



**AUDIT OF THE
NORTH BAY REGIONAL CENTER
FOR FISCAL YEARS 2016-17 AND 2017-18**

**Department of Developmental Services
December 18, 2019**

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EXECUTIVE SUMMARY

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

The audit period was July 1, 2016, through June 30, 2018, with follow-up, as needed, into prior and subsequent periods. This report identifies some areas where NBRC'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 NBRC's operations. A follow-up review was performed to ensure NBRC has taken corrective action to resolve the findings identified in the prior DDS audit report.

Findings that need to be addressed.

Finding 1: Equipment Inventory

The review of the inventory process revealed that NBRC has not followed the State's Equipment Management System Guidelines issued by DDS. It was found that NBRC has not performed the required physical inventory in the last three years. In addition, NBRC has not been updating its current inventory listing when items were either purchased or surveyed. Furthermore, the purchase dates, prices and descriptions for six items on the inventory listing were either missing or did not match the items listed. This is not in compliance with the State Contract, Article IV, Section 4(a); the State Equipment Management System Guidelines, section III (C), (D), (E) and (F); and the State Administrative Manual (SAM), Section 8652.

Finding 2: Duplicate Payments and Overlapping Authorizations

The review of the Operational Indicator Reports revealed 80 instances where NBRC over-claimed expenses to the State totaling \$221,041.38. These overpayments were due to duplicate payments and/or overlapping authorizations. This is not in compliance with CCR, Title 17, Section 54326(a)(10). However, NBRC recovered \$220,591.38 after the audit, leaving \$450.00 still outstanding.

Finding 3: Independent Audit Reports – Late Submission

NBRC did not submit to DDS the annual independent audit reports by the April 1st deadline for the past two fiscal years (FYs). This is not in compliance with W&I Code, Section 4639(a).

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, 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 North Bay Developmental Disability Services, Inc., entered into contract HD149011, effective July 1, 2014, through June 30, 2021. This contract specifies that North Bay Developmental Disability Services, Inc. will operate an agency known as NBRC to provide services to individuals with DD and their families in Napa, Sonoma, and Solano Counties. The contract is funded by state and federal funds that are dependent upon NBRC performing certain tasks, providing services to eligible consumers, and submitting billings to DDS.

This audit was conducted at NBRC from August 27, 2018, through September 21, 2018, 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 between DDS and NBRC.

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 NBRC, effective July 1, 2014.

AUDIT PERIOD

The audit period was July 1, 2016, through June 30, 2018, 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 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 NBRC.

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

DDS' review of NBRC'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.

At the time of the audit, DDS could not review the annual CPA audit reports for Fiscal Years (FY) 2016-17 and 2017-18 because the reports had not been issued.

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 NBRC. 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 NBRC.
- 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 items that were not reconciled.
- DDS analyzed all of NBRC'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 and Consumer Trust bank 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 NBRC'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, timesheets, payroll ledgers, and other support documents were selected to determine if there were any overpayments or errors in the payroll or the 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 NBRC'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. TCM and Regional Center Rate Study

The TCM Rate Study determines the DDS rate of reimbursement from the federal government. The following procedures were performed upon the study:

- Reviewed applicable TCM records and NBRC's Rate Study. DDS examined the months of April 2018 and traced the reported information to source documents.

IV. Service Coordinator Caseload Survey

Under 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 audit of 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 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 (IPP)/Individualized Family Services Plan (IFSP). To determine whether NBRC was in compliance with CCR, Title 17, and the W&I Code, Section 4783, 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 for 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 NBRC was paying for only its assessed share of cost.

VII. Annual Family Program Fee (AFPF)

The AFPF 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 AFPF 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 FCPP. To determine whether NBRC was in compliance with the W&I Code, Section 4785, DDS requested a list of AFPF 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 (PFP)

The PFP was created for the purpose of prescribing financial responsibility to 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 DD at home, as determined by the Director of DDS, or (2) the cost of services provided, whichever is less. To determine whether NBRC 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) All 24-hour, out-of-home community care received through an 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 listings shall be provided not 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.
- Provided parents a package containing an informational letter, a Family Financial Statement (FFS), and a return envelope within 10 working days after placement of a minor child.
- Provided DDS a copy of each informational letter given or sent to parents, indicating the addressee and the date given or mailed.

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, amongst comparable service providers, are selected, as required by the Lanterman Act and the State Contract. To determine whether NBRC implemented the required RFP process, DDS performed the following procedures during the audit review:

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

X. Statewide/Regional Center Median Rates

The Statewide and 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 NBRC was in compliance with the Lanterman Act, DDS performed the following procedures during the audit review:

- Reviewed sample vendor files to determine whether NBRC is using appropriately vendorized service providers and correct service codes, and that NBRC is paying authorized contract rates and complying with the median rate requirements of W&I Code, Section 4691.9.
- Reviewed vendor contracts to ensure that NBRC 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.
- Reviewed vendor contracts to ensure that NBRC did not negotiate rates with new service providers for services which are higher than the RC'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. DDS also ensured that units of service designations conformed with existing RC designations or, if none exists, ensured that units of service conformed to a designation used to calculate the statewide median rate for the same service code.

XI. Other Sources of Funding from DDS

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

- CPP;
- Denti-Cal; and
- Part C – Early Start Program.

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 NBRC and reviewed supporting documentation to

determine the degree of completeness of NBRC's implementation of corrective actions.

CONCLUSIONS

Based upon the audit procedures performed, DDS determined that except for the items identified in the Findings and Recommendations section, NBRC 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 NBRC for the audit period, July 1, 2014, through June 30, 2021.

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

From the review of the 10 prior audit findings, it has been determined that NBRC has taken appropriate corrective action to resolve all prior audit findings.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on May 24, 2019. The findings in the draft audit report were discussed at a formal exit conference with NBRC on May 29, 2019. The views of NBRC's responsible officials are included in this final audit report.

RESTRICTED USE

This audit report is solely for the information and use of DDS, CMS, Department of Health Care Services, and NBRC. 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: Equipment Inventory

The review of the inventory process revealed that NBRC has not followed the State's Equipment Management System Guidelines issued by DDS. It was found that NBRC has not performed the required physical inventory in the last three years. In addition, NBRC has not been updating its current inventory listing when items are purchased or surveyed. It was found that 34 items listed as surveyed on the Property Survey Report (STD. 152) remained on the current inventory listing, and 109 newly purchased items listed on the Equipment Acquired Under Contract (DS2130) were omitted from the physical inventory listing. Furthermore, the purchase dates, prices and descriptions for six items on the physical inventory listing were either missing or did not match the items listed. Due to the unreliability of the physical inventory listing, the amount recorded on NBRC's general ledger for capitalized equipment over \$5,000 could not be validated.

NBRC provided additional documentation after the fieldwork indicating that it had completed a comprehensive physical inventory on December 27, 2018.

Article IV, section 4(a) of the State Contract with NBRC 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 inventory count of all property and reconcile with accounting records at least once every three years.”

Section III (D) of the State's Equipment Management Systems Guidelines dated February 1, 2003, states in part:

"A record of state-owned, nonexpendable equipment and sensitive equipment shall be maintained by the RC Property Custodian in a format that includes the following information: description of the equipment item, the location (e.g., RC office or room number), the state I.D. tag number, the serial number (if any), the acquisition date, and the original cost. The RC will also maintain files of all paperwork related to the purchase, disposition, or transfer of all state-owned equipment subject to these guidelines."

Recommendation:

NBRC must comply with the State contract and State's Equipment Management System Guidelines by conducting a physical inventory triennially. All purchased items must be added to, and all disposed items removed from, the physical inventory listing. In addition, to ensure the amounts recorded in the general ledger for capitalized equipment over \$5,000 can be validated, the current physical inventory listing should include the purchase price of each item listed.

Finding 2: Duplicate Payments and Overlapping Authorizations

The review of the Operational Indicator Reports revealed 80 instances where NBRC over-claimed expenses to the State totaling \$221,041.38. The overpayments were due to duplicate payments and/or overlapping authorization. However, NBRC recovered \$220,591.38, with \$450 remaining for one vendor, Accessible Mobility, Vendor Number PN1000, Service Code 021. Failure to identify erroneous overpayments to vendors takes away funds that could be used for other services. NBRC stated that the overpayments occurred due to an oversight on its part since it did not identify the erroneous payments during the review of its Indicator Reports.

Title 17, Section 54326(a) (10) states in part:

(a) "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, Title 17, section 57300 (c) (2) states in part:

(c) "Regional centers shall not reimburse vendors:

(2) For services in an amount greater than the rate established pursuant to these regulations.”

Recommendation:

NBRC must recover the remaining \$450 overpayment erroneously made to the remaining vendor. In addition, NBRC must ensure its staff are efficiently monitoring the Operational Indicator Reports to accurately detect any erroneous payments that may have occurred during the course of conducting business with the vendors.

Finding 3: Independent Audit Report – Late Submission

NBRC did not submit annual independent audit reports to DDS by the deadline of April 1st for FYs 2015-16 and 2016-17. NBRC was unable to submit the reports to DDS by the deadline because the audit reports for FYs 2015-16 and 2016-17 were not issued by the CPA until December 17, 2017 and December 6, 2018, respectively. NBRC staff stated that the delays were caused by NBRC scheduling the audit later in the year and because the CPA expanded its review, after informing the regional center that the audit was complete.

W & I Section 4639(a) states:

“The governing board of a regional center shall annually contract with an independent accounting firm for an audited financial statement. The audit report and accompanying management letter shall be reviewed and approved by the regional center board and submitted to the department within 60 days of completion and before April 1 of each year. Upon submission to the department, the audit report and accompanying management letter shall be made available to the public by the regional center. It is the intent of the Legislature that no additional funds be appropriated for this purpose.”

Recommendation:

NBRC must start the annual independent audit of its financial statements earlier to ensure the audits are completed and submitted to DDS by the April 1st deadline.

EVALUATION OF RESPONSE

As part of the audit report process, NBRC was provided with a draft audit report and requested to provide a response to the findings. NBRC's response dated June 5, 2019, is provided as Appendix A.

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

Finding 1: Equipment Inventory

NBRC stated it has reviewed and modified its inventory tracking procedures to avoid repeat findings. In addition, NBRC indicated that it now follows the State Administrative Manual and conducted a comprehensive inventory in November 2018. NBRC stated that it reconciled its comprehensive inventory to the inventory asset listing in December 2018 and will have its employees submit a self-reporting inventory check list annually. Further, NBRC noted that it would conduct a comprehensive biennial inventory to ensure all inventory is accounted for and reconciled to the inventory asset listing. DDS will conduct a follow-up review during the next scheduled audit to determine if this issue has been resolved.

Finding 2: Duplicate Payments and Overlapping Authorizations

NBRC stated that it will reimburse the overpayment totaling \$450 upon receipt of the final report and invoice from DDS. It also indicated that it implemented procedures to prevent duplication of payments and overlapping authorizations. In addition, NBRC noted it now reviews the Operational Indicator Reports on a quarterly basis and maintains a copy of these reports for future audit purposes. DDS will conduct a follow-up review during the next scheduled audit to determine if this issue has been resolved.

Finding 3: Independent Audit Reports – Late Submission

NBRC stated that it has implemented procedures to ensure the independent audit reports are completed and submitted no later than October following the end of the fiscal year. NBRC indicated that since the audit fieldwork, it has scheduled, completed and submitted its FY 2017-18 independent audit report to DDS. DDS will conduct a follow-up review during the next scheduled audit to determine if this issue has been resolved.

APPENDIX A

NORTH BAY REGIONAL CENTER

**RESPONSE
TO AUDIT FINDINGS**

The regional center response to the audit findings is currently not compliant with the digital accessibility law. To request a copy of this document, please contact the DDS Audit Section at (916) 654-3695.