



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

Department of Developmental Services

October 12, 2022

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) conducted a fiscal compliance audit of Westside Regional Center (WRC) to ensure WRC 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 WRC 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 WRC'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 WRC's operations. A follow-up review was performed to ensure WRC has taken corrective action to resolve the findings identified in the prior DDS audit report.

Findings that need to be addressed.

Finding 1: Over/Underpayments Due to Incorrect Rates

The original sampled review of 88 POS vendor files revealed that two vendors, Premier Healthcare Services, Vendor Number PW5261, Service Code 28, and Aveanna Healthcare, Vendor Number HW0323, Service Code 62, were reimbursed at incorrect rates. WRC overpaid \$262,631.35 and underpaid \$92,944.39 to Premier Healthcare Services and overpaid \$342,232.32 and underpaid \$94,335.31 to Aveanna Healthcare, which resulted in overpayments totaling \$604,863.67 and underpayments totaling \$187,279.69. This resulted in net overpayment to the two vendors totaling \$417,583.97 from July 2019 through March 2021. We note that these two vendor numbers belong to the same owner. This is not in compliance with W&I Code, Section 4648.4(b) and CCR, Title 17, Section 57300(c).

WRC provided documentation with its response to the draft audit report indicating DDS incorrectly included retroactive payment units to the Premier Healthcare Services calculation. Therefore, DDS agrees that WRC actually overpaid \$191,170.05 and underpaid \$104,148.58 to Premier Healthcare Services. The revised net overpayments to the two vendors totals \$334,918.48 from July 2019 through March 2021.

Finding 2: Overstated Claims

The review of the operational indicator reports revealed an instance where WRC overstated \$2,357.97 on a claim for one vendor. The overstated claim was a duplicate payment. This is not in compliance with CCR, Title 17, Section 57300(c)(2).

Finding 3: Family Cost Participation Program

A. Overstated Share of Cost (Repeat)

The sampled review of 20 FCPP consumer files revealed that WRC continued to pay the share of cost for one consumer identified in the prior audit. This resulted in overpayments totaling \$1,911.98 from September 2018 through February 2019. This is not in compliance with CCR, Title 17, Section 50255(a)

DDS will conduct a follow-up during the next biennial audit to validate that WRC's new procedures for FCPP are being followed.

B. Late Assessments (Repeat)

The sampled review of 20 FCPP consumer files revealed two instances when WRC did not assess the parent's share of cost participation as part of the consumer's IPP or IFSP review. The assessments were completed 20 days or more after the signing of the IPP or IFSP. This issue was identified in three prior audit reports. This is not in compliance with CCR, Title 17, Section W&I Code, Section 4783(g)(1).

Finding 4: Sublease Rent Shortage

The review of WRC's four sublease agreements revealed WRC did not collect full rent from one sublessee, Lekavich Dental Corporation, when WRC did not adjust the rent to reflect the 3% annual rent increase. This resulted in a sublease rent shortage from July 2018 to July 2020 totaling \$3,582. WRC took corrective action by collecting \$3,286.95 from Lekavich Dental Corporation; \$295.05 is still remaining. This is not in compliance with WRC's Revocable License Agreement with Lekavich Dental Corporation, Section 9 and WRC's First Addendum to License Agreement with Lekavich Dental Corporation.

Finding 5: Annual Family Program Fee (Repeat)

The review of the AFPF revealed that WRC did not conduct any AFPF assessments in FYs 2018-19 and 2019-20. This issue was also noted in two prior DDS audit reports. In its response to the prior DDS audit reports, WRC agreed with the recommendation to implement the AFPF program procedures to comply with the regulations; however, WRC continues to not conduct AFPF assessments. This is not in compliance with W&I Code, Section 4785 (a)(1) and the DDS AFPF Program Fee Procedures II.B.

Finding 6: Equipment Inventory (Repeat)

The review of WRC's inventory process revealed weaknesses in its inventory procedures. It was noted that WRC continues to have missing equipment. WRC identified 52 missing items during its inventory; however, WRC did not complete a Property Survey Report (Std. 152) and police report (if applicable).

In addition, the review revealed WRC staff did not sign and date the inventory worksheets to document that a physical inventory was conducted at least once every three years. Lastly, the review of the Std.152 Forms revealed WRC disposed of equipment prior to receiving Department of General Services' (DGS) approval. This is not in compliance with the State Contract, Article IV, Section 4(a), the State Administrative Manual, Section 8652 and the State's Equipment Management System Guidelines, Sections III, E and F.

Finding 7: Board of Directors' (BOD) Conflict of Interest (COI) Statements

The review of 36 BOD COI statements revealed weaknesses in WRC's oversight of the BOD COI statements. The review revealed two board members did not have COI statements on file, four board members' COI statements were not signed and dated by the Governing Board reviewer, and WRC did not have COI resolution plans on file for two board members. This is not in compliance with W&I Code, Sections 4626(g) and (l), 4628 and CCR, Title 17, Section 54534(k).

Finding 8: Independent CPA Vendor Audits/Reviews Oversight

The review of the Vendor Independent CPA Audits/Reviews revealed a weakness in WRC's oversight of the Vendor Independent CPA Audits/Reviews. WRC utilized a spreadsheet to track the Vendor Independent CPA Audits/Reviews. However, the spreadsheet did not reconcile with the DDS list of vendors required to submit an Independent CPA Audit/Review. In addition, WRC did not send out follow-up letters to the vendors who are required to submit, but have not submitted, an audit

report or review for 2019. Lastly, WRC did not submit copies of the Independent CPA Audits/Reviews it received from the vendors to DDS. This is not in compliance with W&I Code Section 4652.5(a)(1)(A)(B) and (b), (d)(2) and CCR, Title 17, Section 54370(a).

Finding 9: Family Resource Center

The sample review of the FRC referrals forms revealed WRC did not consistently date the referral forms. The review noted 182 out of 279 referral forms were not dated to verify the consumers were aged 0 through 3 years. This is not in compliance with CCR, Title 17, Article 1, Section 52060.

Finding 10: Service Coordinator Caseload Ratio

The review of the service coordinator caseload survey revealed WRC did not retain FY 2018-19 documentation to ensure vacant positions were not included in the service coordinator's caseload ratio. In addition, WRC did not retain documentation to support its FY 2019-20 service coordinator caseload ratio sent to DDS for consumers with complex needs. This is not in compliance with W&I Code, Section 4640.6(e), State Contract, Article IV, Section 3(a) and the DDS Service Coordinator Caseload Survey Instructions, Paragraph 5.

Finding that has been addressed and corrected.

Finding 11: Targeted Case Management (TCM) Time Study – Recording of Attendance

The review of 20 sampled employee TCM Time Study forms (DS 1916) revealed that eight employees had hours recorded on the DS 1916s that did not match their time sheets. This is not in compliance with the TCM Rate Study Process and Instructions.

WRC took corrective action by providing the revised DS1916s to the DDS Federal Programs Operations Unit.

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, WRC 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 WRC's fiscal, administrative, and program operations.

DDS and Coastal Developmental Services Foundation, Inc. (CDSFI) entered into State Contract HD149003, effective July 1, 2014, through June 30, 2021. This contract specifies that CDSFI will operate an agency known as the WRC to provide services to individuals with DD and their families in Inglewood and Santa Monica West County Health Districts. The contract is funded by state and federal funds that are dependent upon WRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This WRC audit was conducted remotely from September 28, 2020, through December 11, 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 WRC.

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 WRC, 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 WRC.

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 WRC's financial statements. DDS limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that WRC was in compliance with the objectives identified above.

Accordingly, DDS examined transactions on a test basis to determine whether WRC 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 WRC.

DDS' review of WRC'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 June 23, 2020. It was noted that no management letter was issued for WRC. 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 WRC. 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 WRC.
- 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 WRC staff revealed that WRC 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 of WRC'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 WRC'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 WRC'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 WRC's Rate Study. DDS examined the month of May 2019 and traced the reported information to source documents.
- Reviewed WRC'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 WRC 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 WRC 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 WRC 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 WRC 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 WRC implemented the required RFP process, DDS performed the following procedures during the audit review:

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

- Reviewed sample vendor files to determine whether WRC is using appropriately vendorized service providers and correct service codes, and that WRC 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 WRC 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 WRC 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 WRC'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; and
- Self Determination.

XII. Follow-up Review on Prior DDS Audit Findings

As an essential part of the overall DDS monitoring system, a follow-up review of the prior DDS audit findings was conducted. DDS identified prior audit findings that were reported to WRC and reviewed supporting documentation to determine the degree of completeness of WRC'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, WRC 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 WRC 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 nine prior audit findings, it has been determined that WRC has taken appropriate corrective action to resolve five findings.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on June 17, 2022. The findings in the draft audit report were discussed at a formal exit conference with WRC on June 21, 2022. The views of WRC'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 WRC. 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: Over/Underpayments Due to Incorrect Rates

The sampled review of 88 POS vendor files revealed two vendors, Premier Healthcare Services, Vendor Number PW5261, Service Code 28 and Aveanna Healthcare, Vendor Number HW0323, Service Code 62 were reimbursed at incorrect rates. WRC overpaid \$262,631.35 and underpaid \$92,944.39 to Premier Healthcare Services, and overpaid \$342,232.32 and underpaid \$94,335.31 to Aveanna Healthcare, which resulted in overpayment amounts totaling \$604,863.67 and underpayments totaling \$187,279.69. The over/underpayments occurred when WRC incorrectly calculated minimum wage increases, while the underpayment occurred because WRC did not apply the approved Health and Safety rate increases for the two vendors. This resulted in net overpayments to the two vendors totaling \$417,583.97 from July 2019 through March 2021 since these two vendor numbers belong to the same owner. (See Attachment A)

WRC provided documentation with its response to the draft audit report indicating DDS incorrectly included retroactive payment units to the Premier Healthcare Services calculation. Therefore, WRC overpaid \$191,170.05 and underpaid \$104,148.58 to Premier Healthcare Services and the revised net overpayments to the two vendors totals \$334,918.48 from July 2019 through March 2021.

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

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

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

“Regional centers shall not reimburse vendors:

- (1) Unless they have a rate established pursuant to these regulations which is currently in effect; nor
- (2) For services in an amount greater than the rate established pursuant to these regulations.”

Recommendation:

WRC must reimburse to DDS the overpayments totaling \$334,918.48. In addition, WRC must correct the vendor’s payment rate.

Finding 2: Overstated claims

The review of the operational indicator reports revealed one instance where WRC overstated a claim totaling \$2,357.97 for one vendor. The overstated expense was due to a duplicate payment. (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:

WRC must reimburse to DDS the overstated expenses totaling \$2,357.97.

Finding 3: Family Cost Participation Program

A. Overstated Share of Cost (Repeat)

The sampled review of 20 FCPP consumer files revealed that WRC continued to pay the share of cost for one consumer identified in the prior audit. This resulted in overpayments totaling \$1,911.98 from September 2018 through February 2019. This occurred when the consumer’s authorization was not updated to reflect its share of cost. In its response to the prior DDS’ audit report, WRC stated that it would comply with the recommendation and ensure any changes to a consumer’s authorization are updated timely, so it does not pay for the families’ share of cost. However, this issue reoccurred until WRC

reassessed the consumer and adjusted the consumer authorization in February 2019, which went into effect in March 2019.
(See Attachment C)

DDS will conduct a follow-up during the next biennial audit to validate that WRC's new procedures for FCPP are being followed.

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

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

Recommendation:

WRC must reimburse to DDS a total of \$1,911.98 in overpayments that resulted from WRC paying above its share of cost.

B. Late Assessments (Repeat)

The sampled review of 20 FCPP consumer files revealed two instances where WRC did not assess the parent's share of cost participation as part of the consumer's IPP or IFSP review. The assessments were completed 20 days or more after the signing of the IPP or IFSP. This issue was identified in three prior audit reports. In its prior response, WRC agreed with the recommendation to ensure that assessments are completed as part of the consumer's IPP or IFSP but continues to be noncompliant with the FCPP requirements. (See Attachment D)

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.
- (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:

WRC must follow its revised policies and procedures to ensure it assesses the parent’s share of cost participation as part of the consumer’s IPP or IFSP review. This will ensure compliance with the W&I Code, Section 4783(g)(1)(A)(B)(C).

Finding 4: Sublease Rent Shortage

The review of WRC’s four sublease agreements revealed WRC did not collect full rent from one subleasee, Lekavich Dental Corporation from July 2018 to July 2020, totaling \$3,582. WRC took corrective action by collecting \$3,286.95 from Lekavich Dental Corporation with \$295.05 still remaining. This occurred when WRC did not adjust the rent to reflect the 3% annual rent increase.

WRC’s Revocable License Agreement with Lekavich Dental Corporation, Section 9 states:

“The Monthly Basic Fee component and the Monthly Expenses Fee component of the License Fee are to be delivered by Licensee to Licensor in a single payment at Suite 450 of the Property on the first day of each month as specified below, except when the first day of the month falls on a weekend or legal holiday...”

WRC’s First Addendum to License Agreement with Lekavich Dental Corporation states:

“Commencing May 1, 2014 Base Rent shall be amended to provide that Base Rent be \$2.15 per Rentable Square Foot (RSF) or the initial monthly Base Rent of \$2,741.25 based on 1,275 RSF (Suite 455), which shall be subject to annual increases of three percent (3%) of the prior Base Rent payable during the last month of the prior license year...”

Recommendation:

WRC must collect the remaining balance of \$295.05 from Lekavich Dental Corporation and offset it to the State claim.

Finding 5: Annual Family Program Fee (Repeat)

The review of the AFPF revealed that WRC did not conduct any AFPF assessments in FYs 2018-19 and 2019-20. This issue was also noted in the two prior DDS audit reports. In its response to the prior DDS audit reports, WRC agreed with the recommendation to implement the AFPF program procedures to comply with the regulations; however, WRC continues to not conduct AFPF assessments. WRC stated the assessments were not completed due to lack of staff resources.

W&I Code, Section 4785 (a)(1) states:

“(a) (1) Effective July 1, 2011, a regional center shall assess an annual family program fee, as described in subdivision (b), from parents whose adjusted gross family income is at or above 400 percent of the federal poverty level based upon family size and who have a child to whom all of the following apply:...”

DDS AFPF Program Fee Procedures II.B. states:

“Required Program Components for Regional Centers

B. Regional center shall complete the APF registration form with parents at the time of the consumer's individual program plan (IPP) or individualized family services plan (IFSP).”

Recommendation:

WRC must follow its revised AFPF policies and procedures to comply with the AFPF procedures developed by DDS to ensure compliance with W&I Code, Section 4785 (a)(1) and the DDS AFPF Procedures II.B.

Finding 6: Equipment Inventory (Repeat)

The review of WRC's inventory process revealed weaknesses in their inventory procedures. As a result, it was noted that WRC continues to have missing equipment. In its prior response, WRC agreed with the recommendation to ensure it adheres to all the requirements set forth in the State Contract regarding the safeguarding of State property; however, this issue reoccurred. The review revealed WRC identified 52 missing items during their inventory; however, WRC did not account for the equipment properly by completing a Std. 152 Form and police report (if applicable). WRC stated it was still searching for the missing equipment. (See Attachment E)

In addition, staff did not sign and date the inventory worksheets to document that a physical inventory was taken at least once every three years. Lastly, the review of the Std.152 forms revealed WRC disposed of equipment prior to receiving DGS approval. WRC stated the inventory worksheets were not signed and dated, and the Std. 152 forms were not approved by DGS prior to disposal due to unclear procedures on how to conduct the inventory.

Article IV, Section 4(a) of the contract between DDS and WRC states in part:

“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, F. Inventory of State-Owned Equipment states in part:

“The inventory will be conducted per State Administrative Manual (SAM) Section 8652.”

State Administrative Manual, Section 8652 states in part:

“Departments will make a physical inventory count of all property and reconcile the count with accounting records at least once every three years.

Departments are responsible for the developing and carrying out an inventory plan which will include:

2(b). Worksheets used to take inventory will be retained for audit and will show the date of inventory and the name of the inventory taker.”

State’s Equipment Management Guidelines, Section III, E. Disposition of State-Owned Equipment states:

“RCs will conform with the following guidelines for any state-owned equipment that is junked, recycled, lost, stolen, donated, destroyed, traded-in, transferred or otherwise removed from the control of the RC.

RCs shall work directly with their regional DGS office to properly dispose of state-owned equipment. RCs will complete a Property Survey Report (Std. 152) for all state-owned equipment subject to disposal. DGS must review and approve the Std. 152 before the equipment is actually disposed. A copy of the Std. 152 will be forwarded to CSS after the items have been disposed and all required approvals and certifications have been obtained. Another copy of the Std. 152 shall be forwarded to the RC Accounting Unit for posting. The RC will retain copies of all completed Std. 152s for audit purposes.

It is the responsibility of the RC to physically deliver the equipment to be disposed of the location specified in Std. 152 as approved by DGS.

Whenever state-owned equipment is lost, stolen, or destroyed, the RC will prepare a Std. 152. In addition to a complete description of the equipment involved, an attachment to the Std. 152 shall be prepared by the RC that includes a description of the events and precautions to be taken to prevent repeat situations. If the disappearance or destruction is due to suspected criminal activity, the RC will also file a report with their local law enforcement agency. Copies of any police reports related to the disappearance or destruction of state-owned equipment shall be attached to the Std. 152. A copy of the Std. 152 with attachments shall be sent to CSS, but does not need to be sent to DGS.”

Recommendation:

WRC must develop procedures that adheres to all of the requirements set forth in the State Contract regarding the safeguarding of State property. In addition, if WRC is unable to locate the missing items, the items must be reported to the proper authorities and properly removed from its inventory listing. This will ensure compliance with the State Contract, Article IV, Section 4(a) and the State’s Equipment Management System Guidelines.

Finding 7: Board of Directors Conflict of Interest (COI) Statements

The review of the BOD COI statements revealed weaknesses in its’ oversight of the BOD COI statements. The review revealed two board members did not have COI statements on file, four board members’ COI statements were not signed and dated by the Governing Board reviewer and WRC did not have COI resolution plans on file for two board members. WRC stated the COI resolution plans were not completed

because it was not aware it had to be done annually and thought the previous COI resolution plans were adequate to use in subsequent years.

W&I Code, Section 4626(g) states:

“Every regional center board member and regional center employee referenced in subdivision (e) shall complete and file the conflict-of-interest statement by August 1 of each year.”

W&I Code, Section 4626(l) states:

“The department and the regional center governing board shall review the conflict-of-interest statement of the regional center executive director and each regional center board member to ensure that no conflicts of interest exist. If a present or potential conflict of interest is identified for a regional center director or a board member that cannot be eliminated, the regional center governing board shall, within 30 days of receipt of the statement, submit to the department and the state council a copy of the conflict-of-interest statement and a plan that proposes mitigation measures, including timeframes and actions the regional center governing board or the individual, or both, will take to mitigate the conflict of interest.”

W&I Code, Section 4628 states:

“If, for good reason, a contracting agency is unable to meet all the criteria for a governing board established in this chapter, the director may waive those criteria for a period of time, not to exceed one year, with the approval of the state council.”

CCR, Title 17, Section 54534(k), states:

“A new proposed Conflict Resolution Plan shall be submitted to the Department on an annual basis and upon any change of status that creates a present or potential conflict of interest.”

Recommendation:

WRC should improve their BOD COI review and record maintenance process to ensure the BOD COI statements are maintained, signed and dated by the Governing Board reviewer and COI resolution plans are completed to be in compliance with WIC and Title 17.

Finding 8: Independent CPA Vendor Audit/Review Oversight

The review of the Vendor Independent CPA Audit/Reviews revealed a weakness in WRC's oversight of the Vendor Independent CPA Audit/Reviews. WRC utilized a spreadsheet to track the Vendor Independent CPA Audit/Reviews. However, the spreadsheet did not reconcile with the DDS list of vendors required to submit an Independent CPA Audit/Review that was provided to WRC. In addition, WRC did not send out follow-up letters to the vendors who are required to, but have not, submitted an audit report or review for 2019. Lastly, WRC did not submit copies of the Independent CPA Audit/Reviews it received from the vendors to DDS. WRC stated these issues occurred due its inconsistent oversight of the Independent CPA Audit/Reviews.

W&I Code Section 4652.5(a)(1)(A)(B) and (b) states in part:

- “(a)(1) An entity receiving payments from one or more regional centers shall contract with an independent accounting firm for an audit or review of its financial statements subject to all of the following:
- (A) When the amount received from the regional center or regional centers during the entity's fiscal year is more than or equal to five hundred thousand dollars (\$500,000) but less than two million dollars (\$2,000,000), the entity shall obtain an independent review report of its financial statements for the entity's fiscal year that includes the last day of the most recent state fiscal year.
 - (B) If the amount received from the regional center or regional centers during each state fiscal year is equal to or more than two million dollars (\$2,000,000), the entity shall obtain an independent audit of its financial statements for the entity's fiscal year that includes the last day of the most recent state fiscal year.
- (b) An entity subject to subdivision (a) shall provide copies of the independent audit or independent review report required by subdivision (a), and accompanying management letters, to the vendoring regional center within 9 months of the end of the entity's fiscal year.”

W&I Code, Section 4652.5(d)(2), states:

“A regional center shall submit copies of all independent audit reports that it receives to the department for review. The department shall compile data, by regional center, on vendor compliance with audit requirements and opinions resulting from audit reports and shall annually publish the data in the performance dashboard developed pursuant to Section 4572.”

CCR, Title 17, Section 54370(a) states:

“(a) The vendoring regional center shall be responsible for ensuring that vendors within its service catchment area comply with the vendorization requirements.”

Recommendation:

WRC must implement its revised policies and procedures to ensure it is properly tracking and following up with vendors who are required to, but have not, submitted an audit report or review, and that the Independent Audit/Review received from the vendors are submitted to DDS. Failure to receive these reports limits WRC’s ability to detect vendor issues that may adversely affect services.

Finding 9: Family Resource Center

The sampled review of the 279 FRC referrals revealed WRC did not consistently date the referrals forms. The review revealed 82 FRC referrals were not dated to indicate the consumers were 0-3 years.

CCR, Title 17, Article 1, Section 52060 states:

“The Regional Center or LEA [local education agency] that receives an oral or written referral for early intervention services shall ensure that:

(a) The date of the referral is documented in the infant’s or toddler’s record.

Recommendation:

WRC must follow its revised policies and procedures to ensure it is consistently dating the FRC referrals to verify the age of the consumers.

Finding 10: Service Coordinator Caseload Ratio

The review of the service coordinator caseload ratio documentation revealed WRC did not retain documentation to ensure vacant positions in FY 2018-19 were not included in the service coordinator caseload ratios. In addition, WRC did not retain documentation to support its FY 2019-20 service coordinator caseload ratio sent to DDS for the consumers with complex needs.

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

“Contractor shall keep records, as follows:

- a. The Contractor shall maintain books, records, documents, case files, and other evidence pertaining to the budget, revenues, expenditures, and consumers served under this contract.”

DDS Service Coordinator Caseload Survey Instructions, Paragraph 5 states:

“For audit purposes, the center must maintain supporting documentation for a minimum of three years. The law requires the Department, as part of its routine auditing responsibility, to review and verify documentation used to respond to this survey.”

W&I Code, Section 4640.6(e) states:

“In order to ensure that caseload ratios are maintained pursuant to this section, each regional center shall provide service coordinator caseload data to the department, annually for each fiscal year. The data shall be submitted in the format, including the content, prescribed by the department. Within 30 days of receipt of the data submitted pursuant to this subdivision, the department shall make a summary of the data available to the public upon request. The department shall verify the accuracy of the data when conducting regional center fiscal audits.”

Recommendation:

WRC must follow its revised policies and procedures to ensure it is maintaining documentation to support its service coordinator caseload ratios reported to DDS.

Finding that has been addressed and corrected.

Finding 11: Targeted Case Management (TCM) Time Study – Recording of Attendance

The review of 20 sampled employee DS 1916s revealed eight employees had hours recorded on the DS 1916s that did not match the time sheets. This resulted in 16.25 allowable hours, 4.5 unallowable hours and 3.5 other hours as overstated, and 17.5 time-off hours as understated. This occurred when the service coordinator supervisors did not properly review the DS1916s.

WRC took corrective action by providing the revised DS1916s to the DDS Federal Programs Operations Unit.

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.”

Recommendation:

WRC must reevaluate its current procedures and determine if additional controls need to be implemented to ensure that service coordinator supervisors are reviewing and reconciling the DS 1916s to time sheets prior to submission to DDS.

EVALUATION OF RESPONSE

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

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

Findings that need to be addressed.

Finding 1: Over/Underpayments Due to Incorrect Rates

WRC concurs with the overpayments totaling \$342,232.32 and underpayments totaling \$94,335.31 to Aveanna Healthcare, Vendor Number HW0323, Service Code 62 and stated it is in the process of correcting the rate discrepancy.

However, WRC does not agree with the DDS' calculation of the overpayments totaling \$262,631.35 and underpayments totaling \$92,944.39 to Premier Healthcare Services, Vendor Number PW5261, Service Code 28. WRC indicated that DDS' calculation included an incorrect number of units billed for Subcodes V11R, VN6R and VNXR. DDS reviewed WRC's worksheets and concurs with WRC's assessment that the total number of units for one of their SB3 Minimum Wage 2020 Rate Adjustment Worksheets was incorrect, but does not agree with WRC that the units should be 96,849. Further review found the units should be 81,122, and a rate adjustment of \$0.65, instead of \$0.55 calculated by WRC. Therefore, overpayment and underpayment to Premier Healthcare is \$191,170.05 and \$104,148.58, respectively.

WRC must reimburse DDS the net overpayment to the two vendors totaling \$334,918.48 from July 2019 through March 2021.

Finding 2: Overstated Claims

WRC stated it will collect the overpayment of \$2,357.97 from the vendor and plans to make an adjusting claim to DDS to offset the duplicate payment. DDS considers this issue unresolved until documentation is provided to verify the claim was offset by \$2,357.97.

Finding 3: Family Cost Participation Program

WRC provided DDS with its' newly implemented FCPP procedures and form to be completed by the service coordinator and parents to ensure the FCPP assessments are completed within the 10 working days after the parents sign the IPP. In addition, WRC stated that it is fully prepared to implement FCPP assessments when re-instated by the State. However, WRC did not address the overpayments due to share of cost it continued to pay which was the responsibility of the consumer's parents. WRC must reimburse DDS for the overpayments totaling \$1,911.98 from September 2018 through February 2019. DDS will conduct a follow-up during the next biennial audit to validate that WRC's new procedures for FCPP are being followed and that the overpayment is reimbursed.

Finding 4: Sublease Rent Shortage

WRC provided documentation indicating it has collected the \$295.05 balance from Lekavich Dental Corporation and stated it will adjust its August State claim. This item remains outstanding since WRC has not yet submitted its' August claim to DDS.

Finding 5: Annual Family Program Fee (Repeat)

WRC explained that due to its lack of staff resources and proper procedures, it was unable to comply with the AFPF requirement. In addition, WRC provided DDS with its' revised AFPF procedures and stated that it is fully prepared to implement the AFPF when it is re-instated by the State. DDS will conduct a follow-up during the next biennial audit to validate that WRC's revised procedures for AFPF are being followed.

Finding 6: Equipment Inventory (Repeat)

WRC stated it is committed to maintaining an accurate and current inventory. It is currently updating the equipment procedures to include more detailed processes, senior management oversight and timely reporting. DDS will conduct a follow-up during the next biennial audit to validate that WRC's updated procedures for equipment inventory are being followed.

Finding 7: Board of Directors' (BOD) Conflict of Interest (COI) Statements

WRC acknowledges the BOD COI statements were not properly completed. In addition, WRC stated the current BOD COI statements have been completed and going forward it will ensure the BOD and staff COIs are completed properly and timely. DDS will conduct a follow-up during the next biennial audit to determine whether this issue has been resolved.

Finding 8: Independent CPA Vendor Audits/Reviews Oversight

WRC provided DDS its' newly implemented Vendor Independent CPA/Review procedures with stricter oversight to ensure compliance with the requirements. DDS will conduct a follow-up during the next biennial audit to validate that WRC's procedures for Vendor Independent CPA/Review procedures are being followed.

Finding 9: Family Resource Center

WRC provided DDS its' newly implemented procedures to ensure it is consistently dating the FRC referrals to verify the age of the consumers. DDS will conduct a follow-up during the next biennial audit to validate that WRC's updated FRC process is being followed.

Finding 10: Service Coordinator Caseload Ratio

WRC provided DDS its' newly implemented procedures which includes a list of all reports required to be retained to support the data captured on the caseload report to ensure compliance with the service coordinator caseload requirements. DDS will conduct a follow-up during the next biennial audit to validate that WRC's new procedures are being followed.

**Westside Regional Center
Overpayments Due to Incorrect Rates
Fiscal Years 2018-19 and 2019-20**

No.	Vendor Number	Vendor Name	Service Code	Sum of Overpayment/ Underpayment
1	HW0323	AVEANNA PRSNAL ASST-AGNCY	62	\$342,232.32
2	HW0323	AVEANNA PRSNAL ASST-AGNCY	62	(\$94,335.31)
Total Overpayment for AVEANNA PRSNAL ASST-AGNCY				\$247,897.01
3	PW5261	PREMIER HEALTHCARE SRVS	28	\$191,170.05
4	PW5261	PREMIER HEALTHCARE SRVS	28	(\$104,148.58)
Total Overpayment for PREMIER HEALTHCARE SRVS				\$87,021.46
TOTAL NET OVERPAYMENT				\$334,918.48

**Westside Regional Center
Overstated Claims
Fiscal Years 2018-19 and 2019-20**

No.	Vendor Number	Vendor Name	Unique Client Identification Number	Service Code	Authorization Number	Payment Period	Overpayment
1	PW5492	KAI-TEZ, Incorporated	7612783	896	19432878	Oct-18	\$2,357.97
Total Overpayments							\$2,357.97

**Westside Regional Center
FCPP - Overstated Share of Cost (Repeat)
Fiscal Years 2018-19 and 2019-20**

No.	Unique Client Identification Number	Authorization	Service Month	WRC Share of Cost	Amount Paid	Overpayments
1	7615359	19364158	Sep-18	\$231.60	\$270.20	\$38.60
2		19364158	Oct-18	\$231.60	\$270.20	\$38.60
3		19364158	Nov-18	\$231.60	\$270.20	\$38.60
4		19364158	Dec-18	\$231.60	\$270.20	\$38.60
5		19364158	Jan-19	\$250.20	\$285.88	\$35.68
6		19364158	Feb-19	\$250.20	\$285.88	\$35.68
7		19383780	Sep-18	\$1,201.02	\$1,493.16	\$292.14
8		19383780	Oct-18	\$1,201.02	\$1,412.01	\$210.99
9		19383780	Nov-18	\$1,201.02	\$1,493.16	\$292.14
10		19383780	Dec-18	\$1,201.02	\$1,493.16	\$292.14
11		19383780	Jan-19	\$1,271.32	\$1,614.60	\$343.28
12		19383780	Feb-19	\$1,271.32	\$1,526.85	\$255.53
Total Overpayments Due to Overstated Share of Cost FYs 2018-19 & 2019-20						\$1,911.98

**Westside Regional Center
FCPP - Late Assessments (Repeat)
Fiscal Years 2018-19 and 2019-20**

No.	Unique Client Identification Number	Date IPP Signed	Date Assessed	Days Between IPP and Assessment
1	7910235	5/31/2018	7/5/2018	25
2	7637301	4/5/2019	5/8/2019	23

**Westside Regional Center
Equipment Inventory (Repeat)
Fiscal Years 2018-19 and 2019-20**

No.	Description	Serial Number	State Tag Number
1	RCA 27"	37321193	330683
2	UPS-APC2200RM	-	340269
3	HP LJ1022	CNBC55D106	340279
4	JVC	HR-XVC1u/M	340345
5	HP LJ P2015	SCNBJB42364	351507
6	SONY VAIO CW2HGX	S013127625A	357282
7	SONY VIAO EBIGGX	S013105421A	357302
8	SONY TX7 XGA	P90951600C	357311
9	SONY VAIO IBIGGXIBI	S013103692A	357321
10	APC SMARTUPS NETPAK	SJS1026021821	357398
11	APC SMARTUPS NETPAK	SQS1040352599	370080
12	APC SMARTUPS NETPAK	SQS1040352595	370081
13	APC SMARTUPS NETPAK	SQS1040352598	370082
14	BATTERY PACK	SQS1046352408	370090
15	BATTERY PACK	SQS1046352407	370091
16	BATTERY PACK	SQS1046352403	370092
17	CISCO 802	SFTX1439S24M	370105
18	TRIPP 12KBTU AC	-18400772	370109
19	TRIPP 12KBTU AC	-18400782	370111
20	FLUKE CABLE IQ ADV. IT KIT	1482344	370116
21	APC SMARTUPS NETPAK 3000XL	SJS1038016731	370130
22	APC SMARTUPS XL 48V	SQS1047155801	370133
23	IPAD2	DKVK502LDJHG	370135
24	APPLE IPAD 2, 32GB	DLXFP4RSDKPM	370143
25	APPLE IPAD 2, 32GB	DLXFP9F66DKPM	370152
26	SMART SBX880i5	R2-0033013	370175
27	SAM SERIES (SANSUNG)	HPRG91GC500170N	370195
28	APPLE IPAD W/RETINA 32GB	-	370200
29	SONY 712676	1815028	370241
30	IPHONE 6 128	F78NDDVMG5ML	370267
31	IPHONE 6 128	F17ND1VXG5MK	370268
32	IPAD AIR 128GB	DMPNF0J3FKYC	377830
33	IPAD AIR 128GB	DMPNF07MFKYH	377831
34	IPAD AIR 128GB	DMPNF022FKYH	377832
35	IPHONE 6PLUS 128GB	FK1NK5H9G5QM	377838
36	IPAD AIR 128GB	DMPNF0ADFKYH	377840
37	IPHONE 6PLUS 128GB	FK11NN0DVG5QN	377843
38	IPHONE 6PLUS 128GB	FK1NR7PAG5QP	377845

**Westside Regional Center
Equipment Inventory (Repeat)
Fiscal Years 2018-19 and 2019-20**

No.	Description	Serial Number	State Tag Number
39	APPLE IPHONE 6PLUS 128GB	FK1NXBFMG5QM	377860
40	APPLE IPAD AIR 2 64BG	DMPP6WPUG5YL	377877
41	APPLE IPAD AIR 2 64BG	DMPNXAT1G5YM	377878
42	IVATION portable rechargeable projector HDMI	WPJMP70W-69	377881
43	Epson Powerlite 1761W, WGA wireless 2600 Lumens Projector	RFCK4YO1386	377883
44	LENOVO THINKPAD T540P	R90G18G2	377914
45	DELL LATITUDE E5470	14H9DC2	386239
46	Dell Inspiron 15	1THY3F2	386279
47	IPAD 9.7" 32gb	-	386282
48	IPAD 9.7" 32gb	DMPTRCB2HLJJ	386299
49	IPAD 9.7" 32gb	F9FV123PHLJJ	386300
50	IPAD 9.7" 32gb	F9FV12JQHLJJ	386304
51	-	-	386318
52	IPAD 9.7" 32gb	F9FTCCKDHLJJ	386319

APPENDIX A

WESTSIDE REGIONAL CENTER

**RESPONSE
TO AUDIT FINDINGS**

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



August 8, 2022

Mr. Ed Yan
Research, Audits and Evaluation Branch
Department of Developmental Services
1215 O Street, MS 8-20
Sacramento, CA 95814

Dear Mr. Yan,

We appreciate you and your team meeting with us to discuss our draft audit report. For the most part, we agree with the findings and are taking steps to correct and eliminate future findings. Westside Regional Center (WRC) is submitting the following response, to address the Fiscal Year 18-19 and 19-20 audit findings listed in the draft audit report dated June 17, 2022:

Finding 1: Over/Underpayments Due to Incorrect Rates

WRC agrees with the overpayment and underpayment incurred to Aveanna Healthcare, Vendor Number HW0323 in the amount of \$342,232.32 and \$94,335.31, overpayment and underpayment, respectively. WRC is in the process of correcting the rate discrepancy and has conveyed the documentation of overpayment and underpayment to Premier/Aveanna.

However, WRC is not in agreement with the Department's calculation of overpayments and underpayments made to Premiere Healthcare, Vendor Number PW5261 in the amount of \$262,631.35 and \$92,944.39, overpayment and underpayment, respectively. Based on WRC's review of the total number of units billed by Premier Healthcare from July 2019 to September 2019 for Vendor Number: PW5261, Subcodes: V11R, VN6R & VNXR, it appears DDS captured both the original number of units billed to WRC and the number of units entered for retro payments due to MWRA 2020 rate adjustments. Thus, the total number of units from July 2019 through September 2019 as applied in DDS' calculation of the MWRA 2020 Workbook are overstated by 63,981 units. As a result, the MWRA 2020 rate adjustment amount was calculated to be \$0.33 (using 160,830 units). Using the correct number of units (96,849) to calculate the MWRA 2020, the rate adjustment produced is \$0.55, a difference of \$0.22 from the DDS calculated adjustment.

Therefore, the overpayment and underpayment made to Premier Healthcare, Vendor Number PW5261-028 is \$212,996.02 and \$155,667.52, respectively, for a net overpayment of \$57,328.50. The spreadsheet with the detail of the calculation will be sent in a separate communication.

Finding 2: Overstated Claims:

WRC has collected the overpayment of \$2,357.97, from the vendor and will be making an adjusting claim to the department to offset the duplicate claim by September 2022. WRC will forward a copy of the journal entry for this adjustment.

Finding 3: Family Cost Participation Program

WRC has developed new procedures and a new form to be completed by the Service Coordinator and the parents to ensure the FCPP assessment is completed within the 10 working days after parents sign the IPP. These documents were previously submitted to the department. Currently the FCPP is suspended until June 30,2023. WRC is fully prepared to implement FCPP when it is re-instated by the state.

Finding 4: Partial Sublease Rent Received

The outstanding balance per the draft audit report has been collected. An adjustment to the state claim will be made in August. WRC will forward a copy of the journal entry in a separate communication.

Finding 5: Annual Family Program Fee

Although in previous years, WRC had consistently been in compliance with implementing this program, lack of staff resources and proper procedures impeded the timely performance of this requirement. WRC has revised its procedures on the Annual Family Program Fee (AFPF). Currently, the AFPF program is suspended until June 30,2023. WRC is fully prepared to implement AFPF when it is re-instated by the state.

Finding 6: Equipment Inventory

Per the department's recommendation, we are currently updating our procedures to include more detailed processes, senior management oversight, and timely reporting. WRC is committed to maintaining an accurate and current inventory of all applicable equipment at all times.

Finding 7: Board of Directors' (BOD) Conflict of Interest (COI) Statements:

WRC acknowledges the COI documents for Board members were not properly completed during this audit period. Most of the Board members identified in the audit are no longer on

the WRC Board of Directors. Every effort was made to get these documents completed properly. At the present time, WRC Board of Directors' (BOD) Conflict of Interest (COI) Statements for current directors have been completed. Going forward, WRC will ensure the COI for Board members and staff are completed properly and timely.

Finding 8: Independent CPA Vendor Audits/Reviews Oversight

To ensure that WRC is in compliance with this requirement, WRC has developed new procedures. Stricter oversight will be conducted to ensure timely and full compliance with this requirement. These procedures have been submitted to the Department in a previous communication.

Finding 9: Family Resource Center

WRC has established a new process to address this finding per the Department's recommendation. This procedure was included in a previous communication.

Finding 10: Service Coordinator Caseload Ratio

A new procedure has been developed which includes a list of all reports required to be retained to support the data on the caseload report. WRC is committed to following this new procedure to ensure compliance with this requirement and has been sent previously to the department for review.

Thank you for providing WRC the opportunity to respond to the draft audit report. Should you have any questions, please do not hesitate to contact me at 310.258.4228.

Sincerely,



Danny Franco
Director of Finance
Westside Regional Center

Committed To Providing Support And Services To People With Developmental Disabilities

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