

DEPARTMENT OF DEVELOPMENTAL SERVICES

1600 NINTH STREET, Room 320, MS-3-9
SACRAMENTO, CA 95814
TTY: 711
(916) 654-1958



May 7, 2021

Kathy Hebert, Board President
Regional Center of the East Bay, Inc.
500 Davis Street, Suite 100
San Leandro, CA 94577

Dear Ms. Hebert:

The Department of Developmental Services' (DDS) Audit Section has completed the audit of the Regional Center of the East Bay (RCEB). The period of review was from July 1, 2017 through June 30, 2019, with follow-up as needed into prior and subsequent periods. The enclosed report discusses the areas reviewed along with the findings and recommendations. The audit report includes the response submitted by RCEB as Appendix A and DDS' reply on page 18.

If there is a disagreement with the audit findings, a written "Statement of Disputed Issues" may be filed with DDS' Audit Appeals Unit, pursuant to California Code of Regulations (CCR), Title 17, Section 50730, Request for Administrative Review (excerpt enclosed). The "Statement of Disputed Issues" must be filed and submitted within 30 days of receipt of this audit report to the address below:

Department of Developmental Services
Audit Appeals Unit
Attn: Carla Castañeda, Chief Deputy Director
1600 Ninth Street, Room 240, MS 2-13
Sacramento, CA 95814

The cooperation of RCEB's staff in completing the audit is appreciated.

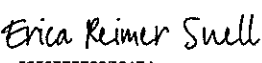
Your invoice for the total amount of \$12,194.04 from the current audit findings is enclosed. When making payments to DDS, please refer to the invoice number to ensure that proper credit is given. If you have any questions regarding the payment process, please contact Diane Nanik, Manager, Accounting Section, at (916) 654-2987.

"Building Partnerships, Supporting Choices"

Kathy Hebert, Board President
May 7, 2021
Page two

If you have any questions regarding the audit report, please contact Edward Yan,
Manager, Audit Section, at (916) 651-8207.

Sincerely,

DocuSigned by:

53587E7F39B04DA...

ERICA REIMER SNELL
Deputy Director
Community Services Division

Enclosure(s)

- cc: Lisa Kleinbub, RCEB
- Lynn Nguyen, RCEB
- Bob Sands, DHCS
- Carla Castañeda, DDS
- Brian Winfield, DDS
- Jim Knight, DDS
- Pete Cervinka, DDS
- Ernie Cruz, DDS
- Rapone Anderson, DDS
- Vicky Lovell, DDS
- Diane Nanik, DDS
- Dean Shellenberger, DDS
- Greg Nabong, DDS
- Jonathan Hill, DDS
- Nury Enciso, DDS
- Edward Yan, DDS
- Luciah Ellen Nzima, DDS
- Oscar Perez, DDS

State of California
DEPARTMENT OF DEVELOPMENTAL SERVICES
 1600 9th Street
 Sacramento, CA 95814

Kathy Hebert, Board President
 Regional Center of the East Bay, Inc.
 500 Davis Street, Suite 100
 San Leandro, CA 94577

INVOICE No. 13692

 Date **May 7, 2021**

Headquarters

Please return copy of Invoice with your remittance and make payable to:

DEPARTMENT OF DEVELOPMENTAL SERVICES
 1600 9th Street, Room 310, MS 3-7
 Sacramento, CA 95814
 Attn: Diane J. Nanik, Chief of Accounting

Vendor no.

For: Per final audit report dated May 7, 2021, please reimburse the Department of Developmental Services for the unresolved overpayment of \$12,194.04 for Fiscal Years 2017-18 and 2018-19.

Amount Due **\$12,194.04**

DDS ACCOUNTING OFFICE ONLY:

FY	INV DATE	Curr. Doc	Rptg Structure	Svc Loc	Program	Amount	Approp. Ref.	Fund
	05/07/2021	INV13692	43009517	96000	9910	\$12,194.04	101	0001

California Code of Regulations
Title 17, Division 2
Chapter 1 - General Provisions
Subchapter 7 - Fiscal Audit Appeals
Article 2 - Administrative Review

§50730. Request for Administrative Review.

a) An individual, entity, or organization which disagrees with any portion or aspect of an audit report issued by the Department or regional center may request an administrative review. The appellant's written request shall be submitted to the Department within 30 days after the receipt of the audit report. The request may be amended at any time during the 30-day period.

(b) If the appellant does not submit the written request within the 30-day period, the appeals review officer shall deny such request, and all audit exceptions or findings in the report shall be deemed final unless the appellant establishes good cause for late filing.

(c) The request shall be known as a "Statement of Disputed Issues." It shall be in writing, signed by the appellant or his/her authorized agent, and shall state the address of the appellant and of the agent, if any agent has been designated. An appellant shall specify the name and address of the individual authorized on behalf of the appellant to receive any and all documents, including the final decision of the Director, relating to proceedings conducted pursuant to this subchapter. The Statement of Disputed Issues need not be formal, but it shall be both complete and specific as to each audit exception or finding being protested. In addition, it shall set forth all of the appellant's contentions as to those exceptions or findings, and the estimated dollar amount of each exception or finding being appealed.

(d) If the appeals review officer determines that a Statement of Disputed Issues fails to state the grounds upon which objections to the audit report are based, with sufficient completeness and specificity for full resolution of the issues presented, he/she shall notify the appellant, in writing, that it does not comply with the requirements of this subchapter.

(e) The appellant has 15 days after the date of mailing of such notice within which to file an amended Statement of Disputed Issues. If the appellant does not amend his/her appeal to correct the stated deficiencies within the time permitted, all audit exceptions or findings affected shall be dismissed from the appeal, unless good cause is shown for the noncompliance.

(f) The appellant shall attach to the Statement of Disputed Issues all documents which he/she intends to introduce into evidence in support of stated contentions. An appellant that is unable to locate, prepare, or compile such documents within the appeal period specified in Subsection (a) above, shall include a statement to this effect in the Statement of Disputed Issues. The appellant shall have an additional 30 days after the expiration of the initial 30-day period in which to submit the documents. Documents that are not submitted within this period shall not be accepted into evidence at any stage of the appeal process unless good cause is shown for the failure to present the documents within the prescribed period.



**AUDIT OF THE
REGIONAL CENTER OF THE EAST BAY
FOR FISCAL YEARS 2017-18 AND 2018-19**

Department of Developmental Services

May 7, 2021

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

Jim Knight, Deputy Director, Administration Division
Vicky Lovell, Chief, Research, Audit, and Evaluation Branch
Edward Yan, Manager, Audit Section
Luciah Ellen Nzima, Chief, Regional Center Audit Unit
Oscar Perez, Supervisor, Regional Center Audit Unit

Audit Staff: Chanta Ham, Carlos Whylesmenchaca and Gordon Ho

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

TABLE OF CONTENTS

	Page
EXECUTIVE SUMMARY.....	1
BACKGROUND	2
Authority	3
Criteria.....	3
Audit Period.....	3
OBJECTIVES, SCOPE, AND METHODOLOGY.....	4
I. Purchase of Service	5
II. Regional Center Operations	6
III. Targeted Case Management (TCM) and Regional Center Rate Study	6
IV. Service Coordinator Caseload Survey.....	7
V. Early Intervention Program (EIP; Part C Funding).....	8
VI. Family Cost Participation Program (FCPP)	8
VII. Annual Family Program Fee (AFPF)	8
VIII. Parental Fee Program (PFP).....	9
IX. Procurement.....	10
X. Statewide/Regional Center Median Rates.....	11
XI. Other Sources of Funding from DDS.....	12
XII. Follow-up Review on Prior DDS Audit Findings.....	12
CONCLUSIONS.....	13
VIEWS OF RESPONSIBLE OFFICIALS.....	14
RESTRICTED USE.....	15
FINDINGS AND RECOMMENDATIONS	16
EVALUATION OF RESPONSE.....	18
ATTACHMENTS	A-B
REGIONAL CENTER'S RESPONSE	Appendix A

EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) conducted a fiscal compliance audit of 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, 2017, through June 30, 2019, with follow-up, as needed, into prior and subsequent periods. This 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 has taken corrective action to resolve the finding identified in the prior DDS audit report.

Findings that need to be addressed.

Finding 1: Overstated Claims

The review of the Operational Indicator Reports revealed 43 instances where RCEB overpaid nine vendors a total of \$24,604.72. The overstated claims were due to duplicate payments, overlapping authorizations, or payments made above the authorized number of units. This is not in compliance with CCR, Title 17, Section 57300(c)(2).

RCEB provided additional information with its response indicating overpayments totaling \$12,410.68 have been corrected, leaving overpayments totaling \$12,194.04 outstanding.

Finding 2: Family Cost Participation Assessments – Late Assessments

The sample review of 20 Family Cost Participation Program (FCPP) consumer files revealed RCEB did not assess the parents' share of cost participation as part of the consumer's Individual Program Plan (IPP) or Individualized Family Service Plan (IFSP) review for four consumers. The assessments were completed more than 30 days after signing the IPP or IFSP. This is not in compliance with W&I Code, Section 4783 (g)(1) and CCR, Title 17, Section 50261(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 Regional Center of the East Bay, Inc. entered into State Contract HD149015, effective July 1, 2014, through June 30, 2021. This contract specifies that Regional Center of the East Bay, Inc. will operate an agency known as the RCEB to 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 of RCEB was conducted remotely from July 21, 2020, through August 20, 2020, 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 RCEB.

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, 2017, through June 30, 2019, 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 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 reports that were conducted by an independent CPA firm for Fiscal Years (FYs) 2017-18 and 2018-19, issued on March 27, 2019 and February 5, 2020, respectively. 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 Purchase of Service (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.
- The Client Trust Holding Account, an account used to hold unidentified consumer trust funds, was tested to determine whether funds received were properly identified to a consumer or returned to the Social Security Administration in a timely manner. 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 the Social Security Administration or other sources 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 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 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 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, 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 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 (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 RCEB's Rate Study. DDS examined the months of April 2018 and April 2019 and traced the reported information to source documents.
- Reviewed RCEB's TCM Time Study. DDS selected a sample of payroll timesheets for this review and compared timesheets to the Case Management Time Study Forms (DS 1916) to ensure that the forms were properly completed and supported.

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 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 RCEB 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 RCEB 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 RCEB 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 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) 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 RCEB implemented the required RFP process, DDS performed the following procedures during the 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 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 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 Operations, 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 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 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 for 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 and RC Median Rates were implemented on July 1, 2008, and amended on December 15, 2011 and July 1, 2016, 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 W&I Code, Section 4691.9.
- Reviewed vendor contracts to ensure 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.

- Reviewed vendor contracts to ensure that RCEB 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

RCs 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:

- CPP; 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 finding was conducted. DDS identified a prior audit finding that was reported to RCEB and reviewed supporting documentation to determine the degree of 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, 2017, through June 30, 2019.

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

From the review of the prior audit finding, it has been determined that RCEB has taken appropriate corrective action to resolve the finding.

VIEWS OF RESPONSIBLE OFFICIALS

DDS issued the draft audit report on February 23, 2021. The findings in the draft audit report were discussed at a formal exit conference with RCEB on February 5, 2021. 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, CMS, Department of Health Care Services, 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: Overstated Claims

The review of the Operational Indicator Reports revealed 43 instances where RCEB overstated claims for nine vendors totaling \$24,604.72. The overstated claims were due to duplicate payments, overlapping authorizations, or payments made above the authorized number of units. RCEB indicated that the overpayments occurred due to an error on its part. (See Attachment A)

RCEB provided additional information with its response indicating overpayments totaling \$12,410.68 have been corrected and has \$12,194.04 outstanding.

In addition, CCR, 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:

RCEB must reimburse DDS \$12,194.04 for the outstanding overpayment. In addition, RCEB must ensure its staff monitor the Operational Indicator Reports for errors that may have occurred while doing business with its vendors.

Finding 2: Family Cost Participation - Late Assessments

The sample review of 20 FCPP consumer files revealed RCEB did not complete the family cost participation assessments or reassessments as part of the consumer's IPP or IFSP. This resulted in four late FCPP reassessments. The assessments were completed more than 30 days after the consumers' parents signed the IPP/IFSP. RCEB indicated that it did not consider the reassessments late, since the consumers' IPP/IFSP included a caveat stating that the FCPP assessment would be completed after the income documentation was received. (See Attachment B)

W&I Code, Section 4783 (g)(1) states:

"(g) Family cost participation assessments or reassessments shall

be conducted as follows:

- (1)(A) A regional center shall assess the cost participation for all parents of current consumers who meet the criteria specified in this section. A regional center shall use the most recent individual program plan or individualized family service plan for this purpose.
- (B) A regional center shall assess the cost participation for parents of newly identified consumers at the time of the initial individual program plan or individualized family service plan.
- (C) Reassessments for cost participation shall be conducted as part of the individual program plan or individual family service plan review.”

CCR, Title 17, Section 50261(a) states in part:

“(a) Each parent shall provide the regional center with his or her proof of gross annual income pursuant to Section 4783(g)(2) and (i) of the Welfare and Institutions Code, within ten (10) working days from the date of the parents' signatures on the Individual Program Plan. The regional center may grant a ten (10) working day extension to provide documentation, if parents have acted in good faith. In no event shall more than one ten (10) working day extension be granted. Failure to provide the information will result in the regional center setting the cost participation at the maximum amount, pursuant to Section 4783(g)(4) of the Welfare and Institutions Code.”

Recommendation:

RCEB should remove the caveat indicating that FCPP assessment would be completed after the income documentation is received. In addition, RCEB must ensure it completes the FCPP assessments as part of the IPP/IFSP to ensure compliance with the W&I Code.

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 March 5, 2021, 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: Overstated Claims

RCEB agreed with the overstated claims finding totaling \$24,602.72. RCEB provided supporting documentation with its response indicating \$12,410.68 in overpayments has been corrected; therefore, \$12,194.04 remains outstanding. Additionally, RCEB stated it will add a secondary level of review to its Operational Indicator Reports to help identify possible errors.

Finding 2: Family Cost Participation - Late Assessments

RCEB disagreed with the finding and indicated it has been conducting its FCCP assessments the same way since the program's inception in 2005. RCEB stated its IPP process is based primarily on the W&I Code, Section 4646.5, and guidance from DDS. Furthermore, RCEB stated that it completes the IPP based on an agreement between the consumer/family/legal representative per W&I Code. RCEB indicated that it includes a statement in the IPP that says, "Respite or Specialized Childcare/Daycare services will be identified after the FCCP assessment is completed." Lastly, RCEB stated that it follows the FCCP Guidelines on the DDS website which states that the, "RC will advise you of your family cost participation within ten working days of the receipt of your completed paperwork."

While DDS agrees that RCs must notify families of their assessed share of cost participation within 10 working days of receipt of income documentation, DDS does not agree that FCCP assessments should be completed after receipt of income documentation, but rather as part of the IPP/IFSP. In addition, this issue was brought to RCEB's attention in the FYs 2011-12 and 2012-13 audit report. In its response to DDS, RCEB agreed with the finding and took corrective action during FYs 2013-14 through 2016-17 to ensure parents were assessed their share of cost concurrently with the consumer's IPP. There were no issues noted during the FYs 2013-14 through 2016-17. Further, the same FCCP Guidelines on the DDS website state, "You must give this information to the Regional Center within ten working days from the date that you sign the completed

IPP or IFSP. If you do not provide this income information to the Regional Center, you may have to pay the maximum share of cost amount (100%) for the cost of the service(s)." Therefore, DDS stands by its recommendation that RCEB should complete the FCPP assessments as part of the IPP/IFSP to ensure compliance with W&I Code.

**Regional Center of the East Bay
Overstated Claims
Fiscal Years 2017-18 and 2018-19**

No.	Unique Client Identification Number	Vendor Number	Service Code	Sub Code	Service Month	Authorization Number	Overpayment	Corrected	Outstanding
1	8002142	PB1154	109	CNA	Jan-18	18443546	\$267.41	\$267.41	\$0.00
2	8002142	PB1154	109	CNA	Feb-18	18443546	\$82.28	\$82.28	\$0.00
3	8002142	PB1154	109	CNA	Mar-18	18443546	\$267.41	\$267.41	\$0.00
4	8002142	PB1154	109	CNA	Apr-18	18443546	\$205.70	\$205.70	\$0.00
5	8002142	PB1154	109	CNA	May-18	18443546	\$426.83	\$426.83	\$0.00
6	8002142	PB1154	109	CNA	Jun-18	18443546	\$205.70	\$205.70	\$0.00
7	8013352	PB1154	109	CNA	Jan-18	18443521	\$313.90	\$313.90	\$0.00
8	8013352	PB1154	109	CNA	Feb-18	18443521	\$1.03	\$1.03	\$0.00
9	8013352	PB1154	109	CNA	Mar-18	18443521	\$313.90	\$313.90	\$0.00
10	8013352	PB1154	109	CNA	Apr-18	18443521	\$257.33	\$257.33	\$0.00
11	8013352	PB1154	109	CNA	May-18	18443521	\$473.14	\$473.14	\$0.00
12	8013352	PB1154	109	CNA	Jun-18	18443521	\$257.33	\$257.33	\$0.00
13	6556286	PB1154	109	CNA	Jan-18	18443384	\$313.90	\$313.90	\$0.00
14	6556286	PB1154	109	CNA	Feb-18	18443384	\$1.03	\$1.03	\$0.00
15	6556286	PB1154	109	CNA	Mar-18	18443384	\$313.90	\$313.90	\$0.00
16	6556286	PB1154	109	CNA	Apr-18	18443384	\$257.33	\$257.33	\$0.00
17	6556286	PB1154	109	CNA	May-18	18443384	\$473.11	\$473.11	\$0.00
18	6556286	PB1154	109	CNA	Jun-18	18443384	\$257.33	\$257.33	\$0.00
19	5031518	HB0062	896		May-18	18581525	\$2,296.29	\$2,296.29	\$0.00
20	6198836	PB1945	28		Jun-19	19586515	\$364.14	\$0.00	\$364.14
21	5035483	HB0815	896	AWAKE	Mar-18	18577028	\$6,624.90	\$0.00	\$6,624.90
22	8005248	HB0873	862	BERK1	Dec-17	18587053	\$271.81	\$271.81	\$0.00
23	8005248	HB0873	862	BERK1	Feb-18	18587053	\$24.71	\$24.71	\$0.00
24	8005248	HB0873	862	BERK1	Apr-18	18587053	\$9.76	\$9.76	\$0.00
25	8005248	HB0873	862	BERK1	May-18	18587053	\$75.03	\$75.03	\$0.00

**Regional Center of the East Bay
Overstated Claims
Fiscal Years 2017-18 and 2018-19**

No.	Unique Client Identification Number	Vendor Number	Service Code	Sub Code	Service Month	Authorization Number	Overpayment	Corrected	Outstanding
26	8010254	HB0873	862	OAKE2	Sep-17	18555262	\$64.20	\$64.20	\$0.00
27	5036743	HB0873	862	SANL1	Oct-17	18587029	\$62.70	\$62.70	\$0.00
28	5036743	HB0873	862	SANL1	Nov-17	18587029	\$62.70	\$62.70	\$0.00
29	5036743	HB0873	862	SANL1	Dec-17	18587029	\$62.70	\$62.70	\$0.00
30	8081018	HB0873	862	SANL1	Jul-17	18587027	\$48.80	\$48.80	\$0.00
31	8081018	HB0873	862	SANL1	Aug-17	18587027	\$48.80	\$48.80	\$0.00
32	8081018	HB0873	862	SANL1	Sep-17	18587027	\$48.80	\$48.80	\$0.00
33	8081018	HB0873	862	SANL1	Oct-17	18587027	\$48.80	\$48.80	\$0.00
34	8081018	HB0873	862	SANL1	Nov-17	18587027	\$48.80	\$48.80	\$0.00
35	8081018	HB0873	862	SANL1	Dec-17	18587027	\$48.80	\$48.80	\$0.00
36	8081018	HB0873	862	SANL1	Jan-18	18587027	\$7.00	\$7.00	\$0.00
37	8081018	HB0873	862	SANL1	Feb-18	18587027	\$7.00	\$7.00	\$0.00
38	8081018	HB0873	862	SANL1	Mar-18	18587027	\$7.00	\$7.00	\$0.00
39	8081018	HB0873	862	SANL1	Apr-18	18587027	\$7.00	\$7.00	\$0.00
40	8002320	H38471	868	L3SR	Jun-18	18586156	\$4,151.42	\$4,151.42	\$0.00
41	8042036	PB1665	642		Jun-18	18579980	\$170.00	\$170.00	\$0.00
42	8090379	PB1686	643		Jun-17	18585779	\$150.00	\$150.00	\$0.00
43	5039783	H19352	850		Aug-18	19596645	\$5,205.00	\$0.00	\$5,205.00
Total Overstated Claims							\$24,604.72	\$12,410.68	\$12,194.04

**Regional Center of the East Bay
Family Cost Participation-Late Assessments
Fiscal Years 2017-18 and 2018-19**

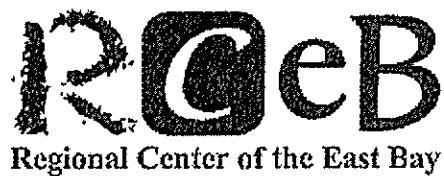
No.	Unique Client Identification Number	IPP/ IFSP Assessment Date	Assesment Date	Number of Days Late
1	8089151	7/3/2019	08/12/19	40
2	8037562	11/1/2017	01/07/18	67
3	8010637	10/6/2017	01/25/18	111
4	8005884	1/23/2019	03/28/19	64

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.)



March 5, 2021

Edward Yan, Manager (via Email only)
Audit Section
Department of Developmental Services
1600 Ninth Street, Room 230, MS-2-10
Sacramento, CA 95814

Dear Mr. Yan,

The Regional Center of the East Bay has reviewed the enclosed draft report of our audit by the department of Developmental Services (DDS) for fiscal years 2017-18 and 2018-19. Our response to the findings and recommendations is as follows:

Response to Audit Finding 1: Overstated Claims

As noted in our email dated February 3rd, 2021 in response to the draft report, RCEB has collected from all but three vendors totaling \$12,194.04, out of the 43 instances totaling \$24,604 from nine vendors as cited in this finding. We have made multiple attempts to collect since these vendors no longer have active billings to offset. RCEB will continue to collect on the remaining 3 vendors, especially from one vendor who requested a 12-months payment plan due to the pandemic.

RCEB will continue to ensure that its staff monitor the Operational Indicator Reports closely for possible errors found by the audit indicators. We plan to add a second review by a Fiscal Monitor or the POS Manager to ensure that the clerks follow through on clearing any potential errors. While the audit indicators help to identify possible errors, the process is cumbersome and does not always reveal actual errors. Therefore, we ask that DDS help to make this audit tool more efficient for Regional Centers to use.

Response to Audit Finding 2: Family Cost Participation Program (FCPP) – Late Assessments

RCEB disagrees with this finding as discussed in our exit meeting. RCEB has operated under the same procedures since the beginning of FCPP in 2005. Our procedures were developed with our local Area Board in order to follow the law and to recognize the challenges of these processes for working families who have a child with special needs. We have used the Department's web site for guidance. Our process for RCEB's Individual Program Planning is based primarily on direction from Welfare & Institutions Code (WIC) 4646.5 and guidance from the Department—the IPP is completed based on agreement between the consumer/family/legal representative per WIC. In the cases you identified, there was agreement between

San Leandro (Main Office): 500 Davis Street, Suite 100 San Leandro CA 94577 Tel: 510.618.6100 Fax: 510.678.4100

Concord: 2151 Salvio Street, Suite 365 Concord CA 94520 Tel: 925.691.2300 Fax: 925.674.8001

Website: www.rceb.org

the family and the regional center about how to proceed. The IPP therefore includes a statement that respite or Specialized Childcare/Daycare will be identified after the FCPP Assessment is completed. At that time parents are asked to provide their financial information.

RCEB has followed the FCPP Guide on DDS website. In the section titled "What to Expect From Your Regional Center", it states:

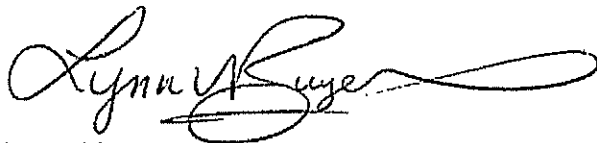
- 1) "Your Regional Center will:
 - notify you if you qualify under the FCPP guidelines.
 - notify you of the amounts you must pay based on the attached table.
 - ask you to provide proof of your gross annual income within ten (10) working days from the date you sign your child up to receive the service.
 - **advise you of your family cost participation amount within ten (10) working days of the receipt of your completed paperwork."**

Our process is to expedite the assessment of FCPP once we receive the "completed paperwork" (financial documents) from the family/parent. WIC 4645 (c) (1) and (2) directs regional centers to use training materials and formats prepared by the department to do the work we do. So this is the guidance we follow.

No respite or childcare hours are approved until the assessment is completed. We believe that this is the intent of the law. For families who are struggling to find paperwork, we believe our process follows the spirit of the law and does not send a letter to families saying they will be assessed the full amount when most likely they will not be. Many in our community would find this type of letter unsupportive and hostile. It would be a barrier to the positive communication and support that we aim to provide to families.

Please accept the above response to the audit findings since we have carefully reviewed with our staff internally. RCEB remains vigilant and is committed to ensuring that our internal processes and procedures remain compliant with regulations. If you have any questions, please call me at 510-618-7709.

Sincerely,



Lynn Nguyen
Director of Finance and Administration

Enclosure

cc: Luciah Ellen Nzima, DDS (via email)
Oscar Perez, DDS (via email)
Lisa Kleinbub, RCEB (via email)
Silvia Siu, RCEB (via email)