

**DEPARTMENT OF DEVELOPMENTAL SERVICES**

1600 NINTH STREET, Room 320, MS 3-9  
SACRAMENTO, CA 95814  
TTY 654-2054 (For the Hearing Impaired)  
(916) 654-1958



June 14, 2017

Margaret Shipp, Board Chair  
Far Northern Coordinating Council on Mental Retardation and DD, Inc.  
240 Skyline  
Oroville, CA 95966-9455

Dear Ms. Shipp:

The Audit Branch of the Department of Developmental Services (DDS) completed the audit of Far Northern Regional Center (FNRC). The period of review was from July 1, 2014, through June 30, 2016. The enclosed final audit report discusses the areas reviewed along with the findings and recommendations. The final audit report includes the response submitted by FNRC, which is labeled as Appendix A, and DDS' reply which is on page 18.

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

Department of Developmental Services  
Attn: John Doyle, Chief Deputy Director  
1600 Ninth Street, Room 240, MS 2-13  
Sacramento, CA 95814

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

If you have any questions regarding the audit report, please contact Edward Yan, Manager, Audit Branch, at (916) 654-3695.

Sincerely,

A handwritten signature in cursive script that reads "Brian Winfield".

BRIAN WINFIELD  
Deputy Director  
Community Services Division

Enclosures

cc: See next page

**"Building Partnerships, Supporting Choices"**

Margaret Shipp, Board President  
June 14, 2017  
Page two

cc: Laura Larson, FNRC  
Mike Mintline, FNRC  
Karen Petruzzi, DHCS  
Jean Johnson, DDS  
Vicky Lovell, DDS  
Rapone Anderson, DDS  
Tim Gonsalves, DDS  
Yasir Ali, DDS  
Carie Powell, DDS  
Edward Yan, DDS  
Ellen Nzima, DDS  
Soi Ly, DDS

**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.

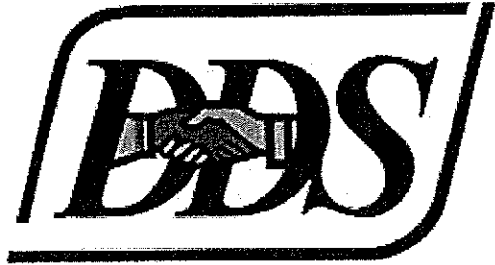
(b) If the appellant does not submit the written request within the 30-day period, the appeals review officer shall deny such request, and all audit exceptions or findings in the report shall be deemed final unless the appellant establishes good cause for late filing.

(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  
FAR NORTHERN CENTER  
FOR FISCAL YEARS 2014-15 AND 2015-16**

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Department of Developmental Services

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

Jean Johnson, Deputy Director, Administration Division  
Edward Yan, Manager, Audit Section  
Luciah Ellen Nzima, Chief of Regional Center Audits, Audit Section  
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## EXECUTIVE SUMMARY

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The Department of Developmental Services (DDS) conducted a fiscal compliance audit of Northern Regional Center (FNRC) to ensure FNRC is compliant with the requirements set forth in the California Code of Regulations (CCR), Title 17, the California Welfare & Institutions (W&I) Code, the Home and Community-Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract with DDS. Overall, the audit indicated that FNRC maintains accounting records and supporting documentation for transactions in an organized manner. This report identifies some areas where FNRC'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 FNRC's operations. A follow-up review was performed to ensure FNRC has taken corrective action to resolve the findings identified in the prior DDS audit report.

### Findings that need to be addressed.

#### **Finding 1: Family Cost Participation Program – Late Assessments**

The sampled review of 24 Family Cost Participation Program (FCPP) consumer files revealed three instances where FNRC did not assess the parents' share of cost participation as part of the consumer's Individual Program Plan (IPP) or Individualized Family Service Plan (IFSP) review. The assessments were completed 40 days or more after the signing of the IPP or IFSP. This is not in compliance with W&I Code, Section 4783(g)(1)(A), (B) and (C).

#### **Finding 2: Bank Signature Cards Not Updated**

The review of FNRC's bank signature cards revealed that the signature cards for one bank account is not up to date. The signature card is still in the names of prior DDS Deputy Directors. This is not in compliance with the State Contract, Article III, Sections 3(f) and (g).

*REVISED SIGNATURE CARDS  
SUBMITTED TO DDS 5/19/17.  
MMU.*

### Finding that has been addressed and corrected.

#### **Finding 3: Parental Fee Program**

The review of the Parental Fee Program (PFP) revealed that FNRC was not notifying DDS of new placements, terminated cases, or client deaths for consumers identified under the PFP. This is not in compliance with CCR, Title 17, Section 50225(b).

FNRC provided documentation indicating it now submits a listing of placements to DDS.

## BACKGROUND

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DDS is responsible, under the Lanterman Developmental Disabilities Services Act (Lanterman Act), for ensuring that persons with developmental disabilities (DD) receive the services and supports they need to lead more independent, productive, and normal lives. To ensure that these services and supports are available, DDS contracts with 21 private, nonprofit community agencies/corporations that provide fixed points of contact in the community for serving eligible individuals with DD and their families in California. These fixed points of contact are referred to as regional centers (RC). 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 and 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 (CPA) to conduct an annual financial statement audit. The DDS audit is designed to wrap around the independent CPA's audit to ensure comprehensive financial accountability.

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

DDS and the Far Northern Coordinating Council (FNCC) on DD entered into State Contract, HD149005, effective July 1, 2014, through June 30, 2021. This contract specifies that FNCC will operate an agency known as the Far Northern Regional Center (FNRC) to provide services to individuals with DD and their families in the Butte, Glen, Lassen, Modoc, Plumas, Shasta, Siskiyou, Tehama and Trinity Counties. The contract is funded by state and federal funds that are dependent upon FNRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at FNRC from July 25, 2016, through August 19, 2016, and was conducted by the Audit Section of DDS.



## **AUTHORITY**

The audit was conducted under the authority of California's W&I Code, Section 4780.5 and Article IV, Section 3, of the State Contract.

## **CRITERIA**

The following criteria were used for this audit:

- California's W&I Code,
- "Approved Application for the HCBS Waiver for the Developmentally Disabled",
- CCR, Title 17,
- Federal Office of Management Budget (OMB) Circular A-133, and the
- State Contract between DDS and FNRC, effective July 1, 2014.

## **AUDIT PERIOD**

The audit period was July 1, 2014, through June 30, 2016, with follow-up, as needed, into prior and subsequent periods.

## OBJECTIVES, SCOPE, AND METHODOLOGY

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

- To determine compliance with the W&I Code (or the Lanterman Act),
- To determine compliance with CCR, Title 17 regulations,
- To determine compliance with the provisions of the HCBS Waiver Program for the Developmentally Disabled,
- To determine compliance with OMB Circular A-133, and
- To determine that costs claimed were in compliance with the provisions of the State Contract.

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 FNRC's financial statements. DDS limited the scope to planning and performing audit procedures necessary to obtain reasonable assurance that FNRC was in compliance with the objectives identified above. Accordingly, DDS examined transactions on a test basis, to determine whether FNRC was in compliance with the Lanterman Act, CCR, Title 17, the HCBS Waiver for the Developmentally Disabled, OMB Circular A-133, and the State Contract.

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

DDS reviewed the annual audit reports that were conducted by an independent accounting firm for Fiscals Years (FY) 2014-15 and 2015-16, issued on November 24, 2014, and February 4, 2016, respectively. It was noted that no management letter was issued for FNRC. 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 FNRC. The rates charged for the services provided to individual consumers were reviewed to ensure that the rates paid were set in accordance with the provisions of CCR, Title 17 and the W&I Code.
- DDS selected a sample of individual Consumer Trust Accounts to determine if there were any unusual activities and whether any account balances exceeded \$2,000, as prohibited by the Social Security Administration. In addition, DDS determined if any retroactive Social Security benefit payments received exceeded the \$2,000 resource limit for longer than nine months. DDS also reviewed these accounts to ensure that the interest earnings were distributed quarterly, personal and incidental funds were paid before the tenth of each month, and that proper documentation for expenditures was maintained.
- The Client Trust Holding Account, an account used to hold unidentified consumer trust funds, was tested to determine whether funds received were properly identified to a consumer or returned to the Social Security Administration in a timely manner. An interview with FNRC staff revealed that FNRC has procedures in place to determine the correct recipient of unidentified consumer trust funds. If the correct recipient cannot be determined, the funds are returned to the Social Security Administration, or other source, in a timely manner.
- DDS selected a sample of Uniform Fiscal Systems (UFS) reconciliations to determine if any accounts were out of balance or if there were any outstanding items that were not reconciled.
- DDS analyzed all of FNRC's bank accounts to determine whether DDS had signatory authority, as required by the contract with DDS.
- DDS selected a sample of bank reconciliations for Operations (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 FNRC's accounting staff had been properly inputting data, transactions were recorded on a timely basis and expenditures charged to various operating areas were valid and reasonable. The following procedures were performed:

- A sample of the personnel files, timesheets, payroll ledgers, and other support documents were selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of OPS expenses, including, but not limited to, purchases of office supplies, consultant contracts, insurance expenses, and lease agreements were tested to determine compliance with 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 FNRC'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 is the study that determines the DDS rate of reimbursement from the federal government. The following procedures were performed upon the study:

- Reviewed applicable TCM records and FNRC's Rate Study. DDS examined the months of March 2014 and April 2015, and traced the reported information to source documents.
- Reviewed FNRC's TCM Time Study. DDS selected a sample of payroll timesheets for this review and compared it 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 W&I Code, Section 4640.6(e), RCs are required to provide service coordinator caseload data to DDS. The following average service coordinator-to-consumer ratios apply per W&I Code, section 4640.6(c)(3):

- A. For all consumers that are three years of age or younger and for consumers enrolled in the HCBS Waiver, the required average ratio shall be 1:62.

- B. For all consumers who have moved from a developmental center to the community since April 14, 1993, and have lived continuously in the community for at least 12 months, the required average ratio shall be 1:62. The required average ratio shall be 1:45 for consumers who have moved within the first year.
- C. For all consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not covered under subparagraph A above, the required average ratio shall be 1:66. The 1:66 ratio was lifted in February 2009, upon imposition of the 3 percent operations reduction to regional centers as required per W&I Code, section 4640.6(i) and (j). The ratio continued to be suspended from July 2010 until July 2012 with imposition of the subsequent 4.25 percent and 1.25 percent payment reductions.

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

#### V. **Early Intervention Program (Part C Funding)**

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

For this program, DDS reviewed the Early Intervention Program, including the Early Start Plan and Federal Part C funding to determine if the funds were properly accounted for in the regional center's accounting records.

#### 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 FNRC was in compliance with CCR, Title 17, and the W&I Code, DDS performed the following procedures during the audit review:

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

- Reviewed vendor payments to verify that FNRC 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 income level of families with children between the ages of 0 through 17 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 FNRC was in compliance with the W&I Code, DDS requested a list of AFPF assessments and verified the following:

- The adjusted gross family income is at, or above, 400 percent of the Federal poverty level based upon family size.
- The child has a developmental disability or is eligible for services under the California Early Intervention Services Act.
- The child is less than 18 years of age and lives with his or her parent.
- The child or family receives services beyond eligibility determination, needs assessment, and service coordination.
- The child does not receive services through the Medi-Cal program.
- Documentation was maintained by the regional center 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 a 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 normal child at home, as determined by the Director of DDS, or (2) the cost of services provided, whichever is less. To determine whether FNRC is in compliance with the W&I Code, DDS requested a list of PFP assessments and verified the following:

- Identified all children with DD who are receiving the following services:
  - (a) All 24-hour out-of-home community care received through an RC for children under the age of 18;
  - (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.
- Within 10-working days after placement of a minor child, provide the parent(s) a package containing an informational letter, a Family Financial Statement (FFS), and a return envelope.
- A copy of each informational letter given or sent to parent(s), indicating the addressee and the date given or mailed, shall be submitted to DDS.

## **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, as amended. To determine whether FNRC implemented the required RFP process, DDS performed the following procedures during the audit review:

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

DDS performed the following procedures to determine compliance with Article II of the State Contract for new contracts:

- Selected a sample of Operational, Start-Up and negotiated POS contracts subject to competitive bidding to ensure FNRC notified the vendor community and the public of contracting opportunities available.
- Reviewed the contracts to ensure that FNRC has adequate and detailed documentation for the selection and evaluation process of vendor proposals, written justification for final vendor selection decisions, and 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 new contracts:

- Reviewed to ensure FNRC 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 FNRC board approved Operational, Start-Up, and POS vendor contracts of \$250,000 or more, to ensure the inclusion of a provision for fair and equitable recoupment of funds for vendors that cease to provide services to consumers. Verified that the funds provided were specifically used to establish new or additional services to consumers, that the usage of funds is of direct benefit to consumers, and that contracts are sufficiently detailed and supported with measurable performance expectations and results.

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

#### **X. Statewide/Regional Center Median Rates**

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

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

- Reviewed sample vendor files to determine whether FNRC is using appropriately vendorized service providers and correct service codes, and that FNRC is paying authorized contract rates and complying with the medium rate requirements of W&I Code, Section 4691.9.



- Reviewed vendor contracts to verify that FNRC 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.

#### **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 FNRC's accounting staff were inputting data properly, and that transactions were properly recorded and claimed. In addition, tests were performed to determine if the expenditures were reasonable and supported by documentation. The sources of funding from DDS identified in this audit are:

- Start-Up Funds, Community and Placement Program.
- Part C.
- First Five

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

## CONCLUSIONS

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Based upon the audit procedures performed, DDS has determined that except for the items identified in the Findings and Recommendations section, FNRC was in compliance with applicable sections of the CCR, Title 17, the HCBS Waiver, and the State Contract with DDS for the audit period, July 1, 2014, through June 30, 2016.

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

From the review the of prior audit issues, it has been determined that FNRC has taken appropriate corrective action to resolve prior audit issues.

## **VIEWS OF RESPONSIBLE OFFICIALS**

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DDS issued the draft audit report on January 11, 2017. The findings in the draft audit report were discussed at a formal exit conference with FNRC on January 17, 2017. The views of the responsible officials are included in the final audit report.

## **RESTRICTED USE**

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

## FINDINGS AND RECOMMENDATIONS

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### Findings that need to be addressed.

#### **Finding 1: Family Cost Participation Program - Late Assessments**

The sampled review of 24 FCPP consumer files revealed three instances where FNRC did not assess the parents' share of cost participation as part of the consumer's IPP or IFSP review. The assessments were completed more than 40 days after the signing of the IPP or IFSP. FNRC indicated this occurred when the FCPP Coordinator was not notified timely by the service coordinators that the consumers required FCPP assessments. (See Attachment A)

W&I Code, Section 4783(g)(1)(A), (B) and (C) states, in relevant part:

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

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

FNRC must ensure that all FCPP assessments are completed as part of the consumer's IPP or IFSP. This will ensure compliance with the requirements set forth in the W&I Code.

#### **Finding 2: Bank Signature Cards Not Updated**

The review of FNRC's bank signature cards revealed that the signature card for one bank account had not been updated since June 2009. The signature card is still in the names of prior DDS Deputy Directors. FNRC stated it was an error on

its part that it did not include the Tri-Counties Bank account when it updated its bank signature cards in August 2015.

State Contract, Article III, Sections 3(f) and (g) states. in part:

“(f) All bank accounts and any investment vehicles containing funds from this contract and used for regional center operations, employee salaries and benefits or for consumers’ services and supports, shall be in the name of the State and Contractor.

(g) For the bank account(s) above referenced, there shall be prepared three (3) alternative signature cards with riders attached to each indicating their use.”

**Recommendation:**

FNRC must update all of its bank signature cards when authorized signatories retire or leave their positions. In addition, FNRC should send the updated signature cards to DDS to comply with the State Contract.

*REVISED SIGNATURE  
CARDS SUBMITTED  
TO DDS 5/19/17.  
TMM.*

**Finding that has been addressed and corrected.**

**Finding 3: Parental Fee Program**

The review of the PFP revealed that FNRC was not notifying DDS of new placements, terminated cases, or client deaths for consumers identified under the PFP. FNRC stated it was unaware of the regional center’s requirements to notify DDS of any PFP placements.

FNRC provided documentation indicating it now submits a listing of placements to DDS.

CCR, Title 17, Section 50225 (b) states:

“Regional centers shall have the following duties and responsibilities:

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

**Recommendation:**

FNRC must notify DDS of any new placements, terminated cases or client deaths for consumers identified under the PFP, to ensure compliance with CCR, Title 17.

## EVALUATION OF RESPONSE

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As part of the audit report process, FNRC was provided with a draft audit report and requested to provide a response to the findings. FNRC's response dated January 30, 2017, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendations section, as well as a summary of the findings in the Executive Summary section.

DDS' Audit Branch has evaluated FNRC's response. Except as noted below, FNRC's response addressed the audit findings and provided reasonable assurance that corrective action would be taken to resolve the issues. DDS' Audit Branch will confirm FNRC's corrective action identified in the response during the next scheduled audit.

**Finding 1: Family Cost Participation Program – Late Assessments**

FNRC agrees with the finding and will develop a new form for parents detailing the FCPP requirements, which includes submitting income information within 10 working days after completing the IPP. In addition, FNRC will conduct a training for all Service Coordinators to instruct them on how to comply timely with the program requirements, and use of the new form.

**Finding 2: Bank Signature Cards Not Updated**

FNRC agrees with the finding, and will provide DDS with updated signature cards.

**Far Northern Regional Center  
Family Cost Participation Program - Late Assessments  
Fiscal Years 2014-15 and 2015-16**

	<b>Unique Client Identification Number</b>	<b>IPP Date</b>	<b>Assessment Date</b>
1	[REDACTED]	10/20/15	2/3/16
2	[REDACTED]	11/03/14	12/17/14
3	[REDACTED]	11/24/15	3/15/16



**APPENDIX A**

**Far Northern Regional Center**

**RESPONSE  
TO AUDIT FINDINGS**

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



## Far Northern Regional Center

Providing services and supports that allow persons with developmental disabilities to live productive and valued lives

Laura Larson  
Executive Director

January 30, 2017

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

Dear Ed:

Attached is Far Northern Regional Center's response to the Findings and Recommendations in our FY 2014-15 and 2015-16 audit report. Thank you for issuing the report so timely. We would also like to thank Oscar Perez and his team for their professional and courteous service during the audit.

Sincerely,

Michael J. Mintline  
Chief Financial Officer

Cc: Laura Larson, Executive Director, Diana Anderson, Director Community Services, Director, Judy Kruse, Director Case Management Services  
Attachment

[www.far-northern.org](http://www.far-northern.org)

Far Northern Regional Center  
Response to Findings and Recommendations in DDS FY 2014-15 and 2015-16 Audit Report

**Finding 1: Family Cost Participation Program (FCPP) - Late Assessments**

The sampled review of 24 FCPP consumer files revealed three instances where FNRC did not assess the parents' share of cost participation as part of the consumer's IPP or IFSP review. The assessments were completed more than 40 days after the signing of the IPP or IFSP. FNRC indicated this occurred when the FCPP Coordinator was not notified timely by the service coordinators that the consumers required FCPP assessments. W&I Code Section 4783 (g) (A) (B) (c) states, in relevant part:

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

(A) A regional center shall assess the cost participation for parents of all 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 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 consumer's individual program plan or individualized 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:**

FNRC must ensure that all FCPP Assessments are completed as part of the consumer's IPP or IFSP. This will ensure compliance with the requirements set forth in the W&I Code.

**Response:**

Per the Department of Developmental Services Family Cost Participation Program Guide, families must submit financial information within 10 working days of the IPP meeting and shall be assessed within 10 working days of receipt of the completed paperwork. A new form will be developed to ensure families understand their requirements and expedite notification to the FCPP Coordinator to meet assessment timelines. In addition, all Service Coordinators will be required to attend a March 2017 training that will instruct them on how to comply timely with program requirements and use the new form.

Far Northern Regional Center  
Response to Findings and Recommendations in DDS FY 2014-15 and 2015-16 Audit Report

Finding 2: Bank Signature Cards Not Updated

The review of FNRC's bank signature cards revealed that the signature cards for one bank account have not been updated since June 2009. The signature cards are still in the names of prior DDS Deputy Directors. FNRC stated it was an error on its part that it did not include the Tri-Counties Bank account when it updated its cards in August 2015. State Contract, Article III, Sections 3(f) and (g) states, in part:

"(f) All Bank accounts and any investment vehicles containing funds from this contract and used for any regional center operations, employee salaries and benefits for consumers' services and supports, shall be in the name of the State and Contractor.

(g) For the bank accounts above referenced, there shall be prepared three (3) alternative signature cards with riders attached to each indicating their use."

Recommendation:

FNRC must update all of its bank signature cards when authorized signatories leave their positions. In addition, FNRC should send the updated signature cards to DDS to comply with the State Contract.

Response:

The Tri Counties bank account consists of a \$25,000 compensating balance that is held with the bank in order for FNRC representative payee consumers to be able to cash checks in the service area without fees. No activity other than interest income credits occurred during the audit period. FNRC and Tri Counties bank will prepare revised and updated signature cards and will send them to DDS.

Finding 3: Parental Fee Program (PFP)

The review of the PFP revealed that FNRC was not notifying DDS of new placements, terminated cases, or clients' death for consumers identified under the PFP. FNRC stated it was unaware of the regional center's requirements to notify DDS of any PFP placements.

FNRC provided documentation indicating it now submits to DDS a list of placements.

CCR, Title 17, Section 50225 (a) states:

"Regional Centers shall have the following duties and responsibilities:

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

Far Northern Regional Center  
Response to Findings and Recommendations in DDS FY 2014-15 and 2015-16 Audit Report

**Finding 3, continued:**

**Recommendation:**

FNRC must notify DDS of any new placements, terminated cases, or clients' death for consumers identified under the PFP to ensure compliance with CCR, Title 17.

**Response:**

The required monthly reports were provided starting July 2016. Also, written Parental Fee Program procedures were finalized that month.