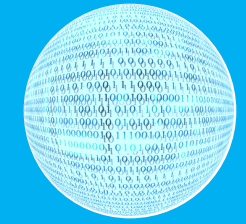


# Regional Center Audit Unit Overview

January 4, 2023

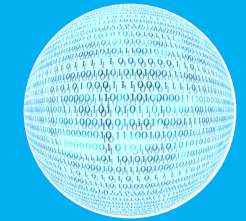




# PURPOSE OF TODAY'S SESSION



Discuss the Regional Center Audit Process



# REGIONAL CENTER AUDITS

## BACKGROUND

Welfare and Institutions Code, Section 4780.5  
The State Contract, Article IV, Section 3

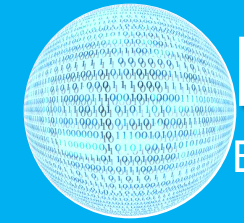
RC Audit Unit conducts audits to ensure State and Federal funds are accounted for.

### DDS audits RCs every 2 years

- To obtain assurance that costs claimed are consistent with Home and Community Based Waiver requirements.
- Audits are conducted in accordance with the Generally Accepted Government Auditing Standards.

In addition, RCs are required to have a **Certified Public Accounting** (CPA) firm conduct a financial audit annually and send the report to DDS.

- The same firm cannot audit the RC more than 5x/10 years

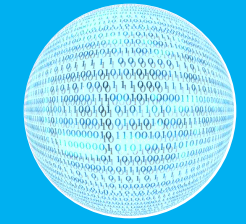


# REGIONAL CENTER AUDITS

## BACKGROUND

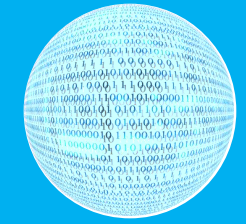
### **Areas of Review**

- 1) OPERATIONAL EXPENSES (OPS)
- 2) PURCHASE OF SERVICES (POS)
- 3) MISCELLANEOUS (MISC)



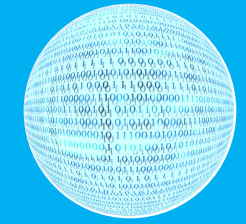
## OPERATIONAL EXPENSES

- Bank Reconciliations
- Analysis Statements (Bank Credits)
- Budget and State Claims
- Cash Analysis
- Uniform Fiscal System Reconciliations
- Payroll



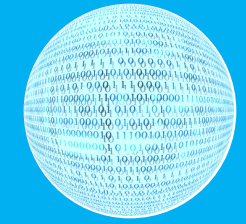
## OPERATIONAL EXPENSES (Cont'd)

- Overhead Allocation
- Operational Vendors
- Operational Consultants
- Insurance Policies
- Rental Lease Agreements
- Equipment Inventory



## PURCHASE OF SERVICES

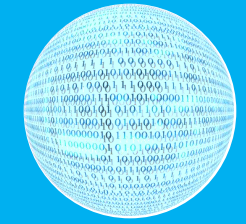
- Vendor Files
- Contracts and Rates
- Vendor Reimbursements (Electronic Billing)
- Self-Determination



## PURCHASE OF SERVICES (Cont'd)

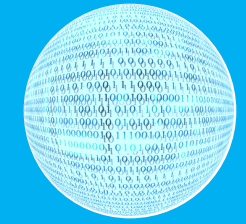
- Operational Indicators
- Client Trust
- Deceased Consumers
- Record Retention (Electronic Storage)





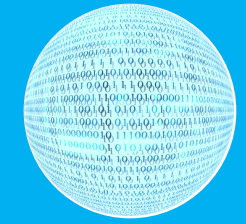
## MISCELLANEOUS

- Early Start Services (Part-C)
- Community Placement Program
- Donations Account
- Family Cost Participation Program
- Annual Family Program Fee
- Parental Fee Program



## MISCELLANEOUS (Cont'd)

- Family Resource Center
- Foundation
- Mental Health Services Act
- Independent Vendor CPA
- Governing Board
- Prior Audit Findings (DDS/CPA)



# REGIONAL CENTER AUDITS

## Audit Consists of Three Phases

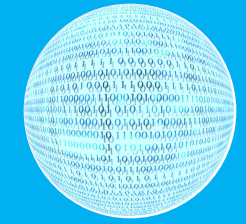
A. Planning

B. Fieldwork

C. Reporting and Follow-up

- Preliminary Draft Report
- DDS Review
- Informal Exit
- Final Report

Audit Resolution – Regional Center has right to appeal any findings.

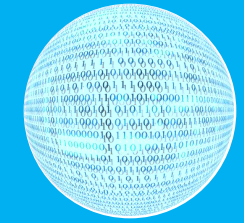


# REGIONAL CENTER AUDITS

Title 17, Article 2, Section 50730

## The Audit Process





# REGIONAL CENTER AUDITS

## COMMON DDS AUDITS

### The Most Common RC Audit Findings



**Duplicate  
Payments and  
Overlapping  
Authorizations**



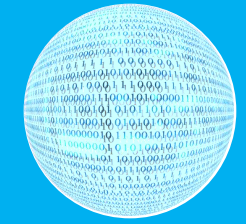
**Over/Under Stated  
Claims**



**Equipment  
Inventory**



**FCPP  
Late Assessments  
and Overstated Share  
of Cost**

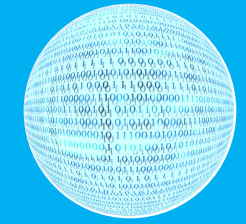


# REGIONAL CENTER AUDITS

## FOLLOW UP REVIEWS



DDS reviews prior audit findings and support documentation to determine the degree and completeness of the RC's implementation of its corrective action



# CLOSING

Questions/comments

**THANK YOU!**