



**AUDIT OF THE
CENTRAL VALLEY REGIONAL CENTER
FOR FISCAL YEARS 2011-12 AND 2012-13**

Department of Developmental Services

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EXECUTIVE SUMMARY

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

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

I. Findings That Need to Be Addressed.

Finding 1: Missing Attendance Documentation

The sampled review of 130 Purchase of Services (POS) vendors revealed CVRC reimbursed Bright Start-Tulare County Office of Education (TCOE) and Merced County Office of Education (MCOE) for services provided to the consumers without attendance documentation. This resulted in unsupported payments to the two vendors totaling \$29,592.51. This is not in compliance with CCR, Title 17, Section 50604(d).

CVRC provided attendance documentation with its response which indicated \$16,277.50 in payments made to two vendors was resolved with \$13,315.01 still outstanding. CVRC sent additional attendance documentation after the response which reduced the outstanding overpayment to \$11,589.59.

Finding 2: Over/Understated Claims

The sampled review of 130 POS vendors revealed CVRC over and under claimed expenses to the State for 24 vendors. The over and underpayments were due to duplicate payments, overlapping authorizations, and incorrect proration. This resulted in over and underpayments totaling \$120,159.43 and \$5,051.82, respectively. CVRC provided support documentation indicating it has resolved \$13,132.43 out of the \$120,159.43 in overpayments. This is not in compliance with CCR, Title 17, Sections 54326(a)(10), 56917(i) and CVRC's contracts with TCOE and MCOE.

For the remaining over/underpayment totaling \$107,027 and \$5,051.82, CVRC provided clarification indicating that reimbursements to eight vendors were for services provided.

Finding 3: Family Cost Participation Program

A. Late Assessments (Repeat)

The sampled review of the 22 Family Cost Participation Program (FCPP) consumer assessments revealed nine instances where CVRC did not assess the parents' share of cost at the maximum amount when parents failed to provide income documentation within 10 working days from the date of the parents' signatures on the Individual Program Plan (IPP). The assessments were completed a month or more after the signing of the IPP. As a result, CVRC overpaid its share of cost for two consumers totaling \$903.42. This issue was also identified in the prior audit report. This is not in compliance with W&I Code, Section 4783(g)(4), and CCR, Title 17, Sections 50261(a), 50255(a), and 50257(c).

B. Late Notification

The sampled review of 22 FCPP consumer files revealed three instances where CVRC did not notify the parents of their assessed share of cost within 10 working days of receipt of the income documentation. This is not in compliance with W&I Code, Section 4783(g)(2) and (4).

Finding 4: Lack of Medi-Cal Reimbursement Procedures

The vendor audit of College Hospital, Inc. (CHI), Vendor Number HH1240, Service Code 700, identified that CHI failed to bill Medi-Cal for \$8,778 after the Treatment of Authorization Request (TAR) was approved for a CVRC consumer. As a result, a follow-up review at CVRC was conducted which found that CVRC does not have procedures in place to determine whether vendors have applied for Medi-Cal reimbursements for consumers who are Medi-Cal eligible. CVRC has no knowledge of Medi-Cal approvals or denials, unless it is notified by the vendor, or of the amounts that should be reimbursed by the vendor from Medi-Cal, if approved.

II. Findings Addressed and Corrected by CVRC.

Finding 5: Payment Reduction

The sampled review of 130 POS vendors revealed that CVRC applied the 4.25 percent payment reduction instead of the 1.25 percent payment reduction from July 2012, through June 2013, to Pierce Behavior Management Program, Vendor Number HC0810, Service Code 515. This resulted in under payments

totaling \$2,724.36. This is not in compliance with Assembly Bill 1472, Chapter 25, Section 34, Section 10(a).

CVRC took corrective action and remitted payment for \$2,724.36 to the vendor.

Finding 6: Vendors Not Enrolled in Electronic Billing

The review of CVRC's electronic billing process found that 15 vendors out of 2,593 have not been enrolled in electronic billing. None of the vendors received an exemption from CVRC, which would have precluded them from enrolling in the electronic billing process. This is not in compliance with W&I Code, Section 4641.5(a).

CVRC took corrective action by providing DDS with supporting documentation indicating the vendors were enrolled, exempt, or no longer in use.

Finding 7: Equipment Capitalization

The review of CVRC's equipment inventory listing and equipment general ledger account revealed that CVRC capitalized all of its equipment rather than items valued at \$5,000 or above. This is not in compliance with the State Equipment Management Guidelines, Attachment D, Section 8602.

CVRC took corrective action by providing DDS with supporting documentation indicating that adjusting entries have been made, and only items valued at \$5,000 or above are capitalized.

Finding 8: Home and Community-Based Services Provider Agreement Forms

The sampled review of 130 POS vendor files revealed five HCBS Provider Agreement forms that were missing or not properly completed. This is not in compliance with CCR, Title 17, Section 54326(a)(16).

CVRC has taken corrective action to comply with CCR, Title 17, Section 4326(a)(16), and provided 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 (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 Branch 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 (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 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 RC fiscal, administrative, and program operations.

DDS and Central Valley Regional Center, Inc. entered into contract HD099002 effective July 1, 2009, through June 30, 2016. This contract specifies that CVRC will provide services to individuals with DD and their families in Fresno, Kings, Madera, Mariposa, Merced, and Tulare Counties. The contract is funded by State and Federal funds that are dependent upon CVRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at CVRC from April 21, 2014, through May 30, 2014, and was conducted by the Audit Branch 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.

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 CVRC, effective July 1, 2009

AUDIT PERIOD

The audit period was July 1, 2011, through June 30, 2013, 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 are:

- To determine compliance with the W&I Code (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
- 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 CVRC's financial statements. DDS limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that CVRC was in compliance with the objectives identified above. Accordingly, DDS examined transactions on a test basis to determine whether CVRC was in compliance with the Lanterman Act, CCR, Title 17, HCBS Waiver for the Developmentally Disabled, and the State Contract.

DDS' review of CVRC'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 year 2011-12, issued on October 12, 2012
- Fiscal year 2012-13, issued on October 16, 2013

It was noted that no management letter was issued for CVRC. 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, 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 CVRC. 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.
- 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. 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 Social Security Administration in a timely manner. An interview with RC staff revealed that CVRC 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 the Social Security Administration (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 CVRC's bank accounts to determine whether DDS had signatory authority as required by the contract 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 CVRC's operations and conducted tests to determine compliance with the State Contract. The tests included various expenditures claimed for administration to ensure that CVRC accounting staff is properly inputting data, that 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 CVRC'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

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 CVRC's Rate Study. DDS examined the months of May 2012 and May 2013, and traced the reported information to source documents.
- Reviewed CVRC's TCM Time Study. DDS selected a sample of payroll time sheets for this review and compared it to the Case Management Time Study Forms (DS 1916) 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), 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)(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 RCs 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.

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).

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 CVRC'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 CVRC 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 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' complete income documentation.
- Reviewed vendor payments to verify that CVRC is paying for only its assessed share of cost.

VII. Annual Family Program Fee

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 through 17 receiving qualifying services through a 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 is assessed to the parents under FCPP. To determine whether CVRC is in compliance with the W&I Code, 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 developmental disability 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. 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 as amended.

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

- Reviewed the CVRC 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 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 CVRC. 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 the 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 CVRC notified the vendor community and the public of contracting opportunities available.
- Reviewed the contracts to ensure that CVRC has adequate and detailed documentation for the selection and evaluation process of vendor proposals, written justification for final vendor selection decisions, and that the 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 CVRC 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 CVRC Board approved POS, Start-Up and Operational 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 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 CVRC's current RFP process and Board approval of contracts of \$250,000 or more, as well as to determine whether the process in place satisfies the W&I Code and CVRC's State Contract requirements as amended.

IX. Statewide/Regional Center Median Rates

The statewide and RC median rates were implemented on July 1, 2008, and amended on December 15, 2011, to ensure 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 CVRC was in compliance with the Lanterman Act, DDS performed the following procedures during the audit review:

- Reviewed sample vendor files to determine whether CVRC is using appropriately vendorized service providers, has correct service codes, and that CVRC is paying authorized contract rates and complying with the median rate requirements of the W&I Code, Section 4691.9.
- Reviewed vendor contracts to verify that CVRC is reimbursing vendors using authorized contract median rates and verified that the 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 health and safety exemptions were granted by DDS.

X. 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 CVRC'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
- Denti-Cal
- Mental Health Services Act (MHSA)
- Foster Grandparent/Senior Companion

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 CVRC and reviewed supporting documentation to determine the degree and completeness of CVRC's implementation of corrective actions.

CONCLUSIONS

Based upon the audit procedures performed, DDS has determined that except for the items identified in the Findings and Recommendations Section, CVRC was in compliance with applicable sections of the CCR, Title 17, the HCBS Waiver, and the State Contracts with DDS for the audit period, July 1, 2011, through June 30, 2013.

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 CVRC has taken appropriate action to resolve all prior audit issues with the exception of Finding 3A. CVRC has implemented procedures to address the issue; however, the issue remains unresolved.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on July 21, 2015. The findings in the audit report were discussed at a formal exit conference with CVRC on July 30, 2015. At the exit conference, DDS stated it would incorporate the views of responsible officials in the final report.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

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

I. Findings That Need to Be Addressed.

Finding 1: Missing Attendance Documentation

The sampled review of 130 POS vendors revealed CVRC reimbursed two of its vendors for services provided to consumers without attendance documentation. CVRC reimbursed Bright Start–TCOE, Vendor Number HC0523, Service Code 083, for consumer services without attendance documentation to support the amounts billed in July, August, and September 2011. This resulted in overpayments totaling \$24,416.25. CVRC also reimbursed MCOE, Vendor Number HC0698, Service Code 083, for consumer services without attendance documentation to support the amounts billed in August and December 2011, January and February 2012. This resulted in overpayments totaling \$5,176.26.

The unsupported payments reimbursed to the two vendors totaled \$29,592.51. This occurred because CVRC did not check the attendance documentation for some of the consumers to ensure payments made were supported. (See Attachment A)

CVRC provided attendance documentation with its response which indicated \$16,277.50 in payments made to two vendors was resolved, with \$13,315.01 still outstanding. CVRC sent additional attendance documentation after the response which reduced the outstanding overpayment to \$11,589.59.

CCR Title 17, Section 50604(d) states in part:

“All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program . . . Service records used to support service providers’ billing/invoicing shall include, but not be limited to:

- (2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center.

Recommendation:

CVRC must reimburse DDS \$11,589.59 in total overpayments made to the two vendors. In addition, CVRC must ensure attendance documentation is retained and no payments are made to any of its vendors without supporting documentation.

Finding 2: Over/Understated Claims

The sampled review of the 130 POS vendors revealed CVRC over and under claimed expenses to the State. There were 18 vendors with overpayments totaling \$13,132.43 due to duplicate payments and overlapping authorization, which was corrected during fieldwork. Two vendors TCOE, Vendor Number HC0523, Service Code 083, and MCOE, Vendor Number HC0698, Service Code 083, were overpaid \$107,027 when CVRC reimbursed the vendors for a full month of service, instead of using the daily rate. Lastly, there were six vendors with underpayments totaling \$5,051.82 due to incorrect proration.

For the remaining over/underpayment totaling \$107,027 and \$5,051.82, CVRC provided clarification indicating that reimbursements to the eight vendors were for services provided. (See Attachment B)

CCR, Title 17, Section 54326(a) states:

“All vendors shall . . .

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center

CVRC’s contracts with Bright Star–TCOE and MCOE, Section IV, A(2), states:

“Children enrolled for partial days in a month will be prorated at a daily rate based on an average of 21 business days within a month.”

W&I Code, Section 4648.4(b) states, in pertinent part:

“(b) Notwithstanding any other provision of law or regulation, except for subdivision (a), no regional center may pay any provider of the following services or supports a rate that is greater than the rate that is in effect on or after June 30, 2008, unless the increase is required by a contract between the regional center and the vendor that is in effect on June 30, 2008, or the regional center demonstrates that the approval is necessary to protect the consumer’s health or safety and the department has granted prior written authorization:”

Recommendation:

CVRC should review the operational indicator reports and payment invoices to ensure any overpayments in error are addressed and corrected in a timely manner.

Finding 3: Family Cost Participation Program

A. Late Assessments (Repeat)

The sampled review of the 22 FCPP consumer assessments revealed nine instances where CVRC did not assess the parents' share of cost at the maximum amount when parents failed to provide income documentation within 10 working days from the date of the parents' signatures on the IPP. The assessments were completed a month or more after the signing of the IPP due to CVRC delaying the assessment until it received the families' income documentation. As a result, CVRC overpaid its share of cost for two consumers totaling \$903.42. This issue was also identified in the prior audit report. In its response to the prior DDS audit report, CVRC stated procedures were updated to include adding the FCPP assessment to the IPP meeting and time stamping correspondence and income documentation upon receipt to ensure assessments are completed timely. (See Attachments C and D)

W&I Code, Section 4783(g)(2) and (4) states in relevant part:

“(g) Family cost participation assessments or reassessments shall be conducted as follows:

(2) Parents shall self-certify their gross annual income to the regional center by providing copies of W-2 Wage Earners Statements, payroll stubs, a copy of the prior year's state income tax return, or other documents and proof of other income.

(4) Parents who have not provided copies of income documentation pursuant to paragraph (2) shall be assessed the maximum cost participation based on the highest income level adjusted for family size until such time as the appropriate income documentation is provided . . .”

CCR, Title 17, Section 50261 states in relevant part:

“(a) Each parent shall provide the regional center with his or her proof of gross annual income pursuant to Section 4783(g)(2) and (i) of the Welfare and Institutions Code, within ten (10) working days from the date of the parents' signatures on the Individual Program Plan. The regional center may grant a ten (10) working day extension to provide documentation, if parents have acted in good faith. In no event shall more than one ten (10) working day extension be granted. Failure to provide the information will result in the regional center setting the cost participation at the maximum amount, pursuant to section 4783(g)(4) of the Welfare and Institution Code.”

CCR, Title 17, Section 50255(a) states in part:

“(a) 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.”

In addition, Title 17, Section 50257 (c) states in part:

“Regional centers are responsible for funding their authorized share of services without regard to the family's cost participation assessment.”

Recommendation:

CVRC must reimburse DDS the overpayment amount of \$903.42 that resulted from incorrectly paying for the families' share of cost. In addition, CVRC must stop the practice of delaying the assessment until it receives the families' income documentation and develop procedures to ensure parents who do not provide income documentation within 10 working days from the parents' signature on the IPP are assessed at the maximum amount to ensure compliance with CCR, Title 17, Section 50261(a).

B. Late Notification

The sampled review of 22 FCPP consumer files revealed three instances where CVRC did not notify the parents of their assessed share of cost within 10 working days of receipt of the income documentation due to CVRC's oversight. (See Attachment E)

W&I Code, Section 4783(g)(1)(D)(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.”

Recommendation:

CVRC must ensure its staff is aware of, and are following, the FCPP procedures, especially the assessments and notification processes to eliminate delays on sending notification letters.

Finding 4: Lack of Medi-Cal Reimbursement Procedures

During a vendor audit of CHI, Vendor Number HH1240, Service Code 700, it was identified that a total of \$8,778 was approved for Medi-Cal reimbursement for consumer UCI number 6462763 for services provided from July 1, 2011,

through August 31, 2013. However, the review of the vendor invoices indicated that CHI was unaware it owes CVRC \$8,778, since it did not bill Medi-Cal for the TAR approved services.

As a result of this issue, a follow-up review was conducted at CVRC which found that CVRC does not have procedures in place to determine whether vendors have billed Medi-Cal once a TAR has been approved. Since CVRC has no procedures in place, it was unaware of amounts that should be reimbursed by the vendors from Medi-Cal and it has no knowledge of Medi-Cal approvals or denials unless it is notified by the vendors. (See Attachment F)

Good internal controls and sound business practices dictate that RCs have written policies and procedures in place to follow-up with vendors who provide services to Medi-Cal eligible consumers. The procedures must ensure that RCs are receiving copies of Medi-Cal approval or denial letters to assist in the monitoring of reimbursements, and any Medi-Cal payments received by the vendor are returned to the RC and used to offset the claim.

Recommendation:

CVRC must develop procedures to ensure that all vendors who have consumers eligible for Medi-Cal, are billing for reimbursements appropriately. The procedures must also include a detailed follow-up process to ensure that CVRC receives a copy of the Medi-Cal approval or denial letter to assist in the monitoring of reimbursements.

II. Findings Addressed and Corrected by CVRC.

Finding 5: Payment Reduction

The sampled review of 130 POS vendor files revealed that CVRC applied the 4.25 percent payment reduction instead of the 1.25 percent payment reduction from July 2012 through June 2013, to Pierce Behavior Management Program, Vendor Number HC0810, Service Code 515. This resulted in underpayments totaling \$2,724.36.

CVRC took corrective action and remitted payment for \$2,724.36 to the vendor.

Assembly Bill 1472, Chapter 25, Section 34, Section 10(a) states:

“(a) Notwithstanding any other provision of law, in order to implement change in the level of funding for regional centers purchase of services, regional centers shall reduce payments for service and supports provided pursuant to Title 14 (commencing with Section 95000) of the Government Code and Division 4.1 (commencing with Section 4400) and Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code. From February 1, 2009, to June 30, 2010, inclusive, regional centers shall

reduce all payments for these services and supports paid from purchase of service funds for services delivered on or after February 1, 2009, by 3 percent, from July 1, 2010, to June 30, 2012, inclusive, by 4.25 percent, and, commencing July 1, 2012, until June 30, 2013, by 1.25 percent, unless the regional center demonstrates that a nonreduced payment is necessary to protect the health and safety of the individual for whom the services and supports are proposed to be purchased, and the State Department of Developmental Services has granted prior written approval.”

Recommendation:

CVRC must review vendor payment rates to ensure the payment reductions are applied correctly and ensure any payments that may have occurred in error in the course of doing business with its vendors are identified and corrected.

Finding 6: Vendors Not Enrolled in Electronic Billing

The review of CVRC’s electronic billing process found that 15 out of 2,593 eligible vendors have not been enrolled in electronic billing. Exceptions are granted for vendors paid by vouchers and vendors who demonstrate that enrolling in electronic billing will present a financial hardship. However, it was found that none of the 15 vendors were paid by vouchers or demonstrated that submitting billings electronically would have presented a financial hardship.

CVRC took corrective action by providing DDS with supporting documentation indicating the vendors were enrolled, exempt or no longer in use. W&I Code, Section 4641.5(a) states:

- “(a) Effective July 1, 2011, regional centers shall begin transitioning all vendors of all regional center services to electronic billing for services purchased through a regional center. All vendors and contracted providers shall submit all billings electronically for services provided on or after July 1, 2012, with the exception of the following:
- (1) A vendor or provider whose services are paid for by vouchers, as that term is defined in subdivision (i) of Section 4512.
 - (2) A vendor or provider who demonstrates that submitting billings electronically for services presents substantial financial hardship for the provider.”

Recommendation:

CVRC must continue to work on enrolling these vendors to the electronic billing process to be in compliance with W&I Code, Section 4641.5(a).

Finding 7: Equipment Capitalization

The review of CVRC’s inventory listing and equipment general ledger account revealed that it capitalized all of its equipment rather than items valued at or above \$5,000. CVRC was not aware that only items valued at \$5,000 or above are to be capitalized.

CVRC took corrective action by providing DDS with supporting documentation indicating that adjusting entries have been made and only items valued at \$5,000 or above are capitalized.

The State Equipment Management Guidelines, Attachment D, Section 8602, states:

“State property is capitalized for accounting purposes when certain conditions are met. Capitalization means to record the property in the accounting records as assets. Tangible property must meet the following three requirements in order to meet the capitalization requirements:

1. Have a normal useful life of at least one year;
2. Have a unit acquisition cost of at least \$5,000; and
3. Be used to conduct State business.”

Recommendation:

CVRC must capitalize only items valued at \$5,000 or above. This will ensure compliance with the State’s Equipment Systems Guidelines and the State Administrative Manual as required by its contract with DDS.

Finding 8: Home and Community-Based Services Provider Agreement Forms

The sampled review of 130 POS vendor files revealed that five HCBS Provider Agreement forms were missing or not properly completed due to CVRC’s oversight.

CVRC has taken corrective action to comply with CCR, Title 17, Section 4326(a)(16), and has provided DDS with the properly completed HCBS Provider Agreement forms.

CCR, Title 17, Section 54326(a)(16) states in 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) . . .”

Recommendation:

CVRC must ensure that a properly completed HCBS Provider Agreement form is on file for all vendors.

EVALUATION OF RESPONSE

As part of the audit report process, CVRC has been provided with a draft audit report and was requested to provide a response to each finding. CVRC's response dated September 3, 2015, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendations section, as well as a summary of the findings in the Executive Summary section.

DDS' Audit Branch has evaluated CVRC's response and will conduct a follow-up review to confirm corrective actions taken to resolve the findings, during the next scheduled audit.

Finding 1: Missing Attendance Documentation

CVRC provided attendance documentation indicating the \$18,002.92 in payments made to two vendors, TCOE and MCOE, were supported. CVRC stated that it will reimburse DDS for the outstanding overpayment totaling \$13,315.01. However, on September 28, 2015, CVRC sent additional attendance documentation after the response was received which reduced the outstanding overpayment to \$11,589.59. CVRC stated that consultation and training has been provided to its employees to ensure there is proper documentation to support the billing and payments to the vendors. DDS will conduct a follow-up during the next scheduled audit to ensure \$11,589.59 has been remitted to DDS.

Finding 2: Over/Understated Claims

DDS' initial interpretation of the contract was that vendors were to be reimbursed at a daily rate of \$80.95 per consumer, not to exceed \$1,700 a month. However, CVRC disagreed with DDS' interpretation and the remaining overpayment totaling \$107,027. CVRC provided clarification in its response to the draft report, which indicated that consumers who are enrolled in the school program for a full month, are reimbursed at \$1,700 per consumer, per month, regardless of the number of days attended. CVRC also stated that only consumers who are enrolled or leave the school program in the middle of the month, are prorated using a daily rate. Further, review of the two vendor contracts revealed that CVRC's interpretation of the contracts is correct since the payments made to the vendors matched the consumers' enrollment dates. Therefore, DDS considers this issue resolved since tuition for consumers who are in the school programs for a full month, are paid on a monthly basis. In addition, CVRC provided clarification which indicated that payments totaling \$5,051.82 were for services provided to the consumers. (See Attachment B)

Finding 3: Family Cost Participation Program

A. Late Assessments (Repeat)

CVRC agrees with the finding and will reimburse DDS \$903.42 for overpaying its share of cost. CVRC indicated it has reviewed existing procedures with the program managers to ensure staff is aware of the FCPP protocols to prevent delayed assessments. DDS will conduct a follow-up review during the next scheduled audit to determine if CVRC is in compliance with the FCPP requirements.

B. Late Notification

CVRC agrees with the finding and stated it will ensure staff is aware of, and is following, the FCPP protocols to prevent delays in the notification process. DDS will conduct a follow-up review during the next scheduled audit to determine if CVRC is in compliance with the FCPP requirements.

Finding 4: Lack of Medi-Cal Reimbursement Procedures

CVRC agrees with the finding and stated it has developed procedures ensuring all vendors who have consumers eligible for Medi-Cal, are billing for reimbursements appropriately. CVRC stated program managers will ensure that the service coordinators inform the fiscal department immediately upon consumer placement in a Medi-Cal funded facility. Once the fiscal department is notified, the accounting staff will record the incident in the general ledger and monitor it to ensure Medi-Cal approvals or denials are submitted and that CVRC is reimbursed appropriately. DDS will conduct a follow-up review during the next scheduled audit to determine if CVRC has implemented its procedures.

**Central Valley Regional Center
Missing Attendance Documentation
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Service Month	Over/Under Payments	Corrected	Over/Under Payments
Overpayments Due to Missing Attendance Documentation									
1		HC0523	Bright Start - TCOE	083		Jul-11	\$1,627.75	\$0.00	\$1,627.75
2		HC0523	Bright Start - TCOE	083		Jul-11	\$1,627.75	\$0.00	\$1,627.75
3		HC0523	Bright Start - TCOE	083		Aug-11	\$1,627.75	\$0.00	\$1,627.75
4		HC0523	Bright Start - TCOE	083		Aug-11	\$1,627.75	\$0.00	\$1,627.75
5		HC0523	Bright Start - TCOE	083		Sep-11	\$1,627.75	\$0.00	\$1,627.75
6		HC0523	Bright Start - TCOE	083		Sep-11	\$1,627.75	\$1,627.75	\$0.00
7		HC0523	Bright Start - TCOE	083		Sep-11	\$1,627.75	\$1,627.75	\$0.00
8		HC0523	Bright Start - TCOE	083		Sep-11	\$1,627.75	\$1,627.75	\$0.00
9		HC0523	Bright Start - TCOE	083		Sep-11	\$1,627.75	\$1,627.75	\$0.00
10		HC0523	Bright Start - TCOE	083		Sep-11	\$1,627.75	\$1,627.75	\$0.00
11		HC0523	Bright Start - TCOE	083		Sep-11	\$1,627.75	\$1,627.75	\$0.00
12		HC0523	Bright Start - TCOE	083		Sep-11	\$1,627.75	\$1,627.75	\$0.00
13		HC0523	Bright Start - TCOE	083		Sep-11	\$1,627.75	\$1,627.75	\$0.00
14		HC0523	Bright Start - TCOE	083		Sep-11	\$1,627.75	\$1,627.75	\$0.00
15		HC0523	Bright Start - TCOE	083		Sep-11	\$1,627.75	\$1,627.75	\$0.00
Overpayment for Bright Star - TCOE							\$24,416.25	\$16,277.50	\$8,138.75
1		HC0698	Merced County Office of Edu.	083		Aug-11	\$862.71	\$0.00	\$862.71
2		HC0698	Merced County Office of Edu.	083		Dec-11	\$862.71	\$0.00	\$862.71
3		HC0698	Merced County Office of Edu.	083		Dec-11	\$862.71	\$0.00	\$862.71
4		HC0698	Merced County Office of Edu.	083		Jan-12	\$862.71	\$862.71	\$0.00
5		HC0698	Merced County Office of Edu.	083		Feb-12	\$862.71	\$0.00	\$862.71
6		HC0698	Merced County Office of Edu.	083		Feb-12	\$862.71	\$862.71	\$0.00
Overpayment for MCOE							\$5,176.26	\$1,725.42	\$3,450.84
Total Overpayment							\$29,592.51	\$18,002.92	\$11,589.59

**Central Valley Regional Center
Over/Understated Claims
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Service Month	Over/Under Payments	Corrected	Outstanding Balance
Overpayments Due to Duplicate Payments and Overlapping Authorizations										
1		HL0621	Accredited Respite, Inc.	862			Feb-12	\$395.10	\$395.10	\$0.00
2		HC0921	Ass. of Retarded Citizens, Inc.	490			Oct-11	\$43.09	\$43.09	\$0.00
3		HC0715	Bright Future for Children	48			Sep-11	\$86.13	\$86.13	\$0.00
4		HC0715	Bright Future for Children	48			Sep-11	\$718.10	\$718.10	\$0.00
5		HC0715	Bright Future for Children	48			Sep-11	\$1,120.42	\$1,120.42	\$0.00
6		P40649	Center for Communications Skills	707			Feb-12	\$71.81	\$71.81	\$0.00
7		HC0027	Eddie's Terrace #5- Channg	400			Apr-12	\$148.00	\$148.00	\$0.00
8		HC0782	Lewis Graves res Facility #3	400			Aug-11	\$122.00	\$122.00	\$0.00
9		PV1163	Lisa C. Tang	785			Jun-12	\$526.63	\$526.63	\$0.00
10		H06776	McAlister's Guest Home #1	400			Nov-12	\$127.00	\$127.00	\$0.00
11		HC0476	Mi Casita #2	400			Feb-12	\$128.00	\$128.00	\$0.00
12		HC0784	Pacific Child/Family Association	48			Apr-12	\$610.24	\$610.24	\$0.00
13		HC0784	Pacific Child/Family Association	48			Jul-12	\$1,220.48	\$1,220.48	\$0.00
14		HC0799	Pira Home Care- #2 Clinton	113			Jul-11	\$87.99	\$87.99	\$0.00
15		HC0799	Pira Home Care- #2 Clinton	113			Jul-11	\$87.99	\$87.99	\$0.00
16		HC0799	Pira Home Care- #2 Clinton	113			Jul-11	\$87.99	\$87.99	\$0.00
17		HC0799	Pira Home Care- #2 Clinton	113			Aug-11	\$87.99	\$87.99	\$0.00
18		HC0799	Pira Home Care- #2 Clinton	113			Aug-11	\$87.99	\$87.99	\$0.00
19		HC0799	Pira Home Care- #2 Clinton	113			Aug-11	\$87.99	\$87.99	\$0.00
20		HC0799	Pira Home Care- #2 Clinton	113			Sep-11	\$87.99	\$87.99	\$0.00
21		HC0799	Pira Home Care- #2 Clinton	113			Sep-11	\$87.99	\$87.99	\$0.00
22		HC0799	Pira Home Care- #2 Clinton	113			Sep-11	\$87.99	\$87.99	\$0.00
23		HC0799	Pira Home Care- #2 Clinton	113			Oct-11	\$87.99	\$87.99	\$0.00
24		HC0799	Pira Home Care- #2 Clinton	113			Oct-11	\$87.99	\$87.99	\$0.00

**Central Valley Regional Center
Over/Understated Claims
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Service Month	Over/Under Payments	Corrected	Outstanding Balance
25		HC0799	Pira Home Care- #2 Clinton	113			Oct-11	\$87.99	\$87.99	\$0.00
26		HC0931	Porterville Sheltered Workshop, Inc	490			Jun-12	\$41.00	\$41.00	\$0.00
27		HC0931	Porterville Sheltered Workshop, Inc	470			Dec-11	\$15.89	\$15.89	\$0.00
28		HS0803	Premier Healthcare Services, Inc.	465			Jun-12	\$123.00	\$123.00	\$0.00
29		HS0803	Premier Healthcare Services, Inc.	465			Jul-12	\$21.16	\$21.16	\$0.00
30		HS0803	Premier Healthcare Services, Inc.	465			Jul-12	\$50.00	\$50.00	\$0.00
31		HS0803	Premier Healthcare Services, Inc.	465			Aug-12	\$21.16	\$21.16	\$0.00
32		HS0803	Premier Healthcare Services, Inc.	465			Sep-12	\$21.16	\$21.16	\$0.00
33		HS0803	Premier Healthcare Services, Inc.	465			Sep-12	\$253.92	\$253.92	\$0.00
34		HS0803	Premier Healthcare Services, Inc.	465			Oct-12	\$21.16	\$21.16	\$0.00
35		HS0803	Premier Healthcare Services, Inc.	465			Nov-12	\$21.16	\$21.16	\$0.00
36		HS0803	Premier Healthcare Services, Inc.	465			Dec-12	\$21.16	\$21.16	\$0.00
37		Z08395	Ray Fisher Pharmacy	765			Apr-12	\$125.00	\$125.00	\$0.00
38		ZC7114	Sanger Medical Supplies	725			Feb-12	\$86.98	\$86.98	\$0.00
39		H90281	Sullivan Center for Children, Inc	785			Apr-12	\$383.00	\$383.00	\$0.00
40		H90281	Sullivan Center for Children, Inc	785			Apr-12	\$526.63	\$526.63	\$0.00
41		HC0511	Torres Adult Res Facility	400			Jul-11	\$122.00	\$122.00	\$0.00
42		H27899	Tulare County Office of Education	83			Jul-11	\$3,476.00	\$3,476.00	\$0.00
43		H27899	Tulare County Office of Education	83			Jul-11	\$1,429.20	\$1,429.20	\$0.00
Total Overpayments Due to Duplicate Payments and Overlapping Authorizations								\$13,132.43	\$13,132.43	\$0.00
Overpayments Due to Incorrect Proration										
1		HC0523	Bright Start - TCOE	083			Jul-11	\$1,550.24	\$1,550.24	\$0.00
2		HC0523	Bright Start - TCOE	083			Jul-11	\$155.07	\$155.07	\$0.00
3		HC0523	Bright Start - TCOE	083			Jul-11	\$232.58	\$232.58	\$0.00

**Central Valley Regional Center
Over/Understated Claims
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Service Month	Over/Under Payments	Corrected	Outstanding Balance
4		HC0523	Bright Start - TCOE	083			Jul-11	\$232.58	\$232.58	\$0.00
5		HC0523	Bright Start - TCOE	083			Jul-11	\$277.58	\$277.58	\$0.00
6		HC0523	Bright Start - TCOE	083			Jul-11	\$310.09	\$310.09	\$0.00
7		HC0523	Bright Start - TCOE	083			Jul-11	\$310.09	\$310.09	\$0.00
8		HC0523	Bright Start - TCOE	083			Jul-11	\$310.09	\$310.09	\$0.00
9		HC0523	Bright Start - TCOE	083			Jul-11	\$310.09	\$310.09	\$0.00
10		HC0523	Bright Start - TCOE	083			Jul-11	\$387.60	\$387.60	\$0.00
11		HC0523	Bright Start - TCOE	083			Jul-11	\$387.60	\$387.60	\$0.00
12		HC0523	Bright Start - TCOE	083			Jul-11	\$404.75	\$404.75	\$0.00
13		HC0523	Bright Start - TCOE	083			Jul-11	\$408.19	\$408.19	\$0.00
14		HC0523	Bright Start - TCOE	083			Jul-11	\$465.11	\$465.11	\$0.00
15		HC0523	Bright Start - TCOE	083			Jul-11	\$465.11	\$465.11	\$0.00
16		HC0523	Bright Start - TCOE	083			Jul-11	\$523.54	\$523.54	\$0.00
17		HC0523	Bright Start - TCOE	083			Jul-11	\$542.62	\$542.62	\$0.00
18		HC0523	Bright Start - TCOE	083			Jul-11	\$542.62	\$542.62	\$0.00
19		HC0523	Bright Start - TCOE	083			Jul-11	\$542.62	\$542.62	\$0.00
20		HC0523	Bright Start - TCOE	083			Jul-11	\$620.12	\$620.12	\$0.00
21		HC0523	Bright Start - TCOE	083			Jul-11	\$620.12	\$620.12	\$0.00
22		HC0523	Bright Start - TCOE	083			Jul-11	\$620.12	\$620.12	\$0.00
23		HC0523	Bright Start - TCOE	083			Jul-11	\$697.63	\$697.63	\$0.00
24		HC0523	Bright Start - TCOE	083			Jul-11	\$697.63	\$697.63	\$0.00
25		HC0523	Bright Start - TCOE	083			Jul-11	\$852.65	\$852.65	\$0.00
26		HC0523	Bright Start - TCOE	083			Jul-11	\$893.89	\$893.89	\$0.00
27		HC0523	Bright Start - TCOE	083			Jul-11	\$930.16	\$930.16	\$0.00
28		HC0523	Bright Start - TCOE	083			Jul-11	\$1,007.67	\$1,007.67	\$0.00

**Central Valley Regional Center
Over/Understated Claims
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Service Month	Over/Under Payments	Corrected	Outstanding Balance
29		HC0523	Bright Start - TCOE	083			Jul-11	\$1,133.30	\$1,133.30	\$0.00
30		HC0523	Bright Start - TCOE	083			Jul-11	\$1,162.69	\$1,162.69	\$0.00
31		HC0523	Bright Start - TCOE	083			Jul-11	\$1,317.71	\$1,317.71	\$0.00
32		HC0523	Bright Start - TCOE	083			Jul-11	\$1,376.15	\$1,376.15	\$0.00
33		HC0523	Bright Start - TCOE	083			Jul-11	\$1,472.73	\$1,472.73	\$0.00
34		HC0523	Bright Start - TCOE	083			Jul-11	\$1,472.73	\$1,472.73	\$0.00
35		HC0523	Bright Start - TCOE	083			Jul-11	\$1,472.73	\$1,472.73	\$0.00
36		HC0523	Bright Start - TCOE	083			Jul-11	\$1,472.73	\$1,472.73	\$0.00
37		HC0523	Bright Start - TCOE	083			Jul-11	\$1,550.24	\$1,550.24	\$0.00
38		HC0523	Bright Start - TCOE	083			Aug-11	\$77.56	\$77.56	\$0.00
39		HC0523	Bright Start - TCOE	083			Aug-11	\$77.56	\$77.56	\$0.00
40		HC0523	Bright Start - TCOE	083			Aug-11	\$155.07	\$155.07	\$0.00
41		HC0523	Bright Start - TCOE	083			Aug-11	\$232.58	\$232.58	\$0.00
42		HC0523	Bright Start - TCOE	083			Aug-11	\$232.58	\$232.58	\$0.00
43		HC0523	Bright Start - TCOE	083			Aug-11	\$232.58	\$232.58	\$0.00
44		HC0523	Bright Start - TCOE	083			Aug-11	\$232.58	\$232.58	\$0.00
45		HC0523	Bright Start - TCOE	083			Aug-11	\$232.58	\$232.58	\$0.00
46		HC0523	Bright Start - TCOE	083			Aug-11	\$310.09	\$310.09	\$0.00
47		HC0523	Bright Start - TCOE	083			Aug-11	\$310.09	\$310.09	\$0.00
48		HC0523	Bright Start - TCOE	083			Aug-11	\$387.60	\$387.60	\$0.00
49		HC0523	Bright Start - TCOE	083			Aug-11	\$387.60	\$387.60	\$0.00
50		HC0523	Bright Start - TCOE	083			Aug-11	\$387.60	\$387.60	\$0.00
51		HC0523	Bright Start - TCOE	083			Aug-11	\$387.60	\$387.60	\$0.00
52		HC0523	Bright Start - TCOE	083			Aug-11	\$387.60	\$387.60	\$0.00
53		HC0523	Bright Start - TCOE	083			Aug-11	\$465.11	\$465.11	\$0.00

**Central Valley Regional Center
Over/Understated Claims
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Service Month	Over/Under Payments	Corrected	Outstanding Balance
54		HC0523	Bright Start - TCOE	083			Aug-11	\$465.11	\$465.11	\$0.00
55		HC0523	Bright Start - TCOE	083			Aug-11	\$620.12	\$620.12	\$0.00
56		HC0523	Bright Start - TCOE	083			Aug-11	\$620.12	\$620.12	\$0.00
57		HC0523	Bright Start - TCOE	083			Aug-11	\$620.12	\$620.12	\$0.00
58		HC0523	Bright Start - TCOE	083			Aug-11	\$697.63	\$697.63	\$0.00
59		HC0523	Bright Start - TCOE	083			Aug-11	\$775.14	\$775.14	\$0.00
60		HC0523	Bright Start - TCOE	083			Aug-11	\$775.14	\$775.14	\$0.00
61		HC0523	Bright Start - TCOE	083			Aug-11	\$816.38	\$816.38	\$0.00
62		HC0523	Bright Start - TCOE	083			Aug-11	\$890.45	\$890.45	\$0.00
63		HC0523	Bright Start - TCOE	083			Aug-11	\$930.16	\$930.16	\$0.00
64		HC0523	Bright Start - TCOE	083			Aug-11	\$1,052.35	\$1,052.35	\$0.00
65		HC0523	Bright Start - TCOE	083			Aug-11	\$1,136.74	\$1,136.74	\$0.00
66		HC0523	Bright Start - TCOE	083			Aug-11	\$1,308.96	\$1,308.96	\$0.00
67		HC0523	Bright Start - TCOE	083			Aug-11	\$1,395.22	\$1,395.22	\$0.00
68		HC0523	Bright Start - TCOE	083			Aug-11	\$1,472.73	\$1,472.73	\$0.00
69		HC0523	Bright Start - TCOE	083			Aug-11	\$1,550.24	\$1,550.24	\$0.00
70		HC0523	Bright Start - TCOE	083			Aug-11	\$1,550.24	\$1,550.24	\$0.00
71		HC0523	Bright Start - TCOE	083			Sep-11	\$6.88	\$6.88	\$0.00
72		HC0523	Bright Start - TCOE	083			Sep-11	\$6.88	\$6.88	\$0.00
73		HC0523	Bright Start - TCOE	083			Sep-11	\$77.56	\$77.56	\$0.00
74		HC0523	Bright Start - TCOE	083			Sep-11	\$77.56	\$77.56	\$0.00
75		HC0523	Bright Start - TCOE	083			Sep-11	\$77.56	\$77.56	\$0.00
76		HC0523	Bright Start - TCOE	083			Sep-11	\$77.56	\$77.56	\$0.00
77		HC0523	Bright Start - TCOE	083			Sep-11	\$84.39	\$84.39	\$0.00
78		HC0523	Bright Start - TCOE	083			Sep-11	\$93.97	\$93.97	\$0.00

**Central Valley Regional Center
Over/Understated Claims
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Service Month	Over/Under Payments	Corrected	Outstanding Balance
79		HC0523	Bright Start - TCOE	083			Sep-11	\$155.07	\$155.07	\$0.00
80		HC0523	Bright Start - TCOE	083			Sep-11	\$155.07	\$155.07	\$0.00
81		HC0523	Bright Start - TCOE	083			Sep-11	\$232.58	\$232.58	\$0.00
82		HC0523	Bright Start - TCOE	083			Sep-11	\$310.09	\$310.09	\$0.00
83		HC0523	Bright Start - TCOE	083			Sep-11	\$310.09	\$310.09	\$0.00
84		HC0523	Bright Start - TCOE	083			Sep-11	\$310.09	\$310.09	\$0.00
85		HC0523	Bright Start - TCOE	083			Sep-11	\$387.60	\$387.60	\$0.00
86		HC0523	Bright Start - TCOE	083			Sep-11	\$387.60	\$387.60	\$0.00
87		HC0523	Bright Start - TCOE	083			Sep-11	\$387.60	\$387.60	\$0.00
88		HC0523	Bright Start - TCOE	083			Sep-11	\$465.11	\$465.11	\$0.00
89		HC0523	Bright Start - TCOE	083			Sep-11	\$542.62	\$542.62	\$0.00
90		HC0523	Bright Start - TCOE	083			Sep-11	\$542.62	\$542.62	\$0.00
91		HC0523	Bright Start - TCOE	083			Sep-11	\$620.12	\$620.12	\$0.00
92		HC0523	Bright Start - TCOE	083			Sep-11	\$620.12	\$620.12	\$0.00
93		HC0523	Bright Start - TCOE	083			Sep-11	\$697.63	\$697.63	\$0.00
94		HC0523	Bright Start - TCOE	083			Sep-11	\$852.65	\$852.65	\$0.00
95		HC0523	Bright Start - TCOE	083			Sep-11	\$852.65	\$852.65	\$0.00
96		HC0523	Bright Start - TCOE	083			Sep-11	\$1,007.67	\$1,007.67	\$0.00
97		HC0523	Bright Start - TCOE	083			Sep-11	\$1,007.67	\$1,007.67	\$0.00
98		HC0523	Bright Start - TCOE	083			Sep-11	\$1,052.35	\$1,052.35	\$0.00
99		HC0523	Bright Start - TCOE	083			Sep-11	\$1,395.22	\$1,395.22	\$0.00
100		HC0523	Bright Start - TCOE	083			Sep-11	\$1,472.73	\$1,472.73	\$0.00
101		HC0523	Bright Start - TCOE	083			Sep-11	\$1,472.73	\$1,472.73	\$0.00
102		HC0523	Bright Start - TCOE	083			Sep-11	\$1,550.24	\$1,550.24	\$0.00
103		HC0523	Bright Start - TCOE	083			Sep-11	\$1,550.24	\$1,550.24	\$0.00

**Central Valley Regional Center
Over/Understated Claims
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Service Month	Over/Under Payments	Corrected	Outstanding Balance
104		HC0523	Bright Start - TCOE	083			Sep-11	\$1,550.24	\$1,550.24	\$0.00
105		HC0698	Merced County Office of Edu.	083			Jul-11	\$821.54	\$821.54	\$0.00
106		HC0698	Merced County Office of Edu.	083			Jul-11	\$821.54	\$821.54	\$0.00
107		HC0698	Merced County Office of Edu.	083			Aug-11	\$575.12	\$575.12	\$0.00
108		HC0698	Merced County Office of Edu.	083			Aug-11	\$705.37	\$705.37	\$0.00
109		HC0698	Merced County Office of Edu.	083			Aug-11	\$744.71	\$744.71	\$0.00
110		HC0698	Merced County Office of Edu.	083			Aug-11	\$744.71	\$744.71	\$0.00
111		HC0698	Merced County Office of Edu.	083			Aug-11	\$784.04	\$784.04	\$0.00
112		HC0698	Merced County Office of Edu.	083			Aug-11	\$784.04	\$784.04	\$0.00
113		HC0698	Merced County Office of Edu.	083			Aug-11	\$823.38	\$823.38	\$0.00
114		HC0698	Merced County Office of Edu.	083			Aug-11	\$823.38	\$823.38	\$0.00
115		HC0698	Merced County Office of Edu.	083			Aug-11	\$823.38	\$823.38	\$0.00
116		HC0698	Merced County Office of Edu.	083			Sep-11	\$616.15	\$616.15	\$0.00
117		HC0698	Merced County Office of Edu.	083			Sep-11	\$739.38	\$739.38	\$0.00
118		HC0698	Merced County Office of Edu.	083			Sep-11	\$780.46	\$780.46	\$0.00
119		HC0698	Merced County Office of Edu.	083			Sep-11	\$616.15	\$616.15	\$0.00
120		HC0698	Merced County Office of Edu.	083			Sep-11	\$780.46	\$780.46	\$0.00
121		HC0698	Merced County Office of Edu.	083			Sep-11	\$739.38	\$739.38	\$0.00
122		HC0698	Merced County Office of Edu.	083			Oct-11	\$705.37	\$705.37	\$0.00
123		HC0698	Merced County Office of Edu.	083			Oct-11	\$705.37	\$705.37	\$0.00
124		HC0698	Merced County Office of Edu.	083			Oct-11	\$744.71	\$744.71	\$0.00
125		HC0698	Merced County Office of Edu.	083			Oct-11	\$784.04	\$784.04	\$0.00
126		HC0698	Merced County Office of Edu.	083			Oct-11	\$784.04	\$784.04	\$0.00
127		HC0698	Merced County Office of Edu.	083			Oct-11	\$784.04	\$784.04	\$0.00
128		HC0698	Merced County Office of Edu.	083			Oct-11	\$784.04	\$784.04	\$0.00

**Central Valley Regional Center
Over/Understated Claims
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Service Month	Over/Under Payments	Corrected	Outstanding Balance
129		HC0698	Merced County Office of Edu.	083			Nov-11	\$705.37	\$705.37	\$0.00
130		HC0698	Merced County Office of Edu.	083			Nov-11	\$744.71	\$744.71	\$0.00
131		HC0698	Merced County Office of Edu.	083			Nov-11	\$744.71	\$744.71	\$0.00
132		HC0698	Merced County Office of Edu.	083			Nov-11	\$823.38	\$823.38	\$0.00
133		HC0698	Merced County Office of Edu.	083			Nov-11	\$823.38	\$823.38	\$0.00
134		HC0698	Merced County Office of Edu.	083			Nov-11	\$823.38	\$823.38	\$0.00
135		HC0698	Merced County Office of Edu.	083			Nov-11	\$823.38	\$823.38	\$0.00
136		HC0698	Merced County Office of Edu.	083			Dec-11	\$744.71	\$744.71	\$0.00
137		HC0698	Merced County Office of Edu.	083			Dec-11	\$784.04	\$784.04	\$0.00
138		HC0698	Merced County Office of Edu.	083			Dec-11	\$823.38	\$823.38	\$0.00
139		HC0698	Merced County Office of Edu.	083			Dec-11	\$823.38	\$823.38	\$0.00
140		HC0698	Merced County Office of Edu.	083			Dec-11	\$823.38	\$823.38	\$0.00
141		HC0698	Merced County Office of Edu.	083			Jan-12	\$744.71	\$744.71	\$0.00
142		HC0698	Merced County Office of Edu.	083			Jan-12	\$784.04	\$784.04	\$0.00
143		HC0698	Merced County Office of Edu.	083			Jan-12	\$784.04	\$784.04	\$0.00
144		HC0698	Merced County Office of Edu.	083			Jan-12	\$784.04	\$784.04	\$0.00
145		HC0698	Merced County Office of Edu.	083			Jan-12	\$823.38	\$823.38	\$0.00
146		HC0698	Merced County Office of Edu.	083			Jan-12	\$823.38	\$823.38	\$0.00
147		HC0698	Merced County Office of Edu.	083			Jan-12	\$823.38	\$823.38	\$0.00
148		HC0698	Merced County Office of Edu.	083			Feb-12	\$744.71	\$744.71	\$0.00
149		HC0698	Merced County Office of Edu.	083			Feb-12	\$744.71	\$744.71	\$0.00
150		HC0698	Merced County Office of Edu.	083			Feb-12	\$744.71	\$744.71	\$0.00
151		HC0698	Merced County Office of Edu.	083			Feb-12	\$784.04	\$784.04	\$0.00
152		HC0698	Merced County Office of Edu.	083			Feb-12	\$823.38	\$823.38	\$0.00
153		HC0698	Merced County Office of Edu.	083			Feb-12	\$823.38	\$823.38	\$0.00

**Central Valley Regional Center
Over/Understated Claims
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Service Month	Over/Under Payments	Corrected	Outstanding Balance
Total Overpayments Due to Incorrect Proration								\$107,027.00	\$107,027.00	\$0.00
Underpayments Due to Incorrect Proration										
1		HC0523	Bright Start - TCOE	083			Jul-11	(\$198.13)	(\$198.13)	\$0.00
2		HC0789	Family Options, LLC	904	TIER2		Jul-12	(\$66.84)	(\$66.84)	\$0.00
3		HC0896	Kids First Alborada	113			Jul-12	(\$200.68)	(\$200.68)	\$0.00
4		PC0019	Mentor	904	TIER1		Jan-12	(\$628.54)	(\$628.54)	\$0.00
5		PC0019	Mentor	904	TIER2		Mar-12	(\$304.47)	(\$304.47)	\$0.00
6		H27613	Ordune Home #1	910	L4D		Mar-13	(\$864.10)	(\$864.10)	\$0.00
7		HC0560	Unique Families, Inc.	904	TIER2		Nov-11	(\$866.09)	(\$866.09)	\$0.00
8		HC0560	Unique Families, Inc.	904	TIER3		Jun-12	(\$230.93)	(\$230.93)	\$0.00
9		HC0560	Unique Families, Inc.	904	TIER3		Sep-12	(\$138.81)	(\$138.81)	\$0.00
10		HC0560	Unique Families, Inc.	904	TIER3		Sep-12	(\$731.32)	(\$731.32)	\$0.00
11		HC0560	Unique Families, Inc.	904	TIER1		Oct-12	(\$821.90)	(\$821.90)	\$0.00
Total Underpayments Due to Incorrect Proration Calculations								(\$5,051.82)	(\$5,051.82)	\$0.00

**Central Valley Regional Center
Family Cost Participation Program - Late Assessments (Repeat)
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Individual Program Plan Date	Assesment Date
1		7/24/12	12/14/12
2		8/24/12	12/14/12
3		8/25/11	11/14/11
4		9/20/12	10/30/12
5		6/5/12	10/22/12
6		9/30/11	7/17/12
7		4/19/12	9/12/12
8		2/8/12	4/5/12
9		1/27/12	4/26/12

**Central Valley Regional Center
Family Cost Participation Program - Overstated Share of Cost
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization	Payment Period	Over Payment
1		HC0438	Maxim Healthcare	862		Aug-12	\$286.80
2		HC0438	Maxim Healthcare	862		Sep-12	\$286.80
3		HC0438	Maxim Healthcare	862		Oct-12	\$286.80
4		HC0438	Maxim Healthcare	862		Oct-12	\$14.34
5		HC0438	Maxim Healthcare	862		Nov-12	\$14.34
6		HC0438	Maxim Healthcare	862		Dec-12	\$14.34
Total Overstated Share of Cost							\$903.42

**Central Valley Regional Center
Family Cost Participation Program - Late Notification
Fiscal Years 2011-12 and 2012-13**

No.	Unique Client Identification Number	Income Documents Received	CVRC Notification Letter Sent	Number of Working Days Before Notification Letter Was Sent
1		12/21/12	1/11/13	12
2		6/18/12	7/11/12	15
3		1/6/12	1/26/12	12

**Central Valley Regional Center
Total Medi-Cal Reimbursements Due to CVRC from College Hospital Inc.
Fiscal Years 2011-12 and 2012-13**

Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Approved TAR Dates	Number of Approved Days	Medi-Cal Reimbursement Rate	Medi-Cal Reimbursement Due to CVRC
██████████	HH1240	College Hospital, Inc.	700	██████████ and ██████████	June 7, 2011 - September 13, 2011	14	\$627	\$8,778

APPENDIX A

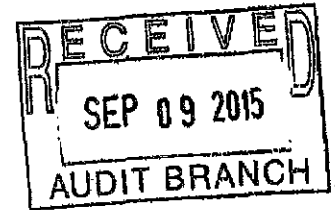
Central Valley Regional Center

**RESPONSE
TO AUDIT FINDINGS**

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

CENTRAL VALLEY REGIONAL CENTER INC.

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September 3, 2015

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

Dear Mr. Yan:

We are in receipt of your draft report entitled "Audit of the Central Valley Regional Center for the Fiscal Years 2011-12 and 2012-13" dated July 21, 2015. We welcome the opportunity to respond to the issues included in the draft report.

Listed below are the findings and recommendations from the draft report in addition to our responses to the issues presented.

Finding 1: Missing Attendance Documentation

The sampled review of 130 POS vendors revealed CVRC reimbursed two of its vendors for services provided to consumers without attendance documentation. CVRC reimbursed Bright Star -TCOE, Vendor Number HC0523, Service Code 083 for consumer services without attendance documentation to support the amounts billed in July, August, and September 2011. This resulted in overpayments totaling \$24,410.25. CVRC also reimbursed MCOE, Vendor Number HC0698, Service Code 083 for consumer services without attendance documentation to support the amounts billed in August and December 2011, January and February 2012. This resulted in over payments totaling \$5,176.26.

The unsupported payments reimbursed to the two vendors totaled \$29,592.51. This occurred because CVRC did not check the attendance documentation for some of the consumers to ensure payments made were supported.
(See Attachment A.)

Recommendation:

CVRC must reimburse DDS \$29,592.51 in total overpayments made to the two vendors. In addition, CVRC must ensure attendance documentation is retained and no payments are made to any of its vendors without supporting documentation.

CVRC Response

CVRC appropriately reimbursed Bright Start – TCOE, vendor HC0523, for 10 of the 15 consumers noted. Attendance documentation has been provided for the 10 consumers for whom services were appropriately reimbursed. Total overpayment for the 5 remaining consumers for whom there is no documentation is \$8,138.75.

CVRC incorrectly reimbursed MCOE, vendor HC0698, for 6 consumers for whom there was no attendance documentation. Total overpayment is \$5,176.26.

CVRC will reimburse DDS \$13,315.01 in total overpayments made to the two vendors. Consultation and training has been provided to ensure proper documentation, billing and payment. (See Exhibit A).

Finding 2: Over/Understated Claims

The sampled review of the 130 POS vendors revealed CVRC over and under claimed expenses to the State. There were 18 vendors with overpayments totaling \$13,132.43 due to duplicate payments and overlapping authorizations. In addition, there were two vendors with overpayments totaling \$107,027. This occurred when CVRC reimbursed the vendors for a full month of service, instead of using the daily rate when the consumers received less than 21 days of service. Further, there were six vendors with underpayments totaling \$5,051.82 due to incorrect proration. The over- and underpayments to the vendors totaled \$120,159.43 and \$5,051.82, respectively.

CVRC provided documentation indicating over payments totaling \$13,132.43 have been resolved. However, overpayments totaling \$107,027 and underpayments totaling \$5,051.82 still remain outstanding. (See Attachment B.)

Recommendation:

CVRC must reimburse to DDS a total of \$107,027 and issue payments for \$5,051.82 to the underpaid vendors. In addition, CVRC should review the operational indicator reports and payment invoices to ensure any overpayments in error are addressed and corrected in a timely manner.

CVRC Response

We reviewed the findings from the vendor Bright Star and we disagree with all 104 findings.

The DDS Audit Finding no. 2 claims CVRC made overpayments in the amount of \$107,027.00 to two vendors; TCOE and MCOE. DDS interprets CVRC's contract with

both vendors essentially as a contract to pay per consumer/per day. This interpretation results in a finding of overpayments in the amount shown above. CVRC disputes this interpretation of its contracts with vendors TCOE and MCOE. While not a model of clarity, it was CVRC's intent, and indeed practice, to pay a monthly rate for each consumer enrolled in the TCOE and MCOE programs for each full month, and a partial payment when enrolled in only partial months. CVRC bases its interpretation of this payment method on the following:

First, the primary Fiscal Provision Section IV. A.1. in each contract states:

"CVRC shall remit payment to the CONTRACTOR, monthly in arrears, according to the approved amount indicated in the Purchase of Service Authorization and which is consistent with the level of service being provided."

A review of the Purchase of Service Authorization utilized during the audit period reveals that a monthly rate was used when consumers were enrolled in the subject programs for an entire month, and a daily rate was used for partial months. The monthly payment rate was utilized for every consumer enrolled in a full month during the audit period. Per day rates were only paid when a consumer was beginning the program mid-month, or ending the program mid-month.

Second, payments for services is based on "enrollment" and not attendance. This is reflected in the Payment Authorization as well as the language for partial month enrollment set forth below.

Third, the language in Fiscal Provisions Section IV.A.2. refers only to a subset of children enrolled in the program, i.e., those enrolled for "partial days in a month." Specifically, the language states: "**Children enrolled for partial days in a month will be prorated at a daily rate of \$XX.XX based on an average of 21 business days within a month.**" (emphasis in original). This subsection does not address the issue of what rate is used for children enrolled for a full month (non-partial days in a month). Further, the nature of the programs is that a child would attend only an hour or two per day, not a full day, like an adult day program. Therefore the phrase "partial days in a month" does not, and cannot mean, "half-days" or "parts of days", rather it can only mean a child not enrolled for a full month.

Finally, the confusion with the contract interpretations could easily be derived from the fact that it is both a monthly rate (for children enrolled for a full month) and a daily rate (for children enrolled for less than a full month. CVRC submits that it did not "overpay" TCOE or MCOE, but paid them what was authorized under the contract and Payment Authorization. The reimbursement of any overpayment due to DDS is reflected in our response to Finding No. 1.

Finding 3: Family Cost Participation Program

A. Late Assessments (Repeat)

The sampled review of the 22 FCPP consumer assessments revealed nine instances where CVRC did not assess the parents' share of cost at the maximum amount when parents failed to provide income documentation within 10 working days from the date of the parents' signatures on the IPP. The assessments were completed a month or more after the signing of the IPP due to CVRC delaying the assessment until it receives the families' income documentation. As a result, CVRC overpaid its share of cost for two consumers totaling \$903.42. This issue was also identified in the prior audit report. In its response to the prior DDS audit report, CVRC stated procedures were updated to include adding the FCPP assessment to the IPP meeting and time stamping correspondence and income documentation upon receipt to ensure assessments are completed timely. (See Attachments C and D.)

Recommendation:

CVRC must reimburse DDS the overpayment amount of \$903.42 that resulted from incorrectly paying for the families' share of cost. In addition, CVRC must stop the practice of delaying the assessment until it receives the families' income documentation and develop procedures to ensure parents who do not provide income documentation within 10 working days from the parents' signature on the IPP are assessed at the maximum amount to ensure compliance with CCR, Title 17, Section 50261(a).

CVRC Response

We agree with the recommendation that CVRC must reimburse DDS the FCPP overpayment in the amount of \$903.42. Accounting staff will not delay the assessment when documentation is not received. Staff will also strive for stronger compliance with existing procedures. CVRC has adhered to the FCPP protocol and reviewed existing procedures with Program Managers agency-wide on 2/5/15, 7/30/15 and 8/5/15. Program Managers will ensure that staff are aware of and follow the FCPP protocol so there will be no delay in the notification process.

B. Late Notification

The sampled review of 22 FCPP consumer files revealed three instances where CVRC did not notify the parents of their assessed share of cost within 10 working days of receipt of the income documentation due to CVRC's oversight. (See Attachment E.)

Recommendation:

CVRC must ensure its staff is aware of and are following the FCPP procedures, especially the assessments and notification processes to eliminate delays on sending notification letters.

CVRC Response

CVRC will ensure its staff is aware of and are following the FCPP procedures. Accounting staff will not delay the notification process of sending notification letters.

Finding 4: Lack of Medi-Cal Reimbursement Procedures

During a vendor audit of CHI, Vendor Number HH1240, Service Code 700, it was identified that a total of \$8,778 was approved for Medi-Cal reimbursement for consumer UCI number 6462763 for services provided from July 1, 2011, through August 31, 2013. However, the review of the vendor invoices indicated that CHI was unaware it owes CVRC \$8,778, since it did not bill Medi-Cal for the TAR approved services.

As a result of this issue, a follow-up review was conducted at CVRC which found that CVRC does not have procedures in place to determine whether vendors have billed Medi-Cal once a TAR has been approved. Since CVRC has no procedures in place, it was unaware of amounts that should be reimbursed by the vendors from Medi-Cal and it has no knowledge of Medi-Cal approvals or denials unless it was notified by the vendors. (See Attachment F.)

Good internal controls and sound business practices dictate that RCs have written policies and procedures in place to follow-up with vendors who provide services to Medi-Cal eligible consumers. The procedures must ensure that RCs are receiving copies of Medi-Cal approval or denial letters to assist in the monitoring of reimbursements, and any Medi-Cal payments received by the vendor are returned to the RC and used to offset the claim.

Recommendation:

CVRC must develop procedures to ensure that all vendors who have consumers eligible for Medi-Cal are billing for reimbursements appropriately. The procedures must also

include a detailed follow-up process to ensure that CVRC receives a copy of the Medi-Cal approval or denial letter to assist in the monitoring of reimbursement.

CVRC Response

CVRC has developed procedures to ensure that all vendors who have consumer's eligible for Medi-Cal are billing for reimbursements appropriately. All cases of consumers being considered for placement in a Medi-Cal funded facility will be staffed and approved via the purchase of service review process. Program Managers will ensure that service coordinators follow the established protocol of informing the fiscal department immediately upon consumer placement in a Medi-Cal funded facility. The Accounting staff will then record the incident in the general ledger then track and monitor the entire event until reimbursement is received from the Medi-Cal funded facility. This follow-up process includes CVRC obtaining a copy of the Medi-Cal approval or denial letter.

Thank you very much for the opportunity to respond to your draft report. I look forward to your review of our responses and the adjustments we have made to our procedures since the audit. Please feel free to contact me if you should have any questions.

Sincerely,



Ed Araim
Chief Operating Officer

cc: Heather Flores, CVRC
Darryll Walker, CVRC
Jean Johnson, DDS
Nancy Bargmann, DDS
Brian Winfield, DDS,
Luclah Ellen Nzima, DDS
Staci Yasui, DDS