

DEPARTMENT OF DEVELOPMENTAL SERVICES

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SACRAMENTO, CA 95814
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May 17, 2019

Ronda Dever, Board Chair
Far Northern Coordinating Council on
Developmental Disabilities
P.O. Box 19037
Redding, CA 96049-2418

Dear Ms. Dever:

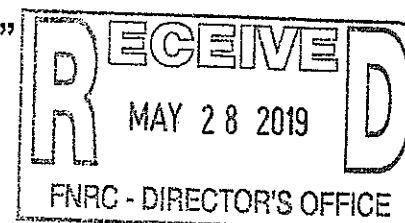
The Department of Developmental Services' (DDS) Audit Section has completed the audit of the Far Northern Regional Center (FNRC). The period of review was from July 1, 2016, through June 30, 2018, with follow-up as needed into prior and subsequent periods. The enclosed report discusses the areas reviewed along with the findings and recommendations. The audit report includes the response submitted by FNRC as Appendix A and DDS' reply on page 18.

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

Department of Developmental Services
Audit Appeals Unit
Attn: 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.

"Building Partnerships, Supporting Choices"



Ronda Dever, Board Chair
May 17, 2019
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If you have any questions regarding the audit report, please contact Edward Yan,
Manager, Audit Section, at (916) 651-8207.

Sincerely,



LEEANN CHRISTIAN
Deputy Director
Community Services Division

Enclosures

cc: Laura Larson, FNRC
Michael Mintline, FNRC
Jim Burkhardt, DHCS
Brian Winfield, DDS
Patti Mericantante, DDS
Ernie Cruz, DDS
Mary Hernandez, DDS
Vicky Lovell, DDS
Rapone Anderson, DDS
Dean Shellenberger, DDS
Edward Yan, DDS
Luciah Ellen Nzima, DDS
Staci Yasui, 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.

BACKGROUND

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

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

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

DDS and Far Northern Coordinating Council (FNCC) 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 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 August 13, 2018, through September 14, 2018, 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 FNRC.

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 FNRC, effective July 1, 2014.

AUDIT PERIOD

The audit period was July 1, 2016 through June 30, 2018, 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 FNRC.

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 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 FNRC.

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 CPA firm for FY 2016-17, issued on December 11, 2018. 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 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 FNRC.
- DDS selected a sample of individual Consumer Trust Accounts to determine if there were any unusual activities and whether any account balances exceeded \$2,000, as prohibited by the Social Security Administration. In addition, DDS determined if any retroactive Social Security benefit payments received exceeded the \$2,000 resource limit for longer than nine months. DDS also reviewed these accounts to ensure that the interest earnings were distributed quarterly, personal and incidental funds were paid before the 10th of each month, and proper documentation for expenditures was maintained.
- DDS selected a sample of Uniform Fiscal Systems (UFS) reconciliations to determine if any accounts were out of balance or if there were any outstanding items that were not reconciled.
- DDS analyzed all of FNRC'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 FNRC'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 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 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 April 2017 and April 2018 and traced the reported information to source documents.

The last Case Management Time Study, performed in May 2016, was reviewed in the prior DDS audit that included FY 2015-16. As a result, there was no Case Management Time Study to review for this audit period.

IV. Service Coordinator Caseload Survey

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

"(c) Contracts between the department and regional centers shall require regional centers to have service coordinator-to-consumer ratios, as follows:

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

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

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

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

VI. Family Cost Participation Program (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, 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 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 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 FNRC 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 FNRC 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 FNRC implemented the required RFP process, DDS performed the following procedures during the audit review:

- Reviewed FNRC'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 FNRC. 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 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 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 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 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 FNRC'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 FNRC's State Contract requirements, as amended.

X. Statewide/Regional Center Median Rates

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

To determine whether 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 median rate requirements of W&I Code, Section 4691.9.

- Reviewed vendor contracts to ensure 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.
- Reviewed vendor contracts to ensure that FNRC 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 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:

- CPP;
- Denti-Cal;
- Part C – Early Start Program;

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

Based upon the audit procedures performed, DDS determined that except for the item identified in the Finding and Recommendation section, FNRC 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 FNRC for the audit period, July 1, 2016, through June 30, 2018.

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

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

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on February 28, 2019. The finding in the draft audit report was discussed at a formal exit conference with FNRC on March 7, 2019. The views of FNRC'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 FNRC. This restriction does not limit distribution of this audit report, which is a matter of public record.

FINDING AND RECOMMENDATION

Finding that needs to be addressed.

Finding 1: Family Cost Participation Program – Late Assessments (Repeat)

The sampled review of 20 FCPP consumer files revealed five 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 60 or more days after the signing of the IPP or IFSP. In its response to the prior DDS audit report, FNRC stated a new form had been developed to help expedite notification of the FCPP Coordinator regarding timely assessments and to ensure families had an understanding of the FCPP requirements. In addition, FNRC stated that training was given to its Service Coordinators (SC), instructing them how to complete assessments timely and how to use the implemented form. FNRC stated that this issue reoccurred because the FCPP Coordinator did not receive the FCPP forms timely for the five consumers to complete the assessments. However, this did not result in any over or underpayments for services that were the responsibility of the consumers' parents. (See Attachment A)

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

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

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

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

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

- (4) Parents who have not provided copies of income documentation pursuant to paragraph (2) shall be assessed the maximum cost participation based on the highest income level adjusted for family size until such time as the appropriate income documentation is provided.”

Recommendation:

FNRC should reiterate to its SCs the importance of having the new form forwarded to the FCPP Coordinator timely, so that the FCPP Coordinator can complete the assessments as part of the consumer’s IPP or IFSP review. This will ensure compliance with the requirements set forth in the W&I Code.]

EVALUATION OF RESPONSE

As part of the audit report process, FNRC was provided with a draft audit report and requested to provide a response to the finding. FNRC's response dated March 20, 2019, is provided as Appendix A.

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

Finding 1: Family Cost Participation Program – Late Assessments (Repeat)

FNRC noted that the late assessments were due to delay in the SC returning the IPP approval Form 154 to the Data Coordinator for assessment. FNRC stated that it will streamline the assessment process so that all FCPP assessments will start on the first day of the client's birth month. The client's family will receive notification of the upcoming assessment and all relevant forms at the start of the month prior to the client's birth month. Sending the forms to the family will alert the Data Coordinator to the start and due dates of the assessments. In addition, FNRC stated that all notification and tracking of assessments will go through the Data Coordinator removing the SC as the intermediary to promote timeliness. DDS will conduct a follow-up review during the next scheduled audit to determine if this new process has resolved the issue.

**Far Northern Regional Center
Family Cost Participation Program - Late Assessments (Repeat)
Fiscal Years 2016-17 and 2017-18**

No.	Unique Client Identification Number	IPP/ Amendment Date	Assesment Date	Number of Days Late
1		12/13/16	2/24/17	73
2		3/27/18	7/23/18	118
3		10/21/16	12/21/16	61
4		2/13/18	5/2/18	78
5		11/8/17	2/9/18	93

APPENDIX A

FAR NORTHERN REGIONAL CENTER

**RESPONSE
TO AUDIT FINDING**



Far Northern Regional Center

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

Laura Larson
Executive Director

March 20, 2019

Mr. Edward Yan
Chief, Audit Branch
State of California Department of Developmental Services
1600 Ninth Street, Room 320, MS 2-10
Sacramento, CA 95814

Dear Ed:

Attached is the Far Northern Regional Center response to the Finding and Recommendations in our FY 2016-17 and 2017-18 audit report. Thank you for issuing the report so timely. We would also like to thank Staci Yasui and her team for their professional and courteous service during the audit.

Sincerely,

Michael J. Mintline
Chief Financial Officer

Barbara L. Schubert
Controller

cc: Laura Larson, Executive Director, Diana Anderson, Director Community Services, Judy Kruse,
Director Case Management, Keith French, Manager IT
Attachment

www.farnorthernrc.org

REDDING MAIN OFFICE: P. O. Box 492418 Redding, CA 96049-2418 1900 Churn Creek Rd. Suite 114 Redding, CA 96002-0277 (530) 222-4791 Fax (530) 222-8908

CHICO OFFICE: 1377 East Lassen Ave. Chico, CA 95973-7824 (530) 895-8633 FAX (530) 332-1497

REGIONAL OFFICES in: Lake Almanor, Mount Shasta and Yreka

Far Northern Regional Center
Response to Finding and Recommendation in DDS FY 2016-17 and 2017-18 Audit Report

Finding 1: Family Cost Participation Program – Late Assessments (Repeat)

The sampled review of 20 FCPP consumer files revealed five 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 60 or more days after the signing of the IPP or IFSP. In its response to the prior DDS audit report, FNRC stated a new form had been developed to help expedite notification of the FCPP Coordinator regarding timely assessments and to ensure families had an understanding of the FCPP requirements. In addition, FNRC stated that training was given to its Service Coordinators (SC), instructing them how to complete assessments timely and how to use the implemented form. FNRC stated that this issue reoccurred because the FCPP Coordinator did not receive the FCPP forms timely for the five consumers to complete the assessments. However, this did not result in over or underpayments for services that were the responsibility of the consumer's parents.

W&I Code, Section 4738(g) (1) and (4) states in part:

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

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

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

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

(4) Parents who have not provided copies of income documentation pursuant to paragraph (2) shall be assessed the maximum cost participation based on the highest income level adjusted for family size until such time as the appropriate income documentation is provided.”

Recommendation:

FNRC should reiterate to its SCs the importance of having the new form forwarded to the FCPP Coordinator timely, so that the FCPP Coordinator can complete the assessments as part of the consumer's IPP or IFSP review. This will ensure compliance with the requirements set forth in the W&I Code.

Response:

Far Northern Regional Center uses the client's birth month as the yearly time period associated with the IPP (Individual Program Plan). Reviews and meetings are scheduled around that particular month. Currently, we use the date that Service Coordinator (SC) meets with the client to start the FCPP assessment timelines. The Data Coordinator is then required to assess within 10 days of that date. This meeting can occur at any time during the birth month. After reviewing the identified late FCPP assessments, the common cause was a delay in returning the Form 154, Individual Program Plan Approval form to the Data Coordinator so that she was aware the meeting had occurred and that the timelines had started. As a result, the assessment was already late by the time that Data Coordinator received the Form 154.

In order to streamline this process and provide consistent dates, Far Northern Regional Center will change its procedures so that all FCPP assessments will start on the first day of the client's birth month triggering the timelines for receipt of financial information (financials). The client's family will receive notification of the upcoming assessment and all relevant forms at the start of the month prior to their birth month. With this change, the Data Coordinator will know when all assessments start and are due. All assessment notification, tracking and information will go through the Data Coordinator removing the SC as the intermediary.

A summarization of the new process is:

- During the first week of a given month, the Data Coordinator will identify clients who must be assessed in the following month based on their birthdate.
- Once the clients are identified, the Data Coordinator will mail a packet containing details of the FCPP program and an explanation of the assessment process. The packet will contain all required forms and provide contact information for the Data Coordinator.
- The instructions will notify the client's family that they are being assessed for FCPP and that the assessment starts on the first day of the client's birth month. It will state that they must submit their financials to the Data Coordinator by the last working day prior to the 15th of the month, which will provide 10 working days. It will inform parents that failure to submit timely results in 100% participation costs.
- The Data Coordinator will assess FCPP as financials arrive and notify the families of their participation cost.
- The Data Coordinator will assess any families who have not turned in their financials by end of the day on the 14th (or last working day prior) at 100% participation cost.

- She will mail these families a letter, copy to SC and Vendor, stating that they have been assessed 100% and that they will need to take over funding services effective the start of the following month. If she receives their financials prior to the end of month they would be reassessed and services would not be cancelled.
- On the last day of the month, she will notify POS to cancel services for any families who still have not submitted their financials.
- The process will repeat monthly.