

BEFORE THE  
DEPARTMENT OF DEVELOPMENTAL SERVICES  
STATE OF CALIFORNIA

In the Matter of the Appeal of the Audit  
Involving:

OAH No. 2013020982

LOS ANGELES SPEECH AND  
LANGUAGE CENTER,

Appellant,

vs.

DEPARTMENT OF DEVELOPMENTAL  
SERVICES,

Respondent.

PROPOSED DECISION

Howard W. Cohen, Administrative Law Judge, Office of Administrative Hearings, State of California, heard this matter on March 11 and 12, 2014, in Los Angeles.

Diana Iorlano, Manatt, Phelps & Phillips, LLP, Attorneys at Law, represented appellant Los Angeles Speech and Language Center (LA Speech).

Janet Burns, Deputy Attorney General, and Jason Scott, Staff Counsel, represented respondent Department of Developmental Services (DDS or department).

This dispute concerns DDS's attempt to recoup nearly \$1.5 million paid to LA Speech in accordance with a contract between LA Speech and South Central Los Angeles Regional Center (SCLARC). The contract provided that LA Speech was to be paid at a certain rate for providing bilingual services to infants and toddlers and their families. DDS argues that the contract rate exceeded the statutory maximum rate for the services provided and that it is entitled to recover a portion of the payments made to LA Speech from 2005 to 2010.

Oral and documentary evidence was received. The record was held open to allow the parties to submit briefs. DDS timely filed a closing brief and a reply brief, which were marked for identification as Exhibits R35 and R36, respectively. Appellant timely filed a closing brief, a reply brief, and errata, which were marked for identification as Exhibits A38 through A40, respectively. Appellant filed a sur-reply brief on April 15, 2014, which was

marked for identification as Exhibit A41; DDS filed an objection to the sur-reply brief, which was marked for identification as Exhibit R37. DDS's objection is overruled.

The record was closed and the matter was submitted for decision on April 14, 2014.

## FACTUAL FINDINGS

### *Parties and Jurisdiction*

1. DDS issued a draft audit of LA Speech in October 2011. LA Speech responded and submitted additional information. DDS issued its final audit report on June 22, 2012.
2. LA Speech filed a Statement of Disputed Issues on July 20, 2012.
3. DDS issued a Letter of Findings on November 29, 2012.
4. LA Speech filed a Request for Formal Hearing on December 28, 2012. DDS responded to LA Speech's request on March 18, 2013.

### *Statutory and Regulatory Background*

5. Under the federal Individuals with Disabilities Education Act of 2004 (IDEA) (20 U.S.C. § 1431 et seq.) and applicable regulations (34 C.F.R. § 303 et seq.), states choosing to comply with federal requirements were given the opportunity to receive funds to provide services to eligible infants and toddlers 36 months of age and younger. California chose to participate and passed the necessary legislation to do so, the California Early Intervention Services Act (Gov. Code, § 95000 et seq.), creating what is commonly referred to as the "Early Start" program. California also adopted implementing regulations. (Cal. Code Regs., tit. 17, § 52000 et seq.)

6. Eligible infants and toddlers are those who have certain developmental delays or who have an established risk condition likely to lead to developmental delay. (Gov. Code, § 95014, subd. (a); Cal. Code Regs., tit. 17, § 52022.) California provides early intervention services "designed to meet the developmental needs of each eligible infant or toddler and the needs of the family related to the infant or toddler's development." (20 U.S.C. § 1432(4)(A); Cal. Code Regs., tit. 17, § 52000, subd. (b)(12).)

7. DDS is the state agency charged with implementing the Early Start program (Gov. Code, § 95004); in order to do so, DDS is required to comply with certain sections of the Lanterman Developmental Disabilities Services Act (Lanterman Act) (Welf. & Inst. Code, § 4500 et seq.) and its implementing regulations (Cal. Code Regs, tit. 17, § 50201 et seq.). Under the Lanterman Act, DDS provides services and supports for developmentally disabled persons three years of age and older.

8. To serve eligible developmentally disabled persons and their families under the Lanterman Act, and to serve eligible developmentally delayed infants and toddlers under the Early Start program, DDS is required to contract with regional centers, which are private, not-for-profit corporations. (Welf. & Inst. Code, §§ 4620-4622, 4269; Gov. Code, § 95004, subd. (a).)

9. To serve consumers under the Early Start program, regional centers must in turn comply with certain provisions of the Lanterman Act and its implementing regulations, including provisions relating to “vendorization” and rate-setting. (Gov. Code, § 95004, subd. (b)(1).) “Vendorization” is the process of identifying, selecting, and obtaining for consumers the services of qualified providers. (Welf. & Inst. Code, § 4648, subd. (a)(3)(A); Cal. Code Regs., tit. 17, § 54302, subd. (a)(78).)

10. Each regional center is responsible for vendorizing providers for that regional center’s consumers, negotiating a contract for services with the vendors, and authorizing the provision of care to eligible consumers. (Cal. Code Regs., tit. 17, § 54320.) Regional centers are responsible for identifying services and supports necessary to address the goals and objectives of eligible consumers. (Welf. & Inst. Code, §§ 4646, 4646.5, 4648.) For each consumer, regional centers must assign a service coordinator to, among other things, “[s]erve as the primary point of contact for coordinating services and assistance for the infant’s or toddler’s parent, service providers and regional center and/or public agencies.” (Cal. Code Regs., tit. 17, § 52121.)

11. Vendors operate under a categorized rate structure that details allowable fees within a range of services. DDS establishes the vendor’s rate based on the vendor’s service category, staffing ratio, and the mean rate paid to existing vendors providing like services. Once a regional center vendorizes a service provider, the regional center assigns the vendor a temporary payment rate, except in cases where DDS sets a payment rate and notifies the regional center and the vendor of that rate. (Cal. Code Regs., tit. 17, §§ 54320, 57300, 57655). The temporary payment rate remains the applicable reimbursement rate for that program until a permanent payment is finalized. (Cal. Code Regs., tit. 17, § 57652; see also §§ 57664, 57300). In order to secure a permanent payment rate, vendors are generally required to submit cost reports and other documents. (Cal. Code Regs., tit. 17, § 57664).

12. Vendors may bill only for services authorized by the regional center and actually provided to consumers. (Cal. Code Regs., tit. 17, § 54326, subd. (a)(10).)

13. “The department may conduct fiscal reviews and audits of the service providers’ records.” (Welf. & Inst. Code, § 4648.1, subd. (a).) “The department, in cooperation with regional centers, shall ensure that all providers of services and supports purchased by regional centers for their consumers are informed of . . . [t]he responsibility of providers to comply with conditions of any contract or agreement between the regional center and the provider, and between the provider and the department.” (Welf. & Inst. Code, § 4648.1, subd. (c)(3).)

14. DDS may recover from a vendor:

funds paid for services when the department or the regional center determines that either of the following has occurred: (1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations. (2) The rate paid is based on inaccurate data submitted by the provider on a provider cost statement.

(Welf. & Inst. Code, § 4648.1, subd. (e).)

### *Factual Background*

15. LA Speech has provided speech and language services in Los Angeles since 1979 and has been a vendor of services to regional center consumers since 1990.

16. SCLARC is one of 21 regional centers with which DDS contracts. In October 2005, SCLARC vendorized LA Speech as a provider of Early Start program speech-related services under Service Code 805, which is the infant development program (IDP), and assigned it a vendor number, HX0251.

17. The rate to be paid for LA Speech's IDP services was set by SCLARC. A letter agreement between SCLARC and LA Speech, prepared by SCLARC and executed by both parties on October 11, 2005, recites that "[y]our temporary rate will be established by the Department of Developmental Services (DDS). For the time been [*sic*] you are assigned the temporary rate of \$76.01 per hour." (Ex. R22.) The agreement further recites that the rate is "based on: Fee established from the Department of Developmental Services." (*Ibid.*) It further recites that "[t]he effective dates of this rate is [*sic*] October 7, 2005 through June 30, 2007." (*Ibid.*) Above the signature lines, the agreement recites: "Signing and returning this original letter to the attention of SCLARC . . . indicate agreement with the above rate(s)." (*Ibid.*)

18. Dr. Pamela Wiley, President of LA Speech, thought the contracted rate was reasonable. To provide IDP services would require LA Speech to enter an underserved community and would require sufficient bilingual staffing. After agreeing to the contracted rate, LA Speech leased office space, hired and trained bilingual and bicultural staff, developed a speech and language-based program, and engaged in community outreach. At SCLARC's request, LA Speech provided the services on weekends as well as weekdays, and hired additional staff to meet the demand for these services.

19. It is undisputed on this record that the therapy services offered by LA Speech through its approved IDP were authorized by SCLARC and were in fact provided to eligible consumers at the rate negotiated with SCLARC. From July 1, 2005, through June 30, 2010, DDS reimbursed LA Speech at the contracted rate.

20. On October 16, 2007, Wiley telephoned DDS to inquire about submitting cost reports to obtain a permanent payment rate for LA Speech's IDP services. Wiley spoke with a DDS representative who identified himself, to the best of Wiley's recollection, as Mr. "Maisee," "Moisee," or "Moises." Wiley testified that Moises informed her that LA Speech did not have to submit cost reports at that time because DDS had frozen reimbursement rates, and that LA Speech would be paid the current temporary payment rate until notified otherwise. LA Speech relied on the statements of the DDS employee and did not submit cost statements.<sup>1</sup>

21. DDS claims that, by letter dated December 14, 2005, it notified both SCLARC and LA Speech that under vendor number HX0251, service code 805, LA Speech was providing a center-based program with a staffing ratio of one-to-two, and that the authorized temporary payment rate was \$57.45 per hour, effective from October 7, 2005 through July 6, 2007.<sup>2</sup> That rate is only about 75 percent of the \$76.01 contract rate set by SCLARC.

22. The evidence on this record does not support DDS's claim that the December 2005 letter was sent to SCLARC or LA Speech. There is a rebuttable presumption that a letter properly mailed is deemed to have been received by the recipient. (Evid. Code, § 641.) The evidence on this record, however, is sufficient to rebut any such presumption.

23. Uncontroverted evidence establishes that neither LA Speech nor SCLARC received that letter prior to 2010. For example, DDS auditors reported that SCLARC's Purchase of Services Manager told them in July 2011 that LA Speech was paid the wrong rate because SCLARC entered the wrong billing rate into its computer system, and that the 2005 DDS rate letter was never received by SCLARC. (Ex. A7.) DDS's auditors also reported that SCLARC's Chief Financial Officer told them that when SCLARC issues a provisional rate to a vendor, it informs DDS, which then issues a rate letter. He said that SCLARC never caught its error in this case because it never received the 2005 DDS rate letter. (*Ibid.*) Wiley testified that LA Speech did not receive the letter until 2010. Neither an affidavit addressing general mail collection practices at DDS's Community Rates Section nor any testimony from personal knowledge establishes that the December 2005 letter in particular was ever actually mailed, and DDS produced no evidence confirming receipt.

24. After the date of DDS's undelivered rate letter, another letter agreement between SCLARC and LA Speech, prepared by SCLARC and executed by LA Speech on May 20,

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<sup>1</sup> By the date of hearing, DDS could not identify or locate Moises.

<sup>2</sup> LA Speech also contracted with SCLARC in October 1990 to provide services with a one-to-three staffing ratio, and in January 2004 with a one-to-one staffing ratio. LA Speech never provided services or billed under a one-to-one program. LA Speech was also vendorized at Westside Regional Center, contracting in 1989 for a program with a one-to-three ratio, in 1996 for a program with a one-to-two ratio, and in 2002 for a program with a one-to-one ratio.

2008, recites that, for vendor number HX0251 and Service Code 805, “the provider agrees to accept the following rate(s) of payment for the service above which is provided to any regional center consumer(s): \$78.29 per hour, per consumer. These fees are based on: Fee negotiated with the Regional Center. The provider agrees to accept the above rate(s) as payment in full from the Regional Center for this service.” (Ex. A15, Tab 4.) It further recites that “[t]he effective dates of this rate are July 1, 2006 through June 30, 2009.” (*Ibid.*) Above the signature lines, the agreement recites: “Signing and returning this original letter to the attention of SCLARC . . . indicate agreement with the above rate(s).” (*Ibid.*)

25. LA Speech assumed that the new contract rate, effective July 1, 2006, was the permanent rate. DDS never instructed LA Speech, after SCLARC sent either the October 2005 rate letter agreement or the second rate letter agreement, to disregard the rate set by SCLARC, and never told LA Speech that SCLARC did not have the authority to establish the contract rate.

26. In the years since SCLARC contracted with LA Speech to provide IDP services, DDS failed to inform SCLARC of its error or notify LA Speech of what it deemed the correct rate. SCLARC, however, confirmed the October 2005 contract rate, and then the contract rate effective July 2006. LA Speech had no notice that it should not rely on the representations of SCLARC or that it should doubt the propriety of the contracted rates. During the time period in question, LA Speech had numerous communications with and was routinely reviewed by SCLARC regarding the service levels provided. Despite these frequent communications and reviews, no issues were presented to LA Speech regarding the rates or levels of service.

27. Jeffrey Greer, Chief of the Community Rates and Fiscal Support Section at DDS, testified that a DDS rate analyst and the analyst’s supervisor were apprised in fall 2005 that SCLARC may have contracted at an erroneous rate, which should have been corrected in a subsequent DDS rate letter.<sup>3</sup> DDS also conducted three to four regular audits of SCLARC between 2005 and 2010; those audits never identified any problem with the rate that SCLARC was paying LA Speech.

#### *2010 and 2011 Audits of SCLARC*

28. In 2010, the Office of Inspector General conducted an American Recovery and Reinvestment Act audit of SCLARC and discovered that the contracted rate paid by SCLARC for LA Speech’s IDP services was higher than the rate set forth in DDS’s December 2005 letter.

29. SCLARC, by letter dated June 24, 2010, gave LA Speech its first notice of the discrepancy. SCLARC notified LA Speech that it would reimburse LA Speech for future IDP services at the lower rate of \$57.45 per hour, and that LA Speech owed SCLARC for the

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<sup>3</sup> That rate letter was never sent. (Factual Findings 21-23.)

apparent overpayment from October 7, 2005, to May 31, 2010.<sup>4</sup>

30. LA Speech responded to SCLARC, requesting a copy of the December 2005 DDS rate letter, which it had not received, and advising SCLARC of Wiley's October 2007 phone call to DDS. SCLARC also had never received and did not have a copy of the December 2005 rate letter from DDS.

31. LA Speech asked SCLARC to audit LA Speech. When SCLARC refused, LA Speech asked DDS to complete an audit so that LA Speech could formally appeal the findings.

#### *DDS's Audit of LA Speech*

32. On June 22, 2011, DDS advised LA Speech that it would conduct a limited-scope audit of LA Speech. LA Speech had never before been the subject of a DDS audit. DDS conducted the audit and sent the preliminary audit findings to LA Speech on October 10, 2011. DDS's draft audit report included the following finding:

#### Finding 1: Infant Development Program (IDP) — Overpayment due to Incorrect Reimbursement Rate

The review of the Center's rates for the Infant Development Program (IDP), Vendor Number HX0251, for fiscal years July 1, 2005 through June 30, 2010 revealed that the Center was incorrectly paid at a higher rate for five consecutive fiscal years . . . . On December 14, 2005, DDS issued a rate letter to the Center for vendor number HX0251, Service Code 805, and Staffing Ratio of 1:2. This rate letter indicated the Center's temporary payment rate was \$57.45 per consumer per hour for the "center based" program. This rate was effective October 7, 2005 through July 6, 2007. However, the Center received a rate of \$76.01 which was not approved by DDS. The Center continued to receive this substantially inflated rate from October 2005 to June 30, 2010. . . . The Center was receiving a rate that was approved for vendor number HX0193. This program was a "home based" program and had a staffing ratio of 1:1. Since the Center's rate was based on a 1:1 staffing ratio instead of a 1:2 staffing ratio, the Center was inappropriately receiving the higher rate associated with the 1:1 staffing ratio.

(Ex. R6.)

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<sup>4</sup> From June 2010, LA Speech has received payment for its IDP services at the lower rate, which has caused LA Speech to stop providing IDP services on weekends.

33. It is undisputed on this record that LA Speech never misrepresented to SCLARC or DDS the staffing ratio of its IDP services. In a letter dated November 10, 2011, LA Speech contested the preliminary findings.

34. On June 22, 2012, two years after LA Speech's request for an audit, LA Speech received DDS's Final Audit Report, which upheld the preliminary audit finding that DDS was entitled to recoup \$1,472,338.01.

35. In its July 2012 Statement of Disputed Issues, LA Speech argued that it had a valid contract with SCLARC at the vendorized rate, that for five years DDS had failed to notify either LA Speech or SCLARC of a different rate, that DDS had failed to provide a copy of the December 2005 rate letter to LA Speech until 2010, and that DDS is equitably estopped to apply the lower rate. On December 28, 2012, after DDS issued its November 2012 Letter of Findings, appellant requested a formal hearing to challenge the audit findings.

36. DDS argues that the negotiated contracted rate should be invalidated because SCLARC was not permitted to negotiate a rate that exceeded the amount set by DDS, citing California Code of Regulations, title 17, section 57300, subdivision (d). That same subdivision, however, makes clear that such a limit on reimbursement rates only exists once the vendor is notified of DDS's established rate:

For those vendors for whom the Department establishes a rate, *once the vendor has received notice of the rate established by the Department*, any regional center, or its designees, purchasing or intending to purchase services from the vendor may negotiate with the vendor the level of payment for services provided to its consumers for a specified period of time. The level of payment may be less than but shall not exceed the maximum reimbursement possible during the period specified. . . .

(Cal. Code Regs., tit. 17, § 57300, italics added.)

37. In this instance, LA Speech was justified in relying on the rate established by SCLARC. LA Speech never received notice of a rate established by DDS. Thus, contrary to DDS contention, section 57300 does not limit LA Speech to the rate set forth in the December 2005 rate letter.

38. DDS argues that LA Speech had constructive knowledge of the lower rate because of LA Speech's experiences as a vendor of other regional centers. Constructive knowledge on the part of LA Speech that it should have been paid a lower rate was not established by the evidence. LA Speech engaged in negotiations and communications with SCLARC and DDS since becoming a SCLARC vendor, and received multiple written confirmations regarding the contracted rate for the services at issue. Reimbursement rates across California for vendors providing one-to-two ratio IDP services fall within a wide range, from

\$41.34 to \$73.65 an hour. The \$76.01 temporary rate and the \$78.29 permanent rate assigned by SCLARC were similar to rates being awarded to other vendors in the state, and cannot be found to have put LA Speech on notice that its contracted rate was impermissibly high. LA Speech also had a number of programs, from one-to-one to one-to-three or higher ratio services, at Westside Regional Center and at SCLARC, each of which would have had a different rate depending on when it was first vendorized and whether it had a temporary or permanent rate. LA Speech never billed SCLARC for any services under its one-to-one ratio vendor number (HX 0193), and as a result, did not know the rate assigned to that program. Based on its experience, it cannot be held to constructive notice that the IDP rate was erroneous.

39. SCLARC made a costly and unfortunate error in establishing the payment rate in its 2005 and 2008 contracts with LA Speech for IDP services, and in continuing to affirm that rate to LA Speech. DDS's monitoring and auditing of SCLARC's contracting activities were inadequate to discover that error. These facts do not support a finding that LA Speech should be found responsible for reimbursing DDS, given the absence of statutorily-required notice to LA Speech that a rate lower than the rate paid to LA Speech should apply.

40. DDS argues in its briefs that finding for appellant would be contrary to the important public policy favoring funding services for developmentally delayed infants and toddlers, because the \$1.5 million paid in error should be available for use for other eligible families. That important public policy would not be served, however, if service providers are dissuaded from participating as vendors for eligible consumers by the possibility that, after years of receiving payment at a rate contracted with and repeatedly affirmed by a regional center, and without any notice from DDS that the rate is incorrect, the provider can be ordered to reimburse DDS in order to correct the regional center's error.

41. LA Speech argues that DDS's claim is barred by laches due to unreasonable delay by DDS in identifying the error and resulting prejudice to LA Speech, and that DDS should be equitably estopped from recovering. In view of the findings above (see, especially, Factual Findings 33 through 37), the ALJ need not and does not decide whether doctrines of laches or equitable estoppel apply. The ALJ notes, however, that as to laches, there is evidence that personnel at DDS were put on notice in fall 2005 that SCLARC was paying LA Speech at an erroneous rate. (See Factual Finding 25.)

## LEGAL CONCLUSIONS

### *Jurisdiction and Burden of Proof*

1. The subject of a fiscal audit may request an administrative review of the audit findings by filing a Statement of Disputed Issues. (Cal. Code Regs., tit. 17, § 50753.) DDS's administrative review results in a Letter of Findings, which becomes final if the contesting party does not file a timely request for a formal hearing. (Cal. Code Regs., §§ 50730, 50732.) In this

matter, appellant requested an administrative review of DDS's fiscal audit findings, DDS produced a Letter of Findings, and appellant timely filed a request for a formal hearing. (Factual Findings 1-4.) The subject of review of this formal hearing is DDS's fiscal audit findings. (See Cal. Code Regs., tit. 17, §§ 50750, subd. (d) (parties must submit position statements that "shall set forth the validity of each audit . . . finding in dispute"), 50758, subd. (k).)

2. The burden of proof is set forth in regulations governing formal audit appeal hearings. Those regulations state that DDS:

shall present its findings and evidence first at the hearing. The Department . . . has the burden of proof of demonstrating, by a preponderance of the evidence, that the [fiscal audit] findings were correctly made. Once the Department . . . has presented such a prima facie case, the burden of proof shifts to the appellant to demonstrate, by a preponderance of the evidence, that the appellant's position regarding disputed issues is correct.

(Cal. Code Regs., tit. 17, § 50758, subd. (k).) Those regulations further explain the burden of producing evidence in formal audit appeal hearings:

The burden of producing evidence is the obligation of introducing sufficient testimonial or demonstrative evidence to establish the existence of an alleged fact. A party who, in support of his/her position, alleges a fact which is specifically or generally disputed by the opposing party, [h]as the burden of producing evidence as to that fact. If the party having the burden of producing evidence fails to introduce sufficient evidence, the hearing officer shall find against such party as to the existence of the particular fact alleged.

(Cal. Code Regs., tit. 17, § 50758, subd. (l).)

#### *LA Speech's Appeal of DDS's Audit*

3. Cause exists to overrule the Final Audit Report findings under California Code of Regulations, title 17, sections 50750 and 50758.

4. DDS's audit finding of an overpayment of \$1,472,338.01, based on an assumption that an hourly rate of \$57.45 should apply rather than the hourly rate of \$76.01 or \$78.29 set by SCLARC, was correctly calculated. But the assumption as to the hourly rate to be applied in this case was incorrect. The rate set by SCLARC applies.

5. LA Speech was paid after SCLARC vendorized it and set a payment rate for LA Speech's services. By law, DDS delegates authority to the regional centers to contract with

service providers. (Factual Findings 5-14.) It is undisputed that LA Speech followed all of the requirements to enter into a valid contract with SCLARC, and that SCLARC assigned it a payment rate. (Factual Findings 15-19, 24.)

6. The contract rate set by SCLARC was higher than the rate DDS claims to have established for the services provided. A negotiated rate may not exceed the rate established by DDS “once the vendor has received notice of the rate established by the Department.” (Cal. Code Regs., tit. 17, § 57300, subd. (d).) LA Speech did not receive actual or constructive notice of the rate established by DDS, however, until June 24, 2010. (Factual Findings 21-23, 28.)

7. Appellant has demonstrated that SCLARC established the contract rate of \$76.01 and then \$78.29, that DDS did not inform either SCLARC or appellant that the rate was incorrect until 2010, that appellant undertook significant expenditures to provide the services for which SCLARC contracted, that appellant did not know and could not be held responsible for knowing that the rates in the SCLARC contract were incorrect, and that DDS’s procedures for monitoring and auditing regional centers and service providers were inadequate in this case to determine that any issue existed. DDS cannot now seek reimbursement of money properly accepted by appellant for the services provided.

8. The audit finding that appellant was overpaid and owes \$1,472,338.01 must be set aside.

9. LA Speech requested at hearing and in its closing brief that an order issue requiring DDS to remove the current posting for LA Speech on DDS’s “Vendor Audits” webpage because it does not identify SCLARC as the party that made the billing rate error. The request is denied; the matter was not raised in the request for hearing, and the ALJ does not have jurisdiction to award the relief requested. The ALJ notes that, in addition to DDS’s audit findings, a detailed letter from appellant’s counsel contesting those findings, and the May 2008 letter agreement between LA Speech and SCLARC establishing a billing rate of \$78.29, are included in the webpage posting.

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ORDER

Appellant Los Angeles Speech and Language Therapy Center's appeal of the findings in DDS's Final Audit Report issued June 22, 2012, and the Letter of Findings issued November 29, 2012, is granted. The finding that appellant owes DDS \$1,472,338.01 is set aside.

All other requests for relief made during the hearing are denied.

DATED: June 9, 2014

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HOWARD W. COHEN  
Administrative Law Judge  
Office of Administrative Hearings