



NANCY BARGMANN
DIRECTOR

State of California—Health and Human Services Agency
Department of Developmental Services
1215 O Street, Sacramento, CA 95814
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GAVIN NEWSOM
GOVERNOR

September 1, 2023

Dan Lake, Board President
Alta California Regional Center, Inc.
2241 Harvard Street, Suite 100
Sacramento CA, 95815

Dear Mr. Lake:

The Department of Developmental Services' (DDS) Audit Section has completed the audit of the Alta California Regional Center (ACRC). The period of review was from July 1, 2020 through June 30, 2022, with follow-up as needed into prior and subsequent periods. The enclosed report discusses the areas reviewed along with the finding and recommendation. The audit report includes the response submitted by ACRC as Appendix A and DDS' reply on page 17.

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

Office of Legal Affairs
Department of Developmental Services
P.O. Box 944202
Sacramento, CA 94299-9974


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

Your invoice for the total amount of \$39,945.48 from the current audit finding is enclosed. When making payments to DDS, please refer to the invoice number to ensure that proper credit is given. If you have any questions regarding the payment process, please contact Diane Nanik, Chief, Accounting Section, at (916) 654-2932.

Dan Lake, Board President
September 1, 2023
Page two

If you have any questions regarding the audit report, please contact Edward Yan,
Manager, Audit Section, at (916) 651-8207.

Sincerely,

DocuSigned by:

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PETE CERVINKA
Chief Deputy Director
Data Analytics and Strategy

Enclosure(s)

cc: Lori Banales, ACRC
Iqbal Ahmad, ACRC
Bob Sands, DHCS
Carla Castañeda, DDS
Brian Winfield, DDS
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Luciah Ellen Nzima, DDS
Dong Le, DDS

State of California
DEPARTMENT OF DEVELOPMENTAL SERVICES
 1215 O Street, MS 10-20
 Sacramento, CA 95814

Dan Lake, Board President Alta California Regional Center, Inc. 2241 Harvard Street, Suite 100' Sacramento, CA 95815	INVOICE No. INV14622 Date September 1, 2023
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Headquarters

Please return copy of Invoice with your remittance and make payable to:		DEPARTMENT OF DEVELOPMENTAL SERVICES 1215 O Street, MS 10-20 Sacramento, CA 95814 Attn: Diane J. Nanik, Chief of Accounting
Vendor no. ALTA10000		

<p>For: Per final audit report dated September 1, 2023, please reimburse the Department of Developmental Services for the unresolved overpayment of \$39,945.48 for the Fiscal Years 2020-21 and 2021-22.</p> <p style="text-align: center; color: red;">DO NOT OFFSET THIS INVOICE WITH ANY VENDOR CLAIMS. THIS INVOICE MUST BE PAID IN FULL BY CHECK PAYABLE TO DDS.</p> <p>Amount Due</p>	\$39,945.48
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DDS ACCOUNTING OFFICE ONLY:

FY	INV DATE	INV No.	Rptg Structure	Svc Loc	Program	Approp. Ref	Fund	Amount
FY20/21 FY21/22	09/01/2023	INV14622	43009517	96000	9910	101	0001	\$39,945.48

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.



**AUDIT OF THE
ALTA CALIFORNIA REGIONAL CENTER
FOR FISCAL YEARS 2020-21 AND 2021-22**

Department of Developmental Services

September 1, 2023

This audit report was prepared by the
California Department of Developmental Services
1215 O Street
Sacramento, CA 95814

Pete Cervinka, Chief Deputy Director, Data Analytics and Strategy
Ann Nakamura, Branch Chief, Research, Audit, and Evaluation Branch
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Luciah Ellen Nzima, Chief, Regional Center Audit Unit
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EXECUTIVE SUMMARY

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

The audit period was July 1, 2020, through June 30, 2022, with follow-up, as needed, into prior and subsequent periods. This report identifies an area where ACRC's administrative and operational controls could be strengthened, but the finding was not of a nature that would indicate systemic issues or constitute major concerns regarding ACRC's operations.

Finding that needs to be addressed.

Finding 1: Overstated Claims Due to Health and Safety Waiver Rate Increases

The review of the DDS approved Health and Safety (H&S) Waivers revealed ACRC reimbursed four vendors at rates higher than the rates listed in the H&S Waivers. This resulted in overstated claims totaling \$39,945.48 from March 2021 through June 2022. This is not in compliance with W&I Code, Section 4691.12(a)(2) and CCR, Title 17, Section 57300(c)(2).

ACRC provided documentation with its response indicating that overstated claims totaling \$29,108.16 were resolved. Therefore, the overstated claims still outstating total \$10,837.32.

BACKGROUND

DDS is responsible, under the W&I Code, for ensuring that persons with developmental disabilities (DD) receive the services and supports they need to lead more independent, productive, and integrated 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 (RCs). The RCs 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 Section conducts fiscal compliance audits of each RC no less than every two years, and completes follow-up reviews in alternate years. Also, DDS requires RCs to contract with independent Certified Public Accountants (CPAs) 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 RC 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 RCs' fiscal, administrative, and program operations.

DDS and ACRC, Inc., entered into State Contract HD199001, effective July 1, 2019, through June 30, 2026. This contract specifies that ACRC, Inc., will operate an agency known as the ACRC to provide services to individuals with DD and their families in 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 remotely and at ACRC from January 11, 2023, through March 2, 2023, by the Audit Section of DDS.

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 between DDS and ACRC.

CRITERIA

The following criteria were used for this audit:

- W&I Code,
- “Approved Application for the HCBS Waiver for the Developmentally Disabled,”
- CCR, Title 17,
- OMB Circulars A-122 and A-133, and
- The State Contract between DDS and ACRC, effective July 1, 2019.

AUDIT PERIOD

The audit period was July 1, 2020, through June 30, 2022, 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 RCs' fiscal, administrative, and program operations. The objectives of this audit were:

- To determine compliance with the W&I Code,
- To determine compliance with the provisions of the HCBS Waiver Program for the Developmentally Disabled,
- To determine compliance with CCR, Title 17 regulations,
- To determine compliance with OMB Circulars A-122 and A-133, and
- To determine that costs claimed were in compliance with the provisions of the State Contract between DDS and ACRC.

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. However, the procedures do not constitute an audit of 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 W&I Code; the HCBS Waiver for the Developmentally Disabled; CCR, Title 17; OMB Circulars A-122 and A-133; and the State Contract between DDS and ACRC.

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 CPA firm for Fiscal Year 2020-21, issued on January 3, 2022. It was noted that no management letter was 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 Purchase of Service (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 compliance with the provision of the W&I Code; the HCBS Waiver for the Developmentally Disabled; CCR, Title 17, OMB Circulars A-122 and A-133; and the State Contract between DDS and ACRC.
- DDS analyzed all of ACRC's bank accounts to determine whether DDS had signatory authority, as required by the State Contract with DDS.
- DDS selected a sample of bank reconciliations for Operations (OPS) accounts and Consumer Trust bank accounts to determine if the reconciliations were properly completed on a monthly basis.

II. Regional Center Operations

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

- A sample of the personnel files, timesheets, payroll ledgers, and other support documents were selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of OPS expenses, including, but not limited to, purchases of office supplies, consultant contracts, insurance expenses, and lease agreements were tested to determine compliance with CCR, Title 17, and the State Contract.

- A sample of equipment was selected and physically inspected to determine compliance with requirements of the State Contract.
- 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 (TCM) and Regional Center Rate Study

The TCM Rate Study 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 months of May 2021 and May 2022 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 timesheets to the Case Management Time Study Forms (DS 1916) to ensure that the forms were properly completed and supported.

IV. Service Coordinator Caseload Survey

Under the W&I Code, Section 4640.6(e), RCs 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)(1)(2)(3)(A)(B)(C):

- “(c) Contracts between the department and regional centers shall require regional centers to have service coordinator-to-consumer ratios, as follows:
- (1) An average service coordinator-to-consumer ratio of 1 to 62 for all consumers who have not moved from the developmental centers to the community since April 14, 1993. In no case shall a service coordinator for these consumers have an assigned caseload in excess of 79 consumers for more than 60 days.
 - (2) An average service coordinator-to-consumer ratio of 1 to 45 for all consumers who have moved from a developmental center to the community since April 14, 1993. In no case shall a service coordinator for these consumers have an assigned caseload in excess of 59 consumers for more than 60 days.
 - (3) Commencing January 1, 2004, the following coordinator-to-consumer ratios shall apply:

- (A) All consumers three years of age and younger and for consumers enrolled in the Home and Community-based Services Waiver program for persons with developmental disabilities, an average service coordinator-to-consumer ratio of 1 to 62.
- (B) 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, an average service coordinator-to-consumer ratio of 1 to 62.
- (C) All consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not described in subparagraph (A), an average service coordinator-to-consumer ratio of 1 to 66.”

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).

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

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

VI. Family Cost Participation Program (FCPP)

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 Individual Program Plan (IPP)/Individualized Family Services Plan (IFSP). To determine whether ACRC was in compliance with CCR, Title 17, and the W&I Code, Section 4783, 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 years 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 was paying for only its assessed share of cost.

VII. Annual Family Program Fee (AFPF)

The AFPF was created for the purpose of assessing an annual fee of up to \$200 based on the income level of families with children between the ages of 0 through 17 years receiving qualifying services through the RC. The AFPF fee shall not be assessed or collected if the child receives only respite, day care, or camping services from the RC and a cost for participation was assessed to the parents under FCPP. To determine whether ACRC was in compliance with the W&I Code, Section 4785, DDS requested a list of AFPF assessments and verified the following:

- The adjusted gross family income is at or above 400 percent of the federal poverty level based upon family size.
- The child has a DD or is eligible for services under the California Early Intervention Services Act.
- The child is less than 18 years of age and lives with his or her parent.
- The child or family receives services beyond eligibility determination, needs assessment, and service coordination.
- The child does not receive services through the Medi-Cal program.
- Documentation was maintained by the RC to support reduced assessments.

VIII. Parental Fee Program (PFP)

The PFP was created for the purpose of prescribing financial responsibility to parents of children under the age of 18 years who are receiving 24-hour, out-of-home care services through an RC or who are residents of a state hospital or on leave from a state hospital. Parents shall be required to pay a fee depending upon their ability to pay, but not to exceed (1) the cost of caring for a child without DD at home, as determined by the Director of DDS, or (2) the cost of services provided, whichever is less. To determine whether ACRC is in compliance with the W&I Code, Section 4782, DDS requested a list of PFP assessments and verified the following:

- Identified all children with DD who are receiving the following services:
 - (a) All 24-hour, out-of-home community care received through an RC for children under the age of 18 years;

(b) 24-hour care for such minor children in state hospitals. Provided, however, that no ability to pay determination shall be made for services required by state or federal law, or both, to be provided to children without charge to their parents.

- Provided DDS with a listing of new placements, terminated cases, and client deaths for those clients. Such listings shall be provided not later than the 20th day of the month following the month of such occurrence.
- Informed parents of children who will be receiving services that DDS is required to determine parents' ability to pay and to assess, bill, and collect parental fees.
- Provided parents a package containing an informational letter, a Family Financial Statement (FFS), and a return envelope within 10 working days after placement of a minor child.
- Provided DDS a copy of each informational letter given or sent to parents, indicating the addressee and the date given or mailed.

IX. Procurement

The Request for Proposal (RFP) process was implemented to ensure RCs outline the vendor selection process when using the RFP process to address consumer service needs. As of January 1, 2011, DDS requires RCs to document their contracting practices, as well as how particular vendors are selected to provide consumer services. By implementing a procurement process, RCs will ensure that the most cost-effective service providers, amongst comparable service providers, are selected, as required by the Lanterman Act and the State Contract. To determine whether ACRC implemented the required RFP process, DDS performed the following procedures during the 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 included applicable dollar thresholds and comply with Article II of the State Contract, as amended.
- Reviewed the RFP notification process to verify that it is open to the public and clearly communicated to all vendors. All submitted proposals are evaluated by a team of individuals to determine whether proposals are properly documented, recorded, and authorized by appropriate officials at ACRC. The process was reviewed to ensure that the vendor selection

process is transparent and 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, written documentation is retained as justification for such a selection.

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

- Selected a sample of Operations, Community Placement Plan (CPP), 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 and written justification for final vendor selection decisions and that those contracts were properly signed and executed by both parties to the contract.

In addition, DDS performed the following procedures:

- To determine compliance with the W&I Code, Section 4625.5 for contracts in place as of March 24, 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 Board-approved Operations, Start-Up, and POS vendor contracts of \$250,000 or more, 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, the usage of funds is of direct benefit to consumers, and the 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 for contracts of \$250,000 or more, as well as to determine whether the process in place satisfies the W&I Code and ACRC's State Contract requirements, as amended.

X. Statewide/Regional Center Median Rates

The Statewide and RC Median Rates were implemented on July 1, 2008, and amended on December 15, 2011 and July 1, 2016, to ensure that RCs 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 RCs 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 median rate requirements of W&I Code, Section 4691.9.
- Reviewed vendor contracts to ensure that ACRC is reimbursing vendors using authorized contract median rates and verified that rates paid represented the lower of the statewide or RC 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 required by regulation, or health and safety exemptions were granted by DDS.
- Reviewed vendor contracts to ensure that ACRC did not negotiate rates with new service providers for services which are higher than the RC's median rate for the same service code and unit of service, or the statewide median rate for the same service code and unit of service, whichever is lower. DDS also ensured that units of service designations conformed with existing RC designations or, if none exists, ensured that units of service conformed to a designation used to calculate the statewide median rate for the same service code.

XI. Other Sources of Funding from DDS

RCs 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:

- CPP;
- Part C – Early Start Program; and
- Self Determination.

XII. Follow-up Review on Prior DDS Audit Findings

A follow-up review was not conducted since DDS did not identify any findings in the prior audit report.

CONCLUSIONS

Based upon the audit procedures performed, DDS has determined that except for the item identified in the Finding and Recommendation section, ACRC was in compliance with applicable sections of the W&I Code; the HCBS Waiver for the Developmentally Disabled; CCR, Title 17; OMB Circulars A-122 and A-133; and the State Contract between DDS and ACRC for the audit period, July 1, 2020, through June 30, 2022.

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on May 19, 2023. The finding in the draft audit report was discussed at a formal exit conference with ACRC on May 26, 2023. The views of ACRC's responsible officials are included in this final audit report.

RESTRICTED USE

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

FINDING AND RECOMMENDATION

Finding that needs to be addressed.

Finding 1: Overstated Claims Due to Health and Safety Waiver Rate Increases

The review of the DDS approved H&S Waivers revealed ACRC reimbursed four vendors at rates higher than the rates listed in the waivers. This resulted in overstated claims totaling \$39,945.48 from March 2021 through June 2022. This was due to ACRC applying the 8.2 percent rate increase pursuant to Senate Bill (SB) 81, effective January 2020, to all four vendors. However, the rates from the H&S Waivers already incorporated the 8.2 percent rate increase in the rates, since they were established after January 2020.

ACRC provided information with its response indicating that overstated claims totaling \$29,108.16 have been resolved. Therefore, the total outstanding overstated claims is \$10,837.32. (See Attachment A)

W&I Code, Section 4691.12(a)(2) states:

“The rate increase shall be applied to rates in effect on December 31, 2019, less the amount of any one–time rate increases for developmental services, as authorized in the Budget Act of 2018 (Chapter 29 of the Statutes of 2018). The rate increase shall be applied as a percentage, and this percentage shall be the same for all providers within each service category, as established by the department and set forth in the supplemental rate increase schedule posted on the department’s internet website.”

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

“(c) Regional Centers shall not reimburse vendors:

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

Recommendation:

ACRC must reimburse to DDS the overstated claims totaling \$10,837.32. In addition, ACRC must either revert the SB 81 rate increases for all four vendors or receive DDS approved H&S Waivers for the increased rates.

EVALUATION OF RESPONSE

As part of the audit report process, ACRC was provided with a draft audit report and requested to provide a response to the finding. ACRC's response dated June 15, 2023, is provided as Appendix A.

DDS' Audit Section has evaluated ACRC's response and will confirm the appropriate corrective actions have been taken during the next scheduled audit.

Finding 1: Overstated Claims Due to Health and Safety Waiver Rate Increases

ACRC stated that the finding occurred due to unclear H&S Waiver instructions since it did not contain any verbiage to indicate that any rate approved after January 1, 2020, were inclusive of the SB 81 rate increases. ACRC has since recovered \$29,108.16 of the overstated claims and stated that it will recover the remaining \$10,837.32 from its vendors within the next fiscal year.

In addition, ACRC requested the finding be removed from the report due to the fact this was an isolated incident. Although this was an isolated incident, DDS disagrees with ACRC's request to remove the finding from the final report since ACRC has not recovered the remaining overstated claims totaling \$10,837.32 from the four vendors.

**Alta California Regional Center
Overstated Claims Due to Health and Safety Waiver Rate Increases
Fiscal Years 202-21 and 2021-22**

No.	Vendor Number	Vendor Name	Authorization Number	Payment Period	Overstated Claim	Resolved	Outstanding Balance
1	HA0817	Pride Gate Inc.	22824605	01/2022 - 06/2022	\$6,038.16	\$6,038.16	\$0.00
2	HA1184	Sunrise ICF/DD-N	21811351	03/2021 - 06/2021	\$2,278.56	\$2,278.56	\$0.00
3	HA1184	Sunrise ICF/DD-N	22813921	07/2021 - 06/2022	\$8,234.40	\$2,774.88	\$5,459.52
4	HA1224	Rodnick Care LLC	21796625	06/2021	\$657.00	\$657.00	\$0.00
5	HA1224	Rodnick Care LLC	22796625	07/2021 - 06/2022	\$7,948.24	\$4,663.24	\$3,285.00
6	HA1242	Sally Home	22817417	12/2021 - 06/2022	\$11,838.08	\$10,162.88	\$1,675.20
7	HA1242	Sally Home	22817418	12/2021 - 06/2022	\$2,951.04	\$2,533.44	\$417.60
Total Overstated Claims Due to Health and Safety Waiver Rate Increases:					\$39,945.48	\$29,108.16	\$10,837.32

APPENDIX A

**ALTA CALIFORNIA REGIONAL CENTER'S
RESPONSE
TO THE AUDIT FINDING**



2241 Harvard Street, Suite 100
Sacramento, CA 95815
916-978-6400

June 15, 2023

via email: Ed.Yan@dds.ca.gov

Mr. Ed Yan, Manager
Audit Branch
Department of Developmental Services
1215 O Street
MS 9-20
Sacramento, CA 95814

RE: Response to Department of Developmental Services (DDS) audit of Alta California Regional Center for fiscal years 2020-21 and 2021-22.

Dear Mr. Yan:

Alta wishes to thank the DDS audit team for the work and draft audit report dated May 19, 2023. We are committed to compliance and adherence with all laws, regulations and contract language. We agree with your overall conclusion of identifying no systemic issues that constitute significant concerns. Below is Alta's response to the specific finding:

Finding 1. Overstated Claims Due to Health and Safety Waiver (H&S) Rate Increases

Alta has worked closely with DDS in establishing H&S rates and any subsequent adjustments to them. Prior to January 1, 2020 all H&S waiver instructions received from DDS indicated to add the SB 81 rate increases in addition to the approved H&S rates. ACRC clarified these instructions with DDS to ensure its proper implementation. After January 1, 2020, the instructions received did not change in wording to indicate to ACRC that the approved H&S rates were inclusive of the rate increases due from SB 81. Since ACRC clarified the instructions in the past, it had no knowledge or understanding that the practice of approved H&S rates would need to be applied differently from the past. Thus, ACRC continued with its practice of applying the SB 81 rate increases.

Nevertheless, since ACRC has become aware of this new practice, ACRC has contacted these four respective vendors to schedule re-payment plans that also accommodate the vendor's operations and financial stability while not impacting services our clients. ACRC is confident that

the outstanding amounts will be recovered in full within the next fiscal year. Of the \$39,945.48 finding amount, ACRC has further collected \$29,108.16 as of the date of this letter, and only \$10,837.32 is outstanding to collect. The remaining amount will be collected within this upcoming fiscal year.

Due to this context provided; the fact that this finding was an isolated incident compared to company-wide processes, its updated outstanding balance when compared to ACRC's POS budget, and the fact only 7 clients were involved under specific exceptions to the regular Statewide rate models, we respectfully request this finding be removed from the final audit report.

Please let me know if you have any questions.

Sincerely,

Iqbal Ahmad, CPA
Chief Operating Officer
Alta California Regional Center

CC: John.Matijasic@dds.ca.gov
Daren.Le@dds.ca.gov
Ellen.Nzima@dds.ca.gov