



**AUDIT OF THE
SAN DIEGO REGIONAL CENTER
FOR FISCAL YEARS 2018-19 AND 2019-20**

Department of Developmental Services

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) conducted a fiscal compliance audit of San Diego Regional Center (SDRC) to ensure SDRC 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 SDRC maintains accounting records and supporting documentation for transactions in an organized manner.

The audit period was July 1, 2018, through June 30, 2020, with follow-up, as needed, into prior and subsequent periods. This report identifies some areas where SDRC'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 SDRC's operations. A follow-up review was performed to ensure SDRC has taken corrective action to resolve the findings identified in the prior DDS audit report.

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

I. Findings that need to be addressed.

Finding 1: Bank Signature Cards - Lack of Signature Authority (Repeat)

The review of bank signature cards revealed SDRC still has not given its current management signatory authority to its bank accounts. This issue was noted in the two prior audit reports. This is not in compliance with State Contract, Article II, Section 3(f) and (g).

Finding 2: Missing Documentation - Request for Proposal Scorecards

The review of the Request for Proposals (RFP) process revealed that SDRC did not retain scorecards for two projects. This is not in compliance with SDRC's Policy for Issuing Request for Proposals and the State Contract, Article IV, Section 3(b).

Finding 3: Family Cost Participation Program

A. Late Assessments (Repeat)

The sample review of 20 Family Cost Participation Program (FCPP) files revealed SDRC did not assess the parent's share of cost participation as part of the consumer's Individual Program Plan (IPP)

or Individualized Family Service Plan (IFSP). The assessments were completed more than 30 days after the signing of the IPP or IFSP. This issue was also noted in three prior DDS audit reports. This is not in compliance with the W&I Code, Section 4783(g)(1)(A)(B)(C).

B. Overstated Share of Cost

The review of 20 sampled FCPP assessments revealed SDRC overpaid its share of cost participation for five consumers totaling \$19,458.95 from April 2019 through June 2020. The overstated share of cost payments should have been the responsibility of the consumer's parents. This is not in compliance with CCR, Title 17, Sections 50255(a) and 50257(c).

Finding 4: Parental Program Fee - Notification of Change in Status

The review of SDRC's Parental Fee Program (PFP) listing revealed SDRC did not notify DDS regarding status changes for eight PFP consumers whose out-of-home care services were terminated. This is not in compliance with the Title 17 Section 50225 (b).

Finding 5: Equipment Disposition

The review of SDRC's Property Survey forms (STD.152), revealed SDRC disposed of 17 items without Department of General Services (DGS) approval. SDRC submitted two STD.152 forms to DDS instead of sending the forms to DGS for approval. This is not in compliance with State Contract, Article IV, Section 4a and the State Management Guidelines, Section III (e).

Finding 6: Targeted Case Management Rate Study - Equipment Purchases Not Reported

The review of the Targeted Case Management (TCM) Rate Study revealed five items of equipment purchased in Fiscal Years (FYs) 2018-19 and 2019-20 totaling \$49,742.04 and \$90,166.10, respectively, were not reported in Attachment C of the TCM Rate Study. This is not in compliance with Attachment C of the Instructions for the TCM Rate Study.

Finding 7: Targeted Case Management Time Study - Recording of Attendance

The sample review of 20 Services Coordinators' TCM Time Study forms (DS 1916) revealed hours recorded on nine DS 1916 forms did not reconcile to the hours on the Service Coordinators' timesheets. This resulted in over- and under-stated hours totaling 8.25 and 14.25,

respectively. This is not in compliance with the Instructions for the TCM Rate Study Process.

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

Finding 8: Overstated Claims - Health and Safety

A review of the DDS approved Health and Safety (H&S) waiver exemptions listing revealed SDRC reimbursed two vendors for four consumers who were not included in the previously approved H&S waiver for those two vendors. This resulted in overpayments totaling \$261,309.64 from January 2019 to February 2021. This is not in compliance with the W&I Code, Section 4691(b).

On August 2, 2021, SDRC was granted a H&S waiver exemption for the four consumers. The H&S approval was retroactive to October 2018.

BACKGROUND

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

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

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

DDS and San Diego-Imperial Counties Developmental Services, Inc. entered into State Contracts HD149017 and HD199017, effective July 1, 2014, through June 30, 2026. These contracts specify that San Diego-Imperial Counties Developmental Services, Inc. will operate an agency known as SDRC to provide services to individuals with DD and their families in Imperial and San Diego Counties. The contract is funded by state and federal funds that are dependent upon SDRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted remotely from November 23, 2020, through February 16, 2021, 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 SDRC.

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 SDRC, effective July 1, 2014.

AUDIT PERIOD

The audit period was July 1, 2018, through June 30, 2020, with follow-up, as needed, into prior and subsequent periods.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

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 SDRC's financial statements. DDS limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that SDRC was in compliance with the objectives identified above. Accordingly, DDS examined transactions on a test basis to determine whether SDRC 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 SDRC.

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

DDS reviewed the annual audit report that was conducted by an independent CPA firm for FY 2018-19, issued on July 29, 2020. It was noted that no management letter was issued for SDRC. 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 SDRC. The rates charged for the services provided to individual consumers were reviewed to ensure compliance with the provision of the W&I Code; the HCBS Waiver for the Developmentally Disabled; CCR, Title 17, OMB Circulars A-122 and A-133; and the State Contract between DDS and SDRC.
- 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 10th of each month, and 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 SDRC staff revealed that SDRC 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 sources 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 SDRC's bank accounts to determine whether DDS had signatory authority, as required by the State Contract with DDS.

- DDS selected a sample of bank reconciliations for Operations (OPS) accounts and Consumer Trust bank accounts to determine if the reconciliations were properly completed on a monthly basis.

II. Regional Center Operations

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

- A sample of the personnel files, timesheets, payroll ledgers, and other support documents were selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of OPS expenses, including, but not limited to, purchases of office supplies, consultant contracts, insurance expenses, and lease agreements were tested to determine compliance with CCR, Title 17, and the State Contract.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the State Contract.
- DDS reviewed SDRC's policies and procedures for compliance with the DDS Conflict of Interest regulations, and DDS selected a sample of personnel files to determine if the policies and procedures were followed.

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

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

- Reviewed applicable TCM records and SDRC's Rate Study. DDS examined the months of April 2019 and May 2020 and traced the reported information to source documents.
- Reviewed SDRC's TCM Time Study. DDS selected a sample of payroll timesheets for this review and compared timesheets to the Case Management Time Study Forms (DS 1916) to ensure that the forms were properly completed and supported.

IV. Service Coordinator Caseload Survey

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

- “(c) Contracts between the department and regional centers shall require regional centers to have service coordinator-to-consumer ratios, as follows:
- (1) An average service coordinator-to-consumer ratio of 1 to 62 for all consumers who have not moved from the developmental centers to the community since April 14, 1993. In no case shall a service coordinator for these consumers have an assigned caseload in excess of 79 consumers for more than 60 days.
 - (2) An average service coordinator-to-consumer ratio of 1 to 45 for all consumers who have moved from a developmental center to the community since April 14, 1993. In no case shall a service coordinator for these consumers have an assigned caseload in excess of 59 consumers for more than 60 days.
 - (3) Commencing January 1, 2004, the following coordinator-to-consumer ratios shall apply:
 - (A) All consumers three years of age and younger and for consumers enrolled in the Home and Community-based Services Waiver program for persons with developmental disabilities, an average service coordinator-to-consumer ratio of 1 to 62.
 - (B) All consumers who have moved from a developmental center to the community since April 14, 1993 and have lived continuously in the community for at least 12 months, an average service coordinator-to-consumer ratio of 1 to 62.
 - (C) All consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not described in subparagraph (A), an average service coordinator-to-consumer ratio of 1 to 66.”

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

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

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

VI. Family Cost Participation Program (FCPP)

The FCPP was created for the purpose of assessing consumer costs to parents based on income level and dependents. The family cost participation assessments are only applied to respite, day care, and camping services that are included in the child's Individual Program Plan (IPP)/Individualized Family Services Plan (IFSP). To determine whether SDRC was in compliance with CCR, Title 17, and the W&I Code, Section 4783, DDS performed the following procedures during the audit review:

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

VII. Annual Family Program Fee (AFPF)

The Annual Family Program Fee (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 SDRC was in compliance with the W&I Code, Section 4785, DDS requested a list of AFPF assessments and verified the following:

- The adjusted gross family income is at or above 400 percent of the federal poverty level based upon family size.
- The child has a DD or is eligible for services under the California Early Intervention Services Act.
- The child is less than 18 years of age and lives with his or her parent.

- The child or family receives services beyond eligibility determination, needs assessment, and service coordination.
- The child does not receive services through the Medi-Cal program.
- Documentation was maintained by the RC to support reduced assessments.

VIII. Parental Fee Program (PFP)

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

- Identified all children with DD who are receiving the following services:
 - (a) All 24-hour, out-of-home community care received through an RC for children under the age of 18 years;
 - (b) 24-hour care for such minor children in state hospitals. Provided, however, that no ability to pay determination shall be made for services required by state or federal law, or both, to be provided to children without charge to their parents.
- Provided DDS with a listing of new placements, terminated cases, and client deaths for those clients. Such listings shall be provided not later than the 20th day of the month following the month of such occurrence.
- Informed parents of children who will be receiving services that DDS is required to determine parents' ability to pay and to assess, bill, and collect parental fees.
- Provided parents a package containing an informational letter, a Family Financial Statement (FFS), and a return envelope within 10 working days after placement of a minor child.
- Provided DDS a copy of each informational letter given or sent to parents, indicating the addressee and the date given or mailed.

IX. Procurement

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

- Reviewed SDRC's contracting process to ensure the existence of a Board-approved procurement policy and to verify that the RFP process ensures competitive bidding, as required by Article II of the State Contract, as amended.
- Reviewed the RFP contracting policy to determine whether the protocols in place included applicable dollar thresholds and comply with Article II of the State Contract, as amended.
- Reviewed the RFP notification process to verify that it is open to the public and clearly communicated to all vendors. All submitted proposals are evaluated by a team of individuals to determine whether proposals are properly documented, recorded, and authorized by appropriate officials at SDRC. The process was reviewed to ensure that the vendor selection process is transparent and impartial and avoids the appearance of favoritism. Additionally, DDS verified that supporting documentation is retained for the selection process and, in instances where a vendor with a higher bid is selected, written documentation is retained as justification for such a selection.

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

- Selected a sample of Operations, Community Placement Plan (CPP), and negotiated POS contracts subject to competitive bidding to ensure SDRC notified the vendor community and the public of contracting opportunities available.
- Reviewed the contracts to ensure that SDRC 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 SDRC 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 SDRC Board-approved Operations, Start-Up, and POS vendor contracts of \$250,000 or more, to ensure the inclusion of a provision for fair and equitable recoupment of funds for vendors that cease to provide services to consumers; verified that the funds provided were specifically used to establish new or additional services to consumers, the usage of funds is of direct benefit to consumers, and the contracts are supported with sufficiently detailed and measurable performance expectations and results.

The process above was conducted in order to assess SDRC'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 SDRC's State Contract requirements, as amended.

X. Statewide/Regional Center Median Rates

The Statewide and RC Median Rates were implemented on July 1, 2008, and amended on December 15, 2011 and July 1, 2016, to ensure that RCs are not negotiating rates higher than the set median rates for services. Despite the median rate requirement, rate increases could be obtained from DDS under health and safety exemptions where RCs demonstrate the exemption is necessary for the health and safety of the consumers.

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

- Reviewed sample vendor files to determine whether SDRC is using appropriately vendorized service providers and correct service codes, and that SDRC 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 SDRC 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 SDRC did not negotiate rates with new service providers for services which are higher than the RC's median rate for the same service code and unit of service, or the statewide median rate for the same service code and unit of service, whichever is lower. DDS also ensured that units of service designations conformed with existing RC designations or, if none exists, ensured that units of service conformed to a designation used to calculate the statewide median rate for the same service code.

XI. Other Sources of Funding from DDS

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

- CPP;
- Part C – Early Start Program;
- 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 SDRC and reviewed supporting documentation to determine the degree of completeness of SDRC'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, SDRC 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 SDRC for the audit period, July 1, 2018, through June 30, 2020.

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

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on November 18, 2021. The findings in the draft audit report were discussed at a formal exit conference with SDRC on December 3, 2021. The views of SDRC's responsible officials are included in this final audit report.

RESTRICTED USE

This audit report is solely for the information and use of DDS, CMS, Department of Health Care Services, and SDRC. 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: Bank Signature Cards - Lack of Signature Authority (Repeat)

The review of SDRC's bank signature cards revealed SDRC still has not given current DDS management signatory authority to its bank accounts. (This issue was identified in the two prior audit reports.) SDRC continues to indicate it is in the process of updating its bank signature cards, but the issue has not been resolved.

State Contract, Article III, Section 3 (f) and (g) states:

- "f. All bank accounts and any investment vehicle containing funds from this contract and used for regional center operations, employee salaries and benefits or for consumers' services and supports, shall be in the name of the State and Contractor....
- g. For the bank account(s) above referenced, there shall be prepared three (3) alternative signature cards with riders attached to each indicating their use. In addition to the preparation of signature cards and riders, Contractor and the bank(s) shall enter into a written agreement specifying the bank(s)' responsibilities relative to said bank account(s). The signature cards, riders and agreement specified herein shall be prepared and administered in accordance with the format and procedure specified by the State."

Recommendation:

SDRC should resolve this continuing issue and give signatory authorization to DDS management for all bank accounts that are identified as having State funds, as required by the contract with DDS.

Finding 2: Missing Documentation - Request for Proposal Scorecards

The review of the RFP process revealed that SDRC did not retain scorecards for CPP projects 2018-2 and 1920-4. SDRC indicated it was not able to locate the folder that the scoresheets were kept in, due to a remodeling of its CPP office.

SDRC's Policy for Issuing Request for Proposals (4)(d) states:

"An RFP Review Committee, consisting of a minimum of three persons will review and objectively score each complete proposal submitted before the deadline."

State Contract, Article IV, Section 3 (b) states:

"The Contractor shall make available at the office of the Contractor at any time during the term of this agreement during normal working hours, and for a period of three years after final payment under this annual contract, any of its records (personnel records excepted) for the inspection, audit, examination or reproduction by an authorized representative of the State, federal auditor, the State Auditor of the State of California, or any other appropriate State agency, which shall be conducted with the minimum amount of disruption to Contractor's program. The examination and audit shall be carried to these matters connected with the performance of this contract, including but not limited to; the cost of administering the contract."

Recommendation:

SDRC must maintain all documents utilized in the RFP vendor selection process. This will ensure that SDRC can demonstrate that the selection process was transparent and free from bias.

Finding 3: Family Cost Participation Program

A. Late Assessments (Repeat)

The sample review of 20 FCPP files revealed SDRC did not assess the parent's share of cost participation as part of the consumer's IPP or IFSP. The 20 sampled FCPP assessments were completed more than 30 days after the signing of the IPP or IFSP. This issue was also noted in the last three audit reports. SDRC indicated the FCPP Monitor position was vacant from July through September 2019 and that it fell behind in completing the assessments. However, the FCPP assessments were late prior to the position becoming vacant. SDRC must prioritize completing the FCPP assessments in a timely manner. (See Attachment A)

W&I Code, Section 4783(g)(1) states:

"(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 the individualized family service plan.

(D) Reassessments for cost participation shall be conducted as part of the individual program plan or individual family service plan review pursuant to subdivision (b) of Section 4646 of this code or subdivision (f) of Section 95020 of the Government Code.”

Recommendation:

SDRC must complete the FCPP assessments as part of the IPP/IFSP to ensure compliance with the W&I Code since this finding has been ongoing for last three audit reports. In addition, SDRC should cross-train its employees to ensure there is coverage in case the position becomes vacant again.

B. Overstated Share of Cost

The review of 20 sampled FCPP assessments revealed SDRC overpaid its share of cost participation for five consumers totaling \$19,458.95 from April 2019 through June 2020. The overstated share of cost payments should have been the responsibility of the consumer’s parents. SDRC stated this occurred due to an oversight on its part as it did not modify its authorizations to reflect the assessed share of cost. (See Attachment B)

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:

SDRC must reimburse to DDS the overpayments totaling \$19,458.95 for payments above its share of cost. In addition, SDRC should modify its POS authorizations to reflect SDRC's share of cost.

Finding 4: Parental Program Fee - Notification of Change in Status

The review of SDRC's PFP listing revealed SDRC did not notify DDS of the status changes for eight PFP consumers whose out-of-home care services were terminated. SDRC indicated it was unaware of the requirement to notify DDS when the consumers of out-of-home care services were terminated. (See Attachment C)

CCR, Title 17 Section 50225 (b) states:

“Regional centers shall have the following duties and responsibilities:

- (c) Provide the Department of Developmental Services with a listing of ;new placements, terminated cases, and client deaths for clients identified in paragraph (a) of this section. Such listing shall be provided not later than the 20th day of the month following the month of such occurrence and shall be provided in the format as determined by the Department of Developmental Services.”

Recommendation:

SDRC must submit a listing to the DDS of new placements, terminated cases, and client deaths no later than the 20th day of the month following the month of such occurrence to ensure compliance with CCR, Title 17.

Finding 5: Equipment Disposition

The review of SDRC's STD. 152 forms revealed SDRC disposed of 17 items without DGS approval. SDRC disposed of the items after submitting two STD.152 forms to DDS instead of DGS for approval. SDRC indicated the new Property Custodian was not aware a copy of the STD 152 forms must be sent to DGS; instead both forms were sent to DDS.

State Contract, Article IV, Section 4a states:

“Contractor shall maintain and administer, in accordance with sound business practice, a program for the utilization, care, maintenance, protection and preservation of State of California property so as to assure its full availability and usefulness for the

performance of this contract. Contractor shall comply with the State's Equipment Management System Guidelines for regional center equipment and appropriate directions and instructions which the State may prescribe as reasonably necessary for the protection of State of California property."

SAM-Property Accounting, Section 8640 states in part:

"Before disposing of property, e.g. sale, transfer, trade-in, etc., departments must receive approval from the Department of General Services, Surplus Property and Reutilization." "Departments will prepare Property Survey Reports, STD. 152, when disposal of property occurs."

Recommendation:

SDRC must submit the prior STD. 152 forms that were previously addressed to DDS to DGS. In addition, SDRC must adhere to the State's Equipment Management System Guidelines and the State Administrative Manual (SAM) when disposing of State property by seeking DGS approval before disposing equipment.

Finding 6: Targeted Case Management Rate Study - Equipment Purchases not Reported

The review of the TCM Rate Study revealed five equipment items purchased in FYs 2018-19 and 2019-20 totaling \$49,742.04 and \$90,166.10, respectively, were not reported in Attachment C of the TCM Rate Study. SDRC indicated this occurred due to an error on its part as it was not aware that equipment purchases needed to be reported as part of the TCM Rate Study.

Instructions for the Administrative TCM Rate Study, Attachment C, state:

"Equipment purchases in excess of \$5,000 must be scheduled showing a description of the asset, cost, and date of purchase..."

Recommendation:

SDRC must follow the instructions for the TCM Rate Study and ensure that equipment purchases in excess of \$5,000 are properly recorded in Attachment C of the TCM Rate Study.

Finding 7: Targeted Case Management Time Study - Recording of Attendance

The sample review of 20 Service Coordinators' DS 1916 forms revealed hours recorded on nine DS 1916 forms did not reconcile to the hours recorded on the Service Coordinators' timesheets. This resulted in over- and under-stated hours reported to DDS totaling 8.25 and 14.25, respectively. SDRC indicated this occurred due to an error on its part as the individual designated to review the forms did not reconcile the DS 1916 forms to the timesheets before forwarding the DS 1916 forms to DDS. (See Attachment D)

The TCM Rate Study Process and Instructions state:

“All regional center case management staff (category CM) will complete the DS 1916 during the rate study. The total hours worked during the day, including overtime, must be shown. For each day work was performed, enter the number of hours spent on each function outlined on the time sheet.”

Recommendation:

SDRC must ensure Service Coordinators accurately report the number of hours spent on each function reported on the DS 1916 forms. SDRC should also reconcile the DS 1916 forms to the timesheets for accuracy before forwarding the forms to DDS.

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

Finding 8: Overstated Claims - Health and Safety Waiver

A review of the DDS-approved H&S waiver exemptions listing was reviewed to ensure only DDS-approved consumers utilized the rate. However, the review revealed SDRC reimbursed HGH Pierce House, Vendor Number HQ0733, Service Code 113 and HGH Laughery House, Vendor Number HO0783, Service Code 113 for a total of four consumers that were not approved under the H&S waiver exemptions. This resulted in overpayments totaling \$261,309.64 from January 2019 to February 2021. SDRC indicated it was an oversight on its part when they applied a H&S waiver rate to the consumers without submitting a H&S waiver request to the DDS.

On August 2, 2021, SDRC was granted a H&S waiver exemption for the four consumers. The H&S approval was retroactive to October 2018.

W&I Code Section 4691.9 (A)(1) states:

“A regional center shall not pay an existing service provider, for services where rates are determined through a negotiation between the regional center and the provider, a rate higher than the rate in effect on 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:

SDRC must ensure that the H&S waiver rates are only applied to authorized consumers approved by DDS.

EVALUATION OF RESPONSE

As part of the audit report process, SDRC was provided with a draft audit report and requested to provide a response to the findings. SDRC's response dated January 17, 2022, is provided as Appendix A.

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

Finding 1: Bank Signature Cards - Lack of Signature Authority (Repeat)

SDRC agreed with the recommendation and indicated it will provide signature authority to the appropriate DDS staff. In addition, SDRC indicated it has "attempted to give signatory authority to DDS management, however, due to the pandemic and DDS staff changes, SDRC has been unable to complete the signature authority process".

Finding 2: Missing Documentation - Request for Proposal Scorecards

SDRC stated that it agreed with the recommendation

Finding 3: Family Cost Participation Program

A. Late Assessments (Repeat)

SDRC stated that it agreed with the recommendation and indicated it will amend its process to ensure FCPP consumer assessment is part of the IPP or IFSP review. Also, SDRC indicated it has assigned back-up FCPP procedures to other staff to ensure coverage should the primary FCPP position become vacant.

B. Overstated Share of Cost

SDRC stated that it agreed with the recommendation and will reimburse DDS the \$19,458.95 in overpayments. Additionally, SDRC indicated it will modify its POS authorization to reflect SDRC's share of cost.

Finding 4: Parental Program Fee - Notification of Change in Status

SDRC stated that it agreed with the recommendation.

Finding 5: Equipment Disposition

SDRC stated that it agreed with the recommendation and will submit the STD 152 disposition forms to DGS.

Finding 6: Targeted Case Management Rate Study - Equipment Purchases not Reported

SDRC stated that it agreed with the recommendation.

Finding 7: Targeted Case Management Time Study - Recording of Attendance

SDRC stated that it agreed with the recommendation.

ATTACHMENTS A - D

SAN DIEGO REGIONAL CENTER

To request a copy of the attachments for this audit report, please contact the DDS Audit Section at (916) 654-3695.

Appendix A

SDRC'S RESPONSE TO AUDIT FINDINGS

To request a copy of the regional center response to the audit findings, please contact the DDS Audit Section at (916) 654-3695.