

DEPARTMENT OF DEVELOPMENTAL SERVICES

1600 NINTH STREET, Room 320, MS 3-9
SACRAMENTO, CA 95814
TDD 654-2054 (For the Hearing Impaired)
(916) 654-1958



April 6, 2010

KERN REGIONAL CENTER

APR 21 2010

RECEIVED

Susan Lara, Board President
Kern Regional Center
3200 North Sillect Avenue
Bakersfield, CA 93308

Dear Ms. Lara:

The Department of Developmental Services' (DDS) Audit Branch has completed the audit of Kern Regional Center (KRC). The period of review was from July 1, 2006, through June 30, 2008, with follow-up as needed into prior and subsequent periods. The enclosed report discusses the areas reviewed along with the findings and recommendations. The report includes the response submitted by KRC, which is included as Appendix A, and DDS' reply which is enclosed on page 18 of the report.

If there is a disagreement with the audit findings, a written "Statement of Disputed Issues" may be filed with the DDS Audit Appeals Unit, pursuant to Title 17, Section 50730, Request for Administrative Review, California Code of Regulations (excerpt enclosed). The "Statement of Disputed Issues" must be filed within 30 days of receipt of this report to:

Department of Developmental Services
Audit Appeals Unit
1600 Ninth Street, Room 310, MS 3-21
P.O. Box 944202
Sacramento, CA 94244-2020

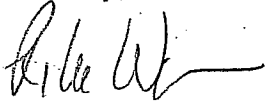
The cooperation of KRC's staff in completing the audit is appreciated.

"Building Partnerships, Supporting Choices"

Susan Lara.
April 6, 2010
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If you have any questions regarding the report, please contact Edward Yan, Manager,
Audit Branch, at (916) 654-1948.

Sincerely,



RITA WALKER
Deputy Director
Community Operations Division

Enclosures

cc: Michal Clark, KRC
Jerry Bowman, KRC ✓
Karyn Meyreles, DDS
Edward Yan, DDS
Greg Saul, DDS
Staci Yasui, DDS
Robert Ecklund, DDS
Brian Winfield, DDS
John Fukasawa, DHCS

California Code of Regulations
Title 17, Division 2
Chapter 1 - General Provisions
SubChapter 7 - Fiscal Audit Appeals
Article 2 - Administrative Review

§50730. Request for Administrative Review.

(a) An individual, entity, or organization which disagrees with any portion or aspect of an audit report issued by the Department or regional center may request an administrative review. The appellant's written request shall be submitted to the Department within 30 days after the receipt of the audit report. The request may be amended at any time during the 30-day period.

(b) If the appellant does not submit the written request within the 30-day period, the appeals review officer shall deny such request, and all audit exceptions or findings in the report shall be deemed final unless the appellant establishes good cause for late filing.

(c) The request shall be known as a "Statement of Disputed Issues." It shall be in writing, signed by the appellant or his/her authorized agent, and shall state the address of the appellant and of the agent, if any agent has been designated. An appellant shall specify the name and address of the individual authorized on behalf of the appellant to receive any and all documents, including the final decision of the Director, relating to proceedings conducted pursuant to this subchapter. The Statement of Disputed Issues need not be formal, but it shall be both complete and specific as to each audit exception or finding being protested. In addition, it shall set forth all of the appellant's contentions as to those exceptions or findings, and the estimated dollar amount of each exception or finding being appealed.

(d) If the appeals review officer determines that a Statement of Disputed Issues fails to state the grounds upon which objections to the audit report are based, with sufficient completeness and specificity for full resolution of the issues presented, he/she shall notify the appellant, in writing, that it does not comply with the requirements of this subchapter.

(e) The appellant has 15 days after the date of mailing of such notice within which to file an amended Statement of Disputed Issues. If the appellant does not amend his/her appeal to correct the stated deficiencies within the time permitted, all audit exceptions or findings affected shall be dismissed from the appeal, unless good cause is shown for the noncompliance.

(f) The appellant shall attach to the Statement of Disputed Issues all documents which he/she intends to introduce into evidence in support of stated contentions. An appellant that is unable to locate, prepare, or compile such documents within the appeal period specified in Subsection (a) above, shall include a statement to this effect in the Statement of Disputed Issues. The appellant shall have an additional 30 days after the expiration of the initial 30-day period in which to submit the documents. Documents that are not submitted within this period shall not be accepted into evidence at any stage of the appeal process unless good cause is shown for the failure to present the documents within the prescribed period.

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EXECUTIVE SUMMARY

The fiscal compliance audit of Kern Regional Center (KRC) revealed that KRC was in substantial compliance with the requirements set forth in California Code of Regulations Title 17, the California Welfare and Institutions (W&I) Code, the Home and Community Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract with the Department of Developmental Services. The audit indicated that, overall, KRC maintains accounting records and supporting documentation for transactions in an organized manner. This report identifies some areas where KRC's administrative and operational controls could be strengthened, but none of the findings were of a nature that would indicate systemic issues or constitute major concerns regarding KRC's operations.

These findings need to be addressed, but do not significantly impair the financial integrity of the KRC or seriously compromise its ability to account for or manage State funds.

Finding 1: Missing Documentation

A. Unsupported Caseload Ratios

The review of the Service Coordinator Caseload Ratios revealed supporting documentation was not maintained to verify the reported ratios for February 2007. In addition, documentation provided to support the February 2008, ratio under the category for consumers who have moved from a developmental center to the community since April 14, 1993, and have lived in community continuously for at least 12 months did not reconcile to the reported ratio.

B. Operational Expenses

The review of 137 operational expenses found 22 instances totaling \$2,575.39, where there were no receipts to support the expenses and 20 instances totaling \$2,973.94, where the credit card charge slip was provided as support, but did not include the detailing of the items purchased.

Finding 2: Equipment Inventory List Not Updated (Repeat)

The review of the inventory listing revealed it was not updated and did not include the signature or date of the person conducting inventory to verify it was taken within three years. This is a repeat issue from the prior audit.

BACKGROUND

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

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

In addition to the fiscal compliance audit, each regional center will also be reviewed by DDS Federal Programs Operations Section to assess overall programmatic compliance with HCBS Waiver requirements. The HCBS Waiver compliance monitoring review will have its own criteria and processes. These audits and program reviews are an essential part of an overall DDS monitoring system that provides information on regional center fiscal, administrative and program operations.

DDS and Kern Regional Center, Inc., entered into contract, HD049010, effective July 1, 2004, through June 30, 2009. The contract specifies that Kern Regional Center, Inc. will operate an agency known as the Kern Regional Center (KRC) to provide services to persons with DD and their families in the Inyo, Kern, and Mono Counties. The contract is funded by State and federal funds that are dependent upon KRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at KRC from May 11, 2009, through June 5, 2009, and was conducted by DDS's Audit Branch.

AUTHORITY

The audit was conducted under the authority of the Welfare and Institutions (W&I) Code, Section 4780.5, and Article IV, Provision Number 3 of KRC's contract.

CRITERIA

The following criteria were used for this audit:

- California Welfare and Institutions Code
- "Approved Application for the Home and Community-Based Services Waiver for the Developmentally Disabled"
- California Code of Regulations Title 17
- Federal Office of Management Budget (OMB) Circular A-133
- KRC's contract with the DDS

AUDIT PERIOD

The audit period was from July 1, 2006, through June 30, 2008, with follow-up as needed into prior and subsequent periods.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

- To determine compliance to Title 17, California Code of Regulations (Title 17),
- To determine compliance to the provisions of the HCBS Waiver for the Developmentally Disabled, and
- To determine that costs claimed were in compliance to the provisions of the KRC's contract with DDS.

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

Our review of KRC's internal control structure was limited to gaining an understanding of the transaction flow and the policies and procedures as necessary to develop appropriate auditing procedures.

We reviewed the annual audit report that was conducted by an independent accounting firm for Fiscal Years (FY):

- FY 2006-07, issued on May 13, 2008
- FY 2007-08, issued on December 11, 2008

No management letters were issued by the independent accounting firm. This review was performed to determine the impact, if any, upon our audit and, as necessary, develop appropriate audit procedures.

The audit procedures performed included the following:

I. Purchase of Service

We selected a sample of Purchase of Service (POS) claimed and billed to DDS. The sample included consumer services, vendor rates, and consumer trust accounts. The sample also included consumers who were eligible for the HCBS Waiver. For POS the following procedures were performed:

- We tested the sample items to determine if the payments made to service providers were properly claimed and could be supported by appropriate documentation.
- We 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 KRC. The rates charged for the services provided to individuals were reviewed to ensure that the rates paid were set in accordance with the provisions of Title 17.
- We selected a sample of individual trust accounts to determine if there were any unusual activities, and if any individual account balances were not over the \$2,000 resource limit as required by the Social Security Administration (SSA). In addition, we determined if any retroactive Social Security benefit payments were not held for a period longer than nine months. We also reviewed these accounts to ensure that the interest earnings were distributed quarterly, personal and incidental funds were paid before the tenth of each month, and that proper documentation for expenditures was maintained.
- We selected a sample of Uniform Fiscal Systems (UFS) reconciliations to determine if any accounts were out-of-balance or if there were any outstanding reconciling items.
- We analyzed all of KRC's bank accounts to determine if DDS had signatory authority as required by the contract with the DDS.
- We selected a sample of bank reconciliations for Operations and Consumer Trust bank accounts to determine if the reconciliations were properly completed on a monthly basis.

II. Regional Center Operations

We audited KRC operations and conducted tests to determine compliance to the contract with DDS. The tests included various expenditures claimed for administration to ensure that the accounting staff was properly inputting data, transactions were recorded on a

timely basis, and to ensure that expenditures charged to various operating areas were valid and reasonable. These tests included the following:

- A sample of the personnel files, time sheets, payroll ledgers and other support documents was selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of operating expenses, including, but not limited to, purchases of office supplies, consultant contracts, insurance expenses, and lease agreements was tested to determine compliance to Title 17 and the contract with DDS.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the contract with DDS.
- We reviewed KRC's policies and procedures for compliance to the Title 17 Conflict of Interest requirements and selected a sample of personnel files to determine if the policies and procedures were followed.

III. Targeted Case Management and Regional Center Rate Study

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

- Reviewed applicable TCM records and verified that the information submitted by KRC to calculate the TCM rate can be traced to the general ledgers and payroll registers.
- Reviewed KRC's Case Management Time Study. We selected a sample of payroll timesheets for this review and compared those to the DS 1916 forms to ensure the DS 1916 forms were properly completed and supported.

IV. Service Coordinator Caseload Study

Under the W&I Code, Section 4640.6, regional centers are required to provide service coordinator caseload data to DDS annually. Prior to January 1, 2004, the survey required regional centers to have the service coordinator-to-consumer ratio of 1:62 for all consumers who had not moved from developmental centers to the community since April 14, 1993, and a ratio of 1:45 for all consumers who had moved from developmental centers to the community since April 14, 1993. However, commencing January 1, 2004, the following service coordinator-to-consumer ratios apply:

- A. For all consumers that are three years of age and younger and for consumers that are enrolled on the HCBS Waiver, the required average ratio shall be 1:62.

- B. For all consumers who have moved from a developmental center to the community since April 14, 1993, and have lived in the community continuously for at least 12 months, the required average ratio shall be 1:62.
- C. For all consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not covered under A above, the required average ratio shall be 1:66.

We also reviewed the Service Coordinator Caseload Survey methodology used in calculating the caseload ratio to determine reasonableness and that supporting documentation is maintained to support the survey and the ratios as required by W&I Code, Section 4640.6

V. Early Intervention Program (Part C Funding)

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

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

VI. Family Cost Participation Program

The Family Cost Participation Program (FCPP) was created for the purpose of assessing cost participation to parents based on income level and number of dependents. The family cost participation assessments are only applied to respite, day care, and camping services that are included in the child's individual program plan. To determine whether KRC is in compliance with Title 17 and the W&I Code, we performed the following procedures during our audit review.

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

VII. Other Sources of Funding

Regional centers may receive many other sources of funding. For the other sources of funding identified for KRC, we performed sample tests to ensure that the accounting staff was 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 other sources of funding identified for this audit are:

- Start Up Programs
- Medicare Moderation Act (Part D Funding)
- Foster Grandparent

VIII. Follow-up Review on Prior DDS's Audit Findings

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

CONCLUSIONS

Based upon the audit procedures performed, we have determined that except for the items identified in the Findings and Recommendations Section, KRC was in substantial compliance to applicable sections of Title 17, the HCBS waiver, and the terms of KRC's contract with DDS for the audit period July 1, 2006, through June 30, 2008.

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

From the review of prior audit issues, it has been determined that KRC has taken appropriate corrective actions to resolve all prior audit issues, except for finding two, which is included in the Findings and Recommendations section as a repeat finding.

VIEWS OF RESPONSIBLE OFFICIALS

We issued a draft report on November 3, 2009. The findings in the report were discussed at an exit conference with KRC on November 17, 2009. At the exit conference, we stated that the final report will incorporate the views of responsible officials.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, the Centers for Medicare and Medicaid Services, and the Kern Regional Center. It is not intended and should not be used by anyone other than these specified parties. This restriction does not limit distribution of this report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

These findings need to be addressed, but do not significantly impair the financial integrity of KRC or seriously compromise its ability to account for or manage State funds.

Finding 1: Missing Documentation

A. Unsupported Caseload Ratios

The review of the Service Coordinator Caseload Ratios revealed supporting documentation was not maintained to support the reported ratios for February 2007. In addition, documentation provided to support the February 2008, ratio under the category for consumers who have moved from a developmental center to the community since April 14, 1993, and have lived in community continuously for at least 12 months did not reconcile to the reported ratio as required in the contract with DDS.

Article IV, Section 3(a) of the contract between DDS and KRC 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 the “records”) to the extent and in such detail as will properly reflect net costs (direct and indirect) of labor, materials, equipment, supplies and services, reimbursement is claimed under the provisions of this contract in accordance with mutually agreed to procedures and generally accepted accounting principles.”

Recommendation:

KRC should implement policies and procedures to ensure all supporting documents are maintained for the reported caseload ratios.

B. Operational Expenses

The review of 137 operational expenses found 22 instances totaling \$2,575.39, where there were no receipts to support the expenses and 20 instances totaling \$2,973.94, where the credit card charge slip was provided as support, but which did not include the detailing of the items purchased. (See Attachment A)

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

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Recommendation:

KRC should update its operational expense procedures to include procedures for credit card purchases by requiring receipts. This would reduce any potential misuse of credit cards. In addition, requiring receipts would ensure that all operational expenses related to credit card purchases are reasonable business expenses.

Finding 2: Equipment Inventory List Not Updated (Repeat)

The review of the inventory listing revealed that it has not been updated to reflect the current status and location of the equipment. In addition, it was found that there was no date and signature of the person conducting the inventory to verify it was taken within three years. This is a repeat issue from the prior audit.

Article IV, Section 4a of the contract between DDS and KRC 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.”

Section III (F) of the State’s Equipment Management System Guidelines, dated February 1, 2003, states in part:

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

State Administrative Manual (SAM) Section 8652 states in part:

“Departments will make a physical inventory count of all property and reconcile the count with accounting records at least once every three years.

Departments are responsible for the developing and carrying out an inventory plan which will include:

2(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:

KRC should continue to develop and implement policies and procedures to ensure compliance to the State’s Equipment Management System Guidelines as required by its contract with DDS.

Finding 3: KRC Foundation - Conflict of Interest

The review of the Board members for the Foundation and KRC revealed a conflict of interest that exists, but was not properly disclosed. It was found that there was a common board member on the Boards of KRC and the Foundation. Further review found that KRC’s Executive Director and Administrator are officers of the Foundation.

Title 17, Sections 54522(a), (b) and (c) states in part:

- (a) “...each regional center employee who has a decision or policy-making authority, as defined in Section 54505(e) herein, and each member of the governing board, including the board member designated by the regional center provider advisory committee pursuant to W&I Code, Section 4622 (a)(7) shall prepare and file an initial conflict of interest statement pursuant to these regulations. ...Subsequent statements shall be filed thereafter whenever a change in status would create a present or potential conflict of interest situation as defined in these regulations.
- (b) If a present or potential conflict of interest exists, the statements of the regional center employees and governing board members, including the board member designated by the regional center provider advisory committee pursuant to W&I Code, Section 4622(a)(7), shall if desired by the governing board member or regional center employee, also contain a request for waiver of the prohibitions of any present or potential conflict of interest, and a suggested plan of action for resolution of the present or potential conflict of interest, including limitations on the governing board member or regional center employee which will enable him or her to avoid actions involving the conflict of interest during the period the waiver request is being reviewed pursuant to Section 54523 of these regulations.

- (c) The regional center or the regional center governing board shall review, respectively, the waiver request of all regional center employees and governing board members, and determine, in its discretion, whether to submit the request pursuant to the regulation, or require the individual to eliminate the conflict of interest or resign his or her position as stated therein.”

Also, Title 17, Sections 54523(a) and (b) states:

- (a) “If the conflict of interest statement filed by the regional center governing board member or the regional center employee indicates that a present or potential conflict of interest exist and a waiver is being requested, then within 30 calendar days of receipt of such a statement, the governing board or regional center shall, unless it has elected to do otherwise pursuant to Section 54522(c), submit the request for waiver packet in accordance with the procedures set forth in this section.
- (b) All requests for waiver packets must be submitted to the Department. In addition, copies of the request for waiver packets involving the governing board members must also be sent to the area board in the area and to the State Council.”

Recommendation:

KRC should develop and implement policies and procedures to ensure that all present or potential conflicts of interest are properly reported and to request a waiver from DDS when these exist.

Finding 4: Vacation and Sick Time Recorded Incorrectly on the Targeted Case Management Time Study Forms (DS1916)

The review of the Targeted Case Management Time (TCM) study revealed that for six of the 10 sampled employees, vacation and sick hours recorded on the employee timesheets did not properly reflect what was recorded on the TCM study forms (DS 1916). The difference between the employee timesheets and the TCM study forms was a total of 61.3 hours. Though the difference did not have a significant impact on the TCM rate, hours recorded incorrectly in the TCM study can affect the TCM rate billed to the Federal Government.

For good business and internal control practices, vacation and sick time should be recorded correctly on the TCM study forms (DS 1916). Time recorded incorrectly may result in an incorrect calculation of the TCM rate, which could result in the requirement to return overpayments on the TCM rate to the Federal Government.

Recommendation:

KRC should implement policies and procedures to include a review of the employees' vacation and sick hours on the TCM study forms (DS 1916). This would ensure that the hours reported for the TCM Time study are accurate.

Finding 5: Uniform Fiscal System (UFS) Reconciliations – Lack of Signatures and Dates

The review of seven UFS reconciliations revealed three instances where it was not signed and dated by the preparer and reviewer. (See Attachment B.)

For good accounting and internal control practices, all reconciliations should be signed and dated by both the preparer and reviewer. This will document that the reconciliations were prepared and reviewed on a timely basis.

Recommendation:

KRC should continue to monitor the preparation of the UFS reconciliations to ensure that there are signatures and dates from the preparer and reviewer.

EVALUATION OF RESPONSE

As part of the audit report process, KRC is provided with a draft report and is requested to provide a response to each finding. KRC's response dated January 4, 2010, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendation section and a summary of the findings in the Executive Summary section. DDS's Audit Branch has evaluated KRC's response. KRC's response addressed the audit findings and provided reasonable assurance that corrective action would be taken to resolve the issues. DDS's Audit Branch will confirm KRC's corrective actions identified in the response during the follow-up review of the next scheduled audit.

**Kern Regional Center
Missing Operational Expense Documentation
Fiscal Years 2006-07 and 2007-08**

Missing Documentation - No Receipts				
	Vendor Number	Transaction	Payment Date	Amount
1	4164	Chili's	7/18/2006	\$133.00
2	4862	American Association	1/16/2007	\$160.00
3	4862	Carrows		\$43.48
4	4917	Little Italy Restaurant	5/15/2007	\$390.00
5	4862	Apple Farm	5/17/2007	\$8.00
6	4862	Vintage Press		\$68.89
7	4862	Barnes and Noble		\$200.00
8	4862	Con*Governing		\$49.95
9	4862	Michigan Association	4/2/2008	\$275.00
10	4862	Nickolettis		\$39.84
11	4862	Shell Oil		\$25.41
12	4917	Little Italy Restaurant	6/3/2008	\$540.00
13	4164	Dr. Symantec	8/21/2007	\$49.95
14	4164	Upham Hotel		\$257.60
15	4164	Dr. Symantec		\$16.40
16	4164	United		\$250.80
17	4164	Horton Grand Hotel	10/23/2007	\$307.20
18	4164	RPS Bakersfield		\$18.00
19	4164	Apple Online	11/21/2007	\$138.35
21	4164	NASW Washington		\$250.00
22	4164	NASW Washington		\$80.00
Total Expenses Missing Receipts				\$2,575.39

Kern Regional Center
Missing Operational Expense Documentation
Fiscal Years 2006-07 and 2007-08

Missing Documentation - No Itemized Detail Receipts				
	Vendor Number	Transaction	Payment Date	Amount
1	4862	Valentien	1/16/2007	\$41.32
2	4862	Bill Lee's Bamboo Chops		\$56.99
3	4862	Hungry Hunter		\$114.92
4	4862	Chops Steak House		\$136.95
5	4862	Frank Fat's		\$141.15
6	4862	Apple Farm	5/17/2007	\$624.80
7	4862	Apple Farm		\$1,220.63
8	4862	Benji's		\$96.78
9	4862	Fat City Bar & Grill		\$96.00
10	4862	Café Med III		\$91.96
11	4164	Benji's	5/17/2007	\$42.00
12	4164	BJ's	11/21/2007	\$170.00
13	4862	Garden Spot	4/2/2008	\$17.16
14	4862	Carrows		\$32.00
15	4862	Doubletree		\$57.18
16	4862	Whiskey Creek		\$50.61
17	4862	O Deli Café		\$91.52
18	4862	Bill Lee's Bamboo Chops		\$41.48
19	4862	Apple Farm		\$322.89
20	4862	Mimi's Café		\$18.93

Total Missing Detailed Receipts \$2,973.94

Grand Total Amount \$5,549.33

**Kern Regional Center
Uniform Fiscal System Reconciliations - Missing
Preparer and Reviewer Signatures
Fiscal Years 2006-07 and 2007-08**

	Month/Year
1	April 2009
2	July 2006
3	October 2006

APPENDIX A

KERN REGIONAL CENTER

RESPONSE

TO AUDIT FINDINGS



**Response to Audit Findings and Recommendations for audit performed by DDS
for fiscal years 06/07 and 07/08**

Finding 1: Missing Documentation

A: Unsupported Caseload Ratios

In caseload ratio information KRC relies upon the spreadsheet methodology developed by DDS and ARCA. We do maintain copies of the spreadsheet which is populated from the state's database. We also keep a copy of personnel assignments effective on the date the ratios are calculated. This approach works for all ratios except the "DC movers". KRC historically has kept a list of all movers and the date they have moved into the community. We are adding information to that list to show the caseload the "DC mover" is moved into and the size of the caseload on that date. This additional information should provide the required documentation.

B Operational Expense

Our procedure will be that all charge card expenses will be backed up by receipts that list what was purchased. If the receipt is not clear on what was purchased it will be hand written on the receipt and, if available, supporting documentation will be attached. The Kern Regional Center will ensure that credit card charges contain receipts that support a business purpose.

Finding 2: Equipment Inventory List not Updated

The Kern Regional Center will continue to conduct a physical inventory at least once a year for its main office and once every three years for its satellite offices in order to reconcile to its records. Completed physical inventories will be initialed and dated by the inventory taker. Getting an accurate inventory has been an ongoing problem for Kern Regional Center. We feel we finally have an accurate one and procedures to keep it that way.

Finding 3: KRC Foundation – Conflict of Interest

The board members of the Foundation, the President of the KRC board and the Executive Director and Chief Financial Officer of KRC, have all resigned their positions. New board members have been instated and officers elected. The potential conflict of interest has thus been eliminated. In the

future, if there is a potential conflict of interest between the Foundation and KRC, a waiver will be requested from DDS.

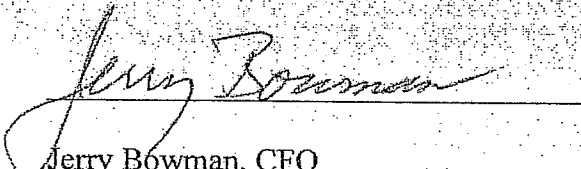
Finding 4: Vacation and Sick Time Recorded Incorrectly on the Targeted Case Management Time Study Forms (DS1916)

KRC will review policy and procedures with Service Coordinators and Program Managers in regards to Targeted Case management. KRC will implement policies and procedures to include review of Case managers' vacation and sick hours on the TCM study forms. Program Managers will review time sheets and TCM time study to assure they are accurate and properly reflect any vacation time or sick time.

(Can we get the names of the service coordinators who had the erroneous time on the TCM study forms so we can address it with them?)

Finding 5: Uniform Fiscal System (UFS) Reconciliations – Lack of Signatures and Dates

The Kern Regional Center will ensure the UFS reconciliations are signed and dated by both the preparer and reviewer at the time they are prepared and reviewed.


Jerry Bowman, CFO
Kern Regional Center

1/7/2010

Date