



**AUDIT OF THE
REGIONAL CENTER OF THE EAST BAY
FOR FISCAL YEARS 2007-08 AND 2008-09**

Department of Developmental Services

This report was prepared by the
California Department of Developmental Services
1600 Ninth Street
Sacramento, CA 95814

Karyn Meyreles, Deputy Director, Administration Division
Edward Yan, Manager, Audit Branch
Luciah Ellen Nzima, Chief of Regional Center Audits, Audit Branch

Audit Staff: Oscar Pérez, Grace Gwarada and Ikechukwu Uche

For more information, please call: (916) 654-3695

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
BACKGROUND.....	3
Authority.....	4
Criteria.....	4
Audit Period.....	4
OBJECTIVES, SCOPE, AND METHODOLOGY	5
I. Purchase of Service.....	6
II. Regional Center Operations.....	7
III. Targeted Case Management and Regional Center Rate Study	7
IV. Service Coordinator Caseload Survey	7
V. Early Intervention Program (Part C Funding)	8
VI. Family Cost Participation Program.....	8
VII. Other Sources of Funding	9
VIII. Follow-up Review on Prior DDS’s Audit Findings.....	9
CONCLUSIONS.....	10
VIEWS OF RESPONSIBLE OFFICIALS	11
RESTRICTED USE.....	12
FINDINGS AND RECOMMENDATIONS.....	13
EVALUATION OF RESPONSE	17
REGIONAL CENTER’S RESPONSE.....	Appendix A

EXECUTIVE SUMMARY

The fiscal compliance audit of Regional Center of the East Bay (RCEB) revealed that RCEB was in substantial compliance with the requirements set forth in the California Code of Regulations, Title 17 (CCR, title 17), the California Welfare and Institutions (W&I) Code, the Home and Community Based Services (HCBS) Waiver for the Developmentally Disabled, and the contract with the Department of Developmental Services (DDS). The audit indicated that, overall, RCEB maintains accounting records and supporting documentation for transactions in an organized manner. This report identifies some areas where RCEB's administrative, 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.

The findings of this report have been separated into the categories below.

I. Findings that need to be addressed.

Finding 1: Targeted Case Management Time Study – Recording of Attendance

The review of the Targeted Case Management (TCM) time study revealed that for eight of the 20 sampled employees, vacation and sick hours recorded on the timesheets did not properly reflect what was recorded on the Case Management Time Study Forms (DS 1916).

Finding 2: Stale Dated Checks (Repeat)

The review of RCEB's bank reconciliations revealed 271 stale dated Purchase of Service checks older than six months. As of March 2010, RCEB had stale dated checks totaling \$170,301.45. This issue was also identified in the prior DDS audit.

Finding 3: Equipment Inventory

The review of RCEB's equipment inventory revealed that the inventory worksheets were not signed and dated by the individual who performed the inventory. This is not in compliance with the State's Equipment Management System Guidelines issued by DDS.

II. Findings that have been addressed and corrected by RCEB.

Finding 4: Over-Stated Claims

A detailed review of the RCEB's Operational Indicator reports revealed five instances in which RCEB over claimed expenses to the State totaling \$6,060.76. This is not in compliance with CCR, title 17, section 54326(a)(10).

RCEB has taken corrective action by making billing adjustments with the respective vendors for the overpayments.

Finding 5: Medi-Cal Provider Agreement Forms

The review of 89 Transportation, Residential, Day Program vendor files revealed that Medi-Cal Provider Agreement forms for 21 of the vendors were not properly completed by RCEB. The forms were either missing the service code, vendor number, had multiple vendor numbers and/or service codes. This is not in compliance with CCR, title 17, section 54326(a)(16).

RCEB has taken corrective action by providing DDS with the properly completed Medi-Cal Provider Agreement forms.

BACKGROUND

The Department of Developmental Services (DDS) is responsible, under the Lanterman Developmental Disabilities Services Act (Lanterman Act), for ensuring that persons with developmental disabilities (DD) receive the services and supports they need to lead more independent, productive and normal 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. The regional centers 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, Centers for Medicare and Medicaid Services (CMS) that services billed under California's Home and Community-Based Services (HCBS) Waiver Program are provided, and that criteria set forth for receiving funds have been met. As part of DDS's program for providing this assurance, the Audit Branch conducts fiscal compliance audits of each regional center no less than every two years, and completes follow-up reviews in alternate years. Also, DDS requires regional centers to contract with independent Certified Public Accountants (CPA) 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 regional center will also be reviewed by the DDS Federal Programs Operations Section to assess overall programmatic compliance with HCBS Waiver requirements. The HCBS Waiver compliance monitoring review will have its own criteria and processes. These audits and program reviews are an essential part of an overall DDS monitoring system that provides information on regional center fiscal, administrative and program operations.

DDS and Regional Center of the East Bay, Inc., entered into contract, HD009915, effective July 1, 2004, through June 30, 2009. This contract specifies that Regional Center of the East Bay, Inc. will operate an agency known as the Regional Center of the East Bay (RCEB) to provide services to persons with DD and their families in the 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 April 13, 2010 through May 6, 2010 and was conducted by the DDS's Audit Branch.

AUTHORITY

The audit was conducted under the authority of the Welfare and Institutions (W&I) Code, section 4780.5, and Article IV, Provision Number 3 of RCEB's contract.

CRITERIA

The following criteria were used for this audit:

- California Welfare and Institutions (W&I) Code
- "Approved Application for the Home and Community-Based Services Waiver for the Developmentally Disabled"
- California Code of Regulations, Title 17 (CCR, title 17)
- Federal Office of Management Budget (OMB) Circular A-133
- RCEB's contract with the DDS

AUDIT PERIOD

The audit period was July 1, 2007, through June 30, 2009, 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 regional centers' fiscal, administrative, and program operations. The objectives of this audit are:

- To determine compliance to California Code of Regulations, Title 17 (CCR, title 17),
- To determine compliance to the provisions of the HCBS Waiver for the Developmentally Disabled, and
- To determine that costs claimed were in compliance to the provisions of RCEB's contract with DDS.

The audit was conducted in accordance with 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 our 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 CCR, title 17, the HCBS Waiver for the Developmentally Disabled, and the contract with DDS.

Our review of RCEB's internal control structure was limited to gaining an understanding of the transaction flow and the policies and procedures as necessary to develop appropriate auditing procedures.

DDS reviewed the annual audit reports that was conducted by an independent accounting firm for fiscal years (FYs):

- FY 2007-08, issued November 24, 2008
- FY 2008-09, issued January 25, 2010

No management letters were issued by the independent accounting firm. This review was performed to determine the impact if any upon our audit and, as necessary, develop appropriate audit procedures.

The audit procedures performed included the following:

I. Purchase of Service

DDS selected a sample of Purchase of Service (POS) claimed and billed to DDS. The sample included consumer services, vendor rates, and consumer trust accounts. The sample also included consumers who were eligible for the HCBS Waiver. For POS, 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 individuals were reviewed to ensure that the rates paid were set in accordance with the provisions of CCR, title 17.
- DDS selected a sample of individual trust accounts to determine if there were any unusual activities and if any individual account balances were not over the \$2,000 resource limit as required by the Social Security Administration (SSA). In addition, DDS determined if any retro Social Security benefit payments received were not held longer than nine months. DDS also reviewed these accounts to ensure that the interest earnings were distributed quarterly, that personal and incidental funds were paid before the tenth of each month, and that proper documentation for expenditures are maintained.
- The Client Trust Holding Account, an account used to hold unidentified consumer trust funds, is not used by RCEB. An interview with RCEB staff revealed that RCEB has procedures in place to determine the correct recipient of unidentified consumer trust funds. If the correct recipient cannot be determined, the funds are returned to SSA (or other source) in a timely manner.
- DDS selected a sample of Uniform Fiscal Systems (UFS) reconciliations to determine if any accounts were out-of-balance or if there were any outstanding reconciling items.
- DDS analyzed all of RCEB's bank accounts to determine if DDS had signatory authority as required by the contract with DDS.
- DDS selected a sample of bank reconciliations for Operations and Consumer Trust bank accounts to determine if the reconciliations were properly completed on a monthly basis.

II. Regional Center Operations

DDS audited RCEB's operations and conducted tests to determine compliance to the contract with DDS. The tests included various expenditures claimed for administration to ensure that the accounting staff was properly inputting data, transactions were being recorded on a timely basis, and expenditures charged to various operating areas were valid and reasonable. These tests included the following:

- A sample of the personnel files, time sheets, payroll ledgers and other support documents was selected to determine if there were any overpayments or errors in the payroll or the payroll deductions.
- A sample of operating expenses including, but not limited to, purchases of office supplies, consultant contracts, insurance expenses, and lease agreements, was tested to determine compliance to CCR, title 17 and the contract with DDS.
- A sample of equipment was selected and physically inspected to determine compliance with requirements of the contract with DDS.
- DDS reviewed RCEB's policies and procedures for compliance to the CCR, title 17 Conflict of Interest requirements and 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 is the study that determines DDS rate of reimbursement from the Federal Government. The following procedures were performed upon the study:

- Reviewed applicable TCM records and RCEB's Rate Study. DDS examined the month of May 2007 and traced the reported information to source documents.
- Reviewed RCEB's Case Management Time Study. DDS selected a sample of payroll time sheets for this review and compared to the DS 1916 forms to ensure that the DS 1916 forms were properly completed and supported.

IV. Service Coordinator Caseload Survey

Under the W&I Code, section 4640.6(e), regional centers are required to provide service coordinator caseload data to DDS annually for each fiscal year. Prior to January 1, 2004, the survey required regional centers to have an average service coordinator-to-consumer ratio of 1:62 for all consumers who have not moved from developmental centers to the community since April 14, 1993, and an average ratio of 1:45 ratio for all consumers who have moved from developmental centers to the community since April 14, 1993.

Commencing January 1, 2004, the following average service coordinator-to-consumer ratios apply:

- A. For all consumers that are three years of age and younger and for consumers that are enrolled on the HCBS Waiver, the required average ratio shall be 1:62.
- B. For all consumers who have moved from a developmental center to the community since April 14, 1993, and have lived in the community continuously for at least 12 months, the required average ratio shall be 1:62.
- C. For all consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not covered under A above, the required average ratio shall be 1:66.

However, commencing February 1, 2009, to June 30, 2010, under W&I Code, section 4640.6(i), regional centers are no longer required to provide service coordinator caseload data to DDS on an annual basis. Instead, regional centers are to retain service coordinator caseload data on file for the auditors' review in order to maintain compliance with the service coordinator-to-consumer ratio requirements.

Therefore, DDS reviewed the Service Coordinator Caseload Survey methodology used in calculating the caseload ratios to determine reasonableness and verified that supporting documentation is maintained as required by W&I Code, section 4640.6(e) and (i).

V. Early Intervention Program (Part C Funding)

For the Early Intervention Program, there are several sections contained in the Early Start Plan. However, only the Part C section was applicable for this review.

For this program, we reviewed the Early Intervention Program, including the Early Start Plan and Federal Part C funding to determine if the funds were properly accounted for in the RCEB's accounting records.

VI. Family Cost Participation Program (FCPP)

The Family Cost Participation Program (FCPP) was created for the purpose of assessing cost participation to parents based on income level and dependents. 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. To determine whether RCEB is in compliance with CCR, title 17 and the W&I Code, we performed the following procedures during our audit review:

- Reviewed the list of consumers who received respite, day care and camping services, for ages 0 through 17 who live with their parents and are not Medi-Cal eligible, to determine their contribution for the Family Cost Participation.
- Reviewed the parents' income documentation to verify their level of participation based on the Family Cost Participation Schedule.
- Reviewed copies of the notification letters to verify that the parents were notified of their assessed cost participation within 10 working days.
- Reviewed vendor payments to verify RCEB is paying for only its assessed share of cost.

VII. Other Sources of Funding

Regional centers may receive many other sources of funding. For the other sources of funding identified for RCEB, DDS performed sample tests to ensure that the accounting staff was inputting data properly and transactions were properly recorded and claimed. In addition, tests were performed to determine if the expenditures were reasonable and supported by documentation. The other sources of funding identified for this audit are:

- Family Resource Center Program.
- Start Up Programs.
- Wellness Grants.
- Medicare Moderation Act (Part D Funding).

VIII. Follow-up Review on Prior DDS's Audit Findings

As an essential part of the overall DDS monitoring system, a follow-up review of the prior DDS audit finding was conducted. DDS identified the prior audit finding that were reported to RCEB and reviewed supporting documentation to determine the degree and completeness of RCEB's implementation of corrective action taken.

CONCLUSIONS

Based upon the audit procedures performed, we have determined that except for the items identified in the Findings and Recommendations Section, RCEB was in compliance with applicable sections of CCR, title 17, HCBS waiver, and the terms of RCEB's contract with DDS for the audit period July 1, 2007, through June 30, 2009.

Except for those items described in the Findings and Recommendations Section, 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 corrective actions to resolve one prior audit finding which is contained in the Findings and Recommendations Section as a repeat finding. RCEB needs to follow its procedures and ensure that immediate action has been taken to resolve this issue and to avoid any finding of this nature in the future. RCEB should provide DDS with supporting documentation together with the response to this report indicating that all stale dated checks older than six months have been cleared by RCEB.

VIEWS OF RESPONSIBLE OFFICIALS

We issued a draft report on May 11, 2011. The findings in the report were discussed at an exit conference with RCEB on May 26, 2011. At the exit conference, we stated that the final report will incorporate the views of responsible officials.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, the Centers for Medicare and Medicaid Services, and the Regional Center of the East Bay. It is not intended and should not be used by anyone other than these specified parties. This restriction does not limit distribution of this report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

The findings of this report have been separated into the two categories below.

I. Findings that need to be addressed.

Finding 1: Targeted Case Management Time Study – Recording of Attendance

The review of the TCM time study revealed that for eight of the 20 sampled employees, vacation and sick leave hours recorded on the employee timesheets did not properly reflect what was recorded on the TCM study forms (DS 1916). The difference between the employee timesheets and the TCM study forms was a total of 36.5 hours. Although the difference did not have a significant impact on the TCM rate, hours recorded incorrectly in the TCM study can affect the TCM rate billed to the Federal Government.

For good business and internal control practices, vacation and sick time should be recorded correctly on the TCM study forms (DS 1916). Time recorded improperly may result in an incorrect calculation of the TCM rate, which could result in the requirement to return overpayments of the TCM rate to the Federal Government.

Recommendation:

RCEB should implement policies and procedures to include a review of the employees' vacation and sick hours on the TCM study forms (DS 1916). This would ensure that the hours reported for the TCM Time study are accurate.

Finding 2: Stale Dated Checks (Repeat)

The review of RCEB's bank reconciliations revealed 271 outstanding stale dated Purchase of Service checks older than six months. As of March 2010, RCEB had outstanding stale dated checks totaling \$170,301.45. RCEB had stated in its prior response that procedures have been implemented to correct this issue; however, this issue remains unresolved.

Uniform Commercial Code, article 4, section 404 states:

“A bank is under no obligation to a customer having a checking account to pay a check other than a certified check, which is presented more than six months after its date, but it may charge its customer's account for a payment made thereafter in good faith.”

In addition, for good accounting and internal control practices, all stale dated checks should be reviewed and identified. This will ensure that stale dated checks are researched and appropriate actions are taken to resolve the issue.

Recommendation:

RCEB should consider this issue of a serious nature and immediately follow its newly developed written policy and procedures for identifying and clearing checks that are outstanding for more than six months. In addition to its response to the audit report, RCEB should provide DDS with supporting documentation reflecting that this finding has been resolved. This will ensure compliance with RCEB policies and procedures and non-reoccurrence of this finding.

Finding 3: Equipment Inventory

The RCEB conducted a physical inventory. However, the individual that performed the inventory count did not sign and date the worksheets used to document that a physical inventory was taken. The State Equipment Management System Guidelines require that inventory worksheets be signed, dated, and retained for audit.

Article IV, section 4(a) of the contract between DDS and RCEB states in part:

“Contractor shall comply with the State’s Equipment Management System Guidelines for regional center equipment and appropriate directions and instructions which the State may prescribe as reasonably necessary for the protection of State of California property.”

Section III(F) of the State’s Equipment Management System Guidelines, dated February 1, 2003, states in part:

“The inventory will be conducted per State Administrative Manual (SAM) Section 8652.”

State Administrative Manual (SAM), section 8652 states in part:

“Departments will make a physical count of all property and reconcile the count with accounting records at least once every three years.

Departments are responsible for developing and carrying out an inventory plan which will include:

2(b) Worksheets used to take inventory will be retained for audit and will show the date of inventory and the name of the inventory taker.”

Recommendation:

RCEB should ensure compliance with the State’s Equipment Management System Guidelines as required by its contract with DDS. This would include requirements to maintain documentation of the physical inventory with the date and signature of the inventory taker.

II. Findings that have been addressed and corrected by RCEB.

Finding 4: Over-Stated Claims

A review of the Operational Indicator reports revealed five instances in which RCEB over claimed expenses to the State. The five instances of overpayments totaling \$6,060.76 were due to either duplicate payments or overlapping authorizations.

CCR, title 17, section 54326(a)(10) 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.”

In addition, for good business and internal control practices, RCEB should generate and monitor the Operational Indicator reports periodically to detect and correct any overpayments that may have occurred in the course of doing business with its vendors.

RCEB has taken corrective action by making billing adjustments for the overpayments.

Recommendation:

RCEB should continue to review the Operational Indicator reports to ensure any payment errors that have may have occurred in the course of doing business with its vendors are identified and corrected on a timely manner.

Finding 5: Medi-Cal Provider Agreement Forms

The file review of 89 Transportation, Residential, and Day Program vendor files revealed that 21 Medi-Cal Provider Agreement forms were not properly completed by RCEB. The forms were either missing the service code, vendor number, had multiple vendor numbers and/or service codes.

CCR, title 17, section 54326(a)(16) states:

“All vendors shall...

(16) Sign the Home and Community Based Service provider Agreement (6/99), if applicable pursuant to Section 54310(a)(10)(I), (d) and (e).”

For good internal practices, all required forms shall be properly completed and retained on file.

RCEB took corrective action to resolve this issue and provided properly completed Medi-Cal Provider Agreement forms for all nine vendors before the end of the audit.

Recommendation:

RCEB should implement policies and procedures to ensure there is a properly completed Medi-Cal Provider Agreement form on file for every vendor providing services to consumers.

EVALUATION OF RESPONSE

As part of the audit report process, RCEB has been provided with a draft report and was requested to provide a response to each finding. RCEB's response dated June 22, 2011, is provided as Appendix A. This report includes the complete text of the findings in the Findings and Recommendation section as well as a summary of the findings in the Executive Summary section.

DDS's Audit Branch has evaluated RCEB's response. Except as noted below, RCEB's response addressed the audit findings and provided reasonable assurance that corrective action would be taken to resolve the issues. DDS's Audit Branch will confirm RCEB's corrective actions identified in the response during the follow-up review of the next scheduled audit.

Finding 1: Targeted Case Management Time Study – Recording of Attendance

The review of the TCM Time Study revealed that for eight of the 20 sampled employees, vacation and sick leave hours recorded on the employee timesheets did not properly reflect what was recorded on the TCM Time Study forms (DS 1916). The difference between the employee timesheets and the TCM Time Study forms was a total of 36.5 hours. Although the difference did not have a significant impact on the TCM rate, hours recorded incorrectly in the TCM Time Study can affect the TCM rate billed to the Federal Government.

RCEB stated in its response that it concurs with the DDS audit finding. RCEB pointed out that it recently established procedures to address the recording of attendance on the TCM Time Study forms in order clarify the role of RCEB supervisors and their need to thoroughly and carefully review employees' vacation and sick hours reported on the TCM Time Study forms. RCEB also stated that the procedures would ensure that work and time off hours are correctly recorded. Further, RCEB stated that training for Supervisors has been scheduled in July 2011 to review these procedures.

DDS will conduct a follow-up review during the next scheduled audit to ensure that RCEB has implemented policies and procedures. Further, the audit will verify that as of July 2011, all supervisors have been trained and are carefully reviewing the employees' vacation and sick hours on the TCM Time Study forms (DS 1916) and that time recorded on these forms match the time sheets. This will ensure that the hours reported for the TCM Time Study are accurate.

Finding 2: Stale Dated Checks (Repeat)

The review of RCEB's bank reconciliations revealed 271 outstanding stale dated Purchase of Service (POS) checks older than six months. As of March 2010,

RCEB had outstanding stale dated checks totaling \$170,301.45. RCEB stated in its prior response that procedures had been implemented to correct this issue; however, this issue remains unresolved.

As stated in the prior audit response, RCEB reiterated that it concurs with the DDS audit finding. RCEB states that in the past it has applied its stale dated check policy with leniency due to the fact that many checks are issued to consumers who typically do not cash checks on a timely basis. RCEB pointed out that it is aware that good accounting practices call for stale dated checks to be researched and addressed within the policy limits regardless of the payee. RCEB further states that it will adhere more strictly to the time limits required by its policy from now on, and will make a concerted effort that all checks outstanding for over six months are promptly investigated and resolved.

RCEB should consider this issue of a serious nature and immediately follow its newly developed written policy and procedures for identifying and clearing checks that are outstanding for more than six months. In addition to its response to the audit report, RCEB should provide DDS with supporting documentation 30 days from receipt of its final report reflecting that this finding has been resolved. This will ensure compliance with RCEB's policies and procedures and non-reoccurrence of this finding.

Finding 3: Equipment Inventory

RCEB conducted a physical inventory; however, the individual that performed the inventory count did not sign and date the worksheets used to document that a physical inventory was taken. The State Equipment Management System Guidelines require that inventory worksheets be signed, dated, and retained for audit.

In its response, RCEB stated that it concurs with the DDS audit finding and will ensure that documentation of the physical inventory includes the date and signature of the individuals performing the physical inventory. This will ensure compliance with the State's Equipment Management System Guidelines as required by its contract with the State.

DDS will conduct a follow-up review during the next scheduled audit to ensure this issue has been addressed and resolved.

APPENDIX A

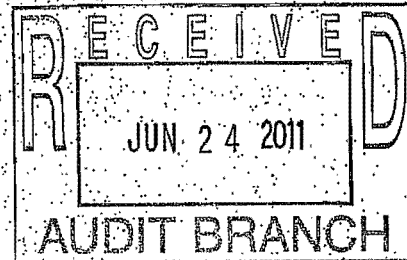
REGIONAL CENTER OF THE EAST BAY

**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.)

RCEB

Regional Center of the East Bay



June 22, 2011

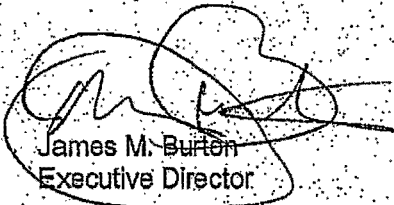
Mr. Edward Yan, Chief
Audit Branch
Department of Developmental Services
1600-9th Street
Sacramento, Calif. 95814

Re: Regional Center of East Bay Audit for F/Y 2007-08 and 2008-09

Dear Mr. Yan:

Please find attached Regional Center of the East Bay's response to the draft audit report for F/Y 2007-08 and 2008-09 received on May 13, 2011. The exit conference for the audit of RCEB was held on May 26, 2011. We sincerely appreciate the Department's work on this audit, and would like to acknowledge you and your audit team for your collaborative approach. Please do not hesitate to contact Nancy Kubota, 510-618-7709, if you have any questions.

Sincerely,



James M. Burton
Executive Director

Enclosures

cc: Nancy Kubota, Director, Finance/Administration, RCEB
Mark Nelman, Controller, RCEB

Regional Center of the East Bay

Response to Draft Audit Findings
For Fiscal Years 2007-08 and 2008-09

Response to Audit Finding 1: Targeted Case Management Time Study-Recording of Attendance

Regional Center of the East Bay (RCEB) concurs with the DDS audit finding. RCEB recently established procedures to address the recording of attendance on the TCM study forms. These procedures clarify the role of RCEB supervisors to thoroughly and carefully review employees' vacation and sick hours reported on the TCM study form, and to ensure work and time off hours are correctly recorded. In response to this finding, training for Supervisors has been scheduled in July, 2011 to review these procedures.

Response to Audit Finding 2: Stale Dated Checks

Regional Center of the East Bay concurs with the DDS audit finding. In the past, RCEB has applied its stale dated policy with leniency due to the fact that many of our stale dated checks are issued to consumers who haven't cash their checks on a timely basis. We are in agreement that good accounting practice calls for stale dated checks to be researched and addressed within the policy limits regardless of the payee. RCEB will adhere more strictly to the time limits required by our policy, and will make a concerted effort so that all checks outstanding over 6 months will promptly be investigated and acted upon.

Response to Audit Finding 3: Equipment Inventory

Regional Center of the East Bay concurs with the DDS audit finding. We will ensure documentation of our physical inventory includes the date and signature of the individuals who performs inventory as required by the State's Equipment Management System Guidelines.