

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**VALLEY RESOURCE CENTER, INC. DBA. EXCEED**

**Programs and Services:**

Supported Employment Program – Individual Services – HJ0558

Supported Employment Program – Group Services – HJ0559

Audit Period: January 1, 2021, through December 31, 2021

**Audit Section**

**Auditors:** Alimou Diallo, Chief of Vendor Audit Unit  
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# VALLEY RESOURCE CENTER, INC. DBA. EXCEED

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## **EXECUTIVE SUMMARY**

The Department of Developmental Services (DDS) has audited Valley Resource Center, Inc. dba. Exceed (Exceed). The audit was performed upon the Supported Employment Program - Individual Services (SEP - Individual Services) and Supported Employment Program - Group Services (SEP - Group Services) for the period of January 1, 2021, through December 31, 2021.

The result of the audit disclosed no issues of non-compliance.

## **BACKGROUND**

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. Pursuant to the Welfare and Institutions (W&I) Code, Section 4648.1, DDS has the authority to audit those service providers and/or contractors that provide services and supports to persons with developmental disabilities.

## **OBJECTIVE, SCOPE AND METHODOLOGY**

### **Objective**

The audit was conducted to determine whether Exceed's programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State and Federal laws and regulations and the regional centers' contracts with Exceed for the period of January 1, 2021, through December 31, 2021.

### **Scope**

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 Exceed, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of Exceed's internal controls to gain an understanding of the transaction flow and invoice preparation process, as necessary, to develop appropriate auditing procedures. The audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance that Exceed complied with W&I Code and CCR, Title 17. Also, any complaints that DDS' Audit Section was aware of regarding non-compliance with laws and regulations were reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to Inland Regional Center (IRC) that utilized Exceed's services during the audit period. Exceed provided nine different types of services, of which DDS audited two. Services chosen by DDS were based on the amount of purchase of services (POS) expenditures invoiced by Exceed. By analyzing the information received from the vendor, an internal control questionnaire and a risk analysis, it was determined that a two-month sample period would be sufficient to fulfill the audit objectives.

## **Supported Employment Program – Individual Services**

During the audit period, Exceed operated one SEP – Individual Services program. The audit included the review of Exceed’s SEP – Individual Services program, Vendor Numbers HJ0558, SC 952 and testing was conducted for the sampled months of October 2021 and November 2021.

## **Supported Employment Program – Group Services**

During the audit period, Exceed operated two SEP – Group Services programs. The audit included the review of one of Exceed’s SEP – Group Services programs, Vendor Number HJ0559, SC 950 and testing was conducted for the sampled months of October 2021 and November 2021. The Vendor Number HJ0564 was terminated on June 30, 2021.

## **Methodology**

The following methodology was used by DDS to ensure the audit objectives were met. The methodology was designed to obtain a reasonable assurance that the evidence provided was sufficient and appropriate to support the findings and conclusions in relation to the audit objectives. The procedures performed included, but were not limited to, the following:

- Reviewed vendor files for contracts, rate letters, program designs, POS authorizations and correspondence pertinent to the review.
- Obtained vendor files from regional center staff.
- Interviewed vendor staff and management to gain an understanding of the vendor’s accounting procedures and processes for regional center billing.
- Obtained and reviewed the vendor’s internal control questionnaire.
- Reviewed vendor service/attendance records to determine if the vendor had sufficient and appropriate evidence to support the direct care services billed to the regional center(s).
- Analyzed the vendor’s payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Reviewed the vendor’s general ledger, payroll records and trial balance to determine the vendor’s costs.

## **CONCLUSION**

The audit of Exceed revealed that this vendor maintained its records in accordance to the requirements of CCR, Title 17. For the sampled months tested, DDS was able to obtain the evidence necessary to achieve the audit objectives. The billing for the programs audited were found to have sufficient, competent, and relevant evidence to support the direct-care hours billed.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on April 28, 2023. The areas of review and conclusion of the audit were discussed in an exit conference with Exceed on. Exceed responded via e-mail on, July 26, 2023, that Exceed agreed with the conclusion of the audit report.

## **RESTRICTED USE**

This report is solely for the information and use of DDS, Department of Health Care Services, IRC and Exceed. This restriction is not intended to limit distribution of this report, which is a matter of public record.

## **ATTACHMENT A – VENDOR’S RESPONSE**

### **EXCEED**

**The vendor agrees with the contents of the audit report. There were no audit findings. To request a copy of this document, please contact the DDS Audit Section at (916) 654-3695.**

## **ATTACHMENT B – DDS' EVALUATION OF EXCEED'S RESPONSE**

Exceed's response dated July 26, 2023, stated that they agree with the audit report and have no questions or comments. DDS accepts Exceed's response.