



**AUDIT OF THE
ALTA CALIFORNIA REGIONAL CENTER
FOR FISCAL YEARS 2008-09 AND 2009-10**

Department of Developmental Services

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) fiscal compliance audit of Alta California Regional Center (ACRC) revealed that ACRC was in substantial 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 the 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.

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

I. Findings that need to be addressed.

Finding 1: Deleted

ACRC provided additional documentation with its response dated May 1, 2012 which shows that the mandated rate reductions were applied correctly. Therefore, this finding has been deleted.

Finding 2: Family Cost Participation Program (FCPP)

A. Over-Stated Share of Cost

The review of the Family Cost Participation Program (FCPP) revealed that ACRC has been paying for the cost of services that are the responsibility of the families under the requirements of the FCPP for two of the 15 sampled consumers participating in the program. As a result, ACRC made overpayments to vendor H64153, which totaled \$7,322.82. This is not in compliance with Title 17, section 50255(a).

ACRC provided additional documentation with its response indicating that one of the consumers was properly assessed for FCPP which resulted in no overpayment. As a result, the total overpayment has been revised to \$4,279.17.

B. Late Assessments

The sample review of 15 sampled consumer files revealed two instances where ACRC was late assessing and notifying the parents of their assessed cost of participation. The notification letters were not sent within 10 working days of receipt of the income documentation. This not in compliance with W&I Code, section 4783(g)(3).

Finding 3: Missing “Hold Harmless” Clause (Repeat)

A review of ACRC’s 10 lease agreements for real property revealed the lease for the Grass Valley office did not include a “Hold Harmless” clause as required by Article VII, section 1 of DDS’ contract with ACRC. This clause is needed to ensure the State is held harmless for any claims and/or losses that may be associated with this lease. This issue was identified in the prior DDS audit report.

II. Finding that has been addressed and corrected by ACRC.

Finding 4: Home and Community-Based Services Provider Agreement Forms (Repeat)

The file review of 99 sampled Purchase of Service (POS) vendor files revealed that 21 Home and Community-Based Services 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 service codes. This is not in compliance with CCR, title 17, section 54326(a)(16).

ACRC has taken corrective action to resolve the issue by providing DDS with the properly completed Home and Community-Based Services Provider Agreement forms.

BACKGROUND

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

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

DDS and Alta California Regional Center, Inc., entered into contract HD049001, effective July 1, 2004, through June 30, 2009 and contract HD099001, effective July 1, 2009 through June 30, 2014. The contracts specify 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 contracts are 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 April 25, 2011 through June 22, 2011 and was performed by the DDS' Audit Branch.

AUTHORITY

The audit was conducted under the authority of the Welfare and Institutions (W&I) Code, section 4780.5, and Article IV, Section 3 of the State Contracts.

CRITERIA

The following criteria were used for this audit:

- California Welfare and Institutions (W&I) Code
- “Approved Application for the Home and Community-Based Services Waiver for the Developmentally Disabled”
- California Code of Regulations, Title 17 (CCR, title 17)
- Federal Office of Management Budget (OMB) Circular A-133
- State Contracts between DDS and ACRC, effective July 1, 2004 and effective July 1, 2009

AUDIT PERIOD

The audit period was July 1, 2008, through June 30, 2010, 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 Welfare and Institution (W&I) Code (or the Lanterman Act),
- To determine compliance with Title 17, of the California Code of Regulations (CCR, title 17),
- 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 Contracts.

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 our 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, HCBS Waiver for the Developmentally Disabled, and State Contracts.

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 reports that were conducted by an independent accounting firm for Fiscal Years (FYs):

- 2008-09 issued on December 17, 2009
- 2009-10, issued on October 25, 2010

In addition, DDS reviewed the associated management letter that was issued by the independent accounting firm for FY 2008-09. 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, vendor rates, and consumer trust accounts. 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 W&I Code of regulations.
- DDS selected a sample of individual consumer trust accounts to determine if there were any unusual activities and whether any account balances exceeded \$2,000 as prohibited by the Social Security Administration (SSA). In addition, DDS determined if any retroactive Social Security benefit payments received exceeded the \$2,000 resource limit for longer than nine months. DDS also reviewed these accounts to ensure that the interest earnings were distributed quarterly, personal and incidental funds were paid before the tenth of each month, and that proper documentation for expenditures was maintained.
- The Client Trust Holding Account, an account used to hold unidentified consumer trust funds, was tested to determine whether funds received were properly identified to a consumer or returned to the SSA in a timely manner. An interview with ACRC staff revealed that ACRC has procedures in place to determine the correct recipient of unidentified consumer trust funds. If the correct recipient cannot be determined, the funds are returned to SSA (or other source) in a timely manner.
- DDS selected a sample of Uniform Fiscal Systems (UFS) reconciliations to determine if any accounts were out-of-balance or if there were any outstanding items that were not reconciled.
- 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 and Consumer Trust bank accounts to determine if the reconciliations were properly completed on a monthly basis.

II. Regional Center Operations

DDS audited ACRC operations and conducted tests to determine compliance with the State Contracts. 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 was selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of operating expenses, including, but not limited to, purchases of office supplies, consultant contracts, insurance expenses, and lease agreements was tested to determine compliance CCR, title 17 and the State Contracts.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the State Contracts.
- 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 May 2010 and traced the reported information to source documents.
- Reviewed ACRC's Case Management Time Study. DDS selected a sample of payroll time sheets 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.

However, under W&I Code, section 4640.6(i), 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 shall instead maintain service coordinator caseload data to document compliance with the service coordinator-to-consumer ratio requirements in effect.

Therefore, DDS 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 is temporarily suspended for the February 2009 and 2010 caseload surveys.

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

VII. 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 need. 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 is working towards implementing the required RFP process by January 1, 2011, DDS performed the following procedures during the audit review:

- Reviewed the ACRC 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 the applicable dollar thresholds and complies 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 will be 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 will be retained for the selection process and in instances which a vendor with a higher bid is selected there will be written documentation retained as justification for such a selection.

ACRC did not have any new contracts in place as of January 1, 2011; therefore, DDS was unable to perform the following procedures:

- Select a sample of Operational, Start-Up and negotiated Purchase of Service (POS) contracts subject to competitive bidding to ensure ACRC notified the vendor community and the public of contracting opportunities available. Review 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 are properly signed and executed by both parties to the contract.
- Review 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.
- Review ACRC 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. Verify that the funds provided are specifically used to establish new or additional services to consumers and that the usage of funds are 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 as well as to determine whether the process in place satisfies the W&I Code and ACRC's State Contract requirements as amended.

VIII. Statewide/Regional Center Median Rates

The Statewide or Regional Center Median Rates were implemented on July 1, 2008 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, that ACRC is paying authorized contract median rates and complying with the requirements of the W&I Code, section 4691.9.

- Reviewed vendor contracts to verify that ACRC is reimbursing vendors using authorized contract median rates, 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 are granted by DDS.

IX. 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.
- Early Start-American Recovery and Reinvestment Act (ARRA) Funds.

X. 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 finding was conducted. DDS identified the prior audit finding that was reported to ACRC and reviewed supporting documentation to determine the degree and completeness of ACRC's implementation of corrective action taken. The prior audit finding has not been fully resolved.

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 Title 17, the HCBS waiver, and the State Contract with DDS for the audit period July 1, 2008, through June 30, 2010.

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

From the review of the prior audit issues, it was determined that ACRC has not taken appropriate corrective action to resolve one prior issue identified in the audit report. ACRC reported in its prior response it was trying to remediate the audit finding by obtaining an amendment from its landlord.

VIEWS OF RESPONSIBLE OFFICIALS

We issued a draft report on April 17, 2012. The findings in the report were discussed at an exit conference with ACRC on April 27, 2012. At the exit conference, we stated that the final report will incorporate the views of responsible officials.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, Centers for Medicare and Medicaid Services, and Alta California Regional Center. 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: Deleted

ACRC provided additional documentation with its response dated May 1, 2012 which shows that the mandated rate reductions were applied correctly. Therefore, this finding has been deleted.

Finding 2: Family Cost Participation Program (FCPP)

A. Over-Stated Share of Cost

The review of the FCPP revealed that ACRC has been paying for the cost of services that are the responsibility of the families under the requirements of the FCPP for two of the 15 sampled consumers participating in the program. Per ACRC this was due to their oversight.

However, ACRC provided additional documentation with its response indicating that one of the consumers was properly assessed for the FCPP which resulted in no overpayment. As a result, the total overpayment to vendor H64153 has been revised to \$4,279.17. (See Attachment A.)

CCR, title 17, section 50255(a), states:

“The parents of a child who meet the definition under Section 4783(a) (1) of the Welfare and Institutions Code shall be jointly and severally responsible for the assessed amount of family cost participation.”

Recommendation:

ACRC should reimburse to DDS the \$4,279.17 overpayment that resulted from incorrectly paying for the family’s share of cost. In addition, ACRC should ensure that only the costs ACRC is responsible for is entered into the Uniform Fiscal System to prevent the possibility of any overpayments.

B. Late Assessments

The sample review of the 15 consumer files revealed two instances where ACRC was late assessing and notifying the parents of their assessed cost of participation. The notification letters were not sent within 10 working

days of receipt of the income documentation. Per ACRC this was due to their oversight. (See Attachment B.)

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

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

Recommendation:

ACRC should ensure staff are aware that notification letters detailing the parents’ assessed share of cost are to be sent within 10 working days as required by W&I Code, Section 4783(g)(3).

Finding 3: Missing “Hold Harmless” Clause (Repeat)

A review of ACRC’s 10 lease agreements for real property revealed the lease for the Grass Valley office did not include a “Hold Harmless” clause as required by the contract with DDS. This clause is needed to ensure the State is held harmless for any claims and/or losses that may be associated with this lease. This issue was also identified in the prior DDS audit report. ACRC stated that it has made unsuccessful attempts to have the property owner amend the lease agreement to include the “Hold Harmless” clause.

State Contract Article VII, (1) states:

“The contract shall include in all new leases or rental agreements for real property a clause that holds the State harmless for such leases.”

Recommendation:

ACRC should continue to negotiate with the landlord to have the current lease agreement amended to include a “Hold Harmless” clause as required by the State contract.

II. Finding that has been addressed and corrected by ACRC.

Finding 4: Home and Community-Based Services Provider Agreement Forms (Repeat)

The sample review of 99 Purchase of Service (POS) vendor files revealed that 22 Home and Community-Based Services 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 issue was also identified in the prior DDS audit report.

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

“(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)...”

ACRC has taken corrective steps to comply with CCR, title 17, section 54326(a)(16), by providing DDS with properly completed Home and Community-Based Services Provider forms.

Recommendation:

ACRC should continue to reinforce its procedures to ensure there is a properly completed Home and Community-Based Services 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 May 1, 2012, 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: Rate Reduction

ACRC provided documentation to show that the mandated 3 percent and 4.25 percent rate reductions for Sierra Vista, vendor number HJ0468, service code 114 was applied correctly. Therefore based on the review and analysis of additional information provided by ACRC, DDS agrees with ACRC's calculation of the rate reductions and has deleted this finding from the audit report.

Finding 2: Family Cost Participation Program (FCPP)

A. Over-Stated Share of Cost

ACRC provided income documentation with its response for consumer UCI number [REDACTED] that indicates the consumer was properly assessed for the FCPP. DDS' review of the additional documentation supports this result. As a result, DDS has amended the overpayment amount identified in the audit report to a total overpayment of \$4,279.17 that is due to DDS.

For consumer UCI number [REDACTED], ACRC stated that it is working with the family to develop a payment plan for the collection of the overpayment. In addition, ACRC stated that it has implemented stronger internal control processes to ensure assessments are completed timely and accurately.

A follow-up will be performed in the next scheduled audit to determine if ACRC has resolved the remaining outstanding overpayment and has implemented stronger internal controls processes.

B. Late Assessments

ACRC concurs with the finding and stated that it has implemented procedures and have conducted additional staff training to ensure that families are properly assessed and notified of their assessed cost under the FCPP program in accordance with regulations.

A follow-up will performed in the next scheduled audit to determine if ACRC has implemented its additional procedures to resolve this issue.

Finding 3: Missing “Hold Harmless” Clause (Repeat)

ACRC concurs with the finding and has contacted the landlord again to request that the “Hold Harmless” clause be added to the lease, but with no success. With the current lease expiring in March 2013, ACRC intends to resolve this issue by not renewing the lease without a “Hold Harmless” clause included in the new lease agreement.

A follow-up will be performed in the next scheduled audit to determine if ACRC has fully resolved the “Hold Harmless” finding.

**Alta California Regional Center
Family Cost Participation Plan (FCPP) - Over-Stated Share of Cost
Fiscal Years 2008-09 and 2009-10**

	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Overpayments
1		H64153	Family Respite Services	862		Jul 08 - Sept 08	\$491.14
						Oct 08 - Dec 08	\$911.44
				862		Jan 09 - Mar 09	\$1,314.81
						Apr 09 - Jun 09	\$1,296.14
				862		Jul 09- Sep 09	\$73.28
				862		Oct 09 - Dec 09	\$192.36
				Total Overpayments from Over-Stated Share of Cost			

**Alta California Regional Center
Late Notification Letters
Fiscal Years 2008-09 and 2009-10**

	Unique Client Identification Number	Date of Notification	Date IPP Signed
1		1/8/2009	12/3/2008
2		1/22/2009	12/10/2008

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
Response to DDS Audit Findings
FY 2008-2009 & 2009-2010

May 1, 2012

Finding 1 – Rate Reduction:

For vendor Sierra Vista, vendor number HJ0468, service code 114, it appears the rate paid by ACRC from February 2009 to January 2011 is accurate. Per regulations, ACRC incorporated the effect of outside source of funds and calculated the mandated reductions based on the state claim portion of the daily rate. Please refer to Exhibit A for a comparison of ACRC's and DDS' methodology of calculating the reductions and net rates. Since there was not an overpayment as indicated by ACRC's calculations, we request that this be removed as a finding from the report.

Finding 2 – Family Cost Participation Program (FCPP):

Part A:

For, UCI [REDACTED], based on this client's family's income documentation, it appears the client was properly assessed for FCPP and no overpayments resulted. Refer to Exhibit B for supporting documentation that was originally provided. Since this was not an error due to ACRC's calculations, we request that this client's portion of the finding be removed from the report.

For UCI [REDACTED], based on this client's family's income documentation, it appears that we have overpaid for their services by \$4,279.17 rather than the DDS calculated amount of \$6,500.31, which is a difference of \$2,221.14. Please refer to Exhibit C for the supporting documentation in determining the correct payments for this client's services. ACRC will work with the family to attempt to collect the funds that were paid to the vendor as a result of an oversight in the correct assessment of the family under the FCPP program. The vendor provided the services as authorized by the regional center and as such we do not believe is responsible for this oversight. We will be working with the family to develop a payment plan. This may take multiple fiscal years to resolve this matter. ACRC has implemented stronger internal processes to ensure that assessments are completed timely and accurately. After your review of the supporting documentation, we request that the finding be changed to reflect the correct overpayment amount.

Part B:

ACRC has implemented procedures and conducted additional staff training to ensure that family's are properly assessed and notified for their assessed cost under the FCPP program in accordance with regulations.

Alta California Regional Center
Response to DDS Audit Findings
FY 2008-2009 & 2009-2010

Finding 3 – Missing “Hold Harmless” Claus (Repeat Finding):

ACRC has sent a letter with a return receipt requested to the landlord again requesting that the hold harmless clause be added to the lease. Please refer to Exhibit D for a copy of the letter and return receipt. To date we have had no response from the landlord. The lease expires in March 2013 and will not be renewed without a hold harmless clause.



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