

**DEPARTMENT
OF
DEVELOPMENTAL SERVICES**

AUDIT

OF

Association of Retarded Citizens, Riverside (ARC)

Day Programs:

Adult Development Centers – HJ0373, H12549, H12550 & H96722

Habilitation:

**Work Activity Programs – HJ0510 & HJ0513
Supported Employment Program – HJ0512**

Miscellaneous:

Licensed Vocational Nurse – PJ2709

(Audit Period: July 1, 2005 through June 30, 2006)

Audit Branch

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Assignment # 7-VN-2-004

**ARC RIVERSIDE
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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited the Association for Retarded Citizens, Riverside (ARC). The audit was performed upon the Day, Habilitation and Miscellaneous Programs for the period of July 1, 2005 through June 30, 2006.

The last day of fieldwork was June 5, 2007.

Based upon the procedures we have performed, ARC complied with the requirements of Title 17.

BACKGROUND

The Department of Developmental Services (DDS) is responsible under the Lanterman Developmental Disabilities Services Act, for ensuring that persons with developmental disabilities receive the services and supports they need to lead more independent, productive, and normal lives. DDS contracts with 21 private, nonprofit regional centers that provide fixed points of contact in the community for serving eligible individuals with developmental disabilities and their families in California. In order for regional centers to fulfill their objectives, they secure services and supports from qualified service providers and/or contractors. Per Welfare and Institutions Code, Section 4648.1, the DDS has the authority to audit those service providers and/or contractors that provide services and supports to the developmentally disabled.

OBJECTIVE, SCOPE, AND METHODOLOGY

This audit was conducted to determine if ARC's Day, Habilitation and Miscellaneous programs were compliant with the Welfare and Institutions Code (W&I), California Code of Regulations Title 17 (Title 17), California Code of Regulations Title 22 (Title 22), and the regional center's contract(s) with ARC for the period of July 1, 2005 through June 30, 2006.

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. The auditors did not review the financial statements of ARC, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of ARC's internal controls to gaining an understanding of the transaction flow and invoice preparation process as necessary to develop appropriate auditing procedures.

DAY PROGRAMS

During the audit period, ARC operated four Day programs. Our audit included the four Day programs listed below:

- Brockton Resource Center, HJ0373, Service Code 510
- Pass Resource Center, H12549, Service Code 510

- Riverside Resource Center, H12550, Service Code 510
- Moreno Valley Resource Center, H96722, Service Code 510

The procedures performed included, but were not limited to, the following:

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing ARC's staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing ARC's service/attendance records to determine if ARC had sufficient, competent and relevant evidence to support the direct care services billed to the regional center.
- Performing an analysis of ARC's payroll and attendance/service records to determine if ARC provided the level of staffing required.

HABILITATION PROGRAM(S)

Work Activity Program (WAP)

During the audit period, ARC operated three WAPs. Our audit included two of ARC's WAPs listed below:

- Advance Enterprises - Riverside, HJ0510, Service Code 954
- Advance Enterprises - Beaumont, HJ0513, Service Code 954

The procedures performed included, but were not limited to, the following:

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing ARC's staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing ARC's consumer attendance records to determine if ARC had sufficient, competent and relevant evidence to support the services billed to the regional center.

Supported Employment Program (SEP)

During the audit period, ARC operated one SEP. Our audit included the SEP listed below:

- Advance Enterprises - Riverside, HJ0512, Service Code 950

The procedures performed included, but were not limited to, the following:

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing ARC's staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing ARC's consumer attendance records to determine if ARC had sufficient, competent and relevant evidence to support the services billed to the regional center.
- Confirming that job coach hours used for calculating monthly billing were accurate and the allocation for services was in accordance with regulations.

MISCELLANEOUS PROGRAMS

During the audit period, ARC operated one Miscellaneous program. Our audit included the Licensed Vocational Nurse program listed below:

- Brockton Resource Center, HJ2709, Service Code 742

The procedures performed included, but were not limited to, the following:

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing ARC's staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing ARC's service/attendance records to determine if ARC had sufficient, competent and relevant evidence to support the direct care services billed to the regional center.

CONCLUSION

Based upon the procedures we have performed, ARC complied with the requirements of Title 17.

VIEWS OF RESPONSIBLE OFFICIALS

As part of the vendor audit process, ARC is afforded the opportunity to respond to the draft audit report by providing a written response. During a phone conversation on May 13, 2008 with Martha Owsian, Director of Accounting and Personnel, it was agreed that ARC would waive its opportunity to respond to the audit report. It was also agreed that no draft report would be issued by DDS and that it could issue the audit report as final.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, Inland Regional Center, and ARC; it is not intended and should not be used by anyone other than those specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

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