

FINAL STATEMENT OF REASONS

TITLE 17. CALIFORNIA CODE OF REGULATIONS DIVISION 2. DEPARTMENT OF DEVELOPMENTAL SERVICES

(a) Description of the Public Problem, Administrative Requirement or Other Condition or Circumstance the Regulations are Intended to Address

The Bureau of State Audits' August 20, 2010 report on the Department of Developmental Services recommends that the Department amend its regulations to permit regional centers to move to an electronic authorization process. Welfare and Institutions Code section 4641.5, effective July 1, 2011, requires that regional centers transition providers to electronic billing. Additions and changes being proposed to Title 17 regulations will give the regional centers and vendors the authority to transact and maintain documents electronically. If the regional centers can use electronic signatures to conduct business, they will be able to obtain services for consumers more efficiently and at less cost. By amending the regulations to allow for the use of electronic documents as source documentation for audits, the Department and regional centers will be able to conduct audits more efficiently and effectively. The amendments and changes to the regulations to permit for the storage of documents electronically will enable vendors and regional centers to reduce costs by eliminating the need for extra physical space for the storage of documents.

(b) Specific Purpose and Rationale for Necessity

**Title 17. California Code of Regulations
Division 2.
Chapter 1: General Provisions
SubChapter 6: Service Provider Accountability
Article 1: General Provisions**

§50602. Definitions.

Specific Purpose:

Subsections (h) and (i) are being added to define electronic record and signature. Subsections (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), and (s) are being renumbered.

Rationale for Necessity:

The definitions of electronic records and signature are being added to clarify what type of documentation may be used to complete business transactions and to satisfy record retention requirements.

§50604. Service Provider Record Maintenance Requirements.

Specific Purpose:

All service providers of regional centers are required to maintain service records to support all billing/invoicing for each regional center consumer. The amendment to the regulation will permit the service providers to fulfill this requirement by keeping the documents electronically.

Rationale for Necessity:

At the present, the regulations do not allow source documents to be maintained electronically.

§50605. Service Provider Record Retention Requirements.

Specific Purpose:

All service providers of the regional centers must maintain financial and service records, including source documentation, for a minimum of five years from the date of final payment for the State fiscal year in which services were rendered. The amendment to the regulation will permit the documents to be maintained electronically.

Rationale for Necessity:

The amendment will clarify that the documents may be maintained electronically.

§50607. Regional Center Contracting Requirements.

Specific Purpose:

When a regional center enters into a contract with a provider, a signature is required by all contracting parties. The amendment to the regulation will allow an electronic signature to satisfy this requirement.

Rationale for Necessity:

The regulations now in effect do not authorize the use of electronic signatures for contracts between regional centers and vendors.

§50612. Regional Center Purchase of Service Requirements.

Specific Purpose:

Sections (a) and (f) will be amended. Section (a) requires a purchase of service authorization for all services purchased out of regional center funds. The amendment

will permit the authorization to be transmitted electronically. Section (f) requires that the authorization be maintained by the regional center. The amendment will permit the authorization to be maintained electronically.

Rationale for Necessity:

At the present, the regulations do not allow for electronic transmittal or storage.

**Title 17. California Code of Regulations
Division 2.
Chapter 3: Community Services
SubChapter 2: Vendorization
Article 2: Vendorization Process**

§54326. General Requirements for Vendors and Regional Centers.

Specific Purpose:

Regional center vendors are required to maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed for a minimum of five years from the date of final payment for the State fiscal year in which services were rendered or until audit findings have been resolved, whichever is longer. The amendment will allow the records to be maintained electronically.

Rationale for Necessity:

The regulations presently do not permit the records to be maintained electronically.

Authority cited: Welfare and Institutions Code section 4648 and Government Code section 11152.

Reference: Welfare and Institutions Code sections 4631, 4780, .4500, 4501, 4502, 4648, 4648.1 and 4742.