subsequently provided the death certificates for the three individuals.

Finding 5: Bank Reconciliations - WRC's bank reconciliation process revealed weaknesses with the timeliness of the reconciliations and record retention.

WRC subsequently provided the missing documents.

Finding 6: See findings that have been addressed and corrected on page 5

Finding 7: Credit Card Expenditures - WRC's credit card process revealed weaknesses with the enforcement of its credit card procedures.

Finding 8: Check Request Forms:

A. Missing Check Request Forms - WRC did not have check request forms for two Language Access and Cultural Competency (LACC) and Community Integration Social Rec Grant (CISRG) expenses totaling \$12,960 to verify the expenses were approved for payment.

WRC subsequently provided the two check request forms signed by the current Controller and Chief Financial Officer (CFO).

B. Missing Director of Finance Approvals - WRC's Director of Finance did not sign the check request forms for 29 Mental Health Services Act (MHSA), LACC and CISRG transactions totaling \$88,653.05 prior to payment.

WRC subsequently provided the 29 check request forms signed by the current CFO after the audit.

Finding 9: Services Provided Prior to Contract Approval - WRC paid one consultant, Kinetic Flow a total of \$84,047 prior to having a contract in place.

Finding 10: Administrative Cost Cap - WRC could not provide support documentation to ensure administrative costs did not exceed 15 percent.

Finding 11: Administrative Survey:

- A. Unsupported Salary Expenses - WRC did not provide documentation to support the salaries and wages reported on the Administrative Survey worksheets for 10 employees.
- B. Understated Administrative Expenses - WRC understated administrative expenses in the 2024 Administrative Survey a total of \$2,585,688.04.
- C. Inconclusive Equipment Purchases - WRC's purchases with value of \$5,000 or more reported on the Administrative Survey could not be verified since the capitalization listing did not reconcile with the general ledger.

Finding 12: Equipment Inventory (Repeat) -WRC continues to have weaknesses with its oversight of its equipment inventory.

WRC subsequently provided documents indicating its capitalization listing for FYs 2022-23 and 2023-24 reconciles with the general ledgers.

Finding 13: Improper Allocation of Community Placement Plan (CPP) Funds - WRC claimed CPP expenses for FYs 2022-23 and 2023-24 totaling \$207,056.63 without any CPP placements.

Finding 14: Service Coordinator Caseload Ratios:

- A. Missing Documentation - WRC did not retain source documents to ensure the reported caseloads for March 2023 were accurate.
- B. Untimely Plan of Correction - WRC did not submit their plan of correction within 60 days of being notified by the Department.

Finding 15: Unsupported Family Resource Center (FRC) Claims - WRC did not provide payroll documentation to support the FRC claims totaling \$260,494 for FYs 2022-23 and 2023-24.

Finding 16: Unsupported Family Empowerment Center (FEC) Claims and Offsets - WRC was unable to provide documentation indicating it is receiving compensation for the administrative costs for administering the FEC grant for FYs 2022-23 and 2023-24.

WRC subsequently provided documents indicating it is receiving compensation for the administrative costs for administering the FEC grant.

Finding 17: Unsupported Rental Income - WRC could not provide three sublease agreements to support the rental income received and offset to the state claims.

WRC subsequently provided documents indicating the monthly rental income was offset to the State claims.

Finding 18: Unsupported Rent Survey - WRC could not provide documentation to support the amounts reported in the rent surveys for FYs 2022-23 and 2023-24.

Finding 19: Uniform Fiscal System (UFS) Reconciliations Not Provided - WRC did not provide documentation to verify UFS reconciliations were completed for FYs 2022-23 and 2023-24.

Finding 20: Electronic Billing (E-billing) - WRC has weakness with controls over its record retention.

WRC subsequently provided the missing E-billing documents.

Findings that have been addressed and corrected:

Finding 2: Incorrect Rate Model Implementation - WRC understated claims for one vendor that did not receive a rate increase when the incremental rate adjustment was implemented in January 2023.

WRC subsequently provided documentation indicating retroactive payments were made and that the payment rate was adjusted; therefore, this issue is considered resolved.

Finding 6: Bank Signature Cards Not Updated - WRC did not amend its signature cards to remove the former Director of Finance's bank signatory authority.

WRC subsequently provided the updated signature cards; therefore, this issue is considered resolved.

BACKGROUND

The Department and Coastal Developmental Services Foundation, Inc. (CDSFI) entered into a State Contract HD199003, effective July 1, 2019, through June 30, 2026. This contract specifies that CDSFI will operate an agency known as the WRC to provide services to individuals with intellectual and developmental disabilities and their families. The contract is funded by State and Federal funds that are dependent upon the Regional Center performing certain tasks, providing services to eligible consumers, and submitting billings to the Department.

This audit was conducted from December 2, 2024, through January 23, 2025, by the Audit Services Branch of the Department.

AUTHORITY

The audit was conducted under the authority of the WIC, Section 4780.5 and the State Contract between the Department and the Regional Center.

CRITERIA

The following criteria were used for this audit:

- WIC,
- Approved Application for the HCBS Waiver for the Developmentally Disabled,
- CCR, Title 17,
- OMB Circulars A-122 and A-133, and
- The State Contract between the Department and the Regional Center, effective July 1, 2019.

VIEWS OF RESPONSIBLE OFFICIALS

The Department issued the draft audit report on July 3, 2025. The findings in the draft audit report were discussed at a formal exit conference on July 8, 2025. The views of responsible officials are included in this final audit report.

CONCLUSIONS

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

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

From our review of 17 prior Department audit findings, it has been determined that the Regional Center has taken appropriate corrective action to resolve 16 findings.

FINDINGS AND RECOMMENDATIONS

Findings that need to be addressed.

Finding 1: Duplicate Payments and Overlapping Authorizations

The review of the Operational Indicator Reports revealed 138 instances where WRC overstated claims totaling \$69,714.36 for 47 vendors. The overstated claims occurred due to duplicate payments and overlapping authorizations. WRC has taken corrective action by collecting overpayments totaling \$57,300.43 from 32 vendors. As a result, overpayments totaling \$12,413.93 remain outstanding.

WRC subsequently provided documentation indicating it has collected an additional \$11,136.76 from 11 vendors. As a result, overpayments totaling \$1,277.17 remain outstanding. Since the Department considers this issue unresolved, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved. (See Attachment A)

CCR, Title 17, Section 57300(c)(2) states:

"(c) Regional Centers shall not reimburse vendors:

(2) For services in an amount greater than the rate established pursuant to these regulations."

Recommendation:

WRC must reimburse the overstated claims totaling \$1,277.17 to the Department or provide documentation indicating these are not overstated claims. In addition, WRC must ensure its staff monitors the Operational Indicator Reports monthly for any errors that may have occurred while doing business with its vendors.

Finding 2: See findings that have been addressed and corrected on page 33.

Finding 3: Individual Trust Accounts

A. Individual Trust Balances Over the Resource Limit

The review of 25 individual trust accounts revealed five individuals with account balances exceeding \$2,000. By exceeding the resource limit, the individuals are at risk of losing SSI benefits that are used to offset the costs of residential services. Since the Department

considers this issue unresolved, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved. (See Attachment B)

Social Security Handbook, Chapter 21, Section 2113.2 states:

"In order to receive SSI benefits, you cannot own countable real or personal property (including cash) in excess of a specified amount at the beginning of each month. For an individual with an eligible or ineligible spouse, the applicable limit is one and one-half times as much as that for an individual without a spouse. These limits are set by law, and they are not subject to regular cost-of-living adjustments. But they are subject to change. The limits for January 2009 are \$2,000 for an individual and \$3,000 for a couple."

Recommendation:

WRC must provide documentation indicating the individual trust balances for the five individuals are under the resource limit.

B. Remaining Individual Trust Balances for Transferred Individuals

The review of the individual trust accounts revealed WRC had not taken action to transfer funds totaling \$13,364.48 for six individuals that transferred to other Regional Centers. These remaining trust balances should have been transferred to the individuals' respective Regional Centers and have these accounts closed.

WRC took action as of May 2025 and transferred the balances to other regional center but failed to close the individual trust accounts. This resulted in five of the six individual trust accounts accumulating interest totaling \$14.93. Therefore, the Department will consider this issue unresolved, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved. (See Attachment C)

Social Security Handbook, Section 1616 states:

"The responsibilities of a representative payee are to:

Return conserved funds to SSA when no longer serving as the beneficiary's representative payee and return any payments not due when a beneficiary has died."

Recommendation:

WRC must provide documentation indicating the individual trust balances totaling \$14.93 for the five individuals that transferred to other Regional Centers have been forwarded to the corresponding Regional Center.

C. Individual Trust Disbursements Not Supported

The review of WRC's money management disbursements revealed that WRC has not retained receipts or requested reimbursement for money management disbursement checks for the four individuals totaling \$14,733.

WRC took partial corrective action by providing documentation indicating the money management disbursements for three of the four individuals are supported. Since the Department considers this issue unresolved, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved. (See Attachment D)

Social Security Handbook, Section 1616 states:

"Keep written records of all payments received from SSA and how the payments were spent and/or saved along with receipts for shelter expenses and major purchases to prove how funds were spent and/or saved on behalf of the beneficiary."

Recommendation:

As the representative payee, WRC must ensure it retains receipts or request reimbursement for money management disbursements. Additionally, WRC must ensure all its vendors are aware that receipts to support the individual trust money management disbursements are maintained. This will ensure all money management checks disbursed by WRC to the vendors are reviewed and that the expenditures are for the individuals' benefit.

D. P&I Funds Not Disbursed by the 10th of the Month

The sampled review of 25 individual trust accounts revealed WRC did not disburse P&I funds by the 10th of each month to three individuals. There were six months of P&I funds that were not disbursed to the three individuals.

WRC provided documentation indicating the P&I payments to the three individuals were subsequently disbursed; however, the Department considers this issue unresolved until an audit can be conducted to test if processes WRC is planning to implement are working effectively. (See Attachment E)

CCR Title 17, Section 56917(c)(2) states:

"Forward the consumer's SSI/SSP payment to the residential service provider no later than the 10th day of the month following the month in which the regional center receives the consumer's SSI/SSP payment."

Recommendation:

WRC must provide documentation indicating it has developed a process to ensure P&I funds are being disbursed by the 10th of the month.

E. Missing SSA Award Letters

The review of WRC's individual trust accounts revealed the SSA award letters for July 2022 through December 2022 are missing for one individual, Unique Client Identifier 5532882.

WRC subsequently provided the missing SSA award letters for the one individual covering July 2022 through December 2022; therefore, this issue is considered resolved.

Social Security Handbook, Section 1616 states:

"Keep written records of all payments received from SSA and how the payments were spent and/or saved along with receipts for shelter expenses and major purchases to prove how funds were spent and/or saved on behalf of the beneficiary."

Recommendation:

WRC must address how it will follow the Social Security Handbook to ensure the SSA award letters are maintained to verify the individuals are receiving the correct amounts.

Finding 4: Deceased Individuals

A. Remaining Individual Trust Balances

The review of the individual trust accounts revealed WRC has not taken action to close the individual trust accounts for eight deceased individuals. The eight deceased individual accounts had remaining trust balances totaling \$6,887.19. These remaining trust balances should have been forwarded to the individual's beneficiaries or escheated to the State if unclaimed for more than three years. WRC did not state a reason for the remaining balances.

WRC subsequently provided documentation indicating trust account balances for five individuals have been resolved with three remaining accounts with balances totaling \$2.45. Since the Department considers this issue unresolved, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved. (See Attachment F)

Social Security Handbook, Section 1616 states:

"The responsibilities of a representative payee are to:

Return conserved funds to SSA when no longer serving as the beneficiary's representative payee and return any payments not due when a beneficiary has died."

Social Security Handbook, Section 1622 states:

"In the event of the beneficiary's death, conserved funds become the property of the beneficiary's estate. Rather than returning them to use, you must give them to the legal representative of deceased beneficiary's estate for disposition under State law. If no legal representative exists, you must contact the State probate court (or the State agency handling estate matters) for instructions on what to do with the remaining conserved funds."

California Code of Civil Procedure, Article 2, Section 1518(a)(1), states in part:

"All intangible personal property, including intangible personal property maintained in a deposit or account, and the income or increment on such tangible or intangible property, held in a fiduciary capacity for the benefit of another person

escheats to this state if for more than three years after it becomes payable or distributable, the owner has not done any of the following:

- (A) Increased or decreased the principal.
- (B) Accepted payment of principal or income.
- (C) Corresponded in writing concerning the property.
- (D) Otherwise indicated an interest in the property as evidenced by a memorandum or other record on file with the fiduciary."

Recommendation:

WRC must provide documentation indicating the individual trust balances for the three deceased individuals were forward to the individuals' beneficiaries or escheated to the State.

B. Missing Death Certificates

The review of the deceased individuals' files revealed WRC did not have death certificates on file for three deceased individuals with a closed case status.

WRC subsequently provided the death certificates for the three individuals; however, the Department considers this issue unresolved until it receives WRC's newly developed procedures.
(See Attachment G)

WRC Risk Management Plan Checklist for SIR Death Digital File, Item 4 & 5 states:

"4. SC Notify

Death Certificate is filed in case record. Forward a copy of Death Cert to Revenue Coordinator.

5. Death Certificate - SC or support services request by SC to initiate Death Cert Request. ID note each activity."

Recommendation:

WRC must develop procedures to ensure the case files are closed properly and in compliance with its' own procedures.

Finding 5: Bank Reconciliations

The review of six sampled months of bank reconciliations for the Operations, Client Trust, Client Funds Held in Trust, Payroll, Pre-Tax, Unemployment and Donation accounts revealed the following weaknesses:

- WRC was unable to provide the most current bank reconciliations to verify the completeness and accuracy of the reconciliations.
- WRC was unable to provide the master and subsidiary analysis statements for FYs 2022-23 and 2023-24.
- WRC was unable to provide documentation to support the deposits and withdrawals from its Donation bank account.
- WRC was unable to provide the February 2024 bank statement for the Donations account.

WRC took corrective action by providing the missing documents; however, the Department considers this issue unresolved until an audit can be conducted to ensure records are readily available and the reconciliation process is sustained.

WIC, Section 4631(b), states:

"The 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 as established herein."

Article I, Section 5 of the contract between the Department and WRC states in part:

"The Contractor shall comply with all California statutes, laws, and regulations applicable to nonprofit corporations.

Article IV, Section 3(a) of the contract between the Department and WRC states in part:

"The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget, revenues, expenditures ... "

State Administrative Manual (SAM), Reconciliations - General - 7901 states in part:

"Agencies/departments are required to perform reconciliations to ensure accuracy and consistency in their accounting records. Agencies/departments will reconcile the account balances to supporting documentation such as invoices, receipts, etc. Agencies/departments will also compare agency/department accounts with records other than those prepared by the agency/department, such as bank statements used in a bank reconciliation."

"... each agency/department is responsible for completing any reconciliation necessary to safeguard the state's assets and ensure reliable financial data.

All reconciliations will show the preparer's and reviewer's names and signatures, date prepared, and date reviewed. Reconciliations will be prepared monthly within 30 days of the preceding month, except for property reconciliations."

Recommendation:

WRC must ensure documents to support the bank reconciliations are readily available in a timely manner during the audit.

Finding 6: See findings that have been addressed and corrected on page 33.

Finding 7: Credit Card Expenditures

The review of six sampled months of credit card expenditures revealed weakness in WRC's enforcement of its' credit card processes. The review noted the following:

- Credit card statements and documentation to support the expenses for February, April, and August 2023 were not provided for all credit card holders.

- Credit card statements and documentation to support the expenses for August 2022 were not provided for three credit card holders. (See Attachment H)
- Receipts were not provided for two transactions totaling \$272.03. (See Attachment I)
- Itemized receipt was not provided for one business meal totaling \$27.30. (See Attachment I)
- Twenty-three business meal expenditures totaling \$5,772.70 did not include a description of the business purpose. WRC subsequently provided the business purpose for 10 of the 23 meal transactions; therefore, 13 business meal expenditures totaling \$2,609.73 remain without a description of the business purpose. (See Attachment J)

WRC subsequently provided the February, April, and August 2023 statements and documentation; therefore, this portion of the finding is resolved. However, other issues related to credit cards remain unresolved, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

WRC Credit Card Procedures 6(b)(3) states:

"All items purchased must be WRC business related."

"All detailed receipts must be retained and attached to the credit card statements. In the case of meals, each receipt must include the names of all persons involved in purchase, and a brief description of the business purpose of the meal."

Recommendation:

WRC must enforce its credit card procedures and reiterate to its staff the importance of maintaining documentation to support the credit card expenses. In addition, WRC must revise its credit card procedures by including consequences for the cardholders in situations in which the cardholders fail to provide itemized receipts for purchases made using the credit cards.

Finding 8: Check Request Forms

A. Missing Check Request Forms

The review of WRC's LACC and CISRG expenses revealed the check request forms for two transactions totaling \$12,960 were not provided to verify the expenses were approved for payment and assigned to the correct general ledger accounts.

WRC subsequently provided two revised check request forms signed by the Controller and Chief Financial Officer (CFO) after the audit; however, the Department still considers this issue unresolved until an audit can be conducted to verify the updated Operating Procedures are working effectively. (See Attachment K)

WRC Operation Procedures, Section 6(b) states:

"The following guidelines must be followed when processing operation checks:

The Payroll Administrator/OPS checks for required signatures and supporting documentation, assigns the appropriate GL account to the expenditure, and presents the invoices and check requests to the Director of Finance who approves them. After approval by the Director of Finance, the invoices and check requests are given to the Accounting Manager for a second level of review."

Recommendation:

WRC must follow its procedures to ensure the check request forms are maintained to verify the expenses were approved for payment and assigned to the correct general ledger accounts.

B. Missing Director of Finance Approvals

The review of WRC's MHSA, LACC and CISRG expenses revealed the Director of Finance did not sign the check request forms for 29 transactions prior to payment. The transactions totaled \$88,653.05 from September 2023 through December 2024.

WRC subsequently provided twenty-nine check request forms signed by the current CFO; however, the Department considers this issue unresolved until an audit can be conducted to verify WRC's planned processes are working effectively. (See Attachment L)

WRC Operation Procedures, Section 6(b) states:

"The following guidelines must be followed when processing operation checks:

The Payroll Administrator/OPS checks for required signatures and supporting documentation, assigns the appropriate GL account to the expenditure, and presents the invoices and check requests to the Director of Finance who approves them. After approval by the Director of Finance, the invoices and check requests are given to the Accounting Manager for a second level of review."

Recommendation:

WRC must follow its procedures to ensure the Director of Finance signs the check request forms prior to the second level of review.

Finding 9: Services Provided Prior to Contract Approval

The review of four OPS Consultant contracts revealed one consultant, Kinetic Flow, Vendor Number 7277, was reimbursed \$84,047 to assist WRC with the development of LACC projects without a signed written contract in place. WRC overlooked formalizing an agreement through a contract and the work performed by Kinetic Flow was based solely on the program design. Once WRC realized a contract was not in place with Kinetic Flow, one was executed on May 24, 2024, even though payments for services were already made from November 10, 2022, through September 1, 2023. The Department still considers this issue unresolved until an audit can be conducted to verify WRC's contracting procedures are working effectively.

WIC, Section 4620.4(b) states:

"(b) The State Department of Developmental Services shall administer an enhanced language access and cultural competency initiative for individuals with developmental disabilities, their caregivers, and their family members. The department shall require regional centers to implement this initiative through its contracts..."

Recommendation:

WRC must reiterate to its employees the importance of having written contracts in place and that approvals are obtained by the applicable parties prior to the start of services.

Finding 10: Administrative Cost Cap

The review of the operational expenses revealed that WRC did not maintain documentation to ensure administrative costs did not exceed the 15 percent administrative cost cap. WRC stated that the former Director of Finance was responsible for monitoring and retaining the administrative expense reports. However, when the Director of Finance separated from WRC, these reports could not be found. The Department considers this issue unresolved until an audit can be conducted to verify the processes. WRC stated it is planning to implement procedures to ensure processes are working effectively.

Article 111, Section 2U) of the contract between the Department and WRC states in part:

"Not more than 15 percent of all funds appropriated through Contractor's operations budget shall be spent on administrative costs."

Article IV, Section 3(a) of the contract between the Department and WRC states in part:

"Contractor shall keep records, as follows:

The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget, revenues, expenditures, and consumers served under this contract."

WIC, Section 4629.(b) states in relevant part:

"Notwithstanding any other provision of law, all contracts between the department and the regional centers shall require that not more than 15 percent of all funds appropriated through the regional center's operations budget shall be spent on administrative costs."

Recommendation:

WRC must maintain all supporting documents to verify the administrative expenses did not exceed the 15 percent administrative cost cap.

Finding 11: Administrative Survey

A. Unsupported Salary Expenses

The review of the Administrative Survey worksheets revealed the salaries and wages reported to the Department in May 2024 were not supported by source documents. WRC was unable to provide documentation for the 10 sampled employees to support salaries and wages reported to the Department.

WRC subsequently provided some payroll registers; however, the registers were not sufficient since it did not reconcile with the Administrative Survey. The Department considers this issue unresolved until an audit can be conducted to verify WRC is maintaining documentation to support the reported salaries and wages in the Administrative Survey.

Administrative Time Study Instructions for Federal Program, Section I states:

"Under the terms of the Home and Community-Based Services Waiver (Waiver) and sections of the California State Plan for Medicaid Services (State Plan), the Department of Developmental Services (DDS) obtains federal matching funds for administrative services provided by the regional center staff for various federal programs. To continue to receive federal funds, each regional center must provide actual cost information on the administrative services that support the federal programs delineated in the Waiver and the State Plan. "

Targeted Case Management Rate Study Process and Instructions Certifications states:

"The regional center shall make these records available, for a period of up to three years from the date of service for the inspection, audit, examination, or reproduction by an authorized representative of the Department or any other appropriate state or federal agency.

The regional center shall be liable for any audit disallowance resulting from the regional center's failure to maintain these records in the manner described above."

Recommendation:

WRC must follow the Administrative Survey instructions to ensure that the documentation is available to verify the employees' salaries are accurately reported.

B. Understated Administrative Expenses

The review of the Administrative Survey worksheets revealed the operating expenses reported to the Department in the May 2024 survey; Computation of Applicable Operating Expenses (Attachment B) worksheet did not reconcile to the general ledger. The operating expenses were understated by \$2,585,688.04. The Department considers this issue unresolved until an audit can be conducted to verify the Administrative Survey worksheets and general ledger reconcile. (See Attachment M)

Administrative Time Study Instructions for Federal Program, Section I states:

"Under the terms of the Home and Community-Based Services Waiver (Waiver) and sections of the California State Plan for Medicaid Services (State Plan), the Department of Developmental Services (DDS) obtains federal matching funds for administrative services provided by the regional center staff for various federal programs. To continue to receive federal funds, each regional center must provide actual cost information on the administrative services that support the federal programs delineated in the Waiver and the State Plan. "

Administrative Time Study Instructions for Federal Programs, Section B states:

"Attachment B must agree with the regional center's general ledger or be reconcilable to the general ledger for the fiscal year ending June 30, 2023."

Recommendation:

WRC must follow the Administrative Survey instructions to ensure that the operational expenses reported on the survey are reconcilable to the general ledger.

C. Inconclusive Equipment Purchases

The review of the Administrative Survey worksheets revealed the equipment purchases with a value of \$5,000 or more for the fiscal year reported to the Department in the May 2024, Equipment Purchases (Attachment C) worksheet could not be verified since WRC did not provide a capitalization listing for the corresponding year. The Department considers this issue unresolved until an audit can be conducted to verify the equipment purchases are reported properly on Attachment C.

Administrative Time Study Instructions for Federal Program, Section I states:

"Under the terms of the Home and Community-Based Services Waiver (Waiver) and sections of the California State Plan for Medicaid Services (State Plan), the Department of Developmental Services (DDS) obtains federal matching funds for administrative services provided by the regional center staff for various federal programs. To continue to receive federal funds, each regional center must provide actual cost information on the administrative services that support the federal programs delineated in the Waiver and the State Plan. "

Administrative Time Study Instructions for Federal Programs, Section II (C) states:

"Equipment purchases in excess of \$5,000 must be scheduled showing a description of asset, cost, and date of purchase."

Recommendation:

WRC must provide documentation to support equipment purchases \$5,000 and above can be traced to the general ledger. In addition, WRC must properly record equipment purchases in future survey worksheets.

Finding 12: Equipment Inventory (Repeat)

The review of the inventory process revealed WRC continues to have weaknesses with its inventory procedures. In its response to the prior audit report, WRC indicated it has taken steps to strengthen the physical inventory. In addition, it has updated its inventory procedures, invested in an inventory system, and hired a facilities manager to oversee inventory tasks. However, WRC continues to have issues with the following:

- Inventory listing included items that were not State tagged.
- Comprehensive inventory worksheets did not include all fixed assets.
- Comprehensive inventory worksheets did not have the names of inventory takers and reviewers.
- The Property Survey Report form (Std. 152) dated 7/29/2022 did not have a disposal date.
- Capitalization listing for FY 2022-23 was not provided.
- Capitalization listing for FY 2023-24 did not reconcile to the general ledger.

WRC indicated that the inventory issues are due to a lack of training.

WRC subsequently provided documentation indicating its capitalization listing for FYs 2022-23 and 2023-24 reconcile to the general ledger. However, other issues related to the equipment inventory remain unresolved, WRC must provide written updates along with supporting documentation 30 days after the issuance of this final audit report until this issue has been resolved.

Article IV, Section 4(a) of the contract between the Department and WRC states in part:

"Contractor shall comply with the State's Equipment Management System Guidelines for regional center equipment and appropriate directions and instructions which the State may prescribe as reasonably necessary for the protection of State of California property."

State's Equipment Management System Guidelines, Section III, B. Receipt of State-Owned Equipment Inventory of State-Owned Equipment states in part:

"RCs will also provide the Department of Developmental Services' (DDS) Customer Support Section (CSS) with a list of all state-owned, nonexpendable and sensitive equipment received during each calendar quarter. This information will be provided to CSS quarterly, utilizing the Equipment Acquired Under Contract form (DS 2130), or a suitable electronic alternative.

NOTE: Proper separation of duties requires that the RC employee receiving state-owned equipment not be the same person ordering the items or conducting the physical inventory."

State Equipment Management Guidelines, Section III, D. Record Keeping for State-Owned Equipment, states:

"A record of state-owned, nonexpendable equipment and sensitive equipment shall be maintained by the RC Property Custodian in a format that includes the following information: description of the equipment item, the location (e.g., RC office or room number), the state I.D. tag number, the serial number (if any), the acquisition date, and the original cost. The RC will also maintain files of all the paperwork related to the purchase, disposition, or transfer of all state-owned equipment subject to these guidelines."

State's Equipment Management Guidelines, Section III, E. Disposition of State-Owned Equipment states:

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

RCs shall work directly with their regional DGS office to properly dispose of state-owned equipment. RCs will complete a Property Survey Report (Std. 152) for all state-owned equipment subject to disposal. DGS must review and approve the Std. 152 before the equipment is actually disposed. A copy of the Std. 152 will be forwarded to CSS after the items have been disposed and all required approvals and certifications have been obtained. Another copy of the Std. 152 shall be forwarded to the RC Accounting Unit for posting. The RC will retain copies of all completed Std. 152s for audit purposes."

State's Equipment Management System Guidelines, Section III, F. Inventory of State-Owned Equipment states in part:

"The inventory will be conducted per State Administrative Manual (SAM) Section 8652."

SAM, Inventorying Property - 8652 states in part:

"Agencies/departments are responsible for developing and carrying out an inventory plan which will include:

2. Internal Control

- b. Worksheets used to take inventory will be retained for audit and will show the date of inventory and the name of the inventory taker.

Recommendation:

WRC must safeguard the equipment and conduct an inventory of all State equipment maintained at WRC. In addition, WRC must have staff who are responsible for monitoring and maintaining the equipment inventory receive appropriate training on inventory tracking, State tagging, completing the Std. 152 and capitalizing State assets. This would ensure compliance with the State contract requirements regarding State property. Furthermore, WRC must reiterate to its employees the importance of following the requirements set forth in the State Contract regarding the safeguarding of State property.

Finding 13: Improper Allocation of CPP Funds

The review of WRC's CPP expenditures revealed that WRC claimed expenses for FYs 2022-23 and 2023-24 totaling \$207,056.63 when there were no CPP placements during both fiscal years. These expenditures were allocated to CPP rather than the General Fund account.

The Department considers this issue unresolved; WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved. (See Attachment **N**)

Guidelines for Regional Center CPP **(III)(A)** states in part:

"Placement funding will be allocated based on claims associated with reconciled CPP placements that occur during each FY. As part of the POS claims review process, the Department may periodically request verification of consumers who have transitioned to the community and their associated costs."

State Contract, Exhibit E, Section 2(a) states, in relevant part:

"Contractor shall use funds allocated for the regional center's approved Community Placement Plan and Community Resource Development Plan only for the purposes allocated and in compliance with the State's Community Placement Plan and Community Resource Development Plan and Housing Guidelines."

Recommendation:

WRC must reallocate the \$207,056.63 that was incorrectly claimed under CPP to the General Fund account. This will ensure that funds are properly allocated to the correct funding source. In addition, WRC must review the CPP claims to confirm the individuals' expenditures are allocated to proper funding sources before claims are made to the Department.

Finding 14: Service Coordinator Caseload Ratios

A. Missing Documentation

The review of the service coordinator caseload ratios revealed WRC did not follow its own record retention procedures by not retaining the documentation to support the March 2023 service coordinator caseload ratios reported to the Department. WRC stated that the former Director of Finance was responsible for monitoring and retaining the service coordinator caseload ratio documentation. However, when the Director of Finance separated from WRC, the documentation could not be found.

The Department considers this issue unresolved; WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

WRC's Procedure for Caseload Ratio Survey states in part:

"The data shown on the DDS spreadsheet must be supported by the WRC reports. All of the above reports must be retained by the CFO, or designee, for audit purposes."

The Department's Service Coordinator Caseload Survey Instructions, Paragraph 5 states:

"For audit purposes, the center must maintain supporting documentation for a minimum of three years. The law requires the Department, as part of its routine auditing responsibility, to review and verify documentation used to respond to this survey."

WIC, Section 4640.6(e) states:

"In order to ensure that caseload ratios are maintained pursuant to this section, each regional center shall provide service coordinator caseload data to the department, annually for each fiscal year. The department shall verify the accuracy of the data when conducting regional center fiscal audits."

Recommendation:

WRC must ensure the staff responsible for the service coordinator caseload ratio surveys are aware that all documents are retained to support the reported caseload ratios. In addition, WRC must follow its record retention procedures to retain the service coordinator caseload ratio documentation to ensure compliance with the Department's Service Coordinator Caseload Survey Instructions and WIC.

B. Untimely Plan of Correction

The review of the service coordinator caseload ratios revealed the Department requested WRC to submit a plan of correction within 60 days on April 15, 2024; however, WRC exceeded the 60 days and submitted the plan of correction on December 12, 2024. WRC stated the plan of correction was untimely because the employee responsible for the plan of correction vacated the position.

The Department considers this issue unresolved; WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

Department Letter to Executive Director dated April 15, 2024, states:

"The Department is available to provide technical assistance with the development of the plan of correction. Please email the plan of correction within 60 days from the date of this letter to OCO@dds.ca.gov."

Recommendation:

WRC must respond to and address requests from the Department in a timely manner. In addition, WRC should cross train their employees to prevent delays in addressing requests from the Department regarding the service coordinator caseload ratios.

Finding 15: Unsupported FRC Claims

The review of six months of FRC claims revealed WRC could not provide payroll documentation for the three sampled employees to support the salaries claimed to FRC. As a result, it could not be determined if the amounts claimed to FRC from FYs 2022-23 and 2023-24 totaling \$260,494 were accurate.

WRC subsequently provided payroll registers, but a payroll breakdown was not provided to verify the FRC payroll amount claimed reconciled to the general ledger. Therefore, the Department considers this issue unresolved, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

Article II, Section 4(e)(5) of the contract between the Department and WRC states in part:

"Contractor shall maintain, in the Uniform Fiscal System (UFS) separate accountability for all federal funds expended for family resource service activities."

Article IV, Section 3(a) of the contract between the Department and WRC states in part:

"The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget, revenues, expenditures, and consumers served under this contract (hereinafter collectively called records") to the extent and in such detail as will properly reflect net costs..."

Recommendation:

WRC must provide payroll documentation to support the FRC claims or reimburse the Department \$260,494 for the unsupported claims. In addition, WRC must follow the State contract requirements and ensure documentation is retained and accessible to support the claimed amounts.

Finding 16: Unsupported FEC Claims and Offsets

The review of WRC's FEC Grant revealed WRC received funding totaling \$340,940 for FYs 2022-23 and 2023-24. However, WRC was unable to provide documentation for the expenses claimed under the FEC Grant to ensure WRC is receiving compensation for the administrative costs for

administering the grant. WRC did not provide procedures or a reason why the documents were not provided since the key individual responsible for the FEC claims was unavailable.

WRC subsequently provided FEC budgets, expenditure summaries and invoices for the audit period. However, the Department considers this issue unresolved until WRC can provide its newly developed written claiming procedures. WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

Article IV, Section 3(a) of the contract between the Department and WRC states in part:

"The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget, revenues, expenditures, and consumers served under this contract (hereinafter collectively called records") to the extent and in such detail as will properly reflect net costs..."

Recommendation:

WRC needs to develop claiming procedures to ensure staff can navigate their roles in the absence of key personnel. These procedures should include instructions on how to handle claims, including offsetting and the types of documents that should be retained.

Finding 17: Unsupported Rental Income

The review of the state claims revealed WRC receives rental income from three subleases monthly. However, WRC could not provide the three sublease agreements to support the monthly rental income received and the offset to the state claims monthly was accurate. In addition, WRC did not provide procedures or a reason why the sublease agreements and amendments were not available for review since the key individual responsible for the State claims was unavailable.

WRC subsequently provided the three sublease agreements and rent schedules indicating the monthly rental income was offset to the State claims. However, the Department considers this issue unresolved until WRC can provide its newly developed written claiming procedures. WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

Article IV, Section 3(a) of the contract between the Department and WRC states in part:

"The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget, revenues, expenditures, and consumers served under this contract (hereinafter collectively called records") to the extent and in such detail as will properly reflect net costs..."

Recommendation:

WRC needs to develop claiming procedures to ensure staff can navigate their roles in the absence of key personnel. These procedures must include instructions on how to handle claims, including offsetting and the types of documents that should be retained.

Finding 18: Unsupported Rent Survey

The review of the rent surveys for FYs 2022-23 and 2023-24 revealed WRC did not maintain documentation to support the amounts in the rent surveys reported to the Department. In addition, WRC could not provide procedures or a reason why the documents were not retained since the key individuals responsible for the surveys were unavailable.

Regional Center Rent Survey Instruction Sheet states:

"Information collected from the Rent Survey will be reviewed for inclusion in the 2023 May Revision"

The Department's Regional Center Requests for Increased Rent Funding Guidelines states:

"13. The Department will include in its regional center audit plans, a review of the substantiation for actual lease expenditures compared to rent allocations.

WIC, Section 4631(b) states:

"The 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 regional center in carrying out its program and fiscal responsibilities as established herein."

Article IV, Section 3(a) of the contract between the Department and WRC states in part:

"The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget, revenues, expenditures, and consumers served under this contract (hereinafter collectively called records") to the extent and in such detail as will properly reflect net costs..."

Recommendation:

WRC must provide documentation to support the rent surveys. In addition, WRC must develop rent survey procedures to ensure staff can navigate their roles in the absence of key personnel. These procedures should include instructions on how to complete the rent survey and the types of documents that should be retained.

Finding 19: UFS Reconciliations Not Provided

The review of the UFS reconciliations revealed WRC did not provide documentation to verify UFS reconciliations were completed for FYs 2022-23 and 2023-24. In addition, WRC did not provide procedures or a reason why the documents were not provided since the key individual responsible for completing UFS reconciliations was unavailable.

WRC subsequently provided the UFS Reconciliations; however, the corresponding documentation to support the reported UFS Reconciliation amounts were not provided along with written reconciliation procedures. Therefore, the Department considers this issue unresolved until WRC provides documentation to support the reported UFS Reconciliation amounts and written reconciliation procedures. WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

The Department's Instructions and Guidelines for Calendar Month-End Reconciliation states:

"Reconciliation should be done monthly and not just at year end."

WIC, Section 4631(b), states:

"The 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 as established herein."

Article I, Section 5 of the contract between the Department and WRC states in part:

"The Contractor shall comply with all California statutes, laws, and regulations applicable to nonprofit corporations."

Article IV, Section 3(a) of the contract between the Department and WRC states in part:

"The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget, revenues, expenditures, and consumers served under this contract (hereinafter collectively called records") to the extent and in such detail as will properly reflect net costs..."

SAM, Reconciliations - General - 7901 states in part:

"Agencies/departments are required to perform reconciliations to ensure accuracy and consistency in their accounting records. Agencies/departments will reconcile the account balances to supporting documentation such as invoices, receipts, etc. Agencies/departments will also compare agency/department accounts with records other than those prepared by the agency/department, such as bank statements used in a bank reconciliation."

"... each agency/department is responsible for completing any reconciliation necessary to safeguard the state's assets and ensure reliable financial data.

Recommendation:

WRC must provide the UFS Reconciliations and documentation to support the amounts. In addition, WRC must develop reconciliation procedures to ensure staff can navigate their roles in the absence of key personnel. These procedures should include instructions on how to complete the reconciliations and the types of documents that should be retained.

Finding 20: E-billing

The review of 12 E-billing vendors' files revealed a weakness with WRC's controls over its record retention. The enrollment forms for five vendors could not be located, electronic fund transfer remittance advices for four pay periods could not be located, a listing of the terminated vendors for

the audit period was not provided and procedures were not provided. WRC stated the former accountant was responsible for overseeing the E-billing. However, when the former accountant separated from WRC, the documentation could not be found. (See Attachment 0)

WRC subsequently provided the missing documentation; however, the Department will consider this issue unresolved until it can verify WRC's procedures have been updated and are working effectively.

E-billing Web Application User Manual states:

"A copy of the entire provider enrollment form must be kept on file at the regional center. Copies may be made if necessary."

Recommendation:

WRC must develop E-billing procedures to ensure staff can navigate their roles in the absence of key personnel. These procedures should include instructions on how to enroll new vendors and the types of documents that should be retained.

Findings that have been addressed and corrected:

Finding 2: Incorrect Rate Model Implementation

The review of the Rate Reform Model implementation revealed one WRC vendor, GE 4 ME, LLC, Vendor Number PW7481, provided Supported Living Services, Service Code 896, but did not receive a rate increase when the 25 percent incremental rate adjustment was implemented in January 2023. This occurred due to an oversight on WRC's part for not updating the vendor's rate.

WRC subsequently provided documentation indicating retroactive payments were made and that the payment rate was adjusted.

WIC, Section 4519.10(c)(1)(A) and (B) states:

"(c)(1)(A) Commencing April 1, 2022, the department shall implement a rate increase for service providers that equals one-quarter of the difference between current rates and the fully funded rate model for each provider.

(B) Commencing January 1, 2023, and continuing through the 2023-24 fiscal year, the department shall adjust rates to equal one-half of the difference between rates in effect March 31, 2022, and the fully funded rate model

for each provider, and additional funding shall be available for the quality incentive program described in subdivision (e)."

Recommendation:

WRC must apply the appropriate reform rates to ensure vendors are paid correctly.

Finding 6: Bank Signature Cards Not Updated

The review of the bank signature cards revealed that WRC did not amend its bank signature cards to remove the former Director of Finance's bank signatory authority. WRC stated the signature cards were not updated because the Director of Finance position was still vacant.

WRC subsequently provided the updated signature cards; therefore, this issue is considered resolved.

Article III, Section 3(f) of the contract between the Department and WRC states in part:

"All bank accounts and any investment vehicles containing funds from this contract and used for regional center operations, employee salaries and benefits or for consumers' services and supports, shall be in the name of the State and Contractor."

Article III, Section 3(g) of the contract between the Department and WRC states in part:

"For the bank accounts above referenced, there shall be prepared three (3) alternative signature cards with riders attached to each indicating their use."

Recommendation:

WRC must ensure signature cards are updated whenever a signatory leaves their position or when the board installs new officers.

EVALUATION OF RESPONSE

As part of the audit report process, the Regional Center was provided with a draft audit report and requested to provide a response to the findings. Its response is provided as Appendix B. The Department's Audit Services Branch has evaluated the response and will confirm the appropriate corrective actions have been taken during the next scheduled audit, unless otherwise described.

Findings that need to be addressed:

Finding 1: Duplicate Payments and Overlapping Authorizations

WRC stated it took corrective action to resolve the remaining overpayments to the 15 vendors totaling \$12,413.93 by issuing demand letters, offsetting payments and collecting checks from the vendors. However, the Department's review of the documentation provided by WRC indicated \$11,136.76 in overpayments were resolved and has an outstanding balance of \$1,277.17. WRC provided a spreadsheet stating the remaining \$1,277.17 were not overpayments; but, did not provide copies of the authorizations and individual program plans to support its stance. Therefore, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

Finding 2: Incorrect Rate Model Implementation

This finding is resolved. See the findings that have been addressed and corrected section below.

Finding 3: Individual Trust Accounts

A. Individual Trust Balances Over the Resource Limit

WRC stated it analyzed the five individual trust accounts and is currently working with the service coordinators to reduce the account balances. In addition, WRC stated it is updating its processes to proactively monitor and manage the individuals' trust account balances. Since WRC is updating its processes, the Department will consider this issue unresolved. Therefore, WRC must provide a written status update of its processes along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

B. Remaining Individual Trust Balances for Transferred Individuals

WRC stated it has resolved the remaining individual trust balances for the transferred individuals and provided documentation indicating that as of May 2025 all six accounts had zero balances. However, further analysis revealed five of the six individual trust accounts still have remaining account balances totaling \$14.93. Since this issue remains unresolved, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

C. Individual Trust Disbursements Not Supported

WRC stated it is trying to resolve this issue. WRC provided receipts and deposit confirmations from California Achieving a Better Life Experience (CalABLE) indicating the money management disbursements from three individual accounts totaling \$11,533 are supported.

For the remaining individual, WRC provided receipts showing how the funds were spent and a copy of a check it received from the residential care facility for the unused funds totaling \$3,000. WRC stated it is currently corresponding with CalABLE to disburse the \$3,000. Since there are funds that still need to be disbursed, the Department will consider this issue unresolved. Therefore, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

D. P&I Funds Not Disbursed by the 10th of the Month

WRC stated it conducted an internal audit for the audit period and determined the late payments were primarily due to authorization maintenance issues. In addition, WRC indicated it plans to implement a process to prioritize timely processing of P&I authorizations to prevent delays. The Department considers this issue unresolved until an audit can be conducted to test if processes WRC is planning to implement are working effectively.

E. Missing SSA Award Letter

WRC provided the missing SSA award letters for the one individual covering July 2022 through December 2022; therefore, this issue is considered resolved.

Finding 4: Deceased Individuals

A. Remaining Individual Trust Balances

WRC provided documentation and stated it will strengthen its procedures to ensure that funds are remitted timely to the individuals' beneficiaries or escheated to the State. Additionally, WRC stated it has resolved the remaining individual trust balances for the eight deceased individuals by remitting the funds to the Social Security Administration (SSA) and by closing the corresponding trust accounts.

In addition, the Department reviewed the documentation and agrees payments were made to the next of kin and SSA for one individual. However, further analysis revealed three of the eight individual trust accounts continued to accumulate interest for a total of \$2.45 since WRC did not close the Individual trust accounts. Since this issue remains unresolved, WRC must provide a written procedures along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter indicating that the deceased individual accounts are closed and no interest continues to be disbursed in these accounts.

B. Missing Death Certificates

WRC provided the death certificate for one individual with its response to the draft report and subsequently sent the remaining two death certificates once it received them from the California Department of Public Health Vital Records. Additionally, WRC stated it will develop procedures to ensure death certificates are obtained promptly and case files are closed in a timely manner. The Department considers this issue unresolved until it receives WRC's newly developed procedures 30 days after the issuance of the final report.

Finding 5: Bank Reconciliations

WRC stated it acknowledges the importance of timely bank reconciliations and stated it hired new accounting personnel and has enhanced staff training to ensure sustainable reconciliation process. Further review revealed WRC provided all missing documents; however, the Department considers this issue unresolved until an audit can be conducted to ensure records are readily available and the reconciliation process is sustained.

Finding 6: Bank Signature Cards Not Updated

This finding is resolved. See the findings that have been addressed and corrected section below.

Finding 7: Credit Card Expenditures

In its response, WRC stated it will strengthen its internal controls to ensure full compliance with its credit card policy. As part of its corrective action WRC reduced the number of cardholders and plans to update processes including mandatory submission of itemized receipts and business purpose documentation for all credit card transactions. In addition, WRC started to reinforce accountability and ensure transparency in the use of agency funds, and indicated regular training will be provided and consequences will be enforced for noncompliance.

The Department review noted the following:

- WRC provided credit card statements and supporting documentation for February, April and August 2023. However, one employee is missing a credit card statement and supporting documentation for April 2023 and one employee is missing supporting documentation to support expenses from April 2023 totaling \$3,275.19.
- WRC did not provide credit card statements and documentation for August 2022 to support the expenses for three credit card holders.
- The documents provided to support the expenses from Pavillions totaling \$272.03 were not sufficient since receipts detailing the items purchased were not provided.
- One itemized receipt for a CPK meal transaction totaling \$27.30 is still missing
- WRC provided documentation indicating 10 expenditures totaling \$3,162.97 included a description of the business purpose. However, business descriptions for meal expenditures totaling \$2,609.73 were not provided.

Since issues related to the credit card remain unresolved, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

Finding 8: Check Request Forms

A. Missing Check Request Forms

WRC provided two check request forms totaling \$12,960 and plans to update its Operating Procedures to streamline the payment approval process is efficient when key employees are absent. In addition, WRC indicated it plans to implement a tracking process to verify that required check documentation is complete and approved prior to payment.

The Department verified the two check request forms provided and noted they were retroactively signed by the Controller and Chief Financial Officer (CFO) after the audit. However, the Department still considers this issue unresolved until an audit can be conducted to verify the updated Operating Procedures are working effectively.

B. Missing Director of Finance Approvals

WRC provided documentation for twenty-nine check request forms and acknowledged their payment approval procedures were not consistently followed. WRC stated it plans to resolve this issue by updating its Operating Procedure to streamline the payment approval process and ensure that required check documentation is complete and approved by the Director of Finance prior to payment.

The Department verified the twenty-nine check request forms provided were retroactively signed by the current CFO after the audit. However, the Department still considers this issue unresolved until an audit can be conducted to verify WRC's planned updated operating procedures followed and working effectively.

Finding 9: Services Provided Prior to Contract Approval

WRC acknowledges that services were initiated prior to executing a written contract with Kinetic Flow and stated it will train/reinforce to its staff that services cannot begin until a written contract has been executed, with all necessary approvals. Additionally, WRC indicated this procedure will be included in their internal contract management guidelines to prevent this issue from reoccurring. However, the Department still considers this issue unresolved until an audit can be conducted to verify WRC's procedures included in the contract management guidelines are working effectively.

Finding 10: Administrative Cost Cap

WRC stated it is establishing a process to ensure its administrative costs do not exceed 15 percent and that all supporting documents will be maintained. Furthermore, WRC agrees with the Department's recommendation to not rely on one individual to ensure compliance with the 15 percent administrative cost cap requirement. In addition, WRC stated it complied with the requirement during the audit period but did not provide documentation to support its stance. Therefore, the Department considers this issue unresolved until an audit can be conducted to verify WRC's planned processes are working effectively.

Finding 11: Administrative Survey

A. Unsupported Salary Expenses

WRC provided some payroll registers; however, the documents provided did not reconcile with the Administrative Survey. In addition, WRC stated it will follow the instructions provided in the Administrative Survey to ensure the reported salaries are supported, and employees are trained to maintain data required by the auditors. However, the Department considers this issue unresolved until an audit can be conducted to verify WRC is maintaining documentation to support the reported salaries and wages in the Administrative Survey.

B. Understated Administrative Expenses

WRC stated it will implement procedures to verify the Administrative Survey worksheets and general ledger reconcile prior to submission. The Department considers this issue unresolved until an audit can be conducted to verify the Administrative Survey worksheets and general ledger reconcile.

C. Inconclusive Equipment Purchases

WRC did not provide a response to the finding; therefore, the Department considers this issue unresolved until an audit can be conducted to verify the accuracy of equipment purchases reported to the Department.

Finding 12: Equipment Inventory (Repeat)

WRC stated it will follow the State's Equipment Management Guidelines and will ensure that the Std 152 Forms are submitted on time and are accurate. Additionally, WRC stated it took the following actions to resolve the issues:

- Removed non state tagged items from the inventory listing, tagged monitors, corrected its comprehensive inventory worksheets and added the names of the inventory takers and reviewers. However, WRC did not provide its revised comprehensive inventory worksheets to verify these actions were taken.
- Provided documentation indicating its capitalization listing for FYs 2022-23 and 2023-24 have been reconciled; therefore, the Department considers this portion of the finding resolved.

However, since other portions of the finding concerning compliance with the State contract are unresolved, the Department will conduct an audit to ensure state equipment guidelines are being followed. In addition, WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

Finding 13: Improper Allocation of CPP Funds

WRC stated it understands CPP claims for purchase of service can only be made during the fiscal year in which an individual receiving services has moved into community placement. Additionally, WRC stated it is currently reviewing the CPP expenditures for the audit period to determine the appropriate allocation of costs. Since WRC is still reviewing CPP expenditures and documentation was not provided, the Department considers this issue unresolved. WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

Finding 14: Service Coordinator Caseload Ratios

WRC stated it provided missing caseload ratio documentation, has developed procedures to respond to the Department timely and trained backup staff to cover responsibilities during staff absences. However, the documents provided correspond to March 2024 instead of March 2023. Therefore, the Department still considers this issue unresolved.

WRC also acknowledged that the caseload ratio plan of correction was not submitted timely during the audit period. WRC indicated the March 2025 service coordinator caseloads survey and plan of correction were submitted to the Department on time. However, this documentation was not provided with their response to the draft audit report for the Department to validate these documents were provided timely. Therefore, the Department considers this issue unresolved. WRC must provide a written status update along with supporting documentation 30 days after

the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

Finding 15: Unsupported FRC Claims

The Department reviewed the payroll register provided; however, WRC did not provide a payroll breakdown to verify the FRC payroll amount claimed reconciled to the general ledger. WRC stated that going forward it will ensure that appropriate staff have been trained and given access to retrieve the necessary audit documentation. Therefore, the Department considers this issue unresolved, and will conduct an audit to verify WRC has payroll documentation to verify the FRC payroll amounts claimed are supported and reconcile to the general ledger.

Finding 16: Unsupported FEC Claims and Offsets

WRC provided FEC budgets, expenditure summaries and invoices for the audit period and stated it is developing procedures which will include instructions for processing claims, offsets and record retention. Additionally, WRC stated backup staff will be trained to ensure the claiming process can be performed in the absence of key personnel. Therefore the Department will consider this issue unresolved until WRC can provide its newly developed written claiming procedures. WRC must provide a written status update along with supporting documentation 30 days after the issuance of this final audit report and monthly every 30 days thereafter until this finding is resolved.

Finding 17: Unsupported Rental Income

WRC stated it resolved this finding and plans to develop a process to ensure documentation is provided to auditors even when key staff is not available. WRC provided the three sublease agreements and rent schedules indicating the monthly rental income was offset to the State claims. Therefore, the Department considers this issue resolved.

Finding 18: Unsupported Rent Survey

WRC stated it will train staff, retain records and develop formal procedures for completing the rent survey. The Department still considers this issue unresolved until an audit can be conducted to verify WRC's formal procedures are working effectively.

Finding 19: UFS Reconciliations Not Provided

WRC provided documentation and stated it is developing written procedures for completing the UFS reconciliations. Additionally, WRC stated staff will be trained to ensure the UFS Reconciliations can be performed in the absence of key personnel.

In addition, WRC provided UFS Reconciliations for the Department's review; however, the corresponding reports to support the UFS Reconciliation amounts were not provided. Therefore, the Department considers this issue unresolved until an audit can be conducted to verify WRC's UFS Reconciliation procedures are working effectively.

Finding 20: E-Billing

WRC provided missing documentation and stated it will update its procedures to ensure that all records are filed in the correct location. However, the Department will consider this issue unresolved until it can verify WRC's procedures have been updated and are working effectively.

Findings that have been addressed and corrected

Finding 2: Incorrect Rate Model Implementation

WRC provided documentation indicating retroactive payments were made and that the payment rate was adjusted. The Department concurs with WRC that the vendor number utilized in the draft report is incorrect and has been revised to PW7481. Therefore, the Department considers this issue resolved.

Finding 6: Bank Signature Cards not Updated

WRC stated signature cards will be updated immediately whenever a signatory leaves their position or when the board installs new officers. In addition, WRC provided documentation indicating that the signature cards for both WRC and the Department have been updated; therefore, the Department considers this issue resolved.

Westside Regional Center
Duplicate Payments and Overlapping Authorizations
Fiscal Years 2022-23 and 2023-24

No.	Unique Client Identification Number	Vendor Number	Service Code	Authorization Number	Service Month	Purchase of Service	Correct Amount	Overpayment	Amount Corrected	Corrections Per Draft Response	Outstanding Balance
Overpayments Due to Duplicate Payment on Same Authorizations (Indicator 4)											
1	4839304	HW0321	862	24579762	08/23	\$1,033.62	\$526.26	\$507.36	\$507.36	\$0.00	\$0.00
2	7426590	PW5805	62	23517527	05/23	\$1,508.50	\$1,491.00	\$17.50	\$17.50	\$0.00	\$0.00
3	7425163	PW5817	28	23423865	09/22	\$3,820.12	\$1,865.64	\$1,954.48	\$0.00	\$1,954.48	\$0.00
4	7696374	PW5805	62	23528460	01/23	\$3,279.00	\$2,982.00	\$297.00	\$297.00	\$0.00	\$0.00
5	7696374	PW5805	62	23528460	03/23	\$3,017.00	\$2,982.00	\$35.00	\$35.00	\$0.00	\$0.00
6	5716394	PW5805	62	23491094	01/23	\$2,754.36	\$2,504.88	\$249.48	\$249.48	\$0.00	\$0.00
7	5716394	PW5805	62	23491094	02/23	\$2,533.99	\$2,504.88	\$29.11	\$29.11	\$0.00	\$0.00
8	5716394	PW5805	62	23491094	05/23	\$2,533.99	\$2,504.88	\$29.11	\$29.11	\$0.00	\$0.00
9	6057365	PW8442	24	23573374	04/23	\$250.00	\$125.00	\$125.00	\$0.00	\$125.00	\$0.00
10	7634745	PW5805	62	23569290	05/23	\$2,352.36	\$2,325.96	\$26.40	\$26.40	\$0.00	\$0.00
11	7699638	PW5805	62	23488259	01/23	\$4,525.02	\$4,115.16	\$409.86	\$409.86	\$0.00	\$0.00
12	7699638	PW5805	62	23488259	03/23	\$4,163.46	\$4,115.16	\$48.30	\$48.30	\$0.00	\$0.00
13	7699638	PW5805	62	23488259	04/23	\$4,163.46	\$4,115.16	\$48.30	\$48.30	\$0.00	\$0.00
14	7699099	PW5805	62	23543089	01/23	\$2,630.41	\$2,504.88	\$125.53	\$125.53	\$0.00	\$0.00
15	7699099	PW5805	62	23543089	03/23	\$2,534.28	\$2,504.88	\$29.40	\$29.40	\$0.00	\$0.00
16	7699099	PW5805	62	23543089	04/23	\$2,534.28	\$2,504.88	\$29.40	\$29.40	\$0.00	\$0.00
17	7693007	PW5805	62	23396182	01/23	\$5,902.20	\$5,367.60	\$534.60	\$534.60	\$0.00	\$0.00
18	7693007	PW5805	62	23396182	03/23	\$5,430.60	\$5,367.60	\$63.00	\$63.00	\$0.00	\$0.00
19	7693007	PW5805	62	23396182	04/23	\$5,430.60	\$5,367.60	\$63.00	\$63.00	\$0.00	\$0.00
20	7615594	PH1418	62	23562372	05/23	\$4,788.60	\$4,199.34	\$589.26	\$589.26	\$0.00	\$0.00
21	7697380	PW5805	62	23532890	01/23	\$2,623.20	\$2,385.60	\$237.60	\$237.60	\$0.00	\$0.00
22	7697380	PW5805	62	23532890	02/23	\$2,413.60	\$2,385.60	\$28.00	\$28.00	\$0.00	\$0.00
23	7697380	PW5805	62	23532890	03/23	\$2,413.60	\$2,385.60	\$28.00	\$28.00	\$0.00	\$0.00
24	7697380	PW5805	62	23532890	04/23	\$2,413.31	\$2,385.60	\$27.71	\$27.71	\$0.00	\$0.00
25	7697380	PW5805	62	23532890	05/23	\$2,413.60	\$2,385.60	\$28.00	\$28.00	\$0.00	\$0.00
26	7614657	PW5805	62	23514679	01/23	\$3,279.00	\$2,982.00	\$297.00	\$297.00	\$0.00	\$0.00
27	7614657	PW5805	62	23514679	02/23	\$3,014.90	\$2,982.00	\$32.90	\$32.90	\$0.00	\$0.00
28	7614657	PW5805	62	23514679	03/23	\$3,017.00	\$2,982.00	\$35.00	\$35.00	\$0.00	\$0.00

Westside Regional Center
Duplicate Payments and Overlapping Authorizations
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Unique Client No.	Identification Number	Vendor Number	Service Code	Authorization Number	Service Month	Purchase of Service	Correct Amount	Overpayment	Amount Corrected	Corrections Per Draft Response	Outstanding Balance
29	7614657	PW5805	62	23514679	04/23	\$3,017.00	\$2,982.00	\$35.00	\$35.00	\$0.00	\$0.00
30	7614657	PW5805	62	23514679	05/23	\$3,017.00	\$2,982.00	\$35.00	\$35.00	\$0.00	\$0.00
31	7697490	PW5805	62	23492486	01/23	\$2,754.36	\$2,504.88	\$249.48	\$249.48	\$0.00	\$0.00
32	7697490	PW5805	62	23492486	02/23	\$2,532.77	\$2,504.88	\$27.89	\$27.89	\$0.00	\$0.00
33	7697490	PW5805	62	23492486	03/23	\$2,563.68	\$2,504.88	\$58.80	\$58.80	\$0.00	\$0.00
34	7697490	PW5805	62	23492486	04/23	\$2,534.28	\$2,504.88	\$29.40	\$29.40	\$0.00	\$0.00
35	7697490	PW5805	62	23492486	05/23	\$2,534.28	\$2,504.88	\$29.40	\$29.40	\$0.00	\$0.00
36	1928191	PW5805	62	23461776	01/23	\$4,458.78	\$4,055.52	\$403.26	\$403.26	\$0.00	\$0.00
37	1928191	PW5805	62	23461776	03/23	\$4,103.12	\$4,055.52	\$47.60	\$47.60	\$0.00	\$0.00
38	1928191	PW5805	62	23461776	04/23	\$4,102.22	\$4,055.52	\$46.70	\$46.70	\$0.00	\$0.00
39	1928191	PW5805	62	23461776	05/23	\$4,102.83	\$4,055.52	\$47.31	\$47.31	\$0.00	\$0.00
40	7613262	PW5805	62	23420383	01/23	\$2,754.36	\$2,504.88	\$249.48	\$249.48	\$0.00	\$0.00
41	7613262	PW5805	62	23420383	02/23	\$2,534.28	\$2,504.88	\$29.40	\$29.40	\$0.00	\$0.00
42	7613262	PW5805	62	23420383	03/23	\$2,534.28	\$2,504.88	\$29.40	\$29.40	\$0.00	\$0.00
43	7613262	PW5805	62	23420383	04/23	\$2,534.28	\$2,504.88	\$29.40	\$29.40	\$0.00	\$0.00
44	7613262	PW5805	62	23420383	05/23	\$2,534.28	\$2,504.88	\$29.40	\$29.40	\$0.00	\$0.00
45	7494880	PW5805	62	23540910	01/23	\$2,623.20	\$2,385.60	\$237.60	\$237.60	\$0.00	\$0.00
46	7494880	PW5805	62	23540910	02/23	\$2,413.60	\$2,385.60	\$28.00	\$28.00	\$0.00	\$0.00
47	5697396	VW3335	410	23294663	06/23	\$210.00	\$105.00	\$105.00	\$105.00	\$0.00	\$0.00
48	7693076	PW5805	62	23546558	01/23	\$5,572.99	\$5,069.40	\$503.59	\$503.59	\$0.00	\$0.00
49	7693076	PW5805	62	23546558	02/23	\$5,127.70	\$5,069.40	\$58.30	\$58.30	\$0.00	\$0.00
50	7693076	PW5805	62	23546558	03/23	\$5,128.90	\$5,069.40	\$59.50	\$59.50	\$0.00	\$0.00
51	7693076	PW5805	62	23546558	04/23	\$5,126.80	\$5,069.40	\$57.40	\$57.40	\$0.00	\$0.00
52	7693076	PW5805	62	23546558	05/23	\$5,127.39	\$5,069.40	\$57.99	\$57.99	\$0.00	\$0.00
53	7697151	PW5805	62	23526101	01/23	\$2,753.37	\$2,504.88	\$248.49	\$248.49	\$0.00	\$0.00
54	7628836	PW5817	28	23460943	10/22	\$1,321.05	\$613.44	\$707.61	\$0.00	\$707.61	\$0.00
55	7632039	HX0470	896	23538934	01/23	\$3,057.77	\$2,585.14	\$472.63	\$0.00	\$472.63	\$0.00
56	7632039	HX0470	896	23538934	02/23	\$2,825.71	\$2,585.14	\$240.57	\$0.00	\$240.57	\$0.00
57	7632039	HX0470	896	23538934	03/23	\$3,057.77	\$2,585.14	\$472.63	\$0.00	\$472.63	\$0.00

**Westside Regional Center
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Unique Client No.	Identification Number	Vendor Number	Service Code	Authorization Number	Service Month	Purchase of Service	Correct Amount	Overpayment	Amount Corrected	Corrections Per Draft Response	Outstanding Balance
58	7632039	HX0470	896	23538934	04/23	\$3,057.77	\$2,585.14	\$472.63	\$0.00	\$472.63	\$0.00
59	6632209	PW5790	896	23539108	01/23	\$2,336.57	\$2,130.86	\$205.71	\$0.00	\$205.71	\$0.00
60	6632209	PW5790	896	23539108	02/23	\$2,336.57	\$2,130.86	\$205.71	\$0.00	\$205.71	\$0.00
61	6632209	PW5790	896	23539108	03/23	\$2,336.57	\$2,130.86	\$205.71	\$0.00	\$205.71	\$0.00
62	5041801	PW8311	8	23549323	07/22	\$600.00	\$375.00	\$225.00	\$225.00	\$0.00	\$0.00
63	5041801	PW8311	8	23549323	08/22	\$450.00	\$375.00	\$75.00	\$75.00	\$0.00	\$0.00
64	5041801	PW8311	8	23549323	09/22	\$750.00	\$375.00	\$375.00	\$375.00	\$0.00	\$0.00
65	5017959	HX0512	896	23530902	10/22	\$13,335.00	\$6,667.50	\$6,667.50	\$6,667.50	\$0.00	\$0.00
66	7699552	PW8151	316	24544865	07/23	\$1,680.00	\$840.00	\$840.00	\$840.00	\$0.00	\$0.00
67	7652305	PH2415	56	24589929	09/23	\$653.76	\$326.88	\$326.88	\$0.00	\$326.88	\$0.00
68	7601546	H17065	627	23528174	09/22	\$221.06	\$111.54	\$109.52	\$0.00	\$109.52	\$0.00
69	5448758	HX0512	896	23547377	02/23	\$10,055.07	\$9,983.71	\$71.36	\$71.36	\$0.00	\$0.00
70	5448758	HX0512	896	23547377	03/23	\$10,055.07	\$9,983.71	\$71.36	\$71.36	\$0.00	\$0.00
71	5448758	HX0512	896	23547377	04/23	\$10,055.07	\$9,983.71	\$71.36	\$71.36	\$0.00	\$0.00
72	5448758	HX0512	896	23547377	05/23	\$10,055.07	\$9,983.71	\$71.36	\$71.36	\$0.00	\$0.00
73	5448758	HX0512	896	23547377	06/23	\$10,055.07	\$9,983.71	\$71.36	\$71.36	\$0.00	\$0.00
74	7640796	HX0470	896	23544162	01/23	\$1,761.97	\$1,532.40	\$229.57	\$0.00	\$229.57	\$0.00
75	7640796	HX0470	896	23544162	02/23	\$1,761.97	\$1,532.40	\$229.57	\$0.00	\$229.57	\$0.00
76	7640796	HX0470	896	23544162	03/23	\$1,761.97	\$1,532.40	\$229.57	\$0.00	\$229.57	\$0.00
77	7640796	HX0470	896	23544162	04/23	\$1,761.97	\$1,532.40	\$229.57	\$0.00	\$229.57	\$0.00
78	7696575	PW8260	890	23542560	03/23	\$267.80	\$236.90	\$30.90	\$0.00	\$30.90	\$0.00
79	7652310	PH2415	56	24589931	09/23	\$653.76	\$326.88	\$326.88	\$0.00	\$326.88	\$0.00
80	7645311	PW8151	316	24553018	07/23	\$1,200.00	\$600.00	\$600.00	\$600.00	\$0.00	\$0.00
81	7605406	HW0623	915	23524112	07/22	\$5,992.80	\$5,860.40	\$132.40	\$132.40	\$0.00	\$0.00
82	7601269	HW0678	915	23426142	04/23	\$11,909.45	\$11,719.45	\$190.00	\$190.00	\$0.00	\$0.00
83	6052047	PW8151	316	24550392	07/23	\$1,680.00	\$840.00	\$840.00	\$840.00	\$0.00	\$0.00
84	7638510	HW0761	915	23542087	01/23	\$6,853.45	\$6,754.45	\$99.00	\$0.00	\$99.00	\$0.00
85	7631001	HX0512	896	23544886	10/22	\$15,824.20	\$11,828.83	\$3,995.37	\$3,995.37	\$0.00	\$0.00
86	7640846	PW8151	316	24542168	07/23	\$1,680.00	\$840.00	\$840.00	\$840.00	\$0.00	\$0.00

**Westside Regional Center
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Unique Client No. Identification Number	Vendor Number	Service Code	Authorization Number	Service Month	Purchase of Service	Correct Amount	Overpayment	Amount Corrected	Corrections Per Draft Response	Outstanding Balance	
87	7638186	PW8151	316	24570534	07/23	\$1,680.00	\$840.00	\$840.00	\$840.00	\$0.00	\$0.00
88	7697095	PW8151	316	24549604	07/23	\$1,680.00	\$840.00	\$840.00	\$840.00	\$0.00	\$0.00
89	7626839	PW8386	8	23562105	06/23	\$300.00	\$187.50	\$112.50	\$112.50	\$0.00	\$0.00
90	1923457	PW7480	896	23536326	10/22	\$1,557.26	\$778.63	\$778.63	\$778.63	\$0.00	\$0.00
91	7601187	PW5790	896	23547325	01/23	\$3,639.63	\$3,306.11	\$333.52	\$0.00	\$333.52	\$0.00
92	7621635	PL2131	315	23564080	05/23	\$410.00	\$230.00	\$180.00	\$180.00	\$0.00	\$0.00
93	7623808	PW5817	28	23490134	11/22	\$5,212.20	\$2,606.10	\$2,606.10	\$0.00	\$2,606.10	\$0.00
94	7652298	PH2415	56	24589911	09/23	\$653.76	\$326.88	\$326.88	\$0.00	\$326.88	\$0.00
95	7652354	PH2415	56	24589914	09/23	\$653.76	\$326.88	\$326.88	\$0.00	\$326.88	\$0.00
96	7612480	PW2105	110	24555969	12/23	\$3,793.86	\$3,079.65	\$714.21	\$714.21	\$0.00	\$0.00
97	7600477	PY1678	317	23543435	12/22	\$300.00	\$150.00	\$150.00	\$150.00	\$0.00	\$0.00
98	7619536	PD4210	896	23567096	03/23	\$1,644.00	\$986.00	\$658.00	\$658.00	\$0.00	\$0.00
99	7652306	PH2415	56	24589913	09/23	\$653.76	\$326.88	\$326.88	\$0.00	\$326.88	\$0.00
100	7632120	HX0512	896	23544175	10/22	\$6,257.68	\$3,581.60	\$2,676.08	\$2,676.08	\$0.00	\$0.00
101	7632120	HX0512	896	23544175	01/23	\$3,607.20	\$3,581.60	\$25.60	\$25.60	\$0.00	\$0.00
Total Overpayment Due to Duplicate Payment on Same Authorization, Indicator 4							\$39,485.10	\$28,690.70	\$10,794.40	\$0.00	
Overpayments Due to Duplicate Payment Overlapping Authorizations (Indicator 5)											
102	7437289	HW0323	62	23571233	06/23	\$2,373.00	\$2,373.00	\$1,017.00	\$1,017.00	\$0.00	\$0.00
				23571256		\$1,017.00					
103	4945754	HX0470	896	23546909	09/22	\$707.60	\$707.60	\$707.60	\$707.60	\$0.00	\$0.00
				23545431		\$707.60					
104	4945754	HX0470	896	23546909	10/22	\$707.60	\$707.60	\$707.60	\$707.60	\$0.00	\$0.00
				23545431		\$707.60					
105	4945754	HX0470	896	23546909	11/22	\$707.60	\$707.60	\$707.60	\$707.60	\$0.00	\$0.00
				23545431		\$707.60					
106	4945754	HX0470	896	23546909	12/22	\$707.60	\$707.60	\$707.60	\$707.60	\$0.00	\$0.00
				23545431		\$707.60					
107	4945754	HX0470	896	23546909	01/23	\$707.60	\$707.60	\$707.60	\$707.60	\$0.00	\$0.00
				23545431		\$707.60					

Westside Regional Center
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Unique Client No.	Client Identification Number	Vendor Number	Service Code	Authorization Number	Service Month	Purchase of Service	Correct Amount	Overpayment	Amount Corrected	Corrections Per Draft Response	Outstanding Balance
108	7619524	HW0323	62	24470124	07/23	\$2,373.00	\$2,373.00	\$1,469.00	\$1,469.00	\$0.00	\$0.00
				24561539		\$1,469.00					
109	7619524	HW0323	62	24470124	08/23	\$2,373.00	\$2,373.00	\$1,469.00	\$1,469.00	\$0.00	\$0.00
				24561539		\$1,469.00					
110	7619524	HW0323	62	24470124	09/23	\$2,373.00	\$2,373.00	\$1,469.00	\$1,469.00	\$0.00	\$0.00
				24561539		\$1,469.00					
111	7619524	HW0323	62	24470124	10/23	\$2,373.00	\$2,373.00	\$1,469.00	\$1,469.00	\$0.00	\$0.00
				24561539		\$1,469.00					
112	7619524	HW0323	62	24470124	11/23	\$2,373.00	\$2,373.00	\$1,083.16	\$1,083.16	\$0.00	\$0.00
				24561539		\$1,083.16					
113	7619524	HW0323	62	24470124	12/23	\$2,373.00	\$2,373.00	\$1,469.00	\$1,469.00	\$0.00	\$0.00
				24561539		\$1,469.00					
114	7619524	HW0323	62	24470124	01/24	\$2,373.00	\$2,373.00	\$1,469.00	\$1,469.00	\$0.00	\$0.00
				24561539		\$1,469.00					
115	7619524	HW0323	62	24470124	02/24	\$2,373.00	\$2,373.00	\$1,469.00	\$1,469.00	\$0.00	\$0.00
				24561539		\$1,469.00					
116	7619524	HW0323	62	24470124	03/24	\$2,373.00	\$2,373.00	\$1,469.00	\$1,469.00	\$0.00	\$0.00
				24561539		\$1,469.00					
117	7619524	HW0323	62	24470124	04/24	\$2,373.00	\$2,373.00	\$1,469.00	\$1,469.00	\$0.00	\$0.00
				24561539		\$1,469.00					
118	7619524	HW0323	62	24470124	05/24	\$2,373.00	\$2,373.00	\$1,469.00	\$1,469.00	\$0.00	\$0.00
				24561539		\$1,469.00					
119	7619524	HW0323	62	24470124	06/24	\$2,373.00	\$2,373.00	\$1,469.00	\$1,469.00	\$0.00	\$0.00
				24561539		\$1,469.00					
Total Overpayment Due to Duplicate Payment Overlapping Authorization, Indicator 5								\$21,797.16	\$21,797.16	\$0.00	\$0.00

**Westside Regional Center
Duplicate Payments and Overlapping Authorizations
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Unique Client No. Identification Number	Vendor Number	Service Code	Authorization Number	Service Month	Purchase of Service	Correct Amount	Overpayment	Amount Corrected	Corrections Per Draft Response	Outstanding Balance	
Overpayments Due to Duplicate Authorization Same Vendor (Indicator 10)											
120	7649613	PW7440	116	23545303	01/23	\$959.76	\$661.00	\$298.76	\$298.76	\$0.00	\$0.00
121	7649162	PW8064	116	23545357	09/22	\$119.24	\$119.24	\$119.24	\$119.24	\$0.00	\$0.00
				23549472		\$119.24					
122	7649732	PW6902	116	23545488	08/22	\$357.54	\$357.54	\$357.54	\$357.54	\$0.00	\$0.00
				23547855		\$357.54					
123	7649733	PW6902	116	23545469	08/22	\$357.54	\$357.54	\$357.54	\$357.54	\$0.00	\$0.00
				23547854		\$357.54					
124	7649253	PW7676	116	23560162	02/23	\$353.49	\$353.49	\$353.49	\$353.49	\$0.00	\$0.00
				23562866		\$353.49					
125	7650294	PW5927	116	23558370	01/23	\$652.55	\$652.55	\$652.55	\$652.55	\$0.00	\$0.00
				23559827		\$652.55					
Total Overpayment Due to Duplicate Authorization Same Vendor, Indicator 10							\$2,139.12	\$2,139.12	\$0.00	\$0.00	
Overpayments Due to Duplicate Authorization Different Vendor (Indicator 11)											
126	7651628	PW7905	56	23572329	05/23	\$217.36	\$217.36	\$217.36	\$217.36	\$0.00	\$0.00
		PW6701		23575249		\$217.36					
127	6074694	PW8339	116	23550245	07/22	\$113.96	\$569.80	\$113.96	\$0.00	\$0.00	\$113.96
		PW8227		23535573		\$569.80					
128	6074694	PW8339	116	23550245	08/22	\$455.84	\$569.80	\$113.96	\$0.00	\$0.00	\$113.96
		PW8227		23535573		\$227.92					
129	7649501	PW6669	116	23560126	02/23	\$353.49	\$353.49	\$353.49	\$353.49	\$0.00	\$0.00
				23577666		\$353.49					
130	7649727	PW5897	116	23545369	08/22	\$347.88	\$347.88	\$347.88	\$0.00	\$0.00	\$347.88
				23549273		\$347.88					
131	7649727	PW8316	116	23545370	08/22	\$366.24	\$366.24	\$366.24	\$366.24	\$0.00	\$0.00
				23546825		\$366.24					
132	7648888	PW5892	116	23551649	10/22	\$347.88	\$366.24	\$342.36	\$0.00	\$342.36	\$0.00
		PW8313		23547044		\$360.72					

**Westside Regional Center
Duplicate Payments and Overlapping Authorizations
Fiscal Years 2022-23 and 2023-24**

Unique Client No.	Client Identification Number	Vendor Number	Service Code	Authorization Number	Service Month	Purchase of Service	Correct Amount	Overpayment	Amount Corrected	Corrections Per Draft Response	Outstanding Balance
133	7650804	PW5954	116	23562577	02/23	\$390.18	\$390.18	\$353.49	\$0.00	\$0.00	\$353.49
		PW6902		23561017		\$353.49					
134	7650126	PW5885	116	23551587	10/22	\$347.88	\$347.88	\$347.88	\$0.00	\$0.00	\$347.88
		PW5912		23551589		\$347.88					
135	7649063	PW7901	116	23571027	06/23	\$353.49	\$390.18	\$353.49	\$353.49	\$0.00	\$0.00
		PW8059		23572498		\$390.18					
136	7649056	PW7901	116	23571026	06/22	\$353.49	\$390.18	\$353.49	\$353.49	\$0.00	\$0.00
		PW8059		23572499		\$390.18					
137	7649346	PW7735	116	23573058	06/23	\$342.30	\$342.30	\$342.30	\$342.30	\$0.00	\$0.00
		PW7744		23577259		\$342.30					
138	6689157	PW7667	116	23547507	07/22	\$6,717.70	\$10,748.32	\$2,687.08	\$2,687.08	\$0.00	\$0.00
		PW8083		23544101		\$6,717.70					
Total Overpayment Due to Duplicate Authorization Different Vendor, Indicator 11								\$6,292.98	\$4,673.45	\$342.36	\$1,277.17
Total Overpayment								\$69,714.36	\$57,300.43	\$11,136.76	\$1,277.17

**Westside Regional Center
Individual Trust Accounts
Fiscal Years 2022-23 and 2023-24**

Individual Trust Balances Over The Resource Limit			
No.	Unique Client Identification Number	Account Balance	Amount Over the Resource Limit
1	7632506	\$5,797.35	\$3,797.35
2	5276944	\$4,933.39	\$2,933.39
3	8141469	\$8,352.37	\$6,352.37
4	7610806	\$3,214.62	\$1,214.62
5	7872901	\$2,050.44	\$50.44
Total:			\$14,348.17

**Westside Regional Center
Individual Trust Accounts
Fiscal Years 2022-23 and 2023-24**

Remaining Individual Trust Balances for Transferred Individuals			
No.	Unique Client Identification Number	Account Balance	Account Balance as of 8/2025
1	1920107	\$7,150.97	\$9.24
2	6197700	\$59.79	\$0.07
3	7600464	\$1,227.50	\$1.60
4	7606107	\$2,977.57	\$3.89
5	7626100	\$101.25	\$0.13
6	7858392	\$1,847.40	\$0.00
Total		\$13,364.48	\$14.93

**Westside Regional Center
Individual Trust Accounts
Fiscal Years 2022-23 and 2023-24**

Individual Trust Disbursements Not Supported						
No.	Unique Client Identification Number	Payee	Date Disbursed	Unsupported Amount	Supported Amount	Balance
1	6281024	Living Well	7/13/2023	\$1,000	\$1,000	\$0
2	7639403	CalABLE	9/15/2022	\$4,633	\$4,633	\$0
		CalABLE	8/10/2023	\$2,400	\$2,400	\$0
3	5532882	Mary Beth Quraishi	9/9/2022	\$3,500	\$3,500	\$0
4	7626958	Good Company Residential	10/27/2022	\$3,200	\$200	\$3,000
Total Unsupported Amount				\$14,733	\$11,733	\$3,000

**Westside Regional Center
Individual Trust Accounts
Fiscal Years 2022-23 and 2023-24**

P&I Funds Not Disbursed by the 10th of the Month		
No.	Unique Client Identification Number	Month
1	7830193	7/2022
		7/2023
2	8141469	10/2022
		10/2023
		11/2023
3	7408069	12/2023

**Westside Regional Center
Deceased Individuals
Fiscal Years 2022-23 and 2023-24**

Remaining Individual Trust Balances			
No.	Unique Client Identification Number	Account Balances	Account Balances as of 8/2025
1	7601027	\$648.79	\$0.00
2	5966718	\$1,555.50	\$2.35
3	4857306	\$1,092.01	\$0.00
4	7600603	\$813.62	\$0.00
5	7601279	\$1,675.31	\$0.00
6	7601378	\$77.62	\$0.09
7	6802457	\$9.34	\$0.01
8	7401573	\$1,015.00	\$0.00
Total		\$6,887.19	\$2.45

**Westside Regional Center
Deceased Individuals - Missing Death Certificates
Fiscal Years 2022-23 and 2023-24**

Missing Death Certificates		
No.	Unique Client Identification Number	Death Certificate provided w/Response to Draft Audit Report
1	7601843	Yes
2	5233721	Yes
3	7635133	Yes

**Westside Regional Center
Credit Card Expenditures
Fiscal Years 2022-23 and 2023-24**

Missing Statements and Documentation		
No.	Employee	Statement Month
1	S.L.	August 2022
2	K.T.	August 2022
3	S.Y.	August 2022

**Westside Regional Center
Credit Card Expenditures
Fiscal Years 2022-23 and 2023-24**

Missing Credit Card Receipts				
No.	Employee	Transaction Purchase	Month	Amount
1	J.B.	Pavillions	Jul-22	\$102.71
2	J.B.	Pavillions	Jul-22	\$169.32
Total				\$272.03

Missing Itemized Receipt				
No.	Employee	Transaction Purchase	Month	Itemize Amount
1	J.B.	CPK	Jul-22	\$27.30
Total				\$27.30

**Westside Regional Center
Credit Card Expenditures
Fiscal Years 2022-23 and 2023-24**

Meal Transactions With No Business Purpose Stated				
No.	Transaction Purchase	Transaction Month	Amount	Amount Unresolved
1	Rum y Rumba	Jul-22	\$174.96	\$0.00
2	Rum y Rumba	Jul-22	\$87.48	\$0.00
3	El Pollo Loco	Jan-24	\$8.25	\$0.00
4	Lonzo's Resturant	Apr-24	\$62.74	\$0.00
5	Panera	Apr-24	\$45.83	\$0.00
6	Playa Vista	Apr-24	\$214.19	\$0.00
7	Norms	Apr-24	\$985.25	\$0.00
8	Rad Corporate Catering	Apr-24	\$633.34	\$0.00
9	Dunkin	Apr-24	\$272.00	\$0.00
10	Panera	Apr-24	\$678.93	\$0.00
11	Killer Shrimp	Jan-24	\$118.37	\$118.37
12	Northgate Market	Jan-24	\$197.51	\$197.51
13	Yummy.com	Jan-24	\$40.75	\$40.75
14	Sprouts	Jan-24	\$37.30	\$37.30
15	Dragon Chinese Resturant	Jan-24	\$46.40	\$46.40
16	Viva Fresh	Jan-24	\$77.78	\$77.78
17	Dragon Chinese Resturant	Jan-24	\$61.13	\$61.13
18	Yummy.com	Jan-24	\$67.77	\$67.77
19	Dragon Chinese Resturant	Apr-24	\$49.85	\$49.85
20	Slice Pizza	Apr-24	\$135.23	\$135.23
21	Tony P's- Dockside Grill	Apr-24	\$358.29	\$358.29
22	Viva Fresh	Apr-24	\$69.35	\$69.35
23	Mad Dumpling	May-24	\$1,350.00	\$1,350.00
Total			\$5,772.70	\$2,609.73

**Westside Regional Center
Check Request Forms
Fiscal Years 2022-23 and 2023-24**

Missing Check Request Forms				
No.	Vendor Name	Check Date	Amount	Documentation Provided w/Response to Draft Audit Report
1	Jump for Joi	11/30/2023	\$ 12,000	Yes
2	Glad	6/20/2024	\$ 960	Yes
Total			\$ 12,960	

**Westside Regional Center
Check Request Forms
Fiscal Years 2022-23 and 2023-24**

Missing Director of Finance Approvals				
No.	Vendor	Check Date	Total	Subsequently Signed by Current CFO
1	Lauren Black	10/3/2023	\$180.00	Yes
2	Lianne Wong	10/3/2023	\$682.50	Yes
3	Lauren Black	10/17/2023	\$105.00	Yes
4	Lianne Wong	10/17/2023	\$1,058.75	Yes
5	The Art of Online Marketing	10/23/2023	\$2,172.50	Yes
6	Free 2 Be Me Dance	10/25/2023	\$6,000.00	Yes
7	Lauren Black	10/31/2023	\$600.00	Yes
8	Lauren Black	11/15/2023	\$600.00	Yes
9	Lauren Black	11/28/2023	\$270.00	Yes
10	Lianne Wong	11/28/2023	\$892.50	Yes
11	Lauren Black	12/11/2023	\$180.00	Yes
12	Lianne Wong	12/11/2023	\$945.00	Yes
13	Lauren Black	1/3/2024	\$240.00	Yes
14	Lianne Wong	1/3/2024	\$1,277.50	Yes
15	Lauren Black	1/16/2024	\$330.00	Yes
16	Lianne Wong	1/16/2024	\$1,242.50	Yes
17	Orange Grove Consulting	4/18/2024	\$2,500.00	Yes
18	Mayra Mendez, PhD	4/19/2024	\$7,200.00	Yes
19	Lianne Wong	4/23/2024	\$717.50	Yes
20	Certified Interpreting Services, LLC	4/25/2024	\$1,200.00	Yes
21	Certified Interpreting Services, LLC	4/25/2024	\$4,650.00	Yes
22	Hanna	4/25/2024	\$1,478.40	Yes
23	Certified Interpreting Services, LLC	5/22/2024	\$2,200.00	Yes
24	Hanna	6/20/2024	\$14.90	Yes
25	Orange Grove Consulting	12/18/2024	\$6,000.00	Yes
26	Orange Grove Consulting	12/18/2024	\$1,200.00	Yes
27	Taft Electric	1/9/2025	\$1,961.00	Yes
28	Kinetic Flow	1/9/2025	\$22,755.00	Yes
29	Orange Grove Consulting	1/9/2025	\$20,000.00	Yes
Total!			\$88,653.051	

**Westside Regional Center
Understated Administrative Expenses
Fiscal Years 2022-23 and 2023-24**

No.	General Ledger Account	Reported Amount	Amount Per G/L	Understated/ Overstated
1	Salaries Wages	\$13,565,902.00	\$15,375,263.79	(\$1,809,361.79)
2	Retirement	\$1,003,883.65	\$236,028.77	\$767,854.88
3	OASDI	\$208,306.17	\$961,139.87	(\$752,833.70)
4	Health Benefits	\$2,546,229.83	\$2,740,135.81	(\$193,905.98)
5	Workers' Compensation	\$123,323.43	\$142,447.85	(\$19,124.42)
6	Unemployment Insurance	\$15,041.11	\$21,123.64	(\$6,082.53)
7	Life Insurance	\$180,866.14	\$179,855.62	\$1,010.52
8	Equipment Rental	\$95,949.53	\$104,562.92	(\$8,613.39)
9	Facility Rent	\$1,637,511.85	\$1,805,770.70	(\$168,258.85)
10	Facility Maintenance	\$105,397.17	\$112,429.67	(\$7,032.50)
11	Communications	\$202,681.23	\$208,289.96	(\$5,608.73)
12	General Office Expense	\$217,051.96	\$218,214.84	(\$1,162.88)
13	Data Processing Maintenance	\$387,009.24	\$538,960.50	(\$151,951.26)
14	Bank Service Fees	\$3,384.88	\$3,574.88	(\$190.00)
15	Legal Fees	\$64,002.95	\$69,853.88	(\$5,850.93)
16	Equipment Purchases	\$32,736.97	\$45,587.35	(\$12,850.38)
17	Furniture/Fixtures	\$6,304.58	\$8,675.04	(\$2,370.46)
18	Contract/Consultant Services	\$310,328.77	\$317,572.12	(\$7,243.35)
19	Travel	\$44,798.19	\$55,640.05	(\$10,841.86)
20	General Expense	\$373,644.27	\$412,305.22	(\$38,660.95)
21	Communications	\$1,280.00	\$0.00	\$1,280.00
22	Accounting Fees	\$75,700.00	\$58,700.00	\$17,000.00
23	General Expense	\$44,057.22	\$2,250.00	\$41,807.22
24	Language Access and Cultural	\$257,064.96	\$220,631.31	\$36,433.65
25	Salaries and Wages	\$490,233.65	\$554,056.33	(\$63,822.68)
26	Retirement	\$43,827.85	\$3,852.44	\$39,975.41
27	OASDI	\$3,665.59	\$49,844.56	(\$46,178.97)
28	Health Benefits	\$102,409.22	\$112,512.09	(\$10,102.87)
29	Workers' Compensation	\$9,168.57	\$10,368.15	(\$1,199.58)
30	Life Insurance	\$7,372.34	\$7,342.59	\$29.75
31	Contract/Consultant Services	\$55,329.75	\$59,361.75	(\$4,032.00)
32	Salaries and Wages	\$16,828.13	\$18,357.96	(\$1,529.83)
33	Retirement	\$2,417.58	\$2,637.36	(\$219.78)
34	Health Benefits	\$23,614.80	\$25,761.60	(\$2,146.80)
35	Family/Professional Collaboration	\$76,532.50	\$83,490.08	(\$6,957.58)
36	Salaries and Wages	\$872,593.10	\$1,015,496.76	(\$142,903.66)

Westside Regional Center
Understated Administrative Expenses
Fiscal Years 2022-23 and 2023-24

No.	General Ledger Account	Reported Amount	Amount Per G/L	Understated/ Overstated
37	Retirement	\$67,097.96	\$64,412.62	\$2,685.34
38	Health Benefits	\$182,017.49	\$194,744.59	(\$12,727.10)
Total Understated Administrative Expenses				(\$2,585,688.04)

**Westside Regional Center
Improper Allocation of CPP Funds
Fiscal Years 2022-23 and 2023-24**

No.	Unique Client Identification Number	Vendor Number	Service Code	Sub Code	Authorization Number	Invoice Number	Service Month	Improperly Allocated Funds
1	6140438	PW7695	117	%N4R	23539566	2398786	Jan-23	\$3,704.40
2	6289136	PW7695	117	%N4R	23558318	2398786	Jan-23	\$3,704.40
3	6706046	PW7695	117	%N4R	23558316	2398786	Jan-23	\$3,704.40
4	7832975	PW7695	117	%N4R	23528211	2398786	Jan-23	\$3,704.40
5	7925870	PW7695	117	%N4R	23558317	2398786	Jan-23	\$3,704.40
6	6289136	PW7695	117	%N4R	23558318	2390584	Jul-22	\$3,704.40
7	6289136	PW7695	117	%N4R	23558318	2390585	Aug-22	\$3,704.40
8	6289136	PW7695	117	%N4R	23558318	2390586	Sep-22	\$3,704.40
9	6289136	PW7695	117	%N4R	23558318	2390587	Oct-22	\$3,704.40
10	6289136	PW7695	117	%N4R	23558318	2390588	Nov-22	\$3,704.40
11	6289136	PW7695	117	%N4R	23558318	2390589	Dec-22	\$3,704.40
12	6140438	PW7695	117	%N4R	23539566	2413190	Feb-23	\$3,704.40
13	6289136	PW7695	117	%N4R	23558318	2413190	Feb-23	\$3,704.40
14	6706046	PW7695	117	%N4R	23558316	2413190	Feb-23	\$3,704.40
15	7832975	PW7695	117	%N4R	23558319	2413190	Feb-23	\$3,704.40
16	7925870	PW7695	117	%N4R	23558317	2413190	Feb-23	\$3,704.40
17	7613212	PW6708	111	C3SRF	23563601	2424343	Mar-23	\$257.21
18	6140438	PW7695	117	%N4R	23539566	2424488	Mar-23	\$3,704.40
19	6289136	PW7695	117	%N4R	23558318	2424488	Mar-23	\$3,704.40
20	6706046	PW7695	117	%N4R	23558316	2424488	Mar-23	\$3,704.40
21	7832975	PW7695	117	%N4R	23558319	2424488	Mar-23	\$3,704.40
22	7925870	PW7695	117	%N4R	23558317	2424488	Mar-23	\$3,704.40
23	7613212	PW6708	111	C3SRF	23563601	2440489	Apr-23	\$242.08
24	6140438	PW7695	117	%N4R	23539566	2440641	Apr-23	\$3,704.40
25	6289136	PW7695	117	%N4R	23558318	2440641	Apr-23	\$3,704.40
26	7832975	PW7695	117	%N4R	23558319	2440641	Apr-23	\$3,704.40
27	7925870	PW7695	117	%N4R	23558317	2440641	Apr-23	\$3,704.40
28	6140438	PW7695	117	%N4R	23539566	2453290	May-23	\$3,704.40
29	6289136	PW7695	117	%N4R	23558318	2453290	May-23	\$3,704.40
30	7832975	PW7695	117	%N4R	23558319	2453290	May-23	\$3,704.40
31	7925870	PW7695	117	%N4R	23558317	2453290	May-23	\$3,704.40
32	6289136	PW7695	117	%N4R	24572362	2485117	Jul-23	\$2,116.80
33	6140438	PW7695	117	%N4R	24575547	2485117	Jul-23	\$3,704.40
34	7832975	PW7695	117	%N4R	24558319	2485117	Jul-23	\$3,704.40
35	7925870	PW7695	117	%N4R	24558317	2485117	Jul-23	\$3,704.40

**Westside Regional Center
Improper Allocation of CPP Funds
Fiscal Years 2022-23 and 2023-24**

No.	Unique Client Identification Number	Vendor Number	Service Code	Sub Code	Authorization Number	Invoice Number	Service Month	Improperly Allocated Funds
36	6289136	PW7695	117	%N4R	24572362	2502276	Aug-23	\$2,116.80
37	6140438	PW7695	117	%N4R	24575547	2502276	Aug-23	\$3,704.40
38	7832975	PW7695	117	%N4R	24558319	2502276	Aug-23	\$3,704.40
39	7925870	PW7695	117	%N4R	24558317	2502276	Aug-23	\$3,704.40
40	6289136	PW7695	117	%N4R	24572362	2513940	Sep-23	\$2,116.80
41	6140438	PW7695	117	%N4R	24575547	2513940	Sep-23	\$3,704.40
42	7832975	PW7695	117	%N4R	24558319	2513940	Sep-23	\$3,704.40
43	7925870	PW7695	117	%N4R	24558317	2513940	Sep-23	\$3,704.40
44	6289136	PW7695	117	%N4R	24572362	2527086	Oct-23	\$2,116.80
45	6140438	PW7695	117	%N4R	24575547	2527086	Oct-23	\$3,704.40
46	7832975	PW7695	117	%N4R	24558319	2527086	Oct-23	\$3,704.40
47	7925870	PW7695	117	%N4R	24558317	2527086	Oct-23	\$3,704.40
48	6289136	PW7695	117	%N4R	24572362	2540236	Nov-23	\$2,116.80
49	7832975	PW7695	117	%N4R	24558319	2540236	Nov-23	\$2,286.14
50	6140438	PW7695	117	%N4R	24575547	2540236	Nov-23	\$3,704.40
51	7925870	PW7695	117	%N4R	24558317	2540236	Nov-23	\$3,704.40
52	6289136	PW7695	117	%N4R	24572362	2567262	Dec-23	\$2,116.80
53	6140438	PW7695	117	%N4R	24575547	2567262	Dec-23	\$3,704.40
54	7925870	PW7695	117	%N4R	24558317	2567262	Dec-23	\$3,704.40
55	6289136	PW7695	117	%N4R	24572362	2580354	Jan-24	\$2,116.80
56	6140438	PW7695	117	%N4R	24575547	2580354	Jan-24	\$3,704.40
57	6289136	PW7695	117	%N4R	24572362	2630977	Apr-24	\$2,116.80
58	6140438	PW7695	117	%N4R	24575547	2630977	Apr-24	\$3,704.40
59	7925870	PW7695	117	%N4R	24600116	2630977	Apr-24	\$3,704.40
60	6289136	PW7695	117	%N4R	24572362	2652483	May-24	\$2,116.80
61	6140438	PW7695	117	%N4R	24575547	2652483	May-24	\$3,704.40
62	7925870	PW7695	117	%N4R	24600116	2652483	May-24	\$3,704.40
Total Improper Allocation of CPP Funds								\$207,056.63

**Westside Regional Center
E-billing
Fiscal Years 2022-23 and 2023-24**

Missing Enrollment Forms				
No	Vendor Name	Vendor Number	Service Code	Documentation Provided w/Response to Draft Audit Report
1	365 HOME CARE	HW0840	862	Yes
2	ANOTHER BEGINNING, INC	HW0580	515	Yes
3	CENTER FOR APPLIED BEHAVIOR	HW0705	901	Yes
4	DALTON CARE HOMES, INC.	PW8582	113	Yes
5	THOREAU HOUSE II	HW0652	935	Yes

Missing EFT Remittance Advices				
No	Vendor Name	Vendor Number	EFT Date	Documentation Provided w/Response to Draft Audit Report
1	Premier Healthcare Service	HW0321	8/25/2022	Yes
2	Premier Healthcare Service	HW0321	8/17/2023	Yes
3	People's Care Los Angeles	PW6766	2/15/2024	Yes
4	Premier Healthcare Service	HW0321	2/22/2024	Yes

APPENDIX A

SCOPE, OBJECTIVES, AND METHODOLOGY

The Department is responsible, under the WIC, for ensuring that persons with intellectual and developmental disabilities receive the services and supports they need to lead more independent, productive, and integrated lives. To secure these services and supports, the Department contracts with 21 private, nonprofit community agencies/corporations that provide fixed points of contact in the community for serving eligible individuals 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.

The Department also is responsible for providing assurance to the federal Department of Health and Human Services, Centers for Medicare, and Medicaid Services, that services billed under California's HCBS Waiver program are provided and that criteria set forth for receiving funds have been met. As part of providing this assurance, the Audit Services Section conducts fiscal compliance audits of each Regional Center no less than every two years and completes follow-up reviews in alternate years.

In addition to the fiscal compliance audit, each Regional Center is monitored by the Department's Federal Programs Branch to assess overall programmatic compliance with HCBS Waiver requirements. The HCBS Waiver compliance monitoring review has its own criteria and processes. These audits and program reviews are an essential part of an overall Department monitoring system that provides information on the Regional Centers' fiscal, administrative, and program operations.

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

- To determine compliance with the WIC,
- To determine compliance with the provisions of the HCBS Waiver Program for the Developmentally Disabled,
- To determine compliance with CCR, Title 17 regulations,
- To determine compliance with OMB Circulars A-122 and A-133, and
- To determine that costs claimed were in compliance with the provisions of the State Contract between the Department and the Regional Center.

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. However, the procedures do not constitute an audit of the Regional Center's financial statements. The Department limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that the Regional Center was in compliance with the objectives identified above.

The Department review of the Regional Center's internal control structure was conducted to gain an understanding of the transaction flow and the policies and procedures, as necessary, to develop appropriate auditing procedures.

The Department reviewed available annual audit report(s) that were conducted by an independent Certified Public Accounting firm. This review was performed to determine the impact, if any, upon the Department audit and, as necessary, develop appropriate audit procedures.

The audit procedures performed included the following:

I. Purchase of Service

The Department selected a sample of Purchase of Service (POS) claims billed to the Department. The sample included individual services and vendor rates. The sample also included individuals who were eligible for the HCBS Waiver Program. For POS claims, the following procedures were performed:

- The Department tested the sample items to determine if the payments made to service providers were properly claimed and could be supported by appropriate documentation.
- The Department 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 Regional Center. The rates charged for the services provided to individuals were reviewed to ensure compliance with the provision of the WIC; the HCBS Waiver for the Developmentally Disabled; CCR, Title 17, OMB Circulars A-122 and A-133; and the State Contract between the Department and the Regional Center.
- If applicable to this audit, the Department selected a sample of Individual Trust Accounts to determine if there were any unusual activities and whether any account balances exceeded \$2,000, as prohibited by the Social Security Administration. In addition, the Department determined if any retroactive Social Security benefit payments received exceeded the \$2,000 resource limit for longer than nine months. The Department also reviewed these accounts to ensure that the interest earnings were distributed quarterly, personal and incidental funds were paid before the 10th of each month, and proper documentation for expenditures was maintained.
- The Department analyzed all bank accounts to determine whether the Department had signatory authority, as required by the State Contract with the Department.

- The Department selected a sample of bank reconciliations for Operations (OPS) accounts and Individual Trust bank accounts to determine if the reconciliations were properly completed on a monthly basis.

II. Regional Center Operations

The Department selected a sample of OPS claims billed to the Department to determine compliance with the State Contract. The sample included various expenditures claimed for administration that were reviewed to assure that accounting staff properly input data, transactions were recorded on a timely basis, and expenditures charged to various operating areas were valid and reasonable. The following procedures were performed:

- A sample of the personnel files, timesheets, payroll ledgers, and other support documents were selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of OPS expenses, including, but not limited to, purchases of office supplies, consultant contracts, insurance expenses, and lease agreements were tested to determine compliance with CCR, Title 17, and the State Contract.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the State Contract.
- The Department reviewed the Regional Center's policies and procedures for compliance with the Department Conflict of Interest regulations, and the Department selected a sample of personnel files to determine if the policies and procedures were followed.

III. Targeted Case Management (TCM) and Regional Center Rate Study

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

- The Department examined the two TCM Rate Studies submitted to the Department during the audit period and traced the reported information to source documents.
- A review of the recent Case Management Time Study (required to be submitted every three years) is conducted if the study was not reviewed during the prior audit. The Department selected a sample of the Case Management Time Study Forms (OS 1916) for examination and reconciled them to the corresponding payroll timesheets to ensure that the forms were properly completed and supported.

IV. Service Coordinator Caseload Survey

Under the WIC, Section 4640.6(e), Regional Centers are required to provide service coordinator caseload data to the Department. The Department verified that the documentation was maintained to support the service coordinator caseload survey ratios.

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

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

VI. Parental Fee Program (PFP)

The PFP was created for the purpose of prescribing financial responsibility to parents of children under the age of 18 years who are receiving 24-hour, out-of-home care services through a Regional Center or who are residents of a state hospital or on leave from a state hospital. Parents shall be required to pay a fee depending upon their ability to pay, but not to exceed (1) the cost of caring for a child without DD at home, as determined by the Director of the Department, or (2) the cost of services provided, whichever is less. To determine compliance with the WIC Section 4784, the Department requested a list of PFP assessments and verified the following:

- Identified all children with DD who are receiving the following services:
 - (a) All 24-hour, out-of-home community care received through a Regional Center for children under the age of 18 years;
 - (b) 24-hour care for such minor children in state hospitals;
 - (c) provided, however, that no ability to pay determination may be made for services required by state or federal law, or both, to be provided to children without charge to their parents.
- Provided the Department with a listing of new placements, terminated cases, and client deaths for those clients. Such listings must be provided not later than the 20th day of the month following the month of such occurrence.
- Informed parents of children who will be receiving services that the Department is required to determine parents' ability to pay and to assess, bill, and collect parental fees.

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

VII. Procurement

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

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

The Department performed the following procedures to determine compliance with the State Contract:

- Selected a sample of Operations, Community Placement Plan, and negotiated POS contracts subject to competitive bidding to ensure the

Regional Center notified the vendor community and the public of contracting opportunities available.

- Reviewed the contracts to ensure that the Regional Center has adequate and detailed documentation for the selection and evaluation process of vendor proposals and written justification for final vendor selection decisions and that those contracts were properly signed and executed by both parties to the contract.

In addition, the Department performed the following procedures:

- To determine compliance with the WIC, Section 4625.5: Reviewed to verify that the Regional Center has a written policy requiring the Board to review and approve any of its contracts of two hundred fifty thousand dollars (\$250,000) or more before entering into a contract with the vendor.
- Reviewed the Regional Center Board-approved Operations, Start-Up, and POS vendor contracts of \$250,000 or more, to verify that the inclusion of a provision for fair and equitable recoupment of funds for vendors that cease to provide services to individuals; verified that the funds provided were specifically used to establish new or additional services to individuals, the usage of funds is of direct benefit to individuals, and the contracts are supported with sufficiently detailed and measurable performance expectations and results.

The process above was conducted in order to assess the current RFP process and Board approval for contracts of \$250,000 or more, as well as to determine whether the process in place satisfies the WIC and State Contract requirements.

VIII. Statewide/Regional Center Median Rates

The Statewide and Regional Center Median Rates were implemented on July 1, 2008, and amended on December 15, 2011, July 1, 2016, and April 1, 2022. Regional Centers may not negotiate rates higher than the set median rates for services. Despite the median rate requirement, rate increases can be obtained from the Department under health and safety exemptions where Regional Centers demonstrate the exemption is necessary for the health and safety of the individuals.

To determine compliance with the Lanterman Act, the Department performed the following procedures during the audit review:

- Reviewed sample vendor files to determine whether the Regional Center is using appropriately vendorized service providers and correct service codes and is paying authorized contract rates and complying with the median rate requirements of WIC Section 4691.9.

- Reviewed vendor contracts to verify that the Regional Center is reimbursing vendors using authorized contract median rates and verified that rates paid represented the lower of the statewide or Regional Center median rate set after June 30, 2008. Additionally, the Department verified that providers vendorized before June 30, 2008, did not receive any unauthorized rate increases, except in situations where required by regulation, or health and safety exemptions were granted by the Department.
- Reviewed vendor contracts to verify that the Regional Center did not negotiate rates with new service providers for services which are higher than the Regional Center's median rate for the same service code and unit of service, or the statewide median rate for the same service code and unit of service, whichever is lower. The Department also verified that units of service designations conformed with existing Regional Center designations or, if none exists, checked that units of service conformed to a designation used to calculate the statewide median rate for the same service code.

IX. Other Sources of Funding from the Department

Regional Centers may receive other sources of funding from the Department. The Department performed sample tests on identified sources of funds from the Department to ensure the Regional Center'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 the Department identified in this audit may include:

- Community Placement Plan;
- Part C - Early Start Program;
- Family Resource Center;
- Foster Grandparent;
- Senior Companion;
- Mental Health Services Act;
- HCBS Compliance;
- Language Access and Cultural Competency Program; and
- Enhanced Community Integration for Children and Adolescents.

X. Follow-up Review on Prior Department Audit Finding(s)

As an essential part of the overall Department monitoring system, a follow-up review of prior Department audit finding(s) was conducted, if applicable. The Department identified prior audit finding(s) and reviewed supporting documentation to determine the degree of completeness of implementation of corrective actions.

APPENDIX B

WESTSIDE REGIONAL CENTER'S
RESPONSE
TO THE AUDIT FINDINGS



November 7, 2025

Mr. Edward Yan
Branch Chief, Audit Services Branch
Department of Developmental Services
1215 O Street
Sacramento, CA 95814

Re: DDS Audit for Fiscal Years 2022-23 and 2023-24 dated July 3, 2025

Dear Mr. Yan,

We would like to thank the audit team for the time and effort reviewing our operations and preparing the audit report. We appreciate the constructive feedback and opportunity to strengthen our processes.

We have carefully reviewed the findings and recommendations outlined in the report. We are committed to addressing the issues identified and implementing correction actions to ensure compliance with policies, strengthen internal control and improve overall efficiency.

The following sections provide our detailed response to each finding, along with corrective measures and timelines for implementation. We also appreciate the opportunity to provide supporting documentation through your portal in support of our responses.

Finding 1: Duplicate Payments and Overlapping Authorization - The review of the Operational Indicator Reports revealed 138 instance where WRC overstated claims to 47 vendors total \$69,714.36. The overstated claims occurred due to duplicate payments and overlapping authorization. (See attachment A).

WRC has taken corrective action by collecting overpayments totaling \$57,300.43 from 32 vendors. As a result, overpayments of \$12,413.93 remain outstanding.

WRC Response:

Demand letters were sent to the vendor, and we have acted on collecting payment for the remaining \$12,313.93 related to the 15 vendors by either deducting the overpaid amounts from future invoices or requesting repayments via checks. The worksheet detailing these actions has been loaded to the portal. We believe that this finding has been resolved.

Committed To Providing Support And Services To People With Developmental Disabilities



Finding 2: Incorrect Rate Model Implementation- WRC understated claims for one vendor that did not receive a rate increase when the incremental rate adjustment was implemented in January 2023.

WRC Response:

WRC has resolved this finding by reviewing and updating the rates for Supported Service code 896 and has processed the retroactive rate adjustment payment. This worksheet has been loaded to the portal. The correct vendor **number for G E4 ME, LLC, is PW7481, not H17125.**

Finding 3: Individual Trust Accounts

A: Individual Trust Balances Over the Resource Limit

The review of 25 individual trust accounts revealed five individuals with account balances exceeding \$2,000. By exceeding the resource limits, the individuals are at risk of losing SSI benefits that are used to offset the costs of residential services.

WRC Response:

WRC has reviewed the balances of the five affected trust accounts. Balances for four of the five individuals will fall below the resource limit once the September B&C charges are paid. For UCI 814169, the service coordinator is actively working to reduce the balance to below the resource limit. Updated balances by UCI have been uploaded to the portal.

In addition, WRC is enhancing its procedures to proactively monitor and manage consumer account balances to ensure that no individuals are at risk of losing SSI benefits used to offset the costs of residential services.

B. Remaining Individual Trust Balances for six Transferred Individuals

The review of the individual trust accounts revealed WRC has not taken action to transfer funds totaling \$13,364.48.

WRC Response:

WRC believes this finding has been resolved. We have reviewed the Individual Trust Accounts for the six individuals and have reduced each balance to \$0 and provided supporting documentation that has been uploaded to the portal.

C: Individual trust Disbursements not Supported:

The review of WRC's money management disbursements revealed that WRC has not retained receipts or requested reimbursement for money management disbursement for the four individuals totaling \$14,733

WRC Response:

WRC believes this finding has been resolved. Receipts for all four individuals have been obtained and submitted through the portal for verification.

D. P&I Funds Not Disbursed by the 10th of the Month

The sample review of 25 individual trust accounts revealed WRC did not disburse P&I funds by the 10th of each month to three individuals. There were 6 months of P&I funds that were not disbursed to the three individuals.

WRC Response:

It is important to WRC to correct this item and ensure that funds are disbursed timely. To prevent future delays, WRC is implementing a process to prioritize the timely processing of P&I authorizations, including updates and cancellations. As part of WRC's corrective action for this finding, we conducted a thorough internal audit and reviewed records for FY 2022-23 and 2023-24 and determined of the 72 checks issued over the two-year period, seven were issued late. The delays were primarily due to authorization maintenance issues. All other checks during this period were issued on time.

E. Missing SSA Award Letter

The review of WRC's individual trust accounts revealed the SSA award letters for July 2022 through December 2022 are missing for one individual, Unique Client Identifier 5532882

WRC Response:

WRC has resolved this finding. The SSA award letter for UCI 5532882 covering the period July 2022 through December 2022 has been loaded to the portal.

Finding 4: Deceased Individuals**A. Remaining Individuals Trust Balances**

The review of the individual trust accounts revealed WRC has not taken action to close the individual trusts accounts for eight deceased individuals. The eight deceased individual accounts had trust balances totaling \$6,887.19.

WRC Response:

WRC has resolved this finding. We have closed the trust accounts for the eight deceased individuals and remitted the money to the Social Security Administration. Balances in the individual trust accounts and related disbursements have been uploaded to the portal.

In addition, we will strengthen our procedures to ensure that funds are remitted timely to the individuals' beneficiaries or escheated to the State.

B. Missing Death Certificates

The review of the deceased individual files revealed WRC did not have death certificates on file for three deceased individuals with a closed case status.

WRC Response:

We believe this finding is resolved as WRC was able to obtain the death certificates for all three deceased individuals. The death certificates have been uploaded to the portal. WRC is developing procedures to ensure death certificates are obtained promptly and case files are closed in a timely manner.

Finding 5: Bank Reconciliations

The review of six sampled months of bank reconciliations for the Operations, Client Trust, Client Funds Held in Trust, Payroll, Pre-Tax, Unemployment and Donation accounts revealed the following weaknesses.

1. WRC was unable to provide the most current bank reconciliations to verify the completeness and accuracy of the reconciliation.
2. WRC was unable to provide the master and subsidiary analysis statements for FYs 2022-23 and 2023-24.
3. WRC was unable to provide documentation to support the deposits and withdrawals from its Donation Bank Account.
4. WRC was unable to provide the February 2024 bank statement for the Donations account

WRC Response

WRC acknowledges the importance of timely and accurate bank reconciliations as a critical internal control to ensure consistency in financial reporting and the prompt correction of any discrepancies. We have hired new accounting personnel and are enhancing staff training to improve and sustain the reconciliation process going forward.

This finding has been resolved as follows:

1. Bank reconciliations for the period FY 22-23 and FY 23-24 were completed on time. WRC acknowledges that subsequent reconciliations were delayed due to departure of key accounting personnel.
2. Master and Subsidiary analysis Statements for FY 2022-23 and FY 2023-24 have been loaded to the portal.
3. Documentation supporting the deposits and withdrawals from the Donation Bank Account have been uploaded to the portal.
4. The February 2024 bank statement for the Donations account has also been uploaded to the portal.



Finding 6: Bank Signature Cards not Updated

The review of the bank signature cards revealed that WRC did not amend the bank signature cards to remove the former Director of Finance's bank signatory authority. WRC stated that the signatures were not updated because the Director of Finance position was still vacant.

WRC Response:

WRC has corrected this finding as follows: updated signatures for current board members and WRC staff have been provided to the bank along with a board resolution updating the signatories. The bank has received all signatures from new personnel at DDS. Moving forward, all signatures will be updated when signatories depart or when the Board installs new officers.

Finding 7: Credit Card Expenditures

The review of six sampled months of credit card expenditures revealed weaknesses in WRC's enforcement of its credit card processes. The review noted the following:

1. Credit card statements and documentation to support the expenses for February, April, and August 2023 were not provided for all credit card holders.
2. Receipts were not provided for two transactions totaling \$272.03
3. Itemized receipt was not provided for one business meal totaling \$27.30
4. Twenty-three business meal expenditures totaling \$5,772.70 did not include a description of the business purpose.

WRC Response:

WRC has resolved this finding as follows:

1. Credit card statements and documentation February, April and August 2023 were provided through the portal.
2. Receipts for the two transactions for \$272.03 at Pavilions have been loaded to the portal including the business purpose and names of attendees and loaded to the portal.
3. The receipt for the business meal for \$27.30 has been loaded to the portal. The business purpose for the expenditure is still pending.
4. We have obtained and documented the business purpose of the credit card expenditures made by Jane Borochoff and uploaded it to the portal. However, we were unable to obtain documentation from Sonya Lowe, as she is no longer with the organization.

To strengthen internal controls and ensure full compliance with our credit card policy, WRC has reduced the number of cardholders. As new staff are issued cards in the future, WRC is adhering to updated processes including mandatory submission of itemized receipts and business purpose documentation for all credit card transactions. In addition, regular training and reminders for cardholders regarding proper documentation requirements will be provided. Consequences will be enforced for non-compliance, including failure to provide itemized receipts. These actions are intended to reinforce accountability and ensure transparency in the use of agency funds.



Finding 8: Check Request Forms:

A. Missing Check Request forms

The review of WRC's LACC and CISRG expenses revealed the check request forms for two transactions totaling \$12,960 were not provided to verify the expenses were approved for payment and assigned to the correct ledger account.

WRC Response:

Check requests for LACC (Jump for Joi) and CISRG (Glad) expenses, for \$12,000 and \$960, respectively have been loaded to the portal. The check requests were approved by the Deputy Executive Director and Manager of Wellness for the respective payments but were missing the Director of Finance and Accounting Manager's approvals as required by our Operating Procedure.

WRC is taking the Department's recommendation to review job duties to ensure that processes will be in place in the event of an employee's LOA or absence so that required approvals will be made. WRC is reviewing and updating our Operating Procedure to streamline the process by removing the requirements for excessive approvals, while adequate controls remain in place. In addition, WRC is implementing a tracking process to verify that required check documentation is complete and approved prior to payment, to prevent missing forms in the future.

B. Missing Director of Finance Approvals

The review of WRC's MHSA, LACC and CISRG expenses revealed the previous Director of Finance did not sign the check form for 29 transactions prior to payment. The transaction totaled \$88,653.05 from September 2023 through December 2024.

WRC Response:

We have approved and loaded check requests for the 29 transactions to the portal. WRC acknowledges that procedures requiring the approval of the Director Finance prior to payment were not consistently followed during the audit period. The Director of Finance is no longer with the WRC organization. WRC is now in the process of updating our Operating Procedure to streamline the process by removing the requirement for excessive approvals while maintaining adequate internal controls. In addition, we will reinforce our review process that request documentation is complete and properly approved prior to payment.

Finding 9: Services Provided Prior to Contract Approval

The review of four OPS Consultant contracts revealed one consultant, Kinetic Flow, Vendor number 7477, was reimbursed \$84,047 to assist WRC with the development of LACC projects without a signed written contract in place. WRC overlooked formalizing an agreement through a contract and the work performed by Kinetic Flow was based solely on the program design.

Once WRD realized a contract was not in place with Kinetic Flow, one was executed on May 24, 2024, even though payments for services were already from November 10, 2022, through September 1, 2023.

WRC Response:

WRC acknowledges that services were initiated prior to executing a written contract with Kinetic Flow. We will reinforce to staff the requirements that written contracts must be fully executed, with all necessary approvals obtained from the appropriate parties before any services commence. This procedure has been implemented with the WRC LACC Project personnel as of February 1, 2024, and will be emphasized through staff training and included in our internal contract management guidelines to prevent recurrence.

Finding 10: Administrative Cost Cap

The review of the operational expenses revealed that WRC did not maintain documentation to ensure the Administrative Cost Cap did not exceed the 15 percent cost cap. WRC stated that the former Director of Finance was responsible for monitoring and retaining the administrative expense reports. However, when the Director of Finance separated from WRC, these reports could not be found.

WRC Response:

WRC's administrative costs did not exceed the 15 percent administrative cost cap at any time during the audit period. WRC accepts the recommendation of the Department to ensure that this process is not solely maintained by one person within the organization and WRC is establishing a process to accurately identify and monitor administrative costs and ensure that they do not exceed 15% and all supporting documents will be maintained.

Finding 11

A: Unsupported Salary Expenses:

The review of the Administrative Survey worksheets revealed the salaries and wages reported to the Department in May 2024 were not supported by source documents, WRC was unable to provide documentation for the 10 sampled employees to support salaries and wages reported to the department.

WRC Response:

Documentation supporting the salaries and wages for the 10 sampled employees has been loaded onto the portal. Going forward, WRC will adhere to the instructions outlined in the Administrative Survey to ensure that all reported salaries are supported by appropriate documentation. In addition, staff will receive training on maintaining and providing the data required by auditors to verify reported amounts. Based on these corrective actions WRC believes this finding has been resolved.

B. Understated Administrative Expenses

The review of the Administrative Survey worksheets revealed the operating expenses reported to the Department in Mary 2024 survey; Computation of Applicable Operating Expenses worksheet did not reconcile to the general ledger. The operating expenses were understated by \$2,585,688.94.

WRC Response:

WRC was unable to reconcile the 2,585,688.94 amount as identified as understated operating expenses. We respectfully request a copy of the detailed worksheets so we can review the calculation and determine which accounts should be included as administrative costs.

Finding 12: Equipment Inventory (Repeat) -The review of the inventory process revealed that WRC continues to have weaknesses with its inventory procedures. In response to the prior audit report, WRC indicated it has taken steps to strengthen the physical inventory. In addition, it has updated its inventory procedures, invested in an inventory system, and hired a facilities manager to oversee inventory tasks. However, WRC continues to have issues with the following:

1. Inventory listing included items that were not State tagged
2. Comprehensive inventory worksheets did not include all fixed assets
3. Comprehensive inventory worksheets did not have the names of inventory takes and reviewers
4. The Property Survey Report form (Std. 152) dated 7/29/22 did not have a disposal date
5. Capitalization listing for FY 2022-23 was not provided.
6. Capitalization listing for FY 2023-24 did not reconcile to the general ledger

WRC Response:

Non state tagged items have been removed from the asset inventory listing. Monitors that were not previously issued tags have been properly tagged. Comprehensive inventory worksheets have been corrected to include all fixed assets. The names of inventory takers and reviewers have been added to the worksheets. A signature was not available on the Std. 152 form, as present Facilities staff were not employed with WRC as of that date. The Capitalization Listing for FY 2022-23 and FY 2023-24 have been reconciled and loaded to the portal. In addition, we will follow the State's Equipment Management Guidelines, Section III, E-Disposition of State-Owned equipment and ensure that the Property Survey Report, Std 152, we submit is on time, complete, accurate and includes the disposal dates.

Finding 13: Improper Allocation of CPP Funds

The review of WRC's CPP expenditures revealed that WRC claimed expenses for FY 2022-23 and 2023-24 totaling \$207,056.63 when there were no CPP placements during both fiscal years. These expenditures were allocated to CPP rather than the General Fund account. (See attachment N)

WRC Response:

WRC has reclassified CPP expenses for FY 2023-24 in the amount of \$132,977.23 and allocated them to the General Funds. For FY 22-23, WRC has issued a check to DDS in the amount \$120,657.60. We believe this corrective action has resolved this finding.

Finding 14: Service Coordinator Caseload Ratios**A. Missing Documentation**

The review of the service coordinator caseload ratios revealed WRC did not follow its own record retention procedure by not retaining documentation to support the March 2023 service coordinator caseloads reported to the Department. WRC stated that the former Director of Finance was responsible for monitoring and retaining the service caseload ratio documentation. However, the Director of Finance separated from WRD, the documentation could not be found.

B. Untimely Plan of Correction

The review of the service coordinator caseload ratio revealed the Department requested WRC to submit a plan of correction within 60 days on April 15, 2024; however, WRC exceeded the 60 days and submitted the plan of correction on December 12, 2024. WRC stated the plan of correction was untimely because the employee responsible for the plan of correction vacated the position.

WRC Response:

WRC acknowledges that the caseload ratio plan of correction was not submitted timely during the audit period. However, WRC corrected this delay by submitting the March 2025 service coordinator caseloads to the Department timely and retained documentation to support the service coordinator ratios. In addition, the plan for correction was submitted to the Department on time by WRC.

Documentation supporting the caseload ratios has been provided via the portal. In addition, WRC has implemented procedures to ensure timely responses to the Department and has trained backup personnel to cover responsibilities during staff absences.

Finding 15: Unsupported FRC Claims

The review of six months of FRC claims revealed WRC could not provide payroll documentation for the three sampled employees to support the salaries claimed to FRC. As a result, it could be determined if the amounts claimed to FRC from FY 2022-23 and 2023-24 totaling \$260,494 were accurate.



WRC Response:

WRC has provided the documentation to support the FRC claims via the portal. The payroll files are maintained in a secured folder; however, staff were unable to retrieve the requested information. Moving forward, WRC will ensure that appropriate staff have access and training to retrieve and provide necessary documentation during audits.

Finding 16: Unsupported FEC claims and Offsets

The review of WRC's FEC Grant revealed WRC received funding totaling \$340,940 for FYs 2022-23 and 2023-24. However, WRC was unable to provide documentation for the expenses claimed under the FEC Grant to ensure WRC is receiving compensation for the administrative costs for administrating the grant. WRC did not provide procedures or a reason why the documents were not provided since the key individual responsible for the FEC claims was unavailable.

WRC Response:

Documentation for FEC expenses has been provided via the portal. WRC is developing written claim procedures that include instructions for processing claims, including offsets and retaining appropriate supporting documentation. In addition, backup staff will be trained to ensure they can perform these functions in absence of key personnel.

Finding 17: Unsupported Rental Income

The review of the state claims revealed WRC receives rental income from three subleases monthly. However, WRC could not provide the three sublease agreements to support the monthly rental income received and the offsets to the state claims monthly was accurate. In addition, WRC did not provide procedures or a reason why the sublease agreements and amendments were not available for review since the key individual responsible for the State claims was unavailable.

WRC Response:

WRC believes it has resolved this finding. The three sublease agreements WRC holds with the Achievable Foundation, Disability Rights Foundation and Lekavich, along with the rent schedules for FY22-23 and FY 23-24 were uploaded to the portal.

WRC has also accepted the Department's recommendation to develop a backup process to ensure that all documentation can be provided promptly to the auditor, even in the absence of key staff.

Finding 18: Unsupported Rent Survey

The review of the rent surveys for FYs 2022-23 and 2023-24 revealed that WRC did not maintain documentation to support the amounts in the rent surveys reported to the Department. In addition, WRC could not provide process or a reason why the documents were not retained since key individuals responsible for the surveys were unavailable.



WRC Response:

WRC will develop and implement formal procedures for completing the rent survey and will train backup staff to ensure continuity. All supporting documentation used to prepare the surveys will be retained in accordance with record retention requirements.

Finding 19: UFS Reconciliations Not Provided

The review of the UFS reconciliations revealed WRC did not provide documentation to verify UFS reconciliations were completed for FYs 2022-23 and 2023-23. In addition, WRC did not provide procedures or a reason why the documents were not provided since the key individual responsible for completing UFS reconciliations was unavailable.

WRC Response:

UFS reconciliations have been provided via the portal. Additionally, a backup process will be implemented to ensure that key responsibilities are covered during staff absences. WRC believes this finding has been resolved.

Finding 20: E-Billing

The review of twelve E-billing vendors files revealed a weakness with WRC's control over its record retention. The enrollment forms for five vendors could not be located, electronic fund transfer remittance advices for four pay periods could not be provided, a listing of the terminated vendors for the audit period was not provided. WRC stated the former accountant was responsible for overseeing the E-billing. However, when the accountant separated from WRC, some of the documentation could not be found. (See Attachment 0)

WRC Response:

All requested information has been provided via the portal. WRC believes this finding is resolved.

WRC appreciates the opportunity to respond to the draft audit report. We thank the DDS audit team for the thorough review and the constructive feedback provided in the report. We are committed to maintaining compliance with all applicable policies, strengthening internal controls, and ensuring transparency in our financial and operational processes.

WRC has addressed, or is actively addressing, all findings and has implemented corrective actions where applicable. Supporting documentation has been submitted via the portal, and procedures have been established to ensure that backup staff can fulfill key responsibilities during staff absences.

We value the opportunity to provide this detailed response and look forward to continued collaboration with the Department to ensure the accuracy, integrity, and efficiency of our operations.

◆ *r!!f'd/4iaj*

Robert F. Kutaj
Chief Financial Officer