

DEPARTMENT OF DEVELOPMENTAL SERVICES

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SACRAMENTO, CA 95814
TTY (916) 654-2054 (For the Hearing Impaired)
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July 15, 2020

Tamera Leighton, Board President
Redwood Coast Developmental Services Corp.
900 North Crest Drive, PMB 74
Crescent City, CA 95531

Dear Ms. Leighton:

The Department of Developmental Services' (DDS) Audit Section has completed the audit of the Redwood Coast Regional Center (RCRC). The period of review was from July 1, 2017 through June 30, 2019, with follow-up as needed into prior and subsequent periods. The enclosed report discusses the areas reviewed along with the findings and recommendations. The audit report includes the response submitted by RCRC as Appendix A and DDS' reply on page 20.

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

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

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

Your invoice for the total amount of \$84.95 from the current audit findings is enclosed. When making payments to DDS, please refer to the invoice number to ensure that proper credit is given. If you have any questions regarding the payment process, please contact Diane Nanik, Chief of Accounting, at (916) 654-2932.

"Building Partnerships, Supporting Choices"

Tamera Leighton, Board President
July 15, 2020
Page two

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

Sincerely,

DocuSigned by:

LeeAnn Christian

3171DD82934F4DC...

LEEANN CHRISTIAN
Deputy Director
Community Services Division

Enclosure(s)

cc: Kimberly Smalley, RCRC
Amy Medina, RCRC
Jim Burkhardt, DHCS
Brian Winfield, DDS
Carla Casteñeda, DDS
Jim Knight, DDS
Ernie Cruz, DDS
Vicky Lovell, DDS
Rapone Anderson, DDS
Diane Nanik, DDS
Vuanita Niblett, DDS
Greg Nabong, DDS
Jonathan Hill, DDS
Nury Enciso, DDS
Edward Yan, DDS
Luciah Ellen Nzima, DDS
Oscar Perez, 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.

State of California
DEPARTMENT OF DEVELOPMENTAL SERVICES
 1600 9th Street
 Sacramento, CA 95814

Tamera Leighton, Board President Redwood Coast Developmental Services Corp. 1116 Airport Park Boulevard Ukiah, CA 95482	INVOICE No. 13435 Date July 13, 2020
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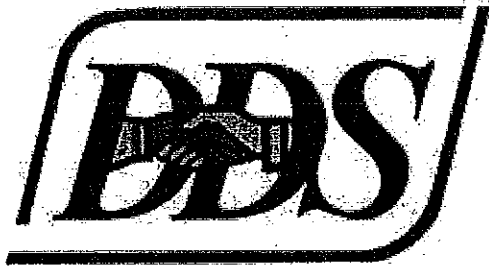
Headquarters

Please return copy of Invoice with your remittance and make payable to:	DEPARTMENT OF DEVELOPMENTAL SERVICES 1600 9th Street, Room 205, MS 3-7 Sacramento, CA 95814 Attn: Diane Nanik, Chief of Accounting
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<p>For: Per final audit report dated July 15, 2020, please reimburse the Department of Developmental Services for the unresolved overpayment of \$84.95 for the period of July 1, 2017 through June 30, 2019.</p>	
<p>Amount Due</p>	<p>\$84.95</p>

DDS ACCOUNTING OFFICE ONLY:

FY	Vendor	Current Doc	Rept. Struc	Serv. Loc	Amount	Ref	Fund	Program
17/18 18/19		INV13435	4300H998	96000	\$84.95	101	0001	9910



**AUDIT OF THE
REDWOOD COAST REGIONAL CENTER
FOR FISCAL YEARS 2017-18 AND 2018-19**

Department of Developmental Services
July 15, 2020

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

Jim Knight, Deputy Director, Administration
Vicky Lovell, Chief, Research, Audit, and Evaluation Branch
Edward Yan, Manager, Audit Section
Luciah Ellen Nzima, Chief, Regional Center Audit Unit
Oscar Perez, Supervisor, Regional Center Audit Unit

Audit Staff: Chanta Ham, Carlos Whylesmenchaca and Gordon Ho

For more information, please call: (916) 654-3695

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EXECUTIVE SUMMARY

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

The audit period was July 1, 2017, through June 30, 2019, with follow-up, as needed, into prior and subsequent periods. This report identified areas in which RCRC's administrative and operational controls could be strengthened, but the findings were not of a nature that would indicate a systemic issue or constitute a major concern regarding RCRC's operations. A follow-up review was performed to ensure RCRC has taken corrective action to resolve the finding identified in the prior DDS audit report.

Findings that need to be addressed.

Finding 1: Overstated Claims

The review of the Operational Indicator Reports revealed 15 instances where RCRC overpaid five vendors a total of \$2,805.22. The overstated claims were due to duplicate payments, overlapping authorizations, or payments made above the authorized number of units. This is not in compliance with CCR, Title 17, Section 54326(a)(10) and Section 57300(c)(2).

RCRC provided additional documentation with its response indicating that overpayments totaling \$2,720.27 out of \$2,805.22 have been resolved. Therefore, the outstanding overpayment is \$84.95.

Finding 2: Equipment Inventory

A. Inaccurate Equipment Inventory Listing

RCRC's inventory process was reviewed to determine if the current Equipment Inventory listing was accurate. It was noted that the listing contained 18 duplicate items, 108 items that had been surveyed, and three items that were not in the location listed on the inventory listing. In addition, there were five items that were not included in the inventory listing. Also, the review of 50 sampled items from the Equipment

Inventory listing revealed 22 items were missing. This is not in compliance with the State's Equipment Management Systems Guidelines, Section III(D) and the State Contract, Article IV, Section 4(a).

RCRC provided an updated Equipment Inventory Listing with its response indicating that its listing has been corrected.

B. Equipment Purchases Not Reported Quarterly

The review of RCRC's Equipment Acquired Under Contract forms (DS 2130) revealed that RCRC did not provide to DDS a quarterly listing of nonexpendable and sensitive items purchased during FYs 2017-18 and 2018-19. This is not in compliance with the State's Equipment Management Guidelines, Section III(B).

Finding 3: Vendor Audit Reports Not Submitted

The review of RCRC's listing of vendors that submitted independent audit reports revealed that RCRC did not submit copies of the reports to DDS. This is not in compliance with the W&I Code, Section 4652.5(d)(2).

BACKGROUND

DDS is responsible, under the W&I Code, for ensuring that persons with developmental disabilities (DD) receives 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 contacts 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 the 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 Redwood Coast Regional Center, Inc. entered into State Contract HD149013, effective July 1, 2014, through June 30, 2021. This contract specifies that Redwood Coast Regional Center, Inc. will operate an agency known as RCRC to provide services to individuals with DD and their families in Del Norte, Humboldt, Mendocino and Lake Counties. The contract is funded by state and federal funds that are dependent upon RCRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at RCRC from October 15, 2019 through November 8, 2019 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 RCRC.

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 RCRC, effective July 1, 2014.

AUDIT PERIOD

The audit period was July 1, 2017, through June 30, 2019, with follow-up, as needed, into prior and subsequent periods.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

- To determine compliance with the W&I Code,
- To determine compliance with the provisions of the HCBS Waiver Program for the Developmentally Disabled,
- To determine compliance with CCR, Title 17 regulations,
- To determine compliance with OMB Circulars A-122 and A-133, and
- To determine that costs claimed were in compliance with the provisions of the State Contract between DDS and RCRC.

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

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

DDS reviewed the annual audit report that was conducted by an independent CPA firm for Fiscal Year (FY) 2017-18, issued on March 16, 2019. It was noted that a management letter was issued for RCRC. 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 RCRC. 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 RCRC.
- DDS analyzed all of RCRC'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 RCRC'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 RCRC'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 RCRC's Rate Study. DDS examined the months of April 2018 and April 2019 and traced the reported information to source documents.
- Reviewed RCRC'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 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 IPP/IFSP. To determine whether RCRC 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 RCRC 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 RCRC 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 RCRC 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 RCRC implemented the required RFP process, DDS performed the following procedures during the audit review:

- Reviewed RCRC'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 RCRC. 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 RCRC notified the vendor community and the public of contracting opportunities available.
- Reviewed the contracts to ensure that RCRC 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 RCRC 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 RCRC 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 RCRC'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 RCRC's State Contract requirements, as amended.

X. Statewide/Regional Center Median Rates

The Statewide and RC Median Rates were implemented on July 1, 2008, and amended on December 15, 2011 and July 1, 2016, to ensure that RCs are not negotiating rates higher than the set median rates for services. Despite the median rate requirement, rate increases could be obtained from DDS under

health and safety exemptions where RCs demonstrate the exemption is necessary for the health and safety of the consumers.

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

- Reviewed sample vendor files to determine whether RCRC is using appropriately vendorized service providers and correct service codes, and that RCRC 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 RCRC 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 RCRC 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 RCRC's accounting staff were inputting data properly, and that transactions were properly recorded and claimed. In addition, tests were performed to determine if the expenditures were reasonable and supported by documentation. The sources of funding from DDS identified in this audit are:

- CPP;
- Part C – Early Start Program; and
- Self Determination.

XII. Follow-up Review of Prior DDS Audit Findings

As an essential part of the overall DDS monitoring system, a follow-up review of the prior DDS audit finding was conducted. DDS identified the prior audit finding that was reported to RCRC and reviewed the supporting documentation to determine the degree of completeness of RCRC'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, RCRC 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 RCRC for the audit period, July 1, 2017, through June 30, 2019.

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

From the review of the one prior audit finding, it has been determined that RCRC has taken appropriate corrective action to resolve the finding.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on March 12, 2020. The findings in the draft audit report were discussed at a formal exit conference with RCRC on March 12, 2020. The views of RCRC'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 RCRC. 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: Overstated Claims

The review of the Operational Indicator Reports revealed 15 instances where RCRC overstated claims for 10 vendors totaling \$2,805.22. The overstated claims were due to duplicate payments, overlapping authorizations, or payments made above the authorized number of units. RCRC indicated that the overpayments occurred due to an error on its part. (See Attachment A)

RCRC provided additional documentation with its response indicating that overpayments totaling \$2,720.27 out of \$2,805.22 have been resolved. Therefore, the outstanding overpayment is \$84.95.

Title 17, Section 54326(a)(10) states in part:

(a) "All vendors shall...

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center."

In addition, Title 17, section 57300(c)(2) states in part:

(c) "Regional centers shall not reimburse vendors: ...

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

Recommendation:

RCRC must reimburse DDS \$84.95 for the outstanding overpayment. In addition, RCRC must ensure its staff monitor the Operational Indicator Reports for errors that may have occurred while doing business with its vendors.

Finding 2: Equipment Inventory

A. Inaccurate Equipment Inventory Listing

RCRC's inventory process was reviewed to determine if the current Equipment Inventory listing was accurate. It was noted that the listing

contained 18 duplicate items, 108 items that had been surveyed, and three items were not in the location listed in the inventory listing. In addition, there were five items that were not included in the Equipment Inventory listing. (See Attachment B) Also, the review of 50 sampled items from the Equipment Inventory listing revealed 22 items were missing. RCRC indicated this occurred because the Property Custodian was not notified when items were purchased, disposed or moved to different location. (See Attachment C)

RCRC provided an updated Equipment Inventory Listing with its response indicating that its listing has been corrected.

Section III(D), of the State's Equipment Management Systems Guidelines, dated February 1, 2003, states in part:

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

Article IV, Section 4a of the contract between DDS and RCRC states:

"Contractor shall maintain and administer, in accordance with sound business practice, a program for the utilization, care, maintenance, protection and preservation of State of California property so as to assure its full availability and usefulness for the performance of this contract. Contractor shall comply with the State's Equipment Management System Guidelines for regional center equipment and appropriate directions and instructions which the State may prescribe as reasonably necessary for the protection of State of California property."

Recommendation:

RCRC must ensure its Equipment Inventory listing is accurate and that all equipment affixed with a state tag is accounted for on the equipment listing. In addition, if RCRC is unable to locate the missing items, RCRC must properly survey the items and remove them from the equipment listing.

B. Equipment Purchases Not Reported Quarterly

The review of RCRC's Equipment Acquired Under Contract, DS 2130, revealed RCRC did not provide DDS a listing of 105 nonexpendable

and sensitive items purchased during the FYs 2017-18 and 2018-19. The items should have been forwarded to DDS' Customer Support Section (CSS) on a quarterly basis. RCRC indicated that the DS 2130 forms were completed yearly but the Property Custodian was not being notified of newly acquired equipment until the end of each year. (See Attachment D)

State's Equipment Management Guidelines Section III(B) states in part:

"RCs will also provide the Department of Developmental Services' (DDS) Customer Support Section (CSS) with a list of all state-owned, nonexpendable and sensitive equipment received during each calendar quarter. This information is to be provided to CSS quarterly, utilizing the Equipment Acquired Under Contract form (DS 2130), or suitable electronic alternative."

Recommendation:

RCRC must provide DDS' CSS a listing of all state-owned, nonexpendable and sensitive equipment purchased on a quarterly basis.

Finding 3: Vendor Audit Reports Not Submitted

The review of RCRC's listing of vendors that submitted independent audit reports revealed that RCRC did not submit copies of the independent audit reports to DDS for its review. RCRC indicated that it was not aware that audit reports must be submitted to DDS for review.

Welfare & Institutions Code, Section 4652.5(d)(2), states in part:

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

Recommendation:

RCRC must ensure all independent audit reports it received from vendors are submitted to DDS for review.

EVALUATION OF RESPONSE

As part of the audit report process, RCRC was provided with a draft audit report and requested to provide a response to the findings. RCRC's response dated April 29, 2020, is provided as Appendix A.

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

Finding 1: Overstated Claims

RCRC provided documentation indicating that a total of \$628.00 out \$2,805.22 were legitimate payments for services provided to consumers during transition from one Trust Management company to another. In addition, RCRC stated that it corrected payments totaling \$2,092.27 and had requested repayment of \$84.95 from a vendor. Therefore, RCRC must reimburse DDS the overpayment totaling \$84.95 still remaining.

Finding 2: Equipment Inventory

A. Inaccurate Equipment Inventory Listing

RCRC agreed with the finding and provided an updated Equipment Inventory Listing with its response which indicated that this issue has been resolved.

B. Equipment Purchases Not Reported Quarterly

RCRC agreed with the finding and stated that it will begin to submit a listing of all state-owned, nonexpendable and sensitive equipment to DDS on a quarterly basis.

Finding 3: Vendor Audit Reports Not Submitted

RCRC agreed with the finding and stated it will adhere to its policies and procedures to ensure all independent audit reports received from vendors are submitted to DDS for review.

**Redwood Coast Regional Center
Overstated Claims
Fiscal Years 2017-18 and 2018-19**

No	Unique Client Identification Number	Vendor Number	Service Code	Sub Code	Service Month	Authorization Number	Overpayment	Outstanding
1	7033861	HT0457	805	EVAL	18191106	Jan-18	\$84.95	\$84.95
2	7096559	PR0801	105	01TR	18193417	Aug-17	\$77.38	\$0.00
3	5841622	HR0451	896	01HR	19181701	Aug-18	\$549.00	\$0.00
4						Oct-18	\$305.50	\$0.00
5						Nov-18	\$641.55	\$0.00
6	7029024	HR0483	896	01HR	18183840	Jul-17	\$490.98	\$0.00
7	7092836	HR0274	896	01HR	18175107	Dec-17	\$27.86	\$0.00
8	6635960	PR0206	34		18078961	July-18	\$78.00	\$0.00
9						Aug-18	\$78.00	\$0.00
10	7004666	PR0854	34		18078966	July-18	\$78.00	\$0.00
11						Aug-18	\$78.00	\$0.00
12	7099375	PR0204	34		18131959	Aug-18	\$78.00	\$0.00
13	7013022	PR0204	34		18187266	Oct-18	\$78.00	\$0.00
14	7097963	PR0854	34		18117296	Feb-18	\$80.00	\$0.00
15						Mar-18	\$80.00	\$0.00
Total Overstated Claims							\$2,805.22	\$84.95

**Redwood Coast Regional Center
Inaccurate Equipment Inventory Listing
Fiscal Years 2017-18 and 2018-19**

	Item Name	State Tag Number	Issue	Comment
1	Viewsonic Monitor	344543	Duplicate	Removed from listing
2	Hannspree Monitor	353224	Duplicate	Removed from listing
3	Acer Monitor	353264	Duplicate	Removed from listing
4	Samsung Monitor	353265	Duplicate	Removed from listing
5	Wyse Thin Client	362100	Duplicate	Removed from listing
6	Wyse Thin Client	362121	Duplicate	Removed from listing
7	Aoc Monitor	362163	Duplicate	Removed from listing
8	Nuc Unit	362206	Duplicate	Removed from listing
9	Aoc Monitor	362207	Duplicate	Removed from listing
10	Aoc Monitor	362208	Duplicate	Removed from listing
11	Acer Monitor	362311	Duplicate	Removed from listing
12	Acer Monitor	362324	Duplicate	Removed from listing
13	Aoc Monitor	362428	Duplicate	Removed from listing
14	Aoc Monitor	362429	Duplicate	Removed from listing
15	Aoc Monitor	371524	Duplicate	Removed from listing
16	Aoc Monitor	371525	Duplicate	Removed from listing
17	Intel Nuc	371852	Duplicate	Removed from listing
18	Wi Fi Hotspot	371939	Duplicate	Removed from listing
19	Proliant Server	342493	Surveyed Out	Removed from listing
20	Ads Pc	342317	Surveyed Out	Removed from listing
21	Compaq Presario	328188	Surveyed Out	Removed from listing
22	Ads Pc	342300	Surveyed Out	Removed from listing
23	Ads Pc	342392	Surveyed Out	Removed from listing
24	Ads Pc	342372	Surveyed Out	Removed from listing
25	Ads Pc	342304	Surveyed Out	Removed from listing
26	Ads Pc	342318	Surveyed Out	Removed from listing
27	Ads Pc	342496	Surveyed Out	Removed from listing
28	Ads Pc	342310	Surveyed Out	Removed from listing
29	Ads Pc	342330	Surveyed Out	Removed from listing
30	Ads Pc	342336	Surveyed Out	Removed from listing
31	Ads Pc	342325	Surveyed Out	Removed from listing
32	Ads Pc	342327	Surveyed Out	Removed from listing
33	Ads Pc	342349	Surveyed Out	Removed from listing
34	Ads Pc	342333	Surveyed Out	Removed from listing
35	Hp Pc	352979	Surveyed Out	Removed from listing
36	Ads Pc	342302	Surveyed Out	Removed from listing
37	Viewsonic Monitor	344547	Surveyed Out	Removed from listing
38	Viewsonic Monitor	344540	Surveyed Out	Removed from listing
39	Viewsonic Monitor	344595	Surveyed Out	Removed from listing
40	Viewsonic Monitor	344542	Surveyed Out	Removed from listing
41	Viewsonic Monitor	344543	Surveyed Out	Removed from listing

**Redwood Coast Regional Center
Inaccurate Equipment Inventory Listing
Fiscal Years 2017-18 and 2018-19**

	Item Name	State Tag Number	Issue	Comment
42	Wyse Thin Client	362023	Surveyed Out	Removed from listing
43	Viewsonic Monitor	344543	Surveyed Out	Removed from listing
44	Viewsonic Monitor	362103	Surveyed Out	Removed from listing
45	Wyse Thin Client	362064	Surveyed Out	Removed from listing
46	Acer Monitor	353279	Surveyed Out	Removed from listing
47	Wyse Thin Client	362121	Surveyed Out	Removed from listing
48	Wyse Thin Client	362111	Surveyed Out	Removed from listing
49	Wyse Thin Client	362107	Surveyed Out	Removed from listing
50	Wyse Thin Client	362119	Surveyed Out	Removed from listing
51	Wyse Thin Client	362065	Surveyed Out	Removed from listing
52	Samsung Monitor	353265	Surveyed Out	Removed from listing
53	Wyse Thin Client	362125	Surveyed Out	Removed from listing
54	Samsung Monitor	362195	Surveyed Out	Removed from listing
55	Wyse Thin Client	362120	Surveyed Out	Removed from listing
56	Wyse Thin Client	362129	Surveyed Out	Removed from listing
57	Wyse Thin Client	362098	Surveyed Out	Removed from listing
58	Wyse Thin Client	362034	Surveyed Out	Removed from listing
59	Samsung Monitor	353265	Surveyed Out	Removed from listing
60	Wyse Thin Client	362116	Surveyed Out	Removed from listing
61	Viewsonic Monitor	353221	Surveyed Out	Removed from listing
62	Monitor	344574	Surveyed Out	Removed from listing
63	Wyse Thin Client	362104	Surveyed Out	Removed from listing
64	Wyse Thin Client	362123	Surveyed Out	Removed from listing
65	Wyse Thin Client	362059	Surveyed Out	Removed from listing
66	Wyse Thin Client	362114	Surveyed Out	Removed from listing
67	Viewsonic Monitor	344562	Surveyed Out	Removed from listing
68	Viewsonic Monitor	344556	Surveyed Out	Removed from listing
69	Wyse Thin Client	362121	Surveyed Out	Removed from listing
70	Nec Monitor	352980	Surveyed Out	Removed from listing
71	Nec Monitor	352981	Surveyed Out	Removed from listing
72	Compaq Monitor	352974	Surveyed Out	Removed from listing
73	Viewsonic Monitor	344571	Surveyed Out	Removed from listing
74	Wyse Thin Client	362106	Surveyed Out	Removed from listing
75	Wyse Thin Client	362036	Surveyed Out	Removed from listing
76	Wyse Thin Client	362057	Surveyed Out	Removed from listing
77	Acer Monitor	352906	Surveyed Out	Removed from listing
78	Hp Deskjet Printer	344640	Surveyed Out	Removed from listing
79	Sony Tv	320819	Surveyed Out	Removed from listing
80	Quasar Tv	328150	Surveyed Out	Removed from listing
81	Hp Laserjet	320768	Surveyed Out	Removed from listing

**Redwood Coast Regional Center
Inaccurate Equipment Inventory Listing
Fiscal Years 2017-18 and 2018-19**

	Item Name	State Tag Number	Issue	Comment
82	Wyse Thin Client	362084	Surveyed Out	Removed from listing
83	Acer Monitor	352920	Surveyed Out	Removed from listing
84	Hp Pc	352958	Surveyed Out	Removed from listing
85	Wyse Thin Client	362038	Surveyed Out	Removed from listing
86	Asus Monitor	362449	Surveyed Out	Removed from listing
87	Toshiba Laptop	342442	Surveyed Out	Removed from listing
88	Samsung Monitor	362239	Surveyed Out	Removed from listing
89	Rollabout	320820	Surveyed Out	Removed from listing
90	Sony Speaker	342460	Surveyed Out	Removed from listing
91	Remote Video	342458	Surveyed Out	Removed from listing
92	32" Sony Tv	342455	Surveyed Out	Removed from listing
93	Epson Printer	362161	Surveyed Out	Removed from listing
94	Wyse Thin Client	362089	Surveyed Out	Removed from listing
95	Toshiba Laptop	344480	Surveyed Out	Removed from listing
96	Monitor	353256	Surveyed Out	Removed from listing
97	Samsung Monitor	362260	Surveyed Out	Removed from listing
98	Sony Rollabout	320732	Surveyed Out	Removed from listing
99	Sony Remote	342465	Surveyed Out	Removed from listing
100	Sony Rollabout	320816	Surveyed Out	Removed from listing
101	Sony Speaker	342463	Surveyed Out	Removed from listing
102	Wyse Thin Client	362101	Surveyed Out	Removed from listing
103	Wyse Thin Client	362115	Surveyed Out	Removed from listing
104	Cisco Switch	362366	Surveyed Out	Removed from listing
105	Hp Laserjet	342490	Surveyed Out	Removed from listing
106	Hp Laserjet	320867	Surveyed Out	Removed from listing
107	Dell Printer	362340	Surveyed Out	Removed from listing
108	Sony Monitor	342301	Surveyed Out	Removed from listing
109	Laptop	344482	Surveyed Out	Removed from listing
110	Toshiba Laptop	342441	Surveyed Out	Removed from listing
111	Sony Monitor	328112	Surveyed Out	Removed from listing
112	Hp Laptop	352962	Surveyed Out	Removed from listing
113	Quantum Tape	344463	Surveyed Out	Removed from listing
114	Toshiba Laptop	342380	Surveyed Out	Removed from listing
115	Wyse Thin Client	362100	Surveyed Out	Removed from listing
116	Phone	328220	Surveyed Out	Removed from listing
117	Wyse Thin Client	362099	Surveyed Out	Removed from listing
118	Wyse Thin Client	362118	Surveyed Out	Removed from listing
119	Wyse Thin Client	362100	Surveyed Out	Removed from listing
120	Wyse Thin Client	362128	Surveyed Out	Removed from listing
121	Wyse Thin Client	362097	Surveyed Out	Removed from listing

**Redwood Coast Regional Center
Inaccurate Equipment Inventory Listing
Fiscal Years 2017-18 and 2018-19**

	Item Name	State Tag Number	Issue	Comment
122	Wyse Thin Client	362113	Surveyed Out	Removed from listing
123	Nikon	362168	Surveyed Out	Removed from listing
124	Kodak	344600	Surveyed Out	Removed from listing
125	Kodak	344603	Surveyed Out	Removed from listing
126	Black Box	342464	Surveyed Out	Removed from listing
127	Printer	7472	Not on Equipment Listing	Added to listing
128	Printer	362188	Not on Equipment Listing	Added to listing
129	Monitor	353253	Not on Equipment Listing	Added to listing
130	Monitor	371848	Not on Equipment Listing	Added to listing
131	Monitor	371849	Not on Equipment Listing	Added to listing
132	Monitor	371524	Not in Correct Location	Corrected location
133	Monitor	362219	Not in Correct Location	Corrected location
134	Monitor	362220	Not in Correct Location	Corrected location

**Redwood Coast Regional Center
Missing State Equipment
Fiscal Years 2017-18 and 2018-19**

	Item Name	State Tag Number	Issue	Comment
1	Video Conference	352943	Missing	Surveyed
2	Prosignia	324299	Missing	Surveyed
3	Proliant Server	342493	Missing	Located
4	Toshiba Laptop	342437	Missing	Located
5	Polycom Camera	352944	Missing	Surveyed
6	Phone	352946	Missing	Surveyed
7	Polycom Proces	352945	Missing	Surveyed
8	Diaken A/C Unit	371681	Missing	Located
9	Cisco 1600 Router	320862	Missing	Surveyed
10	Sony TV	320819	Missing	Surveyed
11	Polycom Camera	362230	Missing	Surveyed
12	Phone	352949	Missing	Surveyed
13	Sony Dental Cam	342466	Missing	Surveyed
14	Hp Printer	324391	Missing	Located
15	Canon Projector	328205	Missing	Surveyed
16	Sony Monitor	328112	Missing	Located
17	Check Signer	320833	Missing	Surveyed
18	As400 I5	344626	Missing	Located
19	Hp Proliant D1120	371682	Missing	Retagged
20	Toshiba Laptop	328118	Missing	Surveyed
21	Cisco 1800 Router	352908	Missing	Surveyed
22	Phone	352937	Missing	Surveyed

**Redwood Coast Regional Center
Equipment Acquisition Forms
Fiscal Year 2017-18**

	Item Name	State Tag Number	Month Purchased	Purchase Price
1	AOC Monitor	371841	Sep-17	\$179.03
2	AOC Monitor	371842	Sep-17	\$179.03
3	AOC Monitor	371843	Sep-17	\$179.03
4	AOC Monitor	371844	Sep-17	\$179.03
5	AOC Monitor	371845	Sep-17	\$179.02
6	AOC Monitor	371846	Sep-17	\$180.02
7	AOC Monitor	371847	Sep-17	\$181.02
8	HP Notebook	371862	Nov-17	\$651.00
9	HP Notebook	371863	Nov-17	\$651.00
10	NUC Unit	371850	Jan-18	\$809.21
11	NUC Unit	371851	Jan-18	\$809.21
12	NUC Unit	371852	Jan-18	\$809.21
13	NUC Unit	371853	Jan-18	\$809.21
14	NUC Unit	371854	Jan-18	\$809.21
15	NUC Unit	371855	Jan-18	\$809.21
16	NUC Unit	371856	Jan-18	\$809.21
17	NUC Unit	371857	Jan-18	\$809.20
18	NUC Unit	371858	Jan-18	\$810.20
19	NUC Unit	371859	Jan-18	\$811.20
20	NUC Unit	371860	Jan-18	\$812.20
21	NUC Unit	371861	Jan-18	\$809.20
22	Samsung Monitor	371864	Jan-18	\$140.83
23	Samsung Monitor	371865	Jan-18	\$140.86
24	Samsung Monitor	371866	Jan-18	\$140.84
25	HP Monitor	371867	Feb-18	\$134.54
26	HP Monitor	371868	Feb-18	\$134.51
27	HP Monitor	371869	Feb-18	\$134.54
28	HP Monitor	371870	Feb-18	\$134.51
29	Intel Nuc Unit	371899	Jul-18	\$900.82
30	Intel Nuc Unit	371900	Jul-18	\$900.82
31	Intel Nuc Unit	371895	Jul-18	\$900.82
32	Intel Nuc Unit	371896	Jul-18	\$900.82
33	Intel Nuc Unit	371897	Jul-18	\$900.82
34	Intel Nuc Unit	371898	Jul-18	\$900.82
35	Intel Nuc Unit	371905	Jul-18	\$900.82
36	Intel Nuc Unit	371911	Jul-18	\$900.82
37	Intel Nuc Unit	371912	Jul-18	\$900.82
38	Intel Nuc Unit	371913	Jul-18	\$900.82
39	Intel Nuc Unit	371914	Jul-18	\$900.82
40	Intel Nuc Unit	371915	Jul-18	\$900.82

**Redwood Coast Regional Center
Equipment Acquisition Forms
Fiscal Year 2017-18**

	Item Name	State Tag Number	Month Purchased	Purchase Price
41	Intel Nuc Unit	371916	Jul-18	\$900.82
42	Intel Nuc Unit	371917	Jul-18	\$900.82
43	Intel Nuc Unit	371918	Jul-18	\$900.82
44	Intel Nuc Unit	371919	Jul-18	\$900.82
45	Intel Nuc Unit	371920	Jul-18	\$900.82
46	Intel Nuc Unit	371921	Jul-18	\$900.82
47	Intel Nuc Unit	371922	Jul-18	\$900.82
48	Intel Nuc Unit	371908	Jul-18	\$900.82
49	Intel Nuc Unit	371907	Jul-18	\$900.82
50	Intel Nuc Unit	371910	Jul-18	\$900.82
51	Intel Nuc Unit	371906	Jul-18	\$900.82
52	Intel Nuc Unit	371909	Jul-18	\$900.82
53	Intel Nuc Unit	371901	Jul-18	\$900.82
54	Intel Nuc Unit	371902	Jul-18	\$900.82
55	Intel Nuc Unit	371903	Jul-18	\$900.82
56	Intel Nuc Unit	371904	Jul-18	\$900.82
57	Intel Nuc Unit	371893	Jul-18	\$900.82
58	Intel Nuc Unit	371894	Jul-18	\$900.82
59	HP Notebook	371874	Aug-18	\$683.55
60	HP Notebook	371876	Aug-18	\$683.55
61	HP Notebook	371875	Aug-18	\$683.55
62	HP Notebook	371873	Aug-18	\$683.55
63	HP Notebook	371881	Aug-18	\$683.55
64	HP Notebook	371882	Aug-18	\$683.55
65	HP Notebook	371879	Aug-18	\$683.55
66	HP Notebook	371880	Aug-18	\$683.55
67	HP Notebook	371877	Aug-18	\$683.55
68	HP Notebook	371878	Aug-18	\$683.55
69	HP Notebook	371883	Aug-18	\$683.55
70	HP Notebook	371884	Aug-18	\$683.55
71	HP Notebook	371885	Aug-18	\$683.55
72	HP Notebook	371886	Aug-18	\$683.55
73	HP Notebook	371887	Aug-18	\$683.55
74	HP Notebook	371888	Aug-18	\$683.55
75	HP Notebook	371889	Aug-18	\$683.55
76	HP Notebook	371890	Aug-18	\$683.55
77	HP Notebook	371891	Aug-18	\$683.55
78	HP Notebook	371892	Aug-18	\$683.55
79	HP Monitor	371934	Dec-18	\$119.35
80	HP Monitor	371935	Dec-18	\$119.35

**Redwood Coast Regional Center
Equipment Acquisition Forms
Fiscal Year 2017-18**

	Item Name	State Tag Number	Month Purchased	Purchase Price
81	HP Monitor	371936	Dec-18	\$119.35
82	HP Monitor	371937	Dec-18	\$119.35
83	Wifi Inseego	371939	Nov-18	\$208.51
84	HP Laptop	371934	Dec-18	\$683.55
85	HP Laptop	371935	Dec-18	\$683.55
86	HP Laptop	371936	Dec-18	\$683.55
87	HP Laptop	371937	Dec-18	\$683.55
88	HP Laptop	371938	Dec-18	\$683.55
89	HP Monitor	371924	Dec-18	\$119.35
90	HP Monitor	371925	Dec-18	\$119.35
91	HP Monitor	371926	Dec-18	\$119.35
92	HP Monitor	371927	Dec-18	\$119.35
93	HP Monitor	371928	Dec-18	\$119.35
94	HP Monitor	371929	Dec-18	\$119.35
95	HP Monitor	371952	Jan-19	\$123.87
96	HP Monitor	371953	Jan-19	\$123.87
97	HP Monitor	371956	Jan-19	\$123.87
98	HP Monitor	371951	Jan-19	\$123.87
99	HP Monitor	371954	Jan-19	\$123.87
100	HP Monitor	371955	Jan-19	\$123.88
101	HP Monitor	371950	Jan-19	\$123.42
102	HP Monitor	371948	Jan-19	\$123.42
103	HP Monitor	371949	Jan-19	\$123.42
104	HP Monitor	371947	Jan-19	\$123.42
105	HP Laptop	371957	Jan-19	\$683.55
Total Equipment Purchases Not Reported Quarterly				\$60,671.10

APPENDIX A

REDWOOD COAST REGIONAL CENTER

**RESPONSE
TO AUDIT FINDINGS**

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



Redwood Coast Regional Center

Respecting Choice in the Redwood Community

April 29, 2020

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

Dear Mr. Yan,

Thank you for your correspondence of March 12th, 2020, in which you provided a draft copy of the audit report of your findings from the audit your staff performed addressing the operations of Redwood Coast Regional center for fiscal years 2017-2018 and 2018-2019. As provided in your correspondence, I would like to take this opportunity to formally respond in writing to the draft audit report.

Finding 1: Overstated Claims

The review of the Operational Indicator Reports revealed 15 instances where RCRC overstated claims for 10 vendors totaling \$2,805.22. The overstated claims were due to duplicate payments, overlapping authorizations, or payments made above the authorized number of units. RCRC indicated that the overpayments occurred due to an error on its part. (See Attachment A)

Title 17, Section 54326(a)(10) states in part:

- (a) "All vendors shall...
(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center."

In addition, Title 17, section 57300(c)(2) states in part:

- (c) "Regional centers shall not reimburse vendors: ...
(2) For services in an amount greater than the rate established pursuant to these regulations."

☐ 525 2nd Street, Ste. 300 - Eureka, CA 95501 - (707) 445-0893

☐ 1116 Airport Park Blvd. - Ukiah, CA 95482 - (707) 462-3832

☐ 270 Chestnut St., Suite A - Fort Bragg, CA 95437 - (707) 964-6387

☐ 1301 A Northcrest Dr. - Crescent City, CA 95531 (707) 464-7488

☐ 180 3rd Street - Lakeport, CA 95453 (707) 262-0470

Edward Yan
April 30, 2020
Page 2 of 5

Recommendation:

RCRC must reimburse DDS the overstated claims totaling \$2,805.22. In addition, RCRC must ensure its staff monitors the Operational Indicator Reports for errors that may have occurred while doing business with its vendors.

Response to Finding 1:

Of the \$2,805.22 overstated claims RCRC has collected overpayment for \$2,177.22. One item, #1 for HT0457 authorization 18191106, is currently being sought after however the Service Provider has yet to send the overpayment. Information supporting details above are included. The remaining \$628.00, items 8 through 15, is a result of payee services requiring overlap so accounts can be properly switched with the Social Security Administration. During this time both payee services are providing services as this transition occurs.

Finding 2: Equipment Inventory

A. Inaccurate Equipment Inventory Listing

RCRC's inventory process was reviewed to determine if the current Equipment Inventory listing was accurate. It was noted that the listing contained 18 duplicate items, 108 items that had been surveyed, and three items were not in the location listed in the inventory listing. In addition, there were five items that were not included in the Equipment Inventory listing. (See Attachment B) Also, the review of 50 sampled items from the Equipment Inventory listing revealed 22 items were missing. RCRC indicated this occurred because the Property Custodian was not notified when items were purchased, disposed or moved to different location. (See Attachment C)

Section III (D), of the State's Equipment Management Systems Guidelines, dated February 1, 2003, states in part:

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

Article IV, Section 4a of the contract between DDS and RCRC states:

"Contractor shall maintain and administer, in accordance with sound business practice, a program for the utilization, care, maintenance, protection and

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preservation of State of California property so as to assure its full availability and usefulness for the performance of this contract. Contractor shall comply with the State's Equipment Management System Guidelines for regional center equipment and appropriate directions and instructions which the State may prescribe as reasonably necessary for the protection of State of California property."

Recommendation:

RCRC must ensure its Equipment Inventory listing is accurate and that all equipment affixed with a state tag is accounted for on the equipment listing. In addition, if RCRC is unable to locate the missing items, RCRC must properly survey the items and remove them from the equipment listing.

Response to Finding 2A:

RCRC has corrected the issues of the 18 duplicate items, located and corrected 3 items not in proper location, located 22 missing items, and added the 5 missing items. Please see attached supporting documentation. Moving forward RCRC will review internal policies and procedures to ensure all equipment is properly tagged and reported in proper location on inventory listing.

B. Equipment Purchases Not Reported Quarterly

The review of RCRC's Equipment Acquired Under Contract, DS 2130, revealed RCRC did not provide DDS a listing of 105 nonexpendable and sensitive items purchased during the FYs 2017-18 and 2018-19. The items should have been forwarded to DDS' Customer Support Section (CSS) on a quarterly basis. RCRC indicated that the DS 2130 forms were completed yearly but the Property Custodian was not being notified of newly acquired equipment until the end of each year. (See Attachment D)

State's Equipment Management Guidelines Section III(B) states in part:

"RCs will also provide the Department of Developmental Services' (DDS) Customer Support Section (CSS) with a list of all state-owned, nonexpendable and sensitive equipment received during each calendar quarter. This information is to be provided to CSS quarterly, utilizing the Equipment Acquired Under Contract form (DS 2130), or suitable electronic alternative."

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Recommendation:

RCRC must provide DDS' CSS a listing of all state-owned, nonexpendable and sensitive equipment purchased on a quarterly basis.

Response to Finding 2B:

The Regional Center agrees with the finding to submit quarterly reporting. Going forward, the Controller/Fiscal Monitor will:

- Continue to review OPS expenditures prior to issuance of checks.
- Continue to select for review the vendor invoices most frequently associated with sensitive and nonexpendable equipment purchases.
- Request the appropriate staff (Office Manager, System Administrator, etc.) to provide the serial number and other needed information if it is not included on the invoice.

Finding 3: Vendor Audit Reports Not Submitted

The review of RCRC's listing of vendors that submitted independent audit reports revealed that RCRC did not submit copies of the independent audit reports to DDS for its review, RCRC indicated that it was not aware that audit reports must be submitted to DDS for review.

Welfare & Institutions Code, Section 4652.5(d)(2), states in part:

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

Recommendation:

RCRC must ensure all independent audit reports it received from vendors are submitted to DDS for review.

Response to Finding 3:

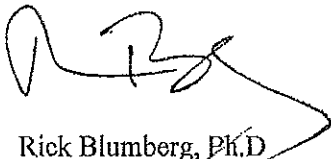
RCRC agrees with the finding and will adhere to its stated policies and procedures regarding the submitting of copies of reports to DDS.

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Should you have any questions or require additional information regarding our above responses, please do not hesitate to contact me.

We greatly appreciate the time and effort you, your staff and the Department extend to help ensure our Regional center is in compliance with applicable law, regulation and our service contract. We also greatly appreciate the confidence you place in our agency as noted by your comments in the audit, except for the findings above, RCRC was in compliance with the applicable sections of the W&I Code, the HCBS Waiver, CCR, Title 17, OMB Circulars A-122 and A-133, and the State Contract with DDS for the audit period July 1, 2017 through June 30th, 2019.

Sincerely,



Rick Blumberg, Ph.D
Executive Director

Enclosures(s)

cc: Amy Medina, RCRC
Brian Winfield, DDS
LeeAnn Christian, DDS
Karyn Meyreles, DDS
Vicky Lovell, DDS
Rapone Anderson, DDS
Luciah Ellen Nzima, DDS
Oscar Perez, DDS

EXHIBITS

Finding #1 Exhibit 1 – Financial screen shots (UFS) , Letters to Providers, copies of correspondences

Finding #2 Exhibit 2 –Property Survey reports

Exhibit 3 – Correspondence and photos

Exhibit 4 – Equipment Acquired under Contract DS 2130 forms

Exhibit 5 – RCRC Inventory Listing – Updated