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EXECUTIVE OFFICE

April 9, 2018

Mark Higgins, Board President
Los Angeles County Developmental Services Foundation, Inc.
3303 Wilshire Boulevard, Suite 700
Los Angeles, CA 90010

Dear Mr. Higgins:

The Department of Developmental Services' (DDS) Audit Section has completed the audit of Frank D. Lanterman Regional Center (FDLRC). The period of review was from July 1, 2014, through June 30, 2016, 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 FDLRC, which is included as Appendix A, and DDS' reply, which is on page 19 of the audit report.

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

Department of Developmental Services
Audit Appeals Unit
1600 Ninth Street, Room 240, MS 2-13
Sacramento, CA 95814

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

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

Sincerely,

BRIAN WINFIELD
Deputy Director
Community Services Division

Enclosures

cc: Melinda Sullivan, FDLRC
Patrick Aulicino, FDLRC
Vicky Lovell, DDS
Rapone Anderson, DDS
Tim Gonsalves, DDS
Dean Shellenberger, DDS
Carie Powell, DDS
Yasir Ali, 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.

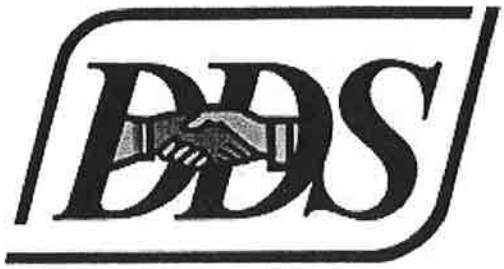
(b) If the appellant does not submit the written request within the 30-day period, the appeals review officer shall deny such request, and all audit exceptions or findings in the report shall be deemed final unless the appellant establishes good cause for late filing.

(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.



AUDIT OF THE FRANK D. LANTERMAN REGIONAL CENTER FOR FISCAL YEARS 2014-15 AND 2015-16

Department of Developmental Services

April 9, 2018

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

John Doyle, Chief Deputy Director
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Edward Yan, Manager, Audit Section
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TABLE OF CONTENTS

Page

EXECUTIVE SUMMARY 1

BACKGROUND 2
- Authority 3
- Criteria 3
- Audit Period 3

OBJECTIVES, SCOPE, AND METHODOLOGY 4

I. Purchase of Service 5

II. Regional Center Operations 6

III. Targeted Case Management and Regional Center Rate Study 6

IV. Service Coordinator Caseload Survey 7

V. Early Intervention Program (Part C Funding) 8

VI. Family Cost Participation Program 8

VII. Annual Family Program Fee 8

VIII. Parental Fee Program 9

IX. Procurement 10

X. Statewide/Regional Center Median Rates 11

XI. Other Sources of Funding from DDS 12

XII. Follow-up Review on Prior DDS Audit Findings 12

CONCLUSIONS 13

VIEWS OF RESPONSIBLE OFFICIALS 14

RESTRICTED USE 15

FINDINGS AND RECOMMENDATIONS 16

EVALUATION OF RESPONSE 19

REGIONAL CENTER'S RESPONSE ..... Appendix A

EXECUTIVE SUMMARY

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

The audit period was July 1, 2014, through June 30, 2016, with follow-up, as needed, into prior and subsequent periods. This report identifies some areas where FDLRC'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 FDLRC's operations. A follow-up review was performed to ensure FDLRC has taken corrective action to resolve the findings identified in the prior DDS audit report.

Findings that need to be addressed.

Finding 1: **Notification of Whistleblower Policy Not Conducted Annually (Repeat)**

FDLRC did not notify its Board members of the Whistleblower policy in Fiscal Year (FY) 2015-16. This issue was noted in the prior audit report. This is not in compliance with State Contract, Article I, Sections 17(b)(6) and (c).

Finding 2: **Service Coordinator Caseload Ratio Documentation Not Retained**

The review of the service coordinator caseload ratios revealed FDLRC did not retain documentation to support its service coordinator caseload ratios submitted to DDS for March 2015. This is not in compliance with W&I Code, Section 4640.6(e); State Contract, Article IV, Section 3(a); and DDS Service Coordinator Caseload Survey Instructions, Paragraph 5.

Finding 3: **Parental Fee Program**

The review of the Parental Fee Program (PFP) revealed that FDLRC is 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).

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 Los Angeles County Developmental Services Foundation, Inc., entered into contract HD099010, effective July 1, 2009, through June 30, 2016. This contract specifies that Los Angeles County Developmental Services Foundation, Inc. will operate an agency known as the FDLRC to provide services to individuals with DD and their families in Central, Glendale, Hollywood, Wilshire, and Pasadena areas. The contract is funded by state and federal funds that are dependent upon FDLRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at FDLRC from January 30, 2017, through February 24, 2017, 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 FDLRC.

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 FDLRC, effective July 1, 2009.

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

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 FDLRC.

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

DDS' review of FDLRC'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 FYs 2014-15 and 2015-16, issued on January 5, 2016, and December 27, 2016. It was noted that no management letters were issued for FDLRC. 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 FDLRC. 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 FDLRC.

- 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 FDLRC staff revealed that FDLRC 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 FDLRC'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 FDLRC'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 FDLRC'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 FDLRC's Rate Study. DDS examined the months of April 2015 and April 2016 and traced the reported information to source documents.

- Reviewed FDLRC'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 FDLRC 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 FDLRC 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 FDLRC 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

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 FDLRC 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 FDLRC 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 that 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.
- Within 10 working days after placement of a minor child, provide the parents a package containing an informational letter, a FFS, and a return envelope.
- A copy of each informational letter given or sent to parents, 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 FDLRC implemented the required RFP process, DDS performed the following procedures during the audit review:

- Reviewed the FDLRC 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 FDLRC. 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 FDLRC notified the vendor community and the public of contracting opportunities available.

- Reviewed the contracts to ensure that FDLRC 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 FDLRC 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 FDLRC 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 FDLRC'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 FDLRC'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 FDLRC was in compliance with the Lanterman Act, DDS performed the following procedures during the audit review:

- Reviewed sample vendor files to determine whether FDLRC is using appropriately vendorized service providers and correct service codes, and that FDLRC 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 FDLRC 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 FDLRC 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

FDLRCs may receive other sources of funding from DDS. DDS performed sample tests on identified sources of funds from DDS to ensure FDLRC'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.
- CPP.
- Denti-Cal.
- Part C – Early Start Program.
- Family Resource Center.

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 FDLRC and reviewed supporting documentation to determine the degree of completeness of FDLRC'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, FDLRC 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 FDLRC 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 of the eight prior audit findings, it has been determined that FDLRC has taken appropriate corrective action to resolve seven findings.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued a draft audit report on February 6, 2018. The findings in the draft audit report were discussed at a formal exit conference with FDLRC on February 8, 2018. The views of the responsible officials are included in this audit report.

RESTRICTED USE

This audit report is solely for the information and use of DDS, Department of Health Care Services, CMS, and FDLRC. 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: **Notification of Whistleblower Policy Not Conducted Annually (Repeat)**

FDLRC did not notify its Board members annually of the Whistleblower policy in FY 2015-16. This issue was noted in the prior audit report. In its response to the prior audit report FDLRC stated it has a process in place to notify the stakeholders. However, FDLRC overlooked the process in place and failed to notify its board members of the Whistleblower policy.

The State Contract, Article I, Sections 17(b)(6) and (c) states:

"(b)(6) Include a process for ensuring notification of employees, board members, consumers/families, and vendor community of both the regional center and the State's Whistleblower policy within 30 days of the effective date of the regional center's policy and annually thereafter.

(c) In addition, Contractor shall ensure that the regional center's and the State's Whistleblower Policies are posted on the regional center's website by January 15, 2011."

Recommendation:

FDLRC must ensure that Board members are notified annually about FDLRC's Whistleblower policy.

Finding 2: **Service Coordinator Caseload Ratio Documentation Not Retained**

The review of the service coordinator caseload ratios revealed FDLRC did not retain documentation to support its service coordinator caseload ratios submitted to DDS for March 2015. FDLRC stated the records were misplaced when the employee responsible for the records left.

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

(e) "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 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."

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."

Recommendation:

FDLRC should ensure all supporting documents are maintained for the caseload ratios.

Finding 3: **Parental Fee Program**

The review of the PFP revealed that FDLRC is not notifying DDS of new placements, terminated cases, or dates of death for consumers identified under the PFP. FDLRC stated it was unaware of the RC's requirement to notify DDS of any PFP cases.

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:

FDLRC must develop procedures and inform staff of the PFP requirements to notify DDS of any new placements, terminated cases, or clients' date of death for consumers identified under the PFP.

EVALUATION OF RESPONSE

As part of the audit report process, FDLRC was provided with a draft audit report and requested to provide a response to the findings. FDLRC's response dated March 9, 2018, is provided as Appendix A.

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

Finding 1: **Notification of Whistleblower Policy Not Conducted Annually (Repeat)**

FDLRC stated it will add this issue to its calendar for a specific Board meeting annually. DDS will conduct a follow-up review during the next scheduled audit to determine if this issue has been resolved.

Finding 2: **Service Coordinator Caseload Ratio Documentation Not Retained**

FDLRC stated the Associate Director of Client and Family Services will be responsible for retaining the backup documentation for its caseload ratios. DDS will conduct a follow-up review during the next scheduled audit to determine if this issue has been resolved.

Finding 3: **Parental Fee Program**

FDLRC accepts the finding and stated it is developing a PFP procedure that will conform to legal and contractual requirements prior to June 1, 2018. DDS will conduct a follow-up review during the next scheduled audit to determine if this issue has been resolved.

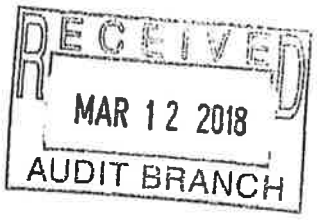
APPENDIX A

FRANK D. LANTERMAN REGIONAL CENTER

RESPONSE
TO AUDIT FINDINGS

FRANK D. LANTERMAN REGIONAL CENTER

March 9, 2018



Edward Yan, Manager
Audit Section
State of California
Department of Developmental Services
1600 Ninth St., Room 230, MS 2-10
Sacramento, CA 95814

RE: Audit of Fiscal Years 2014-15 and 2015-16

Dear Mr. Yan:

We have received and reviewed the Department's audit of our Regional Center. The attached is our response to be included in the overall package.

Please ask your staff to contact Patrick Aulicino, our Associate Director of Administrative Services, with any questions they may have regarding our response.

Sincerely,

Melinda Sullivan
Executive Director

FRANK D. LANTERMAN REGIONAL CENTER

RESPONSE TO DDS AUDIT OF FISCAL YEARS 14-15 THROUGH 15-16.

MARCH, 2018

Finding 1: **Notification of Whistleblower Policy Not Conducted Annually**

DDS finding

FDLRC did not notify its board members of the Whistleblower policy in FY 2015-16. This issue was noted in the prior audit report. In its response to the prior audit report FDLRC stated that it has a process in place to notify stakeholders. However, FDLRC overlooked the process in place and failed to notify its board members of the Whistleblower policy.

DDS recommendation

FDLRC must ensure that board members are notified annually about FDLRC's Whistleblower policy.

FDLRC Response

FDLRC will calendar this item for a specific board meeting annually.

Finding 2: **Service Coordinator Caseload Ratio Documentation Not Retained**

DDS Finding

The review of the service coordinator caseload ratios revealed that FDLRC did not retain supporting documentation to support its service coordinator caseload ratios submitted to DDS for March 2015. FDLRC stated the records were misplaced when the employee responsible for the records left.

DDS Recommendation

FDLRC should ensure all supporting documents are maintained for the caseload ratios.

FDLRC Response

The Associate Director of Client and Family services will accept responsibility for maintaining the backup documentation.

Finding 3: **Parental Fee Program**

DDS Finding

The review of the PFP revealed that FDLRC is not notifying DDS of new placements, terminated cases, or dates of death for consumers identified under the PFP. FDLRC stated it was unaware of the RC's requirement to notify DDS of any PFP cases.

DDS Recommendation

FDLRC must develop procedures and inform staff of the PFP requirements and notify DDS of any new placements, terminated cases, or clients' date of death for consumers identified under the PFP.

FDLRC Response

FDLRC accepts the finding and is developing a procedure that will conform to legal and contractual requirements. This procedure will be developed and in place prior to June 1, 2018.

It should be noted, however, that at present we only have 16 minors in out of home placement so this finding affects a very small number of the 10,000 clients that we serve.