

## Audit / Finance Committee Meeting Minutes

Kern Regional Center

August 25, 2014

4:00pm

Present: Susan Lara  
Ismael Romero  
Tracy Brown  
Rosita Barron  
Jeremy Shumaker  
KRC Staff: Cherylle Mallinson, Director of CSD

Absent: Lorie Stewart

Meeting began by reviewing one contract at a time.

- 1) The committee began with a review of California Welfare & Institutions Code (WIC) 4691.9 which effects the median rate for service code 113 (Specialized Residential Facility), as found in a DDS audit of a vendor from February 15, 2013. As stated in the regulation,

*“ Notwithstanding any other provision of law or regulation, commencing July 1, 2008:*  
*(a) No regional center shall pay an existing service provider, for services where rates are determined through a negotiation between the regional center and the provider, a rate higher than the rate in effect on June 30, 2008, unless the increase is required by a contract between the regional center and the vendor that is in effect on June 30, 2008, or the regional center demonstrated that the approval is necessary to protect the consumer’s health or safety and the department has granted prior written authorization.*  
*(b) No regional center may negotiate a rate with a new service provider, for services where rates are determined through a negotiation between the regional center and the provider, that is higher than the regional center’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. The unit of service designation must conform with an existing regional center designation or, if none exists, a designation used to calculate the statewide median rate for the same service. The regional center shall annually certify to the State Department of Developmental Services its median rate for each negotiated rate service code, by designated unit of service. This certification will be subject to verification through the department’s biennial fiscal audit of the regional center.*  
*© This section shall not apply to those services for which rates are determined by the State Department of Health Care Services, or the State Department of Developmental Services, or are usual and customary.”*

This law could have the potential to effect contracts which were negotiated after June 30, 2008. The regional center can pay past the threshold or over the median rate if the vendor acquires, in conjunction with the KRC, a Health & Safety Waiver Exemption from DDS.

- 2) **Vendor: Crandel Enterprises, Inc.** – Startup funding for Rhone Facility  
This is an adult specialized residential facility which is licensed for four, ambulatory/non-ambulatory developmentally disabled adults ranging in ages from 18-59. Consumers may present with a variety of healthcare needs, which may require a Restricted Healthcare Plan (RHP), including but not limited to consumers who have diabetes and are insulin dependent. The consumers may also present with forensic issues that include but are not limited to non-registrant sex offenders and/or display inappropriate sexual behaviors. In addition consumers may also present with deficits in cognitive or emotional development, self-help skills, and disruptive and/ self-injurious behaviors. This facility will be developed with a Delayed Egress System. The proposed consumers are currently residing in a State Developmental Center or are at risk of entering a Developmental Center. Each consumer will have their own room. This contract is for startup funding only. Proposed rate for facility once licensed and developed will be \$8,000 per month for the first fiscal year.

Vendor has met the 15% Administrative Cap Statement requirement, their insurance requirement, and has submitted an independent audit or review from their CPA. This vendor is in good standing with KRC and CCL.

Motion to recommend contract for approval to the Board. (Brown / Romero), 4-0-0.

- 3) **Vendor: IMAH** – Transportation Additional Component  
IMAH operates 6 vendored programs for adults in Bishop including transportation serving Inyo and Mono Counties. Per Title 17 they can be vendored for transportation additional component because they are vendored separately from their primary service and they provide services by employees of their primary service. IMAH currently has 3 buses, 2 vans and 1 four wheel drive vehicle. They travel more than 660 miles per day and transport 14 clients per day. (Inyo and Mono Counties are very rural and encompass 10,000 square miles.)

Contract Term is 36 months from 7/1/2014 to 6/30/2017. Vendored since 4/1995, rate was negotiated at \$57.99 Vehicle Service Hour with 2 hour minimum per vehicle per day, except for the Lone Pine route which is a 4.5 hour minimum per day. Rates frozen since 2008. Vendor reports a loss of \$3,000 per year. Vendor has met the 15% Administrative Cap Statement requirement, their insurance requirement, and has submitted an independent audit or review from their CPA. This vendor is in good standing with KRC.

Motion to recommend contract for approval to the Board. (Barron / Brown) 4-0-0.

- 4) **Vendor: Social Vocation Services (SVS)** – Transportation Additional Component  
SVS has 2 day programs that it provides transportation additional component services as well as to some of their supported employment clients that do not have other appropriate transportation. Their transportation serves Shafter, Wasco, Delano, Arvin and Lamont. Per Title 17 they can be vendored for transportation additional component because they are vendored separately from their primary service and they provide services by employees of their primary service. SVS currently operates 24 7-9 passenger vans and transport approximately 160 clients per day.

Contract Term is 36 months from 7/1/2014 to 6/30/2017. Vendored since 1998, rate was negotiated at \$44.65 Vehicle Service Hour. Rates frozen since 2008. Vendor reports a loss of \$4,952.50 per year. Vendor has met the 15% Administrative Cap Statement requirement, their insurance requirement, and has submitted an independent audit or review from their CPA. This vendor is in good standing with KRC.

Motion to recommend contract for approval to the Board. (Brown / Shumaker) 4-0-0.

5) **Vendor: New Advances for People with Disabilities NAPD (TAPSS Transportation)**  
– Transportation Additional Component

NAPD provides transportation under this component to children ages 3-17 who attend their TAPSS afterschool program. This transportation component serves Edison Highway, Arvin, and greater Bakersfield. Per Title 17 they can be vendored for transportation additional component because they are vendored separately from their primary service and they provide services by employees of their primary service. NAPD operates 6-8 vehicles for this component and transports approximately 51 consumers to and from the afterschool program.

Contract Term is 36 months from 7/1/2014 to 6/30/2017. Vendored prior to 1995, rate was negotiated at \$54.10 Vehicle Service Hour. Rates frozen since 2008. Vendor reports a loss over both transportation contracts of \$75,000 per year (Adults and Children). Vendor has met the 15% Administrative Cap Statement requirement, their insurance requirement, and has submitted an independent audit or review from their CPA. This vendor is in good standing with KRC.

Motion to recommend contract for approval to the Board. (Brown / Barron) 4-0-0.

6) **Vendor: New Advances for People with Disabilities NAPD – Transportation**  
Additional Component

NAPD has 2 day programs, one afterschool program, a morning program where clients gather prior to transportation to their day program, and a substance abuse program that it provides transportation additional component services for. Their transportation serves Arvin, Lamont, Shafter, Wasco and greater Bakersfield. Per Title 17 they can be vendored for transportation additional component because they are vendored separately from their primary service and they provide services by employees of their primary service. NAPD currently operates 46 vehicles and transports approximately 400 clients per day.

Contract Term is 36 months from 7/1/2014 to 6/30/2017. Vendored prior to 1995, rate was negotiated at \$54.10 Vehicle Service Hour. Rates frozen since 2008. Vendor reports a loss over both transportation contracts of \$75,000 (Adults and Children). Vendor has met the 15% Administrative Cap Statement requirement, their insurance requirement, and has submitted an independent audit or review from their CPA. This vendor is in good standing with KRC.

Motion to recommend contract for approval to the Board. (Brown / Barron) 4-0-0.

- 7) **Vendor: Positive Purpose, LLC** – Specialized Adult Residential Facility  
113 CPP home with 50% placement from the Developmental Center (DC) and 50% placement for deflection, or “at risk of being placed in DC”. Facility is for 4 consumers, each with their own bedroom. There are currently 3 clients in the home.

Contract Term from 9/1/14 – 6/30/16. Vendored on 2/13/2012. Rate is the median rate of \$7870.28 per client per month. Vendor has met the 15% Administrative Cap Statement requirement, and their insurance requirement. At the time of the meeting, the committee was told that an independent audit or review from their CPA had not been submitted. This vendor is in good standing with KRC.

Motion to not recommend contract for approval to the Board until a letter of engagement from Vendor’s CPA is submitted to CSD. (Brown / Shumaker) 4-0-0.

The next day the committee was informed that an engagement letter had been received by CSD and a motion to recommend contract for approval was made. (Romero / Shumaker).

- 8) **Vendor: Sails Bakersfield, INC. (Stellar)** – Specialized Residential Facility  
This facility serves 4 consumers (Children) ages 7-17. The individuals can display behaviors such as physical aggression, verbal aggression, property destruction, resistiveness, tantrums, self-injurious behavior, AWOL, and have a forensic background. They need constant visual monitoring and interaction. Facility is currently serving 3 consumers, both female and male. All consumers attend school.

Contract Term is 24 months from 7/1/2013 – 6/20/2015, contract is late getting before the Board. Vendored since 5/1/2012. Rate is the median rate of \$7,200 per client per month. Vendor is not in good standing with KRC or CCL due to various issues. (examples: unlicensed staff administered insulin, March 5, 2014 immediate danger to consumer, Feb 3, 2014 staff member displayed physical aggression and derogatory comments to consumer, clients using personal money for dinners, medications not given at proper time, some actions were substantiated). Corrective Action Plans written by Community Services Specialist to the facility and citations from both Community Care Licensing and KRC in the past year. Staffs which were involved in incidents are no longer working in the home. Vendor has met the 15% Administrative Cap Statement requirement, and their insurance requirement. At the time of the meeting, the committee was told that an independent audit or review from their CPA had not been submitted.

Motion to not recommend contract for approval to the Board until a letter of engagement from Vendor’s CPA is submitted to CSD. (Barron / Brown) 4-0-0.

The next day the committee was informed that an engagement letter had been received by CSD and a motion to recommend contract for approval was made. (Romero / Shumaker).

9) **Vendor: New Advances for People with Disabilities NAPD** – Supported Living Services (SLS)

Supported Living Services provide support to individuals in their own homes from the people they hire to provide assistance with personal needs and to facilitate active participation in the community, more listed in the scope of services in the areas of Training/Habilitation, Personal Support and Managing Business Affairs. NAPD currently serves approximately 12 individuals, male and female, 18 years or older, who reside in various living arrangements (own, rent, home, or apartment).

Contract Term is 36 months from 7/1/2014 to 6/30/2017. Vendored since 7/1/2000, rate was negotiated prior to 2008 at \$21.63 per hour/client, subcode PSOS (protection & Supervision) \$14.87 per hour/client, and subcode IH15 \$11.36 per Hour/client. Rate was negotiated prior to 2008. Vendor has met the 15% Administrative Cap Statement requirement, their insurance requirement, and has submitted an independent audit or review from their CPA. This vendor is in good standing with KRC.

Motion to recommend contract for approval to the Board. (Romero / Brown) 3-0-0.

Meeting Adjourned at 6:00pm

Susan Lara  
Chair, Audit / Finance Committee