



**AUDIT OF THE
TRI-COUNTIES REGIONAL CENTER
FOR FISCAL YEARS 2013-14 AND 2014-15**

Department of Developmental Services

June 1, 2018

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EXECUTIVE SUMMARY

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

The audit period was July 1, 2013, through June 30, 2015, with follow-up, as needed, into prior and subsequent periods. This report identifies some areas where TCRC'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 TCRC's operations. A follow-up review was performed to ensure that TCRC had taken corrective action to resolve the findings identified in the prior DDS audit report.

Findings that need to be addressed.

Finding 1: Consultant Expenses Exceed Contract Amount

The review of eight Operations (OPS) Consultant contracts revealed that one consultant, Edward "Lalo" Perez, Vendor Number 10020, was overpaid for intake assessments, consultation, and training services due to an incorrect billing process. This resulted in TCRC overpaying the consultant \$15,161.60 from July 2011 through April 2016. This is not in compliance with TCRC's contract with Edward "Lalo" Perez, Exhibit B (1) and (3).

TCRC implemented a payment plan with the vendor and has been receiving monthly installments of \$421.16. As of March 2018, TCRC received monthly installments totaling \$7,580.88. This amount was forwarded to DDS. The remaining balance is now \$7,580.72.

Finding 2: Family Cost Participation Program (FCPP)

A. Late Assessments (Repeat)

The sampled review of 24 FCPP assessments revealed nine instances where TCRC did not assess the parent's share of cost participation concurrently with the consumer's Individual Placement Plan (IPP). This

issue was identified in the prior audit. This is not in compliance with W&I Code, Section 4783(g)(1) and (4).

B. Family Share of Cost Paid by TCRC

The sampled review of 24 FCPP consumer files revealed one instance where TCRC paid the share of cost for services that was the responsibility of the family. This resulted in overpayments totaling \$8,736.66. This is not in compliance with CCR, Title 17, Sections 50255(a) and 50257(c).

C. Late Notification (Repeat)

The sampled review of 24 FCPP consumer files revealed nine instances where TCRC did not notify the parents of their assessed share of cost within 10 working days of receipt of the income documentation. This issue was identified in the prior audit. This is not in compliance with W&I Code, Section 4783(g)(3).

BACKGROUND

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

DDS is also responsible for providing assurance to the Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS), that services billed under California's HCBS Waiver program are provided and that criteria set forth for receiving funds have been met. As part of DDS' program for providing this assurance, the Audit Section conducts fiscal compliance audits of each RC no less than every two years, and completes follow-up reviews in alternate years. Also, DDS requires RCs to contract with independent Certified Public Accountants (CPAs) to conduct an annual financial statement audit. The DDS audit is designed to wrap around the independent CPA's audit to ensure comprehensive financial accountability.

In addition to the fiscal compliance audit, each RC will also be monitored by the DDS Federal Programs Operations Section to assess overall programmatic compliance with HCBS Waiver requirements. The HCBS Waiver compliance monitoring review has its own criteria and processes. These audits and program reviews are an essential part of an overall DDS monitoring system that provides information on RCs' fiscal, administrative, and program operations.

DDS and Tri-Counties Association for the Developmentally Disabled, Inc., entered into State Contract HD099020 effective July 1, 2009, through June 30, 2016. This contract specifies that Tri-Counties Association for the Developmentally Disabled, Inc., will operate an agency known as TCRC to provide services to individuals with DD and their families in Ventura, Santa Barbara, and San Luis Obispo Counties. The contract is funded by state and federal funds that are dependent upon TCRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at TCRC from May 9, 2016, through June 10, 2016, by the Audit Section of DDS.

AUTHORITY

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

CRITERIA

The following criteria were used for this audit:

- W&I Code,
- “Approved Application for the HCBS Waiver for the Developmentally Disabled,”
- CCR, Title 17,
- OMB Circulars A-122 and A-133, and
- The State Contract between DDS and TCRC, effective July 1, 2009.

AUDIT PERIOD

The audit period was July 1, 2013, through June 30, 2015, with follow-up, as needed, into prior and subsequent periods.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. However, the procedures do not constitute an audit of TCRC's financial statements. DDS limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that TCRC was in compliance with the objectives identified above. Accordingly, DDS examined transactions on a test basis to determine whether TCRC was in compliance with the W&I Code; the HCBS Waiver for the Developmentally Disabled; CCR, Title 17; OMB Circulars A-122 and A-133; and the State Contract between DDS and TCRC.

DDS' review of TCRC'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 CPA firm for Fiscal Years (FYs) 2013-14 and 2014-15, issued on February 6, 2015 and March 5, 2016, respectively. It was noted that no management letters were issued for TCRC. This review was performed to determine the impact, if any, upon the DDS audit and, as necessary, develop appropriate audit procedures.

The audit procedures performed included the following:

I. Purchase of Service

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

- DDS tested the sample items to determine if the payments made to service providers were properly claimed and could be supported by appropriate documentation.
- DDS selected a sample of invoices for service providers with daily and hourly rates, standard monthly rates, and mileage rates to determine if supporting attendance documentation was maintained by TCRC. The rates charged for the services provided to individual consumers were reviewed to ensure compliance with the provisions of the W&I Code; the HCBS Waiver for the Developmentally Disabled; CCR, Title 17; OMB Circulars A-122 and A-133; and the State Contract between DDS and TCRC.
- DDS analyzed all of TCRC's bank accounts to determine whether DDS had signatory authority, as required by the State Contract.
- DDS selected a sample of bank reconciliations for OPS accounts to determine if the reconciliations were properly completed on a monthly basis.

II. Regional Center Operations

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

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

- A sample of equipment was selected and physically inspected to determine compliance with requirements of the State Contract.
- DDS reviewed TCRC's policies and procedures for compliance with the DDS Conflict of Interest regulations, and selected a sample of personnel files to determine if the policies and procedures were followed.

III. Targeted Case Management (TCM) and Regional Center Rate Study

The TCM Rate Study determines the DDS rate of reimbursement from the federal government. The following procedures were performed upon the study:

- Reviewed applicable TCM records of the Rate Studies. DDS examined the months of March 2014 and April 2015 and traced the reported information to source documents.
- The last Case Management Time Study conducted in May 2013, was reviewed in the prior DDS audit that included FY 2012-13. As a result, there was no Case Management Time Study reviewed for this audit period.

IV. Service Coordinator Caseload Survey

Under the W&I Code, Section 4640.6(e), RCs are required to provide service coordinator caseload data to DDS. The following average service coordinator-to-consumer ratios apply per W&I Code Section 4640.6(c)(1)(2)(3)(A)(B)(C):

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

- (A) All consumers three years of age and younger and for consumers enrolled in the Home and Community-based Services Waiver program for persons with developmental disabilities, an average service coordinator-to-consumer ratio of 1 to 62.
- (B) All consumers who have moved from a developmental center to the community since April 14, 1993, and have lived continuously in the community for at least 12 months, an average service coordinator-to-consumer ratio of 1 to 62.
- (C) All consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not described in subparagraph (A), an average service coordinator-to-consumer ratio of 1 to 66.”

DDS also reviewed the Service Coordinator Caseload Survey methodology used in calculating the caseload ratios to determine reasonableness and that supporting documentation is maintained to support the survey and the ratios as required by W&I Code, Section 4640.6(e).

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

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

VI. Family Cost Participation Program

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/Individualized Family Services Plan (IFSP). To determine whether TCRC was 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’ income documentation.

- Reviewed vendor payments to verify that TCRC was paying for only its assessed share of cost.

VII. Annual Family Program Fee (AFPF)

The AFPF was created for the purpose of assessing an annual fee of up to \$200 based on the income level of families with children between the ages of 0 through 17 years receiving qualifying services through the RC. The AFPF fee shall not be assessed or collected if the child receives only respite, day care, or camping services from the RC and a cost for participation was assessed to the parents under FCPP. To determine whether TCRC was 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 DD or is eligible for services under the California Early Intervention Services Act.
- The child is less than 18 years of age and lives with his or her parent.
- The child or family receives services beyond eligibility determination, needs assessment, and service coordination.
- The child does not receive services through the Medi-Cal program.
- Documentation was maintained by the RC to support reduced assessments.

VIII. Parental Fee Program (PFP)

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

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

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

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

IX. Procurement

The Request for Proposal (RFP) process was implemented to ensure RCs outline the vendor selection process when using the RFP process to address consumer service needs. As of January 1, 2011, DDS requires RCs to document their contracting practices, as well as how particular vendors are selected to provide consumer services. By implementing a procurement process, RCs will ensure that the most cost-effective service providers, amongst comparable service providers, are selected, as required by the W&I Code and the State Contract, as amended. To determine whether TCRC implemented the required RFP process, DDS performed the following procedures during the audit review:

- Reviewed the TCRC contracting process to ensure the existence of a Board-approved procurement policy and to verify that the RFP process ensures competitive bidding, as required by Article II of the State Contract, as amended.
- Reviewed the RFP contracting policy to determine whether the protocols in place included applicable dollar thresholds and comply with Article II of the State Contract, as amended.
- Reviewed the RFP notification process to verify that it is open to the public and clearly communicated to all vendors. All submitted proposals are evaluated by a team of individuals to determine whether proposals are properly documented, recorded, and authorized by appropriate officials at TCRC. The process was reviewed to ensure that the vendor selection

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

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

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

In addition, DDS performed the following procedures:

- To determine compliance with the W&I Code, Section 4625.5 for contracts in place as of March 24, 2011: Reviewed to ensure TCRC 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 TCRC Board-approved Operational, Start-Up, and POS vendor contracts of \$250,000 or more, to ensure the inclusion of a provision for fair and equitable recoupment of funds for vendors that cease to provide services to consumers; verified that the funds provided were specifically used to establish new or additional services to consumers, the usage of funds is of direct benefit to consumers, and the contracts are supported with sufficiently detailed and measurable performance expectations and results.

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

X. Statewide/Regional Center Median Rates

The Statewide and RC Median Rates were implemented on July 1, 2008, and amended on December 15, 2011, to ensure that RCs are not negotiating rates

higher than the set median rates for services. Despite the median rate requirement, rate increases could be obtained from DDS under health and safety exemptions where RCs demonstrate the exemption is necessary for the health and safety of the consumers.

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

- Reviewed sample vendor files to determine whether TCRC is using appropriately vendorized service providers and correct service codes, and that TCRC is paying authorized contract rates and complying with the median rate requirements of W&I Code, Section 4691.9.
- Reviewed vendor contracts to ensure that TCRC is reimbursing vendors using authorized contract median rates and verified that rates paid represented the lower of the statewide or RC median rate set after June 30, 2008. Additionally, DDS verified that providers vendorized before June 30, 2008, did not receive any unauthorized rate increases, except in situations where required by regulation, or health and safety exemptions were granted by DDS.
- Reviewed vendor contracts to ensure that TCRC did not negotiate rates with new service providers for services, which are higher than the RC's median rate for the same service code and unit of service or the statewide median rate for the same service code and unit of service, whichever is lower. DDS also ensured that units of service designations conformed with existing RC designations or, if none exists, ensured units of service conformed to a designation used to calculate the statewide median rate for the same service code.

XI. Other Sources of Funding from DDS

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

- CPP;
- Denti-Cal;
- EIP-Part C Funding;
- First Five;

- Family Resource Center;
- Foster Grandparent (FGP);
- Senior Companion (SC); and
- Self Determination.

XII. 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 TCRC and reviewed supporting documentation to determine the degree of completeness of TCRC'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, TCRC was in compliance with applicable sections of the W&I Code; the HCBS Waiver for the Developmentally Disabled; CCR, Title 17; OMB Circulars A-122 and A-133; and the State Contract between DDS and TCRC for the audit period, July 1, 2013, through June 30, 2015.

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

From the review of the eight prior audit findings, it has been determined that TCRC has taken appropriate corrective action to resolve seven findings.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on February 8, 2018. The findings in the draft audit report were discussed at a formal exit conference with TCRC on February 15, 2018. The views of the responsible officials are included in this audit report.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Findings that need to be addressed.

Finding 1: Consultant Expenses Exceed Contract Amount

The review of eight OPS Consultant contracts revealed one consultant, Edward “Lalo” Perez, Vendor Number 10020, was overpaid for intake assessments, consultation, and training services due to an incorrect billing process. TCRC reimbursed the consultant the monthly maximum of \$6,830.60 per month instead of paying the consultant based on actual services provided in the month. This resulted in TCRC overpaying the consultant \$15,161.60 from July 2011 through April 2016. (See Attachment A)

TCRC implemented a payment plan and has been receiving monthly installments of \$421.16 from the vendor. As of March 2018, TCRC received monthly installments totaling \$7,580.88. This amount was forwarded to DDS. The remaining balance is now \$7,580.72.

TCRC’s contract with Edward “Lalo” Perez Exhibit B (1) and (3) states in part:

“(1) TCRC shall compensate CONTRACTOR as follows:

Regular and Customary Services:

1 to 11 persons served per month
\$ 276.83 per person served

12 to 18 persons served per month
\$5,182.60 per month

19+ persons served per month (Not to exceed 10)
\$164.80 each add'l person Served...”

“(3) Payment shall be payable by TCRC monthly in arrears, contingent upon receipt of properly documented invoices in a format approved by TCRC...”

Recommendation:

TCRC must reimburse DDS the overpayments totaling \$7,580.72 that resulted from an incorrect billing process.

Finding 2: Family Cost Participation Program

A. Late Assessments (Repeat)

The sampled review of 24 FCPP assessments revealed TCRC had nine instances where TCRC did not assess the parent's share of cost participation concurrently with the consumer's IPP. The nine assessments were completed after signing the IPP. In its response to the prior DDS audit report, TCRC stated that going forward, its FCPP Cost Assessment Specialist will work with Service Coordinators to assess the cost at the time of the IPP and will assess the parents' share of cost at 100 percent if income documentation is not provided by the IPP date. TCRC stated this occurred due to the timing of the newly implemented procedures. (See Attachment B)

W&I Code, Section 4783(g)(1) and (4) states in part:

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

(1) (A) A regional center shall assess the cost participation for all parents of current consumers who meet the criteria specified in this section. A regional center shall use the most recent individual program plan or individualized family service plan for this purpose.

(B) A regional center shall assess the cost participation for parents of newly identified consumers at the time of the initial individual program plan or individualized family service plan.

(C) Reassessments for cost participation shall be conducted as part of the individual program plan or individual family service plan review....

(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.”

Recommendation:

TCRC must follow its new procedures to ensure the Service Coordinators assess the parents' share of cost concurrently with the consumer's IPP. In

addition, TCRC must assess the parents' share of cost at 100 percent if income documentation is not provided.

B. Family Share of Cost Paid by TCRC

The sampled review of 24 FCPP consumer files revealed one instance where TCRC paid the share of cost for consumer UCI number [REDACTED] that was the responsibility of the family. This resulted in overpayments totaling \$8,736.66, from September 2013 through February 2014. This occurred because TCRC waited for the income documentation before completing the assessment.

(See Attachment C)

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.”

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

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

Recommendation:

TCRC must reimburse DDS the overpayment totaling \$8,736.66. In addition, TCRC must continue to reinforce its FCPP procedures and ensure its staff does not authorize payment for services that are the responsibility of the family.

C. Late Notification (Repeat)

The sampled review of 24 FCPP consumer files revealed nine instances where TCRC did not notify the parents of their assessed share of cost within 10 working days of receipt of the income documentation. In its response to the prior DDS audit report, TCRC stated it has adjusted its internal procedures and this occurred due to the timing of the newly implemented procedures. (See Attachment D)

W&I Code, Section 4783(g)(3) states in part:

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

- (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:

TCRC must follow its FCPP procedures and ensure parents are notified of their assessed share of cost within 10 working days of receipt of the income documentation.

EVALUATION OF RESPONSE

As part of the audit report process, TCRC was provided with a draft audit report and requested to provide a response to the findings. TCRC's response dated March 12, 2018, is provided as Appendix A.

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

Finding 1: Consultant Expenses Exceed Contract Amount

TCRC stated that it has made monthly payments to DDS totaling \$7,580.88 and will reimburse the remaining balance totaling \$7,580.72.

Finding 2: Family Cost Participation Program (FCPP)

A. Late Assessments (Repeat)

TCRC stated it has conducted training for the Children's Team Service Coordinators. The training addresses that assessments need to take place at the time of the IPP and that parents have ten working days from the date of the IPP to provide income information to TCRC. DDS will conduct a follow-up review during the next scheduled audit to determine if this issue has been resolved.

B. Family Share of Cost Paid by TCRC

TCRC stated it will continue to train staff, monitor compliance with its FCPP procedures and reimburse DDS the overpayment totaling \$8,736.66. DDS will conduct a follow-up review during the next scheduled audit to determine if this issue has been resolved.

C. Late Notification (Repeat)

TCRC stated it hired a new Cost Assessment Specialist in August 2016 to ensure assessments are completed within ten working days of the receipt of the income documentation. DDS will conduct a follow-up review during the next scheduled audit to determine if this issue has been resolved.

**Tri-Counties Regional Center
Consultant Expenses Exceed Contract Amount
Fiscal Years 2013-14 and 2014-15**

Service Month	Actual Cost	Amount Paid	Difference	Amount Reimbursed	Balance
Fiscal Year 2011-12					
Oct-11	\$6,501.00	\$6,830.60	\$329.60	\$329.60	\$0.00
Jun-12	\$6,501.00	\$6,830.60	\$329.60	\$329.60	\$0.00
Total Overpayment for FY 2011-12			\$659.20	\$659.20	\$0.00
Fiscal Year 2012-13					
Aug-12	\$6,665.80	\$6,830.60	\$164.80	\$164.80	\$0.00
Sep-12	\$6,665.80	\$6,830.60	\$164.80	\$164.80	\$0.00
Feb-13	\$6,501.00	\$6,830.60	\$329.60	\$329.60	\$0.00
Jun-13	\$5,182.60	\$6,830.60	\$1,648.00	\$1,648.00	\$0.00
Total Overpayment for FY 2012-13			\$2,307.20	\$2,307.20	\$0.00
Fiscal Year 2013-14					
Sep-13	\$5,512.20	\$6,830.60	\$1,318.40	\$1,318.40	\$0.00
Nov-13	\$5,182.60	\$6,830.60	\$1,648.00	\$1,648.00	\$0.00
Dec-13	\$5,182.60	\$6,830.60	\$1,648.00	\$1,648.00	\$0.00
Jan-14	\$6,665.80	\$6,830.60	\$164.80	\$0.08	\$164.88
Feb-14	\$5,841.80	\$6,830.60	\$988.80	\$0.00	\$988.80
Mar-14	\$6,336.20	\$6,830.60	\$494.40	\$0.00	\$494.40
Jun-14	\$6,171.40	\$6,830.60	\$659.20	\$0.00	\$659.20
Total Overpayment for FY 2013-14			\$6,921.60	\$4,614.48	\$2,307.28
Fiscal Year 2014-15					
Aug-14	\$6,665.80	\$6,830.60	\$164.80	\$0.00	\$164.80
Nov-14	\$6,171.40	\$6,830.60	\$659.20	\$0.00	\$659.20
Feb-15	\$6,336.20	\$6,830.60	\$494.40	\$0.00	\$494.40
May-15	\$6,171.40	\$6,830.60	\$659.20	\$0.00	\$659.20
Total Overpayment for FY 2014-15			\$1,977.60	\$0.00	\$1,977.60
Fiscal Year 2015-16					
Aug-15	\$6,171.40	\$6,830.60	\$659.20	\$0.00	\$659.20
Sep-15	\$5,182.60	\$6,830.60	\$1,648.00	\$0.00	\$1,648.00
Oct-15	\$6,336.20	\$6,830.60	\$494.40	\$0.00	\$494.40
Jan-16	\$6,665.80	\$6,830.60	\$164.80	\$0.00	\$164.80
Apr-16	\$6,501.00	\$6,830.60	\$329.60	\$0.00	\$329.60
Total Overpayment for FY 2015-16			\$3,296.00	\$0.00	\$3,296.00
Total Overpayment			\$15,161.60	\$7,580.88	\$7,580.72

**Tri-Counties Regional Center
Family Cost Participation Program - Late Assessments (Repeat)
Fiscal Years 2013-14 and 2014-15**

No.	Unique Client Identification Number	Individual Program Plan Date	Assesement Date
1		06/14/13	01/17/14
2		03/24/14	02/12/15
3		02/14/14	01/06/15
4		09/30/14	01/08/15
5		05/14/14	01/13/15
6		07/26/13	04/23/14
7		03/26/14	04/01/15
8		02/04/14	01/14/15
9		09/13/14	12/18/14

**Tri-Counties Regional Center
Family Cost Participation Program - Family Share of Cost Paid by Regional Center
Fiscal Years 2013-14 and 2014-15**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization	Payment Period	Over-Payment
1		HT0262	Channel Islands Social Services	862		Sep-13	\$1,361.28
2		HT0262	Channel Islands Social Services	862		Oct-13	\$1,584.62
3		HT0262	Channel Islands Social Services	862		Nov-13	\$1,185.80
4		HT0262	Channel Islands Social Services	862		Dec-13	\$1,361.28
5		HT0262	Channel Islands Social Services	862		Jan-14	\$1,829.22
6		HT0262	Channel Islands Social Services	862		Feb-14	\$1,414.46
Total Family Share of Cost Paid by TCRC							\$8,736.66

**Tri-Counties Regional Center
Family Cost Participation Program - Late Notification (Repeat)
Fiscal Years 2013-14 and 2014-15**

No.	Unique Client Identification Number	Individual Program Plan Date	Assesment Date
1		11/06/13	12/17/13
2		06/14/13	01/17/14
3		03/24/14	02/12/15
4		02/14/14	01/06/15
5		09/30/14	01/08/15
6		11/01/13	01/08/15
7		03/26/14	04/01/15
8		02/04/14	01/14/15
9		09/13/14	12/18/14

APPENDIX A

TRI-COUNTIES REGIONAL CENTER

**RESPONSE
TO AUDIT FINDINGS**



March 12, 2018

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

RE: DDS AUDIT OF TRI-COUNTIES REGIONAL CENTER FY 2013-14 THROUGH FY 2014-15

Dear Ed,

Tri-Counties Regional Center (TCRC) herewith submits its response to the Department's Draft Fiscal Audit for the 2013-14 and 2014-15 fiscal years. The response has been prepared with input from staff having responsibility over the specific areas being audited. Our response is as follows:

Finding 1-Consultant Expenses Exceed Contract Amount

The review of eight OPS Consultant contracts revealed one consultant, Edward "Lalo" Perez, Vendor Number 10020, was overpaid for intake assessments, consultation, and training services due to an incorrect billing process. This resulted in TCRC overpaying the consultant \$15,161.60 from July 2011 through April 2016.

TCRC implemented a payment plan and has been receiving monthly installments of \$421.16 from the vendor. As of April 2017, TCRC received monthly installments totaling \$3,790.44. This amount was forwarded to DDS and has a balance of \$11,371.16 remaining.

Recommendation:

TCRC must reimburse DDS the overpayments totaling \$11,371.16 that resulted from an incorrect billing process.

TCRC Response

TCRC has made monthly payments to DDS. Currently, TCRC has sent in payments totaling \$7,580.88. The remaining balance to be reimbursed to DDS is \$7,580.72.

Finding 2A - Family Cost Participation – Late Assessments

The sampled review of 24 FCPP assessments revealed TCRC had nine instances where TCRC did not assess the parents' share of cost participation concurrently with the consumer's IPP. The nine assessments were completed after signing the IPP. In its response to the prior DDS audit report, TCRC stated that going forward, its FCPP Cost Assessment Specialist will work with Service Coordinators to assess the cost at the time of the IPP and will assess the parents' share of cost at 100 percent if income documentation is not provided by the IPP date. TCRC stated this occurred due to the timing of the newly implemented procedures.

Recommendation:

TCRC must follow its new procedures to ensure the Service Coordinators assess the parents' share of cost concurrently with the consumer's IPP. In addition, TCRC must assess the parents' share of cost at 100 percent if income documentation is not provided.

TCRC Response

TCRC has completed training for all of the children’s team service coordinators on the procedures for FCPP including that the assessment needs to take place at the IPP. Parents have ten working days, per Title 17, Section 50261, to provide the income information to the regional center from the date of the IPP.

Finding 2B - Family Cost Participation – Family Share of Cost Paid by TCRC

The sampled review of 24 FCPP consumer files revealed one instance where TCRC paid the share of cost that was the responsibility of the family. This resulted in overpayments totaling \$8,736.66 from September 2013 through February 2014. This occurred because TCRC waited for the income documentation before completing the assessment.

Recommendation:

TCRC must reimburse DDS the overpayment totaling \$8,736.66. In addition, TCRC must continue to reinforce its FCPP procedures and ensure its staff does not authorize payment for services that are the responsibility of the family.

TCRC Response

TCRC will continue to train staff, monitor compliance with its FCPP procedures and reimburse DDS.

Finding 2C - Family Cost Participation – Late Notification

The sampled review of 24 FCPP consumer files revealed nine instances where TCRC did not notify the parents of their assessed share of cost within 10 working days of receipt of the income documentation. In its response to the prior DDS audit report, TCRC stated it has adjusted its internal procedures and this occurred due to the timing of the newly implemented procedures.

Recommendation:

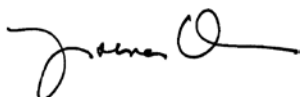
TCRC must follow its FCPP procedures and ensure parents are notified of their assessed share of cost within 10 working days of receipt of the income documentation.

TCRC Response

TCRC hired a new Cost Assessment Specialist in August 2016 and has enforced the procedures to have the assessments completed within 10 working days of the receipt of the income documentation.

We appreciate your staff’s efforts and suggestions in improving internal controls and accounting processes at TCRC. If you or your staff needs additional information, please contact me at (805) 884-7292.

Sincerely,



Lorna Owens
Chief Financial Officer

- c: Omar Noorzad, Ph.D., Executive Director
- Phil Stucky, Controller
- Ry Tejada, POS Manager
- Pamela Crabaugh, Director of Services & Supports
- Ellen Nzima, DDS
- Staci Yasui, DDS