

**KRC Audit / Finance Committee
March 3, 2014**

Minutes

Meeting began at 3:45pm

Present: Susan Lara, Chair
Lorie Stewart
Tracy Brown (by phone)
KRC – Duane Law, CEO
KRC – Cherylle Mallinson – Interim Director of Community Services

The committee reviewed the following contracts:

- 1) Inclusion Wear, LLC (Inclusion Films): This is a two year renewal with slight changes from the last contract. The first contract was a set fee for service each month the first year, then the second year went to a per client, per hour fee. This contract for 1/1/14 to 12/31/15 is for a vocational training program in the film industry with a broad scope of work. The training is a 2 year program, which mirrors the Department of Rehabilitation (DOR) guidelines; there is an exception of one additional year on an individual basis as per client's needs after assessment of progress. There has been a slight change in contract for vendor to provide measurable growth and gained skills of participants. Motion was made after thorough review by the committee to recommend approval of Inclusion Wear LLC (Inclusion Films) contract by the full Board of Directors. Motion by Brown, 2nd Stewart (2-0-0).

- 2) The committee spoke briefly of the enactment of AB74 in 2011, which required the Board of Directors to review and approve any contracts of \$250,000 or more, Welfare and Institutions Code (WIC) sections 4625.5, 4646, 4646.4, 4646.5. The committee began conversation surrounding the other 2011 regulation changes requiring a 15% Administrative CAP/Cost Statement and an Independent Audit Review or Report for applicable vendors as per Title 17 of the California Code of Regulations and WIC 4652.5. The Community Services Department has requested these requirements and many vendors have already complied with requests. It is the Community Services department's recommendation that both items be received before contracts may be approved by the Board. The Committee discussed this item at length, and since many vendors are complying, and others have not, the committee feels that the Board should take action to promote consistency. A motion was made to recommend to the full Board the following requirement: To have all vendors who are required to submit independent audit or review report, along with 15% Administrative CAP/Cost Statement, must submit these reports by the end of this 2013-2014 fiscal year (June 30, 2014). If a vendor fails to submit their report or audit by this deadline, the Kern Regional Center Board of Directors will not review their contract for purposes of renewal. If the vendor has initiated but not completed their audit or independent review report prior to June 30, 2014, a copy of the engagement letter with their CPA, submitted to the KRC Community Services Department may allow an exception for purposes of review. The final audit or independent financial review report must be submitted to KRC Community Services Department. Motion by Brown/ 2nd by Stewart(2-0-0).

- 3) Sails Bakersfield, INC. (Sails VI, Sails IX and Sails X): This is a contract renewal for 2 years, from 7/1/13 to 6/30/15. The committee reviewed three contracts for homes by Sails Bakersfield, INC. There are currently 12 consumers served by these three homes. There has been a Noncompliance Conference Summary by the Community Care Licensing Division which is still on-going regarding sensitive client information. Corrective actions have been taken and KRC has diligently done their QA assessments on the homes and feels confident to move forward with contracts at this time. After review of all three contracts, motion was made to recommend approval of Sails Bakersfield, INC, (Sails VI, IX and X) by the full Board of Directors. Motion by Stewart, 2nd by Brown. (2-0-0).
- 4) Phase Two Service Corporation (PTS-6): This is a new home and new contract which was presented to the Executive Committee last month for an emergency vendorization, but the home was not needed. The committee reviewed this contract in detail and a motion was made to recommend approval by the full Board of Directors. Motion by Brown, 2nd by Stewart. (2-0-0)

Meeting Adjourned at 5:30pm