

DEPARTMENT OF DEVELOPMENTAL SERVICES

1600 NINTH STREET, Room 320, MS-3-9
SACRAMENTO, CA 95814
TTY: 711
(916) 654-1958



June 23, 2021

Christine Gianola, Board President
San Andreas Regional Center, Inc.
6203 San Ignacio Avenue, Suite 200
San Jose, CA 95119

Dear Ms. Gianola:

The Department of Developmental Services' (DDS) Audit Section has completed the audit of the San Andreas Regional Center (SARC). The period of review was from July 1, 2017 through June 30, 2019, with follow-up as needed into prior and subsequent periods. The enclosed report discusses the areas reviewed along with the findings and recommendations. The audit report includes the response submitted by SARC as Appendix A and DDS' reply on page 22.

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

Department of Developmental Services
Audit Appeals Unit
Attn: Carla Castañeda, Chief Deputy Director
1600 Ninth Street, Room 240, MS 2-13
Sacramento, CA 95814

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


Your invoice for the total amount of \$515,231.86 from the current audit findings is enclosed. When making payments to DDS, please refer to the invoice number to ensure that proper credit is given. If you have any questions regarding the payment process, please contact Diane Nanik, Manager, Accounting Section, at (916) 654-2987.

"Building Partnerships, Supporting Choices"

Christine Gianola, Board President
June 23, 2021
Page two

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

Sincerely,

DocuSigned by:

53587E7F39B04DA...
ERICA REIMER SNELL
Deputy Director
Community Services Division

Enclosure(s)

cc: Javier Zaldivar, SARC
John Hunt, SARC
Karla Cruz, SARC
Bob Sands, DHCS
Carla Castañeda, DDS
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State of California
DEPARTMENT OF DEVELOPMENTAL SERVICES
1600 9th Street
Sacramento, CA 95814

Christine Gianola, Board President
 San Andreas Regional Center, Inc.
 6203 San Ignacio Avenue, Suite 200
 San Jose, CA 95119


INVOICE No. 13743

Date **June 23, 2021**

Headquarters

Please return copy of Invoice with your remittance and make payable to:

DEPARTMENT OF DEVELOPMENTAL SERVICES
 1600 9th Street, Room 310, MS 3-7
 Sacramento, CA 95814
 Attn: Diane J. Nanik, Chief of Accounting

Vendor no. 

For: Per final audit report dated June 23, 2021 please reimburse the Department of Developmental Services for the unresolved overpayment of \$515,231.86 for period July 1, 2017 through June 30, 2019.

Amount Due

\$515,231.86

DDS ACCOUNTING OFFICE ONLY:

FY	INV DATE	Curr. Doc	Rptg Structure	Svc Loc	Program	Amount	Approp. Ref.	Fund
FY 17/18	06/23/2021	INV13743	43009517	96000	9910	\$515,231.86	101	0001

California Code of Regulations
Title 17, Division 2
Chapter 1 - General Provisions
Subchapter 7 - Fiscal Audit Appeals
Article 2 - Administrative Review

§50730. Request for Administrative Review.

a) An individual, entity, or organization which disagrees with any portion or aspect of an audit report issued by the Department or regional center may request an administrative review. The appellant's written request shall be submitted to the Department within 30 days after the receipt of the audit report. The request may be amended at any time during the 30-day period.

(b) If the appellant does not submit the written request within the 30-day period, the appeals review officer shall deny such request, and all audit exceptions or findings in the report shall be deemed final unless the appellant establishes good cause for late filing.

(c) The request shall be known as a "Statement of Disputed Issues." It shall be in writing, signed by the appellant or his/her authorized agent, and shall state the address of the appellant and of the agent, if any agent has been designated. An appellant shall specify the name and address of the individual authorized on behalf of the appellant to receive any and all documents, including the final decision of the Director, relating to proceedings conducted pursuant to this subchapter. The Statement of Disputed Issues need not be formal, but it shall be both complete and specific as to each audit exception or finding being protested. In addition, it shall set forth all of the appellant's contentions as to those exceptions or findings, and the estimated dollar amount of each exception or finding being appealed.

(d) If the appeals review officer determines that a Statement of Disputed Issues fails to state the grounds upon which objections to the audit report are based, with sufficient completeness and specificity for full resolution of the issues presented, he/she shall notify the appellant, in writing, that it does not comply with the requirements of this subchapter.

(e) The appellant has 15 days after the date of mailing of such notice within which to file an amended Statement of Disputed Issues. If the appellant does not amend his/her appeal to correct the stated deficiencies within the time permitted, all audit exceptions or findings affected shall be dismissed from the appeal, unless good cause is shown for the noncompliance.

(f) The appellant shall attach to the Statement of Disputed Issues all documents which he/she intends to introduce into evidence in support of stated contentions. An appellant that is unable to locate, prepare, or compile such documents within the appeal period specified in Subsection (a) above, shall include a statement to this effect in the Statement of Disputed Issues. The appellant shall have an additional 30 days after the expiration of the initial 30-day period in which to submit the documents. Documents that are not submitted within this period shall not be accepted into evidence at any stage of the appeal process unless good cause is shown for the failure to present the documents within the prescribed period.



**AUDIT OF THE
SAN ANDREAS REGIONAL CENTER
FOR FISCAL YEARS 2017-18 AND 2018-19**

Department of Developmental Services

June 23, 2021

This audit report was prepared by the
California Department of Developmental Services
1600 Ninth Street
Sacramento, CA 95814

Pete Cervinka, Chief Deputy Director, Data Analytics and Strategy
Vicky Lovell, Chief, Research, Audit, and Evaluation Branch
Edward Yan, Manager, Audit Section
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For more information, please call: (916) 654-3695

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EXECUTIVE SUMMARY

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

The audit period was July 1, 2017, through June 30, 2019, with follow-up, as needed, into prior and subsequent periods. This report identifies some areas where SARC'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 SARC's operations. A follow-up review was performed to ensure SARC has taken corrective action to resolve the findings identified in the prior DDS audit report.

Findings that need to be addressed.

Finding 1: Payments for Unoccupied Beds (Repeat)

The sample review of 92 Purchase of Service (POS) vendor files revealed SARC continued to reimburse the seven vendors identified in the prior audit for unoccupied beds. SARC stated that it authorized the reimbursement in order to accommodate consumers with behavioral, health and safety issues who had difficulties sharing a room with another consumer. However, SARC did not request Health and Safety Waivers from DDS for these consumers to allow for the additional payments. This resulted in overpayments totaling \$510,165.21 from July 2017 through June 2019 for the unoccupied beds. This is not in compliance with the W&I Code, Section 4691.9(a)(1).

Finding 2: Duplicate Payments and Overlapping Authorizations

The review of the Operational Indicator Reports revealed SARC overclaimed expenses to the State totaling \$791.79 for four vendors. These overpayments were due to duplicate payments and/or overlapping authorizations. This is not in compliance with CCR, Title 17, Section 57300(c)(2).

Finding 3: Family Cost Participation Program

A. Late Assessments (Repeat)

The sample review of 20 Family Cost Participation Program (FCPP) consumer files revealed four instances in which SARC did not assess the families' share of cost participation as part of the consumers' Individualized Program Plan (IPP) or Individualized Family Service Plan (IFSP) review. This issue was identified in the three prior audit reports. This is not in compliance with W&I Code, Section 4783(g)(1)(A)(B)(C).

B. Payments Above the Share of Cost

The review of the FCPP consumer files revealed SARC paid above the share of cost for three of the 20 sampled consumers participating in this program. This resulted in overpayments totaling \$4,274.86 from July 2017 through September 2019, for two vendors who provided services to the three consumers. This is not in compliance with CCR, Title 17, Section 50255(a).

Finding 4: Sensitive Equipment

The review of the equipment inventory listing and a discussion with SARC staff revealed that SARC did not maintain adequate controls over some sensitive items that are prone to theft/loss or misuse. This was also identified in SARC's annual independent financial report. It was noted that 34 smartphones were not tagged with a DDS issued barcode tag. In addition, these items were not listed in the inventory list which includes the serial number, acquisition date and original cost. This is not in compliance with State Contract, Article IV, Section 4(a), State's Equipment Management System Guidelines, Section III(C), (D), (E) and (F) and State Administrative Manual (SAM), Sections 8600 and 8603.

SARC took corrective action by providing a revised inventory listing which reflected the 34 smartphones and their corresponding serial number, acquisition date, and original cost; therefore, this issue is considered resolved.

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 Andreas Regional Center Inc., entered into State Contract HD149016, effective July 1, 2014, through June 30, 2021. This contract specifies that San Andreas Regional Center Inc., will operate an agency known as the San Andreas Regional Center (SARC) to provide services to individuals with DD and their families in Monterey, San Benito, Santa Clara and Santa Cruz Counties. The contract is funded by state and federal funds that are dependent upon SARC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at SARC and remotely from March 9, 2020, through August 27, 2020, 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 SARC.

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 SARC, effective July 1, 2014.

AUDIT PERIOD

The audit period was July 1, 2017, through June 30, 2019, 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 SARC.

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

DDS' review of SARC'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) 2017-18 and 2018-19, issued on November 18, 2018 and November 4, 2019. This review was performed to determine the impact, if any, upon the DDS audit and, as necessary, develop appropriate audit procedures. It was noted that a management letter was issued for FY 2017-18, which identified two equipment issues. One issue was resolved, and the other issue remains unresolved but is addressed in Finding 5 of this report.

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 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 SARC. 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 SARC.
- 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.
- 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 SARC'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 SARC'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 SARC'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 SARC's Rate Study. DDS examined the months of April 2018 and April 2019 and traced the reported information to source documents.
- Reviewed SARC'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 SARC 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 SARC 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 SARC 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 SARC 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 SARC implemented the required RFP process, DDS performed the following procedures during the audit review:

- Reviewed SARC'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 SARC. 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 SARC notified the vendor community and the public of contracting opportunities available.
- Reviewed the contracts to ensure that SARC 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 SARC 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 SARC 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 SARC'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 SARC'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 SARC was in compliance with the Lanterman Act, DDS performed the following procedures during the audit review:

- Reviewed sample vendor files to determine whether SARC is using appropriately vendorized service providers and correct service codes, and that SARC 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 SARC 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 SARC 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 SARC'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;
- Family Resource Center;
- Foster Grandparent (FGP);
- Senior Companion (SC);
- 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 SARC and reviewed supporting documentation to determine the degree of completeness of SARC'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, SARC 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 SARC for the audit period, July 1, 2017, through June 30, 2019.

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

From the review of the 10 prior audit findings, it has been determined that SARC has taken appropriate corrective action to resolve eight of the 10 prior audit findings.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on February 2, 2021. The findings in the draft audit report were discussed at a formal exit conference with SARC on February 11, 2020. The views of SARC'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 SARC. 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: Payments for Unoccupied Beds (Repeat)

The sample review of 92 POS vendor files revealed SARC continued to reimburse seven vendors identified in the prior audit for unoccupied beds when rooms were occupied by one instead of two consumers. SARC stated that this occurred because these consumers could not be placed in a shared room due to behavioral, health and safety issues. In order to offset the vendors' lost revenue, SARC supplemented these vendors with an additional payment for the unoccupied bed under Subcode "EXTRA." However, SARC did not request a Health and Safety Waiver from DDS for the affected consumers. This resulted in overpayments totaling \$510,165.21 from July 2017 through June 2019 for the unoccupied beds. SARC stopped paying for unoccupied beds as of July 2019. (See Attachment A)

W&I Code, Section 4691.9(a)(1) states:

"(a) Notwithstanding any other law or regulation, commencing July 1, 2008:

- (1) 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:

SARC must reimburse DDS for the overpayments totaling \$510,165.21.

Finding 2: Duplicate Payments and Overlapping Authorizations

The review of the Operational Indicator Reports revealed SARC overclaimed expenses totaling \$791.19 for four vendors. These overpayments were due to duplicate payments and/or overlapping authorizations. (See Attachment B)

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

“(c) Regional Centers shall not reimburse vendors:

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

Recommendation:

SARC must reimburse to DDS a total of \$791.79 in overpayments to the four vendors due to duplicate payments/overlapping authorizations.

Finding 3: Family Cost Participation Program

A. Late Assessments (Repeat)

The sample review of 20 FCPP consumer files revealed four instances in which SARC did not assess the families’ share of cost participation as part of the consumers’ IPP or IFSP. This issue was identified in the three prior audit reports. SARC stated that it trained its case management staff and FCPP Administrator to ensure assessments are completed timely; however, this issue continues to reoccur. (See Attachment C)

W&I Code, Section 4783(g)(1)(A)(B)(C) 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.
- (C) 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:

SARC must continue to reinforce the training it has provided to its case management staff and FCPP Administrator on completing the assessments timely to prevent this issue from recurring.

B. Payments Above the Share of Cost

The review of the FCPP consumer files revealed SARC paid above the share of cost for three of the 20 sampled consumers participating in this program. The share of cost should have been the responsibility of the consumers' families. This resulted in overpayments totaling \$4,274.86 from July 2017 through September 2019 to two vendors who provided services to the three consumers. (See Attachment D)

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

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

Recommendation:

SARC must reimburse the \$4,274.86 in overpayments that resulted from incorrectly paying for the families' share of cost.

Finding 4: Sensitive Equipment

The review of the equipment inventory listing and a discussion with SARC staff revealed SARC did not maintain adequate controls over some of its sensitive items that are prone to theft/loss or misuse. It was noted that 34 smartphones were not tagged with a DDS issued barcode tag. In addition, these items were not listed in the inventory list which includes the serial number, acquisition date, and original cost. SARC stated it was unaware that the smartphones are considered sensitive equipment. This issue was also identified in SARC's annual independent financial report.

SARC took corrective action by providing a revised inventory listing which reflected the 34 smartphones and their corresponding serial number, acquisition date, and original cost; therefore, this issue is considered resolved.

State Contract, Article IV, Section 4(a) states in part:

“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.”

State's Equipment Management System Guidelines, Section III (C)(1) and (D) states in part:

“(C) All State-owned equipment must be promptly and clearly tagged as State of California, DDS' property. The RC Property Custodian will order supplies of appropriate tags as described below by the Customer Support Section (CSS).

(1) ‘Non-expendable equipment’ and ‘sensitive equipment,’ as defined in Attachment A, will be tagged with a DDS-issued, bar-code tag and entered onto the RC property records as described in D below . . .”

(D) A record of state-owned, nonexpendable equipment and sensitive equipment shall be maintained by the RC Property Custodian in a format that includes the following information: description of the equipment item, the location (e.g., RC office or room number), the state I.D. tag number, the serial number (if any), the acquisition date, and the original cost.”

State's Equipment Management System Guidelines, Section IV states:

“RCs will follow standard accounting guidelines as described in SAM Section 8600 et seq.”

SAM, Sections 8603, Non-Capitalized Property states:

“Departments will maintain adequate control over sensitive and high-risk items, which are prone to theft/loss, misuse, and may contain sensitive data. Examples of sensitive and high-risk items are:

Computers, printers, scanners
Smartphones, tablets, and other hand held devices
Device or media capable of storing or processing information
TVs, audio visual equipment, cameras
Weapons, power tools
Works of art
Software”

Recommendation:

SARC must follow the State Equipment Management Guidelines and SAM to ensure all state-owned sensitive equipment is tagged with a state ID tag number and properly recorded in the inventory list.

EVALUATION OF RESPONSE

As part of the audit report process, SARC was provided with a draft audit report and requested to provide a response to the findings. SARC's response dated March 26, 2021, is provided as Appendix A.

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

Finding 1: Payments for Unoccupied Beds (Repeat)

SARC stated it continues to dispute this finding for the reasons stated in the response to the prior DDS audit (FYs 2015-16 and 2016-17) and requests this finding be dismissed. SARC explained that the challenging individuals were languishing in their settings due to the lack of appropriate services in the community and that the providers provided staffing and supervision to stabilize the individuals in their setting to maintain placement in the community in the least restrictive and cost effective manner. In addition, SARC explained that this finding will be a disservice to SARC and its consumers in the long run which will affect the quality of case management support. Lastly, SARC reiterated that it ceased paying for unoccupied beds and all future considerations for unoccupied bed payments will be done through the Health and Safety process.

Therefore, as indicated in the prior audit, DDS' stance remains the same and recommends SARC reimburse DDS for the overpayments totaling \$510,165.21.

Finding 2: Duplicate Payments and Overlapping Authorizations

SARC agreed to reimburse DDS \$791.79 in vendor overpayments due to duplicate payments/overlapping authorizations.

Finding 3: Family Cost Participation Program

A. Late Assessments (Repeat)

SARC stated it will review and revise its FCPP policies and procedures and train staff to ensure the letters go out in a timely manner to comply with the regulations and will ensure authorizations are entered correctly. In addition, SARC requested DDS to revise verbiage from the recommendation that casts a negative light on the work that SARC strives to do. DDS has revised the wording.

B. Payments Above the Share of Cost

SARC agreed to reimburse DDS \$4,274.86 in overpayments which resulted from incorrectly paying for the families' share of cost.

Finding 4: Sensitive Equipment

SARC stated it has instructed its staff of the equipment requirements and has tagged the 34 smartphones with a state ID tag number. In addition, SARC provided their revised inventory listing which reflects the addition of the smartphones and their corresponding serial number, acquisition date, and original cost; therefore, this issue is considered resolved.

**San Andreas Regional Center
Payments for Unoccupied Beds (Repeat)
Fiscal Years 2017-18 through 2018-19**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Payment Period	Over-Payments
1	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201707	\$6,422.00
2	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201708	\$6,422.00
3	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201709	\$6,422.00
4	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201710	\$6,422.00
5	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201711	\$6,422.00
6	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201712	\$6,422.00
7	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201801	\$6,601.00
8	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201802	\$6,601.00
9	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201803	\$6,601.00
10	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201804	\$6,601.00
11	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201805	\$6,601.00
12	5710058	HS0664	A & T Care Home #2	915	EXTRA	18479689	201806	\$6,601.00
13	5710058	HS0664	A & T Care Home #2	915	EXTRA	19670052	201807	\$6,601.00
14	5710058	HS0664	A & T Care Home #2	915	EXTRA	19670052	201808	\$6,601.00
15	5710058	HS0664	A & T Care Home #2	915	EXTRA	19670052	201809	\$6,601.00
16	5710058	HS0664	A & T Care Home #2	915	EXTRA	19670052	201810	\$6,601.00
17	5710058	HS0664	A & T Care Home #2	915	EXTRA	19679403	201811	\$6,601.00
67	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201707	\$4,641.63
68	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201708	\$4,641.63
69	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201709	\$3,294.06
70	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201709	\$1,347.57
71	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201709	-\$149.73
72	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201710	\$4,641.63
73	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201711	\$4,491.90
74	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201712	\$4,641.63

**San Andreas Regional Center
Payments for Unoccupied Beds (Repeat)
Fiscal Years 2017-18 through 2018-19**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Payment Period	Over-Payments
75	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201801	\$4,641.63
76	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201802	\$4,192.44
77	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201803	\$4,641.63
78	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201804	\$4,491.90
79	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201805	\$4,641.63
80	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	18453279	201806	\$4,491.90
81	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201807	\$4,641.63
82	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201808	\$4,641.63
83	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201809	\$4,491.90
84	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201810	\$4,641.63
85	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201811	\$4,491.90
86	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201812	\$4,641.63
87	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201901	\$4,641.63
88	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201902	\$4,192.44
89	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201903	\$4,641.63
90	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201904	\$4,491.90
91	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201905	\$4,641.63
92	6589515	HJ0288	Casa Colina Centers For	113	EXTRA	19453279	201906	\$4,491.90
93	6597154	HS0845	Dolphin Bay Residential	915	EXTRA	18471095	201707	\$5,395.63
94	6597154	HS0845	Dolphin Bay Residential	915	EXTRA	18471095	201708	\$5,395.63
95	6597154	HS0845	Dolphin Bay Residential	915	EXTRA	18471095	201709	\$5,395.63
96	6597154	HS0845	Dolphin Bay Residential	915	EXTRA	18471095	201710	\$5,395.63
97	6597154	HS0845	Dolphin Bay Residential	915	EXTRA	18471095	201711	\$1,240.75
32	6572793	HS0810	Elim Care Home	915	EXTRA	18607377	201707	\$5,395.63
33	6572793	HS0810	Elim Care Home	915	EXTRA	18607377	201708	\$5,395.63

**San Andreas Regional Center
Payments for Unoccupied Beds (Repeat)
Fiscal Years 2017-18 through 2018-19**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Payment Period	Over-Payments
34	6572793	HS0810	Elim Care Home	915	EXTRA	18607377	201709	\$5,395.63
35	6572793	HS0810	Elim Care Home	915	EXTRA	18607377	201710	\$5,395.63
36	6572793	HS0810	Elim Care Home	915	EXTRA	18607377	201711	\$5,395.63
37	6572793	HS0810	Elim Care Home	915	EXTRA	18607377	201712	\$5,395.63
38	6572793	HS0810	Elim Care Home	915	EXTRA	18607377	201801	\$5,561.63
39	6572793	HS0810	Elim Care Home	915	EXTRA	18607377	201802	\$5,561.63
40	6572793	HS0810	Elim Care Home	915	EXTRA	18650419	201803	\$5,561.63
41	6572793	HS0810	Elim Care Home	915	EXTRA	18650419	201804	\$5,561.63
42	6572793	HS0810	Elim Care Home	915	EXTRA	18650419	201805	\$5,561.63
43	6572793	HS0810	Elim Care Home	915	EXTRA	18650419	201806	\$5,561.63
44	6572793	HS0810	Elim Care Home	915	EXTRA	19650419	201807	\$5,561.63
45	6585664	HS1070	North Valley Home	915	EXTRA	18625392	201707	\$2,528.50
46	6585664	HS1070	North Valley Home	915	EXTRA	18625392	201708	\$2,528.50
47	6585664	HS1070	North Valley Home	915	EXTRA	18625392	201709	\$2,528.50
48	6585664	HS1070	North Valley Home	915	EXTRA	18625392	201710	\$2,528.50
49	6585664	HS1070	North Valley Home	915	EXTRA	18625392	201711	\$2,528.50
50	6585664	HS1070	North Valley Home	915	EXTRA	18639953	201712	\$2,528.50
51	6585664	HS1070	North Valley Home	915	EXTRA	18639953	201801	\$2,596.50
52	6585664	HS1070	North Valley Home	915	EXTRA	18639953	201802	\$2,596.50
53	6585664	HS1070	North Valley Home	915	EXTRA	18639953	201803	\$2,596.50
54	6585664	HS1070	North Valley Home	915	EXTRA	18639953	201804	\$2,596.50
55	6585664	HS1070	North Valley Home	915	EXTRA	18639953	201805	\$2,596.50
56	6585664	HS1070	North Valley Home	915	EXTRA	18639953	201806	\$2,596.50
57	6585664	HS1070	North Valley Home	915	EXTRA	19666752	201807	\$2,596.50
58	6585664	HS1070	North Valley Home	915	EXTRA	19666752	201808	\$2,596.50

**San Andreas Regional Center
Payments for Unoccupied Beds (Repeat)
Fiscal Years 2017-18 through 2018-19**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Payment Period	Over-Payments
59	6585664	HS1070	North Valley Home	915	EXTRA	19666752	201809	\$2,596.50
60	6585664	HS1070	North Valley Home	915	EXTRA	19666752	201810	\$2,596.50
61	6585664	HS1070	North Valley Home	915	EXTRA	19678100	201811	\$2,596.50
62	6585664	HS1070	North Valley Home	915	EXTRA	19678100	201812	\$2,596.50
63	6585664	HS1070	North Valley Home	915	EXTRA	19678100	201901	\$2,596.50
64	6585664	HS1070	North Valley Home	915	EXTRA	19678100	201902	\$2,596.50
65	6585664	HS1070	North Valley Home	915	EXTRA	19678100	201903	\$2,596.50
66	6585664	HS1070	North Valley Home	915	EXTRA	19678100	201904	\$2,596.50
18	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18612467	201707	\$5,395.63
19	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18627578	201708	\$5,395.63
20	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18627578	201709	\$5,395.63
21	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18627578	201710	\$5,395.63
22	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18633554	201711	\$5,395.63
23	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18633554	201712	\$5,395.63
24	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18633554	201801	\$5,561.63
25	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18643694	201802	\$5,561.63
26	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18643694	201803	\$5,561.63
27	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18643694	201804	\$5,561.63
28	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18643694	201805	\$5,561.63
29	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	18643694	201806	\$5,561.63
30	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	19643694	201807	\$5,561.63
31	6509202	HS0515	R.E.A.C.H. Cobblestone	915	EXTRA	19643694	201808	\$1,827.10
98	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201707	\$5,395.63
99	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201708	\$5,395.63
100	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201709	\$5,395.63

**San Andreas Regional Center
Payments for Unoccupied Beds (Repeat)
Fiscal Years 2017-18 through 2018-19**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Sub Code	Authorization Number	Payment Period	Over-Payments
101	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201710	\$5,395.63
102	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201711	\$5,395.63
103	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201712	\$5,395.63
104	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201801	\$5,561.63
105	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201802	\$5,561.63
106	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201803	\$5,561.63
107	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201804	\$5,561.63
108	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201805	\$5,561.63
109	7100578	HS0501	South County Homes, Inc	920	EXTRA	18474100	201806	\$5,561.63
Total Overpayments Due to Unoccupied Beds								\$510,165.21

**San Andreas Regional Center
Duplicate Payments and Overlapping Authorization
Fiscal Years 2017-18 and 2018-19**

No.	Vendor Number	Vendor Name	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Overpayment
1	PF3917	Mains'l California, LLC.	1953389	460	18618064	Jul-17	\$60.86
2	VS6694	Estrada, Gloria	6587214	410	19353332	Oct-18	\$165.00
3	V36720	Phelps, Lisa M.	6593578	410	19366777	Oct-18	\$163.93
4	HS0115	Muna's RCH #2	6573708	400	18542496	Apr-18 - Jun-18	\$402.00
Total Overpayments							\$791.79

**San Andreas Regional Center
Family Cost Participation Program - Late Assessment (Repeat)
Fiscal Years 2017-18 and 2018-19**

No.	Consumer Name	Unique Client Identification Number	Authorization	IPP Date	Assessment Date	Days from IPP Date
1	Philip Jordan	8181982	19691782	9/21/2018	3/26/2019	186
2	Eloise Knight	6585219	18447779	9/15/2017	11/29/2017	75
3	Samuel Morgan	6591210	19667446	8/6/2018	9/18/2018	43
4	Michael Tackett	6585125	18648860	4/24/2018	6/5/2018	42

San Andreas Regional Center
Family Cost Participation-Payments Above the Share of Cost
Fiscal Years 2017-18 and 2018-19

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization	Payment Period	Overpayment
1	6591210	H10761	Special Home Needs, Inc	862	19667446	Sep-18	\$82.08
	6591210	H10761	Special Home Needs, Inc	862	19667446	Oct-18	\$82.08
	6591210	H10761	Special Home Needs, Inc	862	19667446	Nov-18	\$82.08
	6591210	H10761	Special Home Needs, Inc	862	19667446	Dec-18	\$82.08
	6591210	H10761	Special Home Needs, Inc	862	19667446	Jan-19	\$82.17
	6591210	H10761	Special Home Needs, Inc	862	19667446	Feb-19	\$82.17
	6591210	H10761	Special Home Needs, Inc	862	19667446	Mar-19	\$82.17
	6591210	H10761	Special Home Needs, Inc	862	19667446	Apr-19	\$82.17
	6591210	H10761	Special Home Needs, Inc	862	19667446	May-19	\$83.91
	6591210	H10761	Special Home Needs, Inc	862	19667446	Jun-19	\$83.91
						Jul-19	\$83.91
Subtotal :							\$908.73
2	8111900	HS0789	Premier Healthcare Svcs	862	18640148	Jan-18	\$114.13
	8111900	HS0789	Premier Healthcare Svcs	862	18640148	Feb-18	\$95.43
	8111900	HS0789	Premier Healthcare Svcs	862	18640148	Mar-18	\$114.13
	8111900	HS0789	Premier Healthcare Svcs	862	18640148	Apr-18	\$114.13
	8111900	HS0789	Premier Healthcare Svcs	862	18640148	May-18	\$114.13
	8111900	HS0789	Premier Healthcare Svcs	862	18640148	Jun-18	\$114.13
	8111900	HS0789	Premier Healthcare Svcs	862	19640148	Jul-18	\$114.10
	8111900	HS0789	Premier Healthcare Svcs	862	19640148	Aug-18	\$114.10
	8111900	HS0789	Premier Healthcare Svcs	862	19640148	Sep-18	\$114.10
	8111900	HS0789	Premier Healthcare Svcs	862	19640148	Oct-18	\$114.10
	8111900	HS0789	Premier Healthcare Svcs	862	19640148	Nov-18	\$114.10
	8111900	HS0789	Premier Healthcare Svcs	862	19640148	Dec-18	\$114.10

San Andreas Regional Center
Family Cost Participation-Payments Above the Share of Cost
Fiscal Years 2017-18 and 2018-19

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization	Payment Period	Overpayment
2	8111900	HS0789	Premier Healthcare Svcs	862	19680866	Jan-19	\$122.71
	8111900	HS0789	Premier Healthcare Svcs	862	19680866	Mar-19	\$122.70
	8111900	HS0789	Premier Healthcare Svcs	862	19680866	Apr-19	\$122.70
	8111900	HS0789	Premier Healthcare Svcs	862	19680866	May-19	\$122.70
	8111900	HS0789	Premier Healthcare Svcs	862	19680866	Jun-19	\$122.70
	8111900	HS0789	Premier Healthcare Svcs	862	20680866	Jul-19	\$122.70
	8111900	HS0789	Premier Healthcare Svcs	862	20680866	Aug-19	\$122.70
	8111900	HS0789	Premier Healthcare Svcs	862	20680866	Sep-19	\$122.70
Subtotal :							\$2,332.29
3	8148806	HS0789	Premier Healthcare Svcs	862	18489812	Jul-17	\$42.25
	8148806	HS0789	Premier Healthcare Svcs	862	18489812	Aug-17	\$42.25
	8148806	HS0789	Premier Healthcare Svcs	862	18489812	Sep-17	\$42.25
	8148806	HS0789	Premier Healthcare Svcs	862	18489812	Oct-17	\$42.25
	8148806	HS0789	Premier Healthcare Svcs	862	18489812	Nov-17	\$42.25
	8148806	HS0789	Premier Healthcare Svcs	862	18489812	Dec-17	\$42.25
	8148806	HS0789	Premier Healthcare Svcs	862	18489812	Jan-18	\$8.25
	8148806	HS0789	Premier Healthcare Svcs	862	18489812	Feb-18	\$45.65
	8148806	HS0789	Premier Healthcare Svcs	862	18489812	Mar-18	\$45.65
	8148806	HS0789	Premier Healthcare Svcs	862	18489812	Apr-18	\$45.65
	8148806	HS0789	Premier Healthcare Svcs	862	18489812	May-18	\$45.65
	8148806	HS0789	Premier Healthcare Svcs	862	18489812	Jun-18	\$45.65
	8148806	HS0789	Premier Healthcare Svcs	862	19489812	Jul-18	\$45.65
	8148806	HS0789	Premier Healthcare Svcs	862	19489812	Aug-18	\$45.65
8148806	HS0789	Premier Healthcare Svcs	862	19489812	Sep-18	\$45.65	

**San Andreas Regional Center
Family Cost Participation-Payments Above the Share of Cost
Fiscal Years 2017-18 and 2018-19**

No.	Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization	Payment Period	Overpayment
3	8148806	HS0789	Premier Healthcare Svcs	862	19489812	Oct-18	\$45.65
	8148806	HS0789	Premier Healthcare Svcs	862	19489812	Nov-18	\$45.65
	8148806	HS0789	Premier Healthcare Svcs	862	19489812	Dec-18	\$45.65
	8148806	HS0789	Premier Healthcare Svcs	862	19489812	Jan-19	\$49.08
	8148806	HS0789	Premier Healthcare Svcs	862	19489812	Feb-19	\$49.08
	8148806	HS0789	Premier Healthcare Svcs	862	19489812	Mar-19	\$49.08
	8148806	HS0789	Premier Healthcare Svcs	862	19489812	Apr-19	\$49.08
	8148806	HS0789	Premier Healthcare Svcs	862	19489812	May-19	\$73.62
Subtotal :							\$1,033.84
Total Family Share of Cost							\$4,274.86

APPENDIX A

SAN ANDREAS REGIONAL CENTER

**RESPONSE
TO THE AUDIT FINDINGS**

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



March 26, 2021

Edward Yan
Audit Section
Department of Developmental Services
1600 9th Street, Room 200, MS 2-10
Sacramento, CA 95814

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SAN BENITO COUNTIES**

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Member of the Association
of Regional Center Agencies



STAY CONNECTED

Dear Mr. Yan,

This letter shall serve as San Andreas Regional Center's (SARC) response to the draft audit report for Fiscal Years 2017-18 and 2018-19, dated February 2, 2021

Finding 1: Payments for Unoccupied Beds (Repeat)

San Andreas Regional Center (SARC) strives to serve very complicated individual in their community, and in the least restrictive settings possible. We appreciate the collaboration with the Department of Developmental Services (DDS) to achieve this objective.

SARC ceased paying for unoccupied beds when the issue was raised during the course of the FY 2015-16/2016-17 audit field work and placed most of these individuals in alternate settings. All future considerations for unoccupied bed payments will be done through the Health and Safety process.

However, SARC continues to dispute this finding for the reasons stated in the response to the FY 2015-16/2016-17 audit. The individuals were/are all very challenging and were languishing in settings such as IMDs, jails or hospitals due to lack of appropriate services in the community. The providers provided staffing and supervision to meet the heightened needs of these individuals. The individuals stabilized in this setting and their needs were met. This service helped maintain placement in the community in the least restrictive setting in the most cost effective manner.

The significant amount of this finding for doing what was in the best interest of these individuals does a tremendous disservice to SARC and the individuals it serves. It will have long-lasting effects and will put SARC further from the goal of meeting the mandated caseload ratios, which in turn affects the quality of case management and support. We respectfully request that this finding and resulting overpayment be dismissed by DDS.

Finding 2: Duplicate Payments and Overlapping Authorizations

SARC agrees to reimburse DDS \$791.79 in vendor overpayments due to duplicate payments/overlapping authorizations noted in the finding.

"Consumers First Through Service, Advocacy, Respect and Choice"

Serving Persons with Developmental Disabilities

Finding 3: Family Cost Participation Program

A. Late Assessments (Repeat)

SARC is reviewing and will revise its policies and procedures related to the Family Cost participation program and train staff to ensure that all letters go out in a timely manner in compliance with the regulations and that authorizations are entered correctly.

Please note and as stated in the audit exit on February 11, 2021, SARC takes exception to the language used in the DDS recommendation. The recommendation states that "SARC must take this issue seriously and ensure all FCPP assessments are completed at the time of the consumers' IPP or IFSP review." Assuredly I say to you that SARC takes all issues seriously. The final audit report becomes a public document, and the statement above does nothing but cast negative light on the work that SARC strives to do. We respectfully request that the language be removed/reworded.

B. Payments Above the Share of Cost

SARC agrees to reimburse DDS \$4,274.86 in overpayments which resulted from incorrectly paying for the families' share of cost noted in the finding.

Finding 4: Sensitive Equipment

Per the DDS recommendation in the finding, SARC has tagged the 34 smartphones with a state ID tag number. In addition, staff have been instructed, and are now aware of the equipment requirements. Attached is the inventory listing which reflects the addition of the smartphones and their corresponding serial number, acquisition date, and original cost.

Please do not hesitate to contact me if there are any questions.

Sincerely,



John Hunt, Chief Financial Officer

San Andreas Regional Center

jhunt@sarc.org

cc: Javier Zaldivar, SARC
Karla Cruz, SARC
Jim Knight, DDS