

Department of Rehabilitation

Final Audit Report of the

The Silicon Valley Independent Living Center

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DOR Audit Services Team:

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Introduction

The Department of Rehabilitation (DOR) Audit Services has completed an audit of the Independent Living AB204 Grant #28420 for FY 2011-2012 and the Independent Living Title VIIB Grant #28244 for FY2010-2011 with the Silicon Valley Independent Living Center (SVILC).

SVILC is a California nonprofit public benefit corporation which serves people with disabilities in Santa Clara County, California with support tools and resources needed to live interdependently, and advocates for policies that ensure equal access and opportunity for all. SVILC's mission is:

"a cross-disability, intergenerational, and multicultural disability justice organization that creates fully inclusive communities that value the dignity, equality, freedom and worth of every human being. We do this by building disability identity, culture and pride; creating opportunities for personal and community transformation; and partnering with others to ensure that civil and human rights are protected. consumer-directed core services for individuals with disabilities."

Core independent living services provided by SVILC include: (1) Advocacy, both systems advocacy and teaching consumers self-advocacy skills; (2) Independent Living Skills training, meeting the individual needs of consumers who choose to live independently; (3) Information and Referral, ensuring that consumers with needs beyond what SVILC can provide are served; and (4) Peer Counseling, providing mentorship and training for people with disabilities from people with disabilities.

SVILC also provides (1) Assistive Technology (AT) services, showing people with disabilities the available technology that can help them succeed both at home and work; (2) Housing and Personal Assistant (PA) services, assisting with everything from direct housing referral/placement to how to hire/manage an in-home personal assistant; (3) The Olmstead Community Transitions Program, working with individuals to transition from nursing homes and long-term care facilities into community-based housing; and (4) Youth United Leadership Program, which instills a sense of pride and community in youth with disabilities and identifies emerging leaders in the local disability.

Audit Scope/Procedures

Audit fieldwork was conducted the week of September 4th, 2012 and our exit conference was held on September 6, 2012. We conducted our audit in accordance with Government Auditing Standards as defined by the

Government Accountability Office. These standards require that we obtain reasonable assurance that the expenditures incurred providing grant services are supported by appropriate records; and are in compliance with the Grant, Request for Proposal, and applicable State and Federal laws and regulations. The audit also included a limited review of the internal controls applicable to the DOR grant. Our audit is subject to the inherent risk that material errors and irregularities, including fraud or defalcations, if they exist, will not be detected.

The scope of this audit was limited to reviewing the accounting systems and internal controls applicable to the DOR funding sources to obtain reasonable assurance that billed personnel and operating expenditures are compliant with all applicable federal and state regulatory and legal requirements, and are adequately supported by appropriate records. Our key objective areas included:

- A review of the accounting systems and general internal controls applicable to DOR funding to determine whether they are adequate to accumulate and segregate reasonable, allocable, and allowable costs consistent with federal requirements.
- A review of the grant billing process.
- Sample testing of the effectiveness, efficiency, and compliance of grant controls, billings, and services in accordance with State and Federal regulatory and legal requirements
- Sample testing of documents to ensure adequate support is maintained for the amounts billed for personnel and operating expenses.

Summary of Findings/Recommendations

We found that the expenditures incurred providing services were supported by appropriate records; and were materially in compliance with the Grant, Organization policies & procedures, cost allocation plans, and applicable State and Federal laws and regulations. SVILC does a very good job of accurately allocating, tracking, maintaining, and documenting expenses submitted to DOR, except for the single issue identified below.

Personnel

Although SVILC employees prepared Personnel Activity Reports (PARs), the PARs were not fully compliant with the federal regulation requiring documentation of actual hours worked.

Specifically, SVILC employees complete time and attendance records to record total hours worked, beginning and ending times, lunch breaks, and leave taken

during the pay period. However, employees do not record actual time to specific activities on a daily basis to accurately distribute their time to applicable funding sources. Rather, SVILC explained that each employee works on the project/activity based on budget percentages which were developed through time studies conducted by SVILC in May 2011 and validated by management to confirm the reasonable estimates of time performed for grant activities. Employees are instructed to stay within the budget percentage by adjusting their work each week. However, SVILC will allocate and bill salary and benefit costs based on the actual time spent on each grant if it significantly differs from the budgeted percentages and is supported by additional records prepared by the employee.

CFR Title 2 Part 230, Cost Principles for Non-Profit Organizations (formerly OMB A-122) requires that the distribution of salaries and wages to awards must be supported by personnel activity reports, including the requirement that PARs must reflect an after-the-fact determination of the actual activity of each staff.

Recommendation

SVILC, in consultation with Audit Services and Independent Living, revise their time reporting/PAR process and train the employees on how to accurately record their actual time spent on grant activities in accordance with federal requirements.

The contents of this report have been discussed with Sarah Triano, SVILC Executive Director; Nayana Shah, SVILC Director of Finance/Administration, and Paul DeMange, DOR Independent Living Section. We appreciate their assistance with our audit.

Response to Audit

Recognizing the importance of this issue and prior to issuance of this final report, SVILC is already working on improving its time allocation process, including revising timesheets, to allow recording of time on a daily basis in accordance with federal requirements.