



**AUDIT OF THE
ALTA CALIFORNIA REGIONAL CENTER
FOR FISCAL YEARS 2010-11 AND 2011-12**

Department of Developmental Services

This report was prepared by the
California Department of Developmental Services
1600 Ninth Street
Sacramento, CA 95814

Jean Johnson, Deputy Director, Administration Division
Edward Yan, Manager, Audit Branch
Luciah Ellen Nzima, Chief of Regional Center Audits, Audit Branch
Soi Ly, Supervisor, Audit Branch

Audit Staff: Nathan Oates, Nestor Tuazon, and Shaheed Martin Mustafa

For more information, please call: (916) 654-3695

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EXECUTIVE SUMMARY

The Department of Developmental Services' (DDS) fiscal compliance audit of Alta California Regional Center (ACRC) was conducted to ensure ACRC's compliance with the requirements set forth in the California Code of Regulations, Title 17 (CCR, title 17), the California Welfare and Institutions (W&I) Code, the Home and Community-Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract with DDS. The audit indicated that, overall, ACRC maintains accounting records and supporting documentation for transactions in an organized manner. This report identifies some areas where ACRC's administrative, operational controls could be strengthened, but none of the findings were of a nature that would indicate systemic issues or constitute major concerns regarding ACRC's operations. A follow-up review was performed to ensure ACRC has taken corrective action to resolve the findings identified in the prior DDS Audit Report.

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

I. Findings that need to be addressed.

Finding 1: Improper Allocation of Community Placement Plan Funds

The review of ACRC's Community Placement Plan (CPP) expenditures revealed ACRC improperly allocated \$718,301.00 and \$436,626.20 of the CPP operational funds for fiscal years (FY) 2010-11 and 2011-12 respectively. The CPP funds claimed to the State by ACRC were not based on the percentage of time spent by employees on CPP activities. This is not in compliance with the State Contract, Exhibit E(2)(a).

Finding 2: Family Cost Participation Plan - Late Assessments (Repeat)

The review of 30 sampled Family Cost Participation Plan (FCPP) consumer files revealed three instances where ACRC did not assess the families' cost participation as part of the consumers' Individual Program Plan (IPP). In addition, one of the three consumer families was not notified of their assessed share of cost within 10 days of receipt of the income documentation. This is not in compliance with W&I Code, section 4783(g)(3) and CCR, title 17, section 50267(a).

Finding 3: Whistleblower Policy

The review of ACRC's Board approved Whistleblower policy dated September 6, 2011, revealed the policy in place lacks language requiring annual notification of the Whistleblower policy to its employees. Further review noted that ACRC's website link to DDS' Whistleblower Policy is not functional. This is not in compliance with the State Contract, Article I, section 18(b)(6) and (c).

Finding 4: Conflict of Interest

The review of 30 sampled employees' Conflict of Interest Forms revealed that 16 employee forms were not signed by the Executive Director. In addition, ACRC did not require its employees to update the Conflict of Interest Forms annually. This is not in compliance with W&I Code, sections 4626(g) and (k) and ACRC's Board Approved Conflict of Interest Policy.

II. Findings that have been addressed and corrected by ACRC.

Finding 5: Multiple Dates of Death

The review of the Uniform Fiscal System (UFS) Deceased Consumers Report revealed 17 consumers with multiple dates of death. This is not in compliance with the State Contract, Article IV, section 1(c)(1).

ACRC has taken corrective action to resolve the multiple dates of death by providing supporting documentation indicating that it has updated the UFS records to reflect each consumer's actual date of death.

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

The review of 130 sampled POS vendor files revealed that seven HCBS Provider Agreement forms were not properly completed by ACRC. The forms were either missing the service code, vendor number, or had multiple vendor numbers and/or service codes. This is not in compliance with CCR, title 17, section 54326(a)(16).

ACRC has taken corrective action by providing DDS with the properly completed HCBS Provider Agreement forms.

BACKGROUND

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

DDS is also responsible for providing assurance to the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) that services billed under California's HCBS Waiver program are provided and that criteria set forth for receiving funds have been met. As part of DDS' program for providing this assurance, the Audit Branch conducts fiscal compliance audits of each regional center no less than every two years, and completes follow-up reviews in alternate years. 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 monitored by the DDS Federal Programs Operations Section to assess overall programmatic compliance with HCBS Waiver requirements. The HCBS Waiver compliance monitoring review has its own criteria and processes. These audits and program reviews are an essential part of an overall DDS monitoring system that provides information on regional centers' fiscal, administrative and program operations.

DDS and Alta California Regional Center, Inc., entered into contract HD099001, (State Contract) effective July 1, 2009, through June 30, 2016. The contract specifies that Alta California Regional Center, Inc. will operate an agency known as the Alta California Regional Center (ACRC) to provide services to persons with DD and their families in the Alpine, Colusa, El Dorado, Nevada, Placer, Sacramento, Sierra, Sutter, Yolo and Yuba Counties. The contract is funded by State and Federal funds that are dependent upon ACRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at ACRC from January 22, 2013, through February 22, 2013, and was conducted by DDS' Audit Branch.

AUTHORITY

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

CRITERIA

The following criteria were used for this audit:

- California's W&I Code
- "Approved Application for the HCBS Waiver for the Developmentally Disabled"
- CCR, title 17
- Federal Office of Management Budget (OMB) Circular A-133
- State Contract between DDS and ACRC, effective July 1, 2009

AUDIT PERIOD

The audit period was July 1, 2010, through June 30, 2012, with follow-up as needed into prior and subsequent periods.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

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

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

DDS reviewed the annual audit report that was conducted by an independent accounting firm for FYs 2010-11 and 2011-12, issued on December 9, 2011, and January 28, 2013, respectively. In addition, DDS noted no management letter issued for ACRC. This review was performed to determine the impact, if any, upon the DDS audit and, as necessary, develop appropriate audit procedures.

The audit procedures performed included the following:

I. Purchase of Service

DDS selected a sample of POS claims billed to DDS. The sample included consumer services and vendor rates. The sample also included consumers who were eligible for the HCBS Waiver Program. For POS claims, the following procedures were performed:

- DDS tested the sample items to determine if the payments made to service providers were properly claimed and could be supported by appropriate documentation.
- DDS selected a sample of invoices for service providers with daily and hourly rates, standard monthly rates, and mileage rates to determine if supporting attendance documentation was maintained by ACRC. The rates charged for the services provided to individual consumers were reviewed to ensure that the rates paid were set in accordance with the provisions of CCR, title 17 and the W&I Code of Regulations.
- DDS analyzed all of ACRC's bank accounts to determine whether DDS had signatory authority as required by the contracts with DDS.
- DDS selected a sample of bank reconciliations for Operations accounts to determine if the reconciliations were properly completed on a monthly basis.

II. Regional Center Operations

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

- A sample of the personnel files, time sheets, payroll ledgers and other support documents were selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of operating expenses, including, but not limited to, purchases of office supplies, consultant contracts, insurance expenses, and lease agreements were tested to determine compliance with CCR, title 17 and the State Contract.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the State Contract.

- DDS reviewed ACRC's policies and procedures for compliance with the DDS Conflict of Interest regulations and DDS selected a sample of personnel files to determine if the policies and procedures were followed.

III. Targeted Case Management and Regional Center Rate Study

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

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

IV. Service Coordinator Caseload Survey

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

- A. For all consumers that are three years of age and younger and for consumers enrolled in the Waiver, the required average ratio shall be 1:62.
- B. For all consumers who have moved from a developmental center to the community since April 14, 1993, and have lived continuously in the community for at least 12 months, the required average ratio shall be 1:62. The required average ratio shall be 1:45 for consumers who have moved within the first year.
- C. For all consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not covered under A above, the required average ratio shall be 1:66. The 1:66 ratio was lifted in February 2009, upon imposition of the 3 percent operations reduction to regional centers as required per W&I Code, section 4640.6(i) and (j). The ratio continued to be suspended from July 2010 until July 2012 with imposition of the subsequent 4.25 percent and 1.25 percent payment reductions.

However, under W&I Code, section 4640.6(i)(2), for the period commencing February 1, 2009, to June 30, 2010, inclusive, regional centers were no longer required to provide service coordinator caseload data to DDS annually. Regional centers were

instead to maintain sufficient service coordinator caseload data to document compliance with the service coordinator-to-consumer ratio requirements in effect.

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

V. Early Intervention Program (Part C Funding)

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

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

VI. Family Cost Participation Program

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

- Reviewed the list of consumers who received respite, day care and camping services, for ages 0 through 17 who live with their parents and are not Medi-Cal eligible, to determine their contribution for the FCPP.
- Reviewed the parents' income documentation to verify their level of participation based on the FCPP Schedule.
- Reviewed copies of the notification letters to verify that the parents were notified of their assessed cost participation within 10 working days of receipt of the parents' income documentation.
- Reviewed vendor payments to verify that ACRC is paying for only its assessed share of cost.

VII. Annual Family Program Fee

The Annual Family Program Fee (AFPF) was created for the purpose of assessing an annual fee of up to \$200 based on income level of families of children between the ages of 0-17 years of age receiving qualifying services through a regional center. The AFPF fee shall not be assessed or collected if the child receives only respite, day care, or camping services from the regional center, and a cost for participation is assessed to the parents under FCPP.

To determine whether ACRC is in compliance with the W&I Code, DDS performed the following procedures during the audit review:

- Reviewed the list of consumers who were assessed an AFPF are between the ages 0 through 17 who live with their parents and are not Medi-Cal eligible.
- Reviewed the parents' income documentation for AFPF assessments which are less than \$200 to substantiate the reduced fee.

VIII. Procurement

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

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

- Reviewed ACRC'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 include applicable dollar thresholds and comply with Article II of the State Contract as amended.
- Reviewed the RFP notification process to verify that it is open to the public, and clearly communicates 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 ACRC. The process was

reviewed to ensure that the vendor selection process is transparent, impartial, and avoids the appearance of favoritism. Additionally, DDS verified that supporting documentation is retained for the selection process and, in instances where a vendor with a higher bid is selected, there is written documentation retained as justification for such a selection.

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

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

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

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

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

IX. Statewide/Regional Center Median Rates

The Statewide or Regional Center Median Rates were implemented on July 1, 2008, and amended on December 15, 2011, to ensure regional centers are not negotiating rates higher than the set median rates for services. Despite the median rate requirement, rate increases could be obtained from DDS under health and safety exemptions where

regional centers demonstrate the exemption is necessary for the health and safety of the consumers.

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

- Reviewed sample vendor files to determine whether ACRC is using appropriately vendorized service providers and correct service codes, and that ACRC is paying authorized contract rates and complying with the medium rate requirements of the W&I Code, section 4691.9.
- Reviewed vendor contracts to verify that ACRC 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, DDS verified that providers vendorized before June 30, 2008, did not receive any unauthorized rate increases, except in situations where health and safety exemptions were granted by DDS.

X. Other Sources of Funding from DDS

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

- Start-Up Funds, Community and Placement Program.
- Prevention Program.
- Part C.
- Mental Health Services Act.
- Denti-Cal.

XI. Follow-up Review on Prior DDS Audit Findings

As an essential part of the overall DDS monitoring system, a follow-up review of the prior DDS audit findings was conducted. DDS identified prior audit findings that were reported to ACRC and reviewed supporting documentation to determine the degree and completeness of ACRC's implementation of corrective actions. The review indicated a prior issue that has not been resolved by ACRC.

CONCLUSIONS

Based upon the audit procedures performed, DDS has determined that, except for the items identified in the Findings and Recommendations section, ACRC was in compliance with applicable sections of CCR, title 17, the HCBS Waiver, and the State Contract with DDS for the audit period, July 1, 2010, through June 30, 2012.

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 ACRC has not taken appropriate corrective actions to resolve one prior audit issue.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a Draft Report on December 12, 2013. The findings in the report were discussed at an exit conference with ACRC on December 23, 2013. At the exit conference, DDS stated that the final report will incorporate the views of responsible officials.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

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

I. Findings that need to be addressed.

Finding 1: Improper Allocation of Community Placement Plan Funds

The review of ACRC's CPP expenditures revealed ACRC improperly allocated \$718,301.00 and \$436,626.20 of the CPP operational funds for FYs 2010-11 and 2011-12 respectively. ACRC claimed its CPP Operational expenses equally throughout the FYs instead of claiming the CPP expenditures based on the percentage of time employees spent working on CPP activities. ACRC stated that it had always claimed CPP expenses in this manner and that there were no written procedures for allocating CPP funds. In addition, ACRC also stated that it did not track the time spent by its employees on CPP activities, therefore, it was difficult to determine the exact over or underpayments to the CPP budget.

The State Contract, Exhibit E(2)(a) states:

“Contractor shall use funds allocated for the regional center’s approved Community Placement Plan only for the purposes allocated and in compliance with the State’s Community Placement Plan and Housing Guidelines. Funds will be allocated through the following categories: Operations, Purchase of Service Placement, Purchase of Service Deflection, Purchase of Service Assessment, and Purchase of Service Start Up. The State shall reduce the contract in the amount of any unspent funds allocated for the Community Placement Plan that are not used for that purpose. Any unspent funds shall revert to the General Fund State or be transferred to another regional center for Community Placement Plan activities. All changes to the approved CPP allocation must be approved in writing by the Department.”

Recommendation:

ACRC must comply with the State Contract, Exhibit E(2)(a) by determining the percentage of time spent by employees on CPP activities and should reallocate CPP funds accordingly to accurately reflect CPP expenses incurred for FYs 2010-11 and 2011-12. ACRC must also develop procedures to ensure that CPP expenses claimed to the State are based on the percentage of time spent by employees working on CPP related activities.

Finding 2: Family Cost Participation Plan - Late Assessments (Repeat)

The review of 30 sampled FCPP consumer files revealed three instances where ACRC did not complete the families' assessed share of cost upon completion of the consumer's IPP. In addition, one of the three families was not notified of their assessed share of cost within 10 days of receipt of the income documentation. ACRC stated that it was an oversight on its part that the assessments were not completed concurrently with the consumer's IPP. ACRC also stated that it has implemented procedures and conducted additional staff training to ensure that families are properly assessed and notified of their assessed share of cost in a timely manner. (See Attachment.)

W&I Code, section 4783(g)(3) states:

“A regional center shall notify parents of the parents' assessed cost participation within 10 working days of receipt of the parents' complete income documentation.”

CCR, title 17, section 50267(a) states:

“The original amount of the family cost participation shall be assessed upon completion of the initial Individual Program Plan and reassessed every third year thereafter to coincide with the review of the consumer's Individual Program Plan, pursuant to Section 4646(b) of the Welfare and Institutions Code.”

Recommendation:

ACRC must ensure parents are assessed share of cost concurrently with the initial IPP. In addition, ACRC must ensure parents are notified of their assessed share of cost within 10 working days of receipt of the parents' income documentation. This would ensure compliance with the W&I Code, section 4783(g)(3) and CCR, title 17, section 50267(a).

Finding 3: Whistleblower Policy

The review of ACRC's Board approved Whistleblower policy and an interview with ACRC's Director of Human Resources indicated that employees are not notified of the Whistleblower policy on an annual basis. Employees are notified of the Whistleblower policy only as part of the New Hire Orientation. It was also noted that employees were omitted as one of the groups that need to be notified annually of the Whistleblower Policy. This was due to an oversight by ACRC.

In addition, the review of ACRC's website link to DDS' Whistleblower Policy is not functional. ACRC stated that it was not aware that the link to DDS' Whistleblower Policy webpage was not functioning.

The State Contract, Article I, section 18(b)(6) and (c) states:

- “(b)(6) Include a process for ensuring notification of employees, board members, consumers/families, and vendor community of both the regional center and the State’s Whistleblower policy within 30 days of the effective date of the regional center’s policy and annually thereafter.

- (c) In addition, Contractor shall ensure that the regional center’s and the State’s Whistleblower Policies are posted on the regional center’s website by January 15, 2011.”

Recommendation:

ACRC must update its Whistleblower policy to ensure that employees are included in the annual notification. In addition, ACRC should ensure that its website’s link to DDS’ Whistleblower policy is operating properly.

Finding 4: Conflict of Interest

The review of 30 sampled employees’ Conflict of Interest Forms revealed that 16 employee forms were not signed by the Executive Director. The review also noted that ACRC did not require its employees to update the Conflict of Interest Forms by August 1st of each year. The issues occurred because ACRC’s staff were not following the W&I Code, section 4626 and its own Board Approved Conflict of Interest Policy.

W&I Code, sections 4626 (g) and (k) states:

- “(g) Every regional center board member and regional center employee referenced in subdivision (e) shall complete and file the conflict of interest statement by August 1 of each year.

- (k) The director of the regional center shall review the conflict of interest statement of each regional center employee referenced in subdivision (e) within 10 days of the receipt of the statement.”

ACRC Board Approved (June 23, 2011) Conflict of Interest Policy, Item 6 – Regular Review under Procedures states:

“The Executive Committee and the Executive Director shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.”

Recommendation:

ACRC must comply with W&I Code, section 4626 and its own Board Approved Conflict of Interest Policy and ensure that Conflict of Interest Forms are reviewed and signed by ACRC’s Executive Director and updated annually.

II. Findings that have been addressed and corrected by ACRC.

Finding 5: Multiple Dates of Death

The review of the UFS Deceased Consumers Report revealed 17 consumers with multiple dates of death. This issue was due to ACRC entering both the date indicated on the Special Incident Report (SIR) and the date on the death certificate into UFS. The UFS recognizes the date on the SIR as the date of death, even when the death certificate indicates a different date.

State Contract, Article IV, section 1(c)(1) states in part:

“(c) Contractor shall make available accurate and complete UFS and/or CADDIS information to the state. Accordingly Contractor shall:

- (1) Update changes to all mandatory items of the Client Master File at least annually except for the following elements, which must be updated within thirty (30) days of Contractor being aware of the following events:
 - (a) The death of a consumer;
 - (b) The change of address of a consumer; or
 - (c) The change of residence type of a consumer.”

In addition, for good internal controls and sound accounting practices, ACRC should ensure the consumer’s actual date of death is accurately recorded in UFS to avoid any potential payments after the consumer’s death.

ACRC has taken corrective action by updating the UFS system to reflect the correct date of death.

Recommendation:

ACRC should train its staff on how to correctly record the consumer’s date of death in UFS. In addition, ACRC should review all current deceased consumer records to ensure that only one date of death is recorded in UFS.

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

The review of 130 POS vendor files revealed that HCBS Provider Agreement forms for seven vendors were not properly completed by ACRC. The forms were either missing the service code, vendor number, or had multiple vendor numbers and/or service codes.

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

“(a) All vendors shall...

- (16) Sign the Home and Community-Based Services Provider Agreement (6/99), if applicable pursuant to section 54310(a)(10)(I), (d) and (e)...

ACRC has taken corrective steps to comply with CCR, title 17, section 54326(a)(16) by providing DDS with the properly completed HCBS Provider Agreement forms.

Recommendation:

ACRC should continue to reinforce its procedures to ensure there is a properly completed HCBS Provider Agreement form on file for every vendor providing services to consumers.

EVALUATION OF RESPONSE

As part of the audit report process, ACRC has been provided with a draft report and was requested to provide a response to each finding. ACRC's response dated January 15, 2014, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendations section and a summary of the findings in the Executive Summary section.

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

Finding 1: Improper Allocation of Community Placement Plan Funds

ACRC agrees with the finding and stated that it has developed new procedures, which were implemented in the 2012-13 fiscal year, to allocate CPP expenses based on the percentage of time spent by staff working on CPP items. In addition, ACRC has taken action and provided DDS with support documentation indicating that it has re-allocated CPP funds from 2011-12 fiscal years based on the actual percentage of time spent by staff assigned to work on the CPP program. However, adjustments could not be made to fiscal year 2010-11 as the fiscal year has been closed. DDS will perform a follow up review during the next scheduled audit to ensure ACRC has implemented the new CPP procedures and is in compliance with State Contract, Exhibit E(2)(a).

Finding 2: Family Cost Participation Plan - Late Assessments (Repeat)

ACRC agrees with the finding and has stated that it has revised its FCPP procedures to assure that families are assessed prior to authorizing services and notified of their assessed share of cost within 10 days of receiving the families' income documentation. However, ACRC did not provided DDS with a copy of the revised procedures. DDS will conduct a follow up review during the next scheduled audit to determine if ACRC is in compliance with W&I Code, section 4783(g)(3) and CCR, title 17, section 50267(a) requirements.

Finding 3: Whistleblower Policy

ACRC agrees with the finding and has provided DDS with a copy of the procedures stating that all staff will be notified annually of the Whistleblower policy. In addition, ACRC stated that it now has its website linked to DDS' Whistleblower policy website for more information on how to report improprieties. DDS will conduct a follow up review during the next scheduled audit to ensure that employees are notified annually of the Whistleblower policy and is in compliance with the State Contract, Article I, section 18(b)(6) and (c).

Finding 4: Conflict of Interest

ACRC agrees with the finding and stated that it has revised its procedures and instituted a process where all employees will be required to complete a Conflict of Interest statement on an annual basis, which will be reviewed and signed by the Executive Director. However, ACRC did not provide DDS with a copy of the revised procedures. In addition, ACRC stated that it has reviewed and signed the 16 Conflict of Interest forms that were identified during the fieldwork. DDS will conduct a follow up review during the next scheduled audit to ensure ACRC is compliant with W&I Code, sections 4626 (g) and (k) and its own Board Approved Conflict of Interest Policy.

Alta California Regional Center
Family Cost Participation Plan - Late Assessments (Repeat)
Fiscal Years 2010-11 and 2011-12

	Unique Client Identification Number	
1		
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APPENDIX A

ALTA CALIFORNIA REGIONAL CENTER

**RESPONSE
TO AUDIT FINDINGS**

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



ALTA CALIFORNIA
REGIONAL CENTER

January 15, 2014

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

RE: Response to Department of Developmental Services (DDS) audit of Alta California Regional Center for fiscal years 2010-11 and 2011-12

Dear Mr. Yan:

Alta California Regional Center wishes to thank the DDS audit team for the work and audit report. Below are Alta's responses to the findings.

Finding 1. Improper Allocation of Community Placement Plan Funds

ACRC has reviewed the finding that Community Placement Operations funds for the 2010-11 and 2011-12 fiscal years were improperly allocated. ACRC had historically claimed all CPP funds which were allocated through the contract allocation. However, during the audit field work the auditors indicated that there was a change in the process in claiming (billing) DDS for CPP Operations funds. As such, ACRC has developed new procedures which were implemented with the 2012-13 fiscal year where CPP expenses were allocated based on a percentage of time spent by staff working on CPP items. We have continued this practice in 2013-14 and will continue this going forward.

ACRC has gone back and re-allocated these funds based on the actual percentage of time spent by staff assigned to work on the CPP program. As such, the amount charged for 2010-11 fiscal year to CPP operations based on a percentage of time is \$ 689,565. The difference of \$28,737 has been charged to non-CPP Operations. However, the 2010-11 fiscal year is now a closed year and as such no adjustments can be made.

For the 2011-12 fiscal year the amount charged to CPP Operations based on a percentage of time is \$ 671,756. The difference of \$ 57,712 has been charged to non-CPP Operations. Attached is the detail for both fiscal years.

Finding 2: Family Cost Participation Plan (Program) – Late Assessments

ACRC has made a change that includes new processes to make sure that FCPP assessments are done as required and that families are notified with in the required timelines. Our revised procedures are intended to assure that all families which are required to be assessed will be assessed prior to the regional center authorizing services. It should be noted that none of the 3 instances resulted in any under or over payments by the regional center.

Finding 3: Whistleblower Policy

ACRC has instituted a process where all employees will be notified on an annual basis of the Whistleblower policy. ACRC has modified our Whistleblower policy with language that indicates that staff will be notified on an annual basis. (Please see attached) We have also made sure that the link on the ACRC website to the Whistleblower policy is properly functioning.

Finding 4: Conflict of Interest

ACRC has instituted a process where all employees will be required to complete a Conflict of Interest statement on an annual basis. All Conflict of Interest forms will be signed by the Executive Director. The Executive Director has signed the 16 forms and it should be noted that that none of these 16 forms indicated any conflicts of interest.

If there are any questions or you need additional information please contact me.

Sincerely,

Peter Tiedemann,
Chief Operating Officer