



**AUDIT OF THE
REGIONAL CENTER OF THE EAST BAY
FOR FISCAL YEARS 2013-14 AND 2014-15**

**Department of Developmental Services
February 20, 2018**

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) conducted a fiscal compliance audit of the Regional Center of the East Bay (RCEB) to ensure RCEB 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 RCEB maintains accounting records and supporting documentation for transactions in an organized manner.

The audit period was July 1, 2013, through June 30, 2015, with follow-up as needed into prior and subsequent periods. This audit report identifies some areas where RCEB's administrative and operational controls could be strengthened, but none of the findings were of a nature that would indicate systemic issues or constitute major concerns regarding RCEB's operations. A follow-up review was performed to ensure RCEB had taken corrective action to resolve the findings identified in the prior DDS audit report.

Findings That Need to Be Addressed.

Finding 1: Payments Above the Authorized Number of Hours

The sample review of 128 Purchase of Service (POS) vendor files revealed that RCEB paid one vendor, Tamar Meidav, M.D., Vendor Number PB0586, Service Code 780, above the authorized 20 hours per week. This resulted in overpayments totaling \$13,050. This is not in compliance with CCR, Title 17, Section 54326(a)(10) and (12), and RCEB's contract with Tamar Meidav, M.D.

Finding 2: Annual Family Program Fee (Repeat)

The review of the Annual Family Program Fee (AFPF) revealed that RCEB did not assess an AFPF from parents who have a gross income at or above 400 percent of federal poverty level for Fiscal Years (FY) 2013-14 and 2014-15. In addition, RCEB did not complete any AFPF Registration Forms (DS 6009). This issue was also noted in the prior audit report and in its response to DDS, RCEB indicated that it would comply with the AFPF requirements. However, RCEB stated that due to budget constraints, it was not able to hire additional personnel to conduct the AFPF assessments. This is not in compliance with W&I Code, Section 4785 (a)(1) and the DDS AFPF Program Fee Procedures II.B.

Finding 3: Parental Fee Program

The review of the Parental Fee Program (PFP) revealed that RCEB is not notifying DDS of new placements, terminated cases, or client deaths for consumers identified under the PFP. This is not in compliance with CCR, Title 17, Section 50225(b).

Finding 4: Whistleblower Policy

RCEB has not notified its consumers and the vendor community of the RCEB and the State's Whistleblower policy on an annual basis. This is not in compliance with the State Contract, Article I, Section 17(b)(6).

BACKGROUND

DDS is responsible, under the W&I Code, for ensuring that persons with developmental disabilities (DD) receive 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 contact 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 (HHS), 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 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 Regional Center of the East Bay, Inc. entered into State Contract HD099015, effective July 1, 2014, through June 30, 2021. This contract specifies that RCEB will provide services to individuals with DD and their families in Alameda and Contra Costa Counties. The contract is funded by state and federal funds that are dependent upon RCEB performing certain tasks, providing services to eligible consumers and submitting billings to DDS.

This audit was conducted at RCEB from February 29, 2016, through March 25, 2016, 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.

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 RCEB, effective July 1, 2014.

AUDIT PERIOD

The audit period was July 1, 2013, through June 30, 2015, 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 the 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 RCEB.

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

DDS' review of RCEB'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 FY 2013-14, issued on November 25, 2014, and FY 2014-15, issued on November 23, 2015.

It was noted that no management letter was issued for RCEB. 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 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 RCEB. 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 RCEB.
- DDS selected a sample of individual consumer trust accounts to determine if there were any unusual activities and whether any account balances exceeded \$2,000, as prohibited by the Social Security Administration. In addition, DDS determined if any retroactive Social Security benefit payments received exceeded the \$2,000 resource limit for longer than nine months. DDS also reviewed these accounts to ensure that the interest earnings were distributed quarterly, personal and incidental funds were paid before the 10th of each month, and proper documentation for expenditures was maintained.
- DDS selected a sample of Uniform Fiscal System (UFS) reconciliations to determine if any accounts were out of balance or if there were any outstanding items that were not reconciled.
- DDS analyzed all of RCEB'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 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 that RCEB'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, time sheets, payroll ledgers, and other support documents were selected to determine if there were any overpayments or errors in payroll or 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 RCEB'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 and Regional Center Rate Study

The Targeted Case Management (TCM) Rate Study determines the DDS rate of reimbursement from the federal government. The following procedure was performed upon the study:

- Reviewed applicable TCM records and RCEB's Rate Study. DDS examined the month of April 2015 and traced the reported information to source documents.

The last Case Management Time Study was performed in May 2013, which was reviewed in the prior DDS audit that included FY 2012-13. As a result, there was no Case Management Time Study to review for this audit period.

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 number of persons living in the family home. The family cost participation assessments are only applied to respite, day care, and camping services that are included in the child's Individual Program Plan (IPP). To determine whether RCEB was in compliance with CCR, Title 17, and the W&I Code, 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 to 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 RCEB is paying for only its assessed share of cost.

VII. Annual Family Program Fee

The AFPP 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 AFPP 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 the FCPP. To determine whether RCEB is in compliance with the W&I Code, Section 4785, DDS requested a list of AFPP 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

The PFP was created for the purpose of prescribing financial responsibility for 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 a DD at home, as determined by the Director of DDS, or (2) the cost of services provided, whichever is less. To determine whether RCEB 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) 24-hour, out-of-home community care received through a 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 listing shall be provided no 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.
- Within 10 working days after placement of a minor child, provide the parents a package containing an informational letter, a Family Financial Statement (FFS), and a return envelope.
- A copy of each informational letter given or sent to parents, indicating the addressee and the date given or mailed, shall be submitted to DDS.

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, among comparable service providers, are selected, as required by the Lanterman Act and the State Contract, as amended.

To determine whether RCEB implemented the required RFP process, DDS performed the following procedures during our audit review:

- Reviewed RCEB'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 include 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 communicates 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 RCEB. 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 Operational, Community Placement Plan (CPP), and negotiated POS contracts subject to competitive bidding to ensure RCEB notified the vendor community and the public of contracting opportunities available.
- Reviewed the contracts to ensure that RCEB has adequate and detailed documentation for the selection and evaluation process of vendor proposals and written justification for final vendor selection decisions and 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 RCEB 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 RCEB 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 RCEB's current RFP process and board approval of contracts of \$250,000 or more, as well as to determine whether the process in place satisfies the W&I Code and RCEB's State Contract requirements as amended.

X. Statewide/Regional Center Median Rates

The Statewide or RC Median Rates were implemented on July 1, 2008, and amended on December 15, 2011, 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 RCEB was in compliance with the Lanterman Act, DDS performed the following procedures during the audit review:

- Reviewed sample vendor files to determine whether RCEB is using appropriately vendorized service providers and correct service codes, and that RCEB is paying authorized contract rates and complying with the median rate requirements of the W&I Code, Section 4691.9.
- Reviewed vendor contracts to verify that RCEB 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.

XI. Other Sources of Funding from DDS

RCEB may receive other sources of funding from DDS. DDS performed sample tests on identified sources of funds from DDS to ensure RCEB'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:

- Start-Up Funds
- CPP
- Denti-Cal
- First Five
- Part C - Early Start Program
- Mental Health Services Act

XII. Follow-up Review on Prior DDS Audit Findings

As an essential part of the overall DDS monitoring system, a follow-up review of the prior DDS audit findings was conducted. DDS identified prior audit findings that were reported to RCEB and reviewed supporting documentation to determine the degree and completeness of RCEB'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, RCEB 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 RCEB for the audit period, July 1, 2013, through June 30, 2015.

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

From the review of prior audit issues, it has been determined that RCEB has not taken appropriate corrective action to resolve one prior audit issue.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on August 17, 2017. The findings in the draft audit report were discussed at a formal exit conference with RCEB on August 23, 2017. The views of RCEB's responsible officials are included in this final audit report.

RESTRICTED USE

This audit report is solely for the information and use of DDS, HHS, Department of Health Care Services, CMS, and RCEB. 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: Payments Above the Authorized Number of Hours

The sample review of 128 POS vendor files revealed that RCEB paid one vendor, Tamar Meidav, M.D., Vendor Number PB0586, Service Code 780, above the authorized 20 hours per week. The vendor was paid an additional 87 hours between September 2013, through February 2015. RCEB stated that this was due to an oversight on its part. This resulted in overpayments totaling \$13,050. (See Attachment A)

CCR, Title 17, Section 54326(a)(10) and (12) states:

“All vendors shall . . . :

- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring Regional Center...
- (12) Agree to accept the rate established, revised or adjusted by the Department as payment in full for all authorized services provided to consumers...”

The contract between RCEB and Tamar Meidav, M.D. states:

“RCEB shall pay Contractor a maximum hourly rate of \$150.00 for direct service to consumers effective June 1, 2008. Effective August 1, 2012, Contractor can bill up to 20 hours per week of direct service. Payment shall be considered payment in full for services provided.”

Recommendation:

RCEB must reimburse DDS the overpayments totaling \$13,050 for the payments that exceeded the consumer’s authorization hours. RCEB must not pay vendors for service provided beyond the authorized hours as agreed upon in the contract.

Finding 2: Annual Family Program Fee (Repeat)

The review of the AFPP revealed that RCEB did not assess an AFPP from parents who have a gross income at, or above, 400 percent of federal poverty level for FYs 2013-14 and 2014-15. In addition, RCEB did not

complete any DS 6009 forms. This issue was also noted in the prior audit report and in its response, RCEB indicated that it would comply with the AFPP requirements. However, RCEB stated that due to budget constraints, it was not able to hire additional personnel to conduct the AFPP assessments. RCEB's failure to assess families the AFPP, results in loss of revenue, requiring the use of state general fund to fund RC services.

W&I Code, Section 4785 (a)(1)(A)(B)(C)(D)(E) states in part:

“(a)(1) Effective July 1, 2011, a regional center shall assess an annual family program fee, as described in subdivision (b), from parents whose adjusted gross family income is at or above 400 percent of the federal poverty level based upon family size and who have a child to whom all of the following apply:

- (A) The child has a developmental disability or is eligible for services under the California Early Intervention Services Act.
- (B) The child is less than 18 years of age.
- (C) The child lives with his or her parent.
- (D) The child or family receives services beyond eligibility determination, needs assessment, and service coordination.
- (E) The child does not receive service through the Medi-Cal program.”

DDS Annual Family Program Fee Procedures II.B states:

“B. Regional centers shall complete the AFPP registration form with parents at the time of consumer's individual program plan (IPP) or individualized family services plan (IFSP).”

Recommendation:

RCEB must implement the AFPP and comply with the AFPP procedures developed by DDS to ensure compliance with W&I Code, Section 4785 (a)(1).

Finding 3: Parental Fee Program

The review of the PFP revealed that RCEB is not notifying DDS of new placements, terminated cases, or dates of death for consumers identified under the PFP. RCEB stated it was unaware of the RC's requirement to notify DDS of any PFP cases.

CCR, Title 17, Section 50225(b) states:

“Regional centers shall have the following duties and responsibilities:

- (b) Provide the Department of Developmental Services with a listing of new placements, terminated cases, and client deaths for those clients identified in paragraph (a) of this section. Such listing shall be provided not later than the 20th day of the month following the month of such occurrence and shall be provided in the format as determined by the Department of Developmental Services.”

Recommendation:

RCEB must develop procedures and inform staff of the PFP requirements to notify DDS of any new placements, terminated cases, or clients’ date of death for consumers identified under the PFP.

Finding 4: Whistleblower Policy

RCEB has not notified its consumers and the vendor community of RCEB and the State’s Whistleblower policy on an annual basis. RCEB indicated it was an oversight on its part that the consumers and the vendor community were not notified of the Whistleblower policy.

The State Contract, Article I, Sections 17(b)(6), and (c) state:

- “(b)(6) Include a process for ensuring notification of employees, board members, consumers/families, and vendor community of both the regional center and the State’s Whistleblower policy within 30 days of the effective date of the regional center’s policy and annually thereafter.”

Recommendation:

RCEB must ensure it notifies its consumers and the vendor community annually about the State’s Whistleblower policy.

EVALUATION OF RESPONSE

As part of the audit report process, RCEB was provided with a draft audit report and requested to provide a response to the findings. RCEB's response dated September 22, 2017, is provided as Appendix A.

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

Finding 1: Payments Above the Authorized Number of Hours

RCEB agrees with the finding and will reimburse DDS the overpayments totaling \$13,050.

Finding 2: Annual Family Program Fee (Repeat)

RCEB agrees with the finding and will implement the AFPF assessments in accordance with AFPF procedures developed by DDS to ensure compliance with W&I Code, Section 4785(a)(1). RCEB indicated assessments for FY 2016-17 will be completed by October 31, 2017 and subsequent assessments will be completed at the time of the annual review.

Finding 3: Parental Fee Program

RCEB agrees with the finding and indicated it has put procedures in place to notify DDS of new placements, terminated cases, or client deaths for individuals identified under the PFP. RCEB stated that it will submit a listing to DDS by September 30, 2017 and will send subsequent notifications to DDS no later than the 20th day of the month following the month of such occurrence.

Finding 4: Whistleblower Policy

RCEB acknowledged that it did not notify consumers and the vendor community of the State's Whistleblower policy in FYs 2013-14 and 2014-15. However, RCEB indicates that it does not plan to change its policy to notify the consumers and vendor community annually of the State's Whistleblower policy since the requirement was eliminated from the State Contract for FY 2017-18.

DDS agrees with RCEB that an annual notification to the consumers and vendor community of the State's Whistleblower policy is no longer a requirement in the State Contract. However, this does not eliminate this as an issue since the finding pertains to prior fiscal years.

**Regional Center of the East Bay
Payments Above the Authorized Number of Hours
Fiscal Years 2013-14 and 2014-15**

Unique Client Identification Number	Vendor Number	Vendor Name	Service Code	Authorization Number	Payment Period	Excess Hours	Overstated Claims
	PB0586	Tamar Meidav, M.D.	780		Sep-13	11.00	\$1,650.00
	PB0586	Tamar Meidav, M.D.	780		Dec-13	16.00	\$2,400.00
	PB0586	Tamar Meidav, M.D.	780		Apr-14	22.00	\$3,300.00
	PB0586	Tamar Meidav, M.D.	780		Jun-14	10.00	\$1,500.00
	PB0586	Tamar Meidav, M.D.	780		Nov-14	12.00	\$1,800.00
	PB0586	Tamar Meidav, M.D.	780		Feb-15	16.00	\$2,400.00
Total Overpayments Due to Payments Above the Authorization						87.00	\$13,050.00

APPENDIX A

REGIONAL CENTER OF THE EAST BAY

RESPONSE TO AUDIT FINDINGS

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

Regional Center of the East Bay
Response to Draft Audit Findings
For Fiscal Years 2013-14 and 2014-15

Response to Audit Finding 1: Payments Above the Authorized Number of Hours

Regional Center of the East Bay (RCEB) concurs with this DDS audit finding and will reimburse DDS the overpayments totaling \$13,050. RCEB has notified the vendor, Tamar Meidav, M.D., Vendor Number PB0586, and is in the process of collecting the overpayments. RCEB will continue to reinforce our policies and procedures and ensure that POS payments are accurately processed for services provided only up to the authorized hours as agreed upon in the contract.

Response to Audit Finding 2: Annual Family Program Fee (Repeat)

RCEB concurs with this DDS audit finding. RCEB is re-implementing the Annual Family Program Fee (AFPF) assessments in accordance with AFPF procedures developed by DDS to ensure compliance with W&I Code, Section 4785 (a)(1). RCEB will complete assessments for fiscal year 2016-2017 by October 31, 2017. Assessments for fiscal year 2017-2018 and future years will be completed at the time of the annual review. RCEB's staff is finalizing updated procedures to ensure efficient and complete implementation of DDS AFPF procedures.

Response to Audit Finding 3: Parental Fee Program

RCEB concurs with this DDS audit finding. In compliance with CCR Title 17, Section 50225(b), RCEB will notify DDS of new placements, terminated cases, or client deaths for individuals served under the Parental Fee Program (PFP). RCEB has put procedures in place to report by September 30, 2017 and going forward will submit a listing to DDS no later than the 20th day of the month following the month of such occurrence and in the format determined by the DDS.

Response to Audit Finding 4: Whistleblower Policy

RCEB does not concur with this DDS audit finding regarding notifying its consumers and the vendor community annually about the State's Whistleblower policy. Since its adoption, RCEB has notified new clients/families and new vendors of the regional center's and the State's Whistleblower policy. RCEB has prominently posted the policy on its website and reviewed annually with employees and board members. However, RCEB has not notified the consumers and vendor community again on an annual basis. RCEB

acknowledged that this was a requirement in the State Contract for Fiscal Year 2013-14 and 2014-15. However, it is no longer a requirement for Fiscal Year 2016-17 or the current Fiscal Year 2017-18. Therefore, RCEB does not plan to change its policy to notify the consumers and vendor community annually.