DEPARTMENT

OF

DEVELOPMENTAL SERVICES'

AUDIT

OF

THE ARC OF BUTTE COUNTY

Program:

In-Home Respite Services Agency – H06189

Audit Period: January 1, 2024, through December 31, 2024

Audit Services Branch

Auditors: Hung Bang, Chief of Vendor Audit Section
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EXECUTIVE SUMMARY

The Department of Developmental Services (Department) has audited The Arc of Butte County (TABC). The audit was performed upon the In-Home Respite Services Agency (IHRSA) for the period of January 1, 2024, through December 31, 2024.

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

BACKGROUND

The Department 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. The Department 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 Code (WIC), Section 4648.1, the Department 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 TABC's program was compliant with the WIC, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional centers' contracts with TABC for the period of January 1, 2024, through December 31, 2024.

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 TABC, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of TABC'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 TABC complied with WIC and CCR, Title 17. Any complaints that the Department's Audit Services Branch was aware of regarding non-compliance with laws and regulations were also reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to Far Northern Regional Center that utilized TABC's services during the audit period. TABC provided nine different types of services, of which the Department audited one. Services chosen by the Department were based on the amount of purchase of service (POS) expenditures invoiced by TABC. 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.

In-Home Respite Services Agency

During the audit period, TABC operated one IHRSA program. The audit included the review of TABC's IHRSA program, Vendor Number H06189, SC 862 and testing was done for the sampled months of February 2024 and March 2024.

Methodology

The following methodology was used by the Department 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.

- Interviewed Regional Center staff for vendor background information and to obtain insight into the vendor's operations.

- 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.

- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

CONCLUSION

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

VIEWS OF RESPONSIBLE OFFICIALS

The Department issued the draft audit report on August 22, 2025. TABC responded via e-mail on October 9, 2025, that TABC agreed with the conclusion of the audit report. TABC was in compliant with the WIC, CCR, Title 17, State laws and regulations and the Regional Center's contract.

RESTRICTED USE

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

ATTACHMENT A – VENDOR'S RESPONSE

THE ARC OF BUTTE COUNTY

To request a copy of the vendor's response to the result of the audit, please contact the Audit Services Branch at (916) 654-3695.

ATTACHMENT B – EVALUATION OF RESPONSE

The Department evaluated TABC's written response to the draft audit report, dated October 9, 2025, and determined that TABC agreed with the result of the audit.