

**Department of Rehabilitation
Audit Services Report**

**Older Individuals who are Blind (OIB)
American Recovery and Reinvestment Act (ARRA) Grant #27672A for
Independent Living Services of Northern California (ILSNC).**

Date: June 1, 2011

Control Number: 2010A - 115

**Audit Team Staff:
Cecilia Miller, Auditor
Kerry Gantt, Audit Chief**

INTRODUCTION

The Department of Rehabilitation (DOR) Audit Services Section has completed our desk audit of the Title VII, Chapter 2 Older Individuals who are Blind (OIB) American Recovery and Reinvestment Act (ARRA) Grant #27672A for the Independent Living Services of Northern California (ILSNC). The OIB ARRA Grant budgeted for \$100,000 is effective December 1, 2009 through September 30, 2011.

ILSNC is a private, non-profit organization. ILSNC provides support services to help empower people with disabilities. Services include Information and Referral, Assistive Technology, Peer Advising, Contract Services, Housing, Advocacy, Provider Referral, Independent Living Skills Training, and Blind Field Services.

The purpose of the OIB ARRA Grant is to ensure the maximum degree of consumer control and choice, with the primary goal of assisting consumers to live safely and effectively in their own homes and communities. The senior specialist along with other ILSNC staff will provide as many of the following core services as possible:

- Activities of Daily Living Services
- Orientation & Mobility Services
- Group Services
- Adjustment Counseling
- Self-Advocacy Training
- Transportation Services
- Assistive Technology

SCOPE

Audit fieldwork was conducted during January - March 2011 and our exit conference was held on April 05, 2011. We conducted our audit in accordance with Government Auditing Standards as defined by the Government Accountability Office, except Standard 3.52 requiring an external peer review. These standards require that we obtain reasonable assurance that the services provided and expenditures incurred are supported by appropriate records; and are in compliance with the Grant, and applicable State and Federal laws and regulations

including Title 2 CFR Part 230 and Title 2 CFR Part 215. Our audit is subject to the inherent risk that material errors and irregularities, including fraud, if they exist, will not be detected.

Our audit included examining, on a sample basis, evidence supporting the information included on the Budget and Reimbursement Requests (BRR) submitted to DOR. Our audit also included a limited review of the internal controls as they relate directly to our audit of the BRR through use of an accounting system and internal control questionnaire.

FINDINGS AND RECOMMENDATIONS

We found that the expenditures incurred were supported by appropriate records; and were in compliance with the Grant and applicable State and Federal laws and regulations except for the issues identified in **Attachment A**.

ILSNC'S RESPONSE TO THE AUDIT

ILSNC agrees with the items in attachment A. We are confident that we are in compliance with all the requirements of ARRA funding. We thank the DOR staff for their assistance in explaining and working with us to get all the information they required.

We would like to thank Independent Living Services of Northern California staff for their assistance with our audit.

GRANT PROVISION COMPLIANCE

1. When billing personnel costs for grant staff, ILSNC combined two line items into one line item under personnel expenses. In the grant’s original budget narrative they asked for Line Item P6; Specialist Benefits and Line Item P7; Administrative Employee Benefits. But, as their DR339s were submitted they had combined the two line items into one without submitting an amendment.

ILSNC stated that DOR program staff said they didn’t need to submit an amendment or a revision to combine line items; however, the Assistant Director stated he didn’t think that guidance was accurate, but since this was an OIB ARRA Grant he thought there might be a different rule.

If line items are combined it is possible that all monies allocated in the grant wouldn’t be captured. Further, it could cause DOR program staff to question costs when approving the BRRs for reimbursement.

Standard Grant #27672A, Conditions of Grant Administration, states a grant amendment is needed for any change to the grant except for shifting of funds between budget categories and changing the time base of a personnel budget line item which can be done via a revision.

RECOMMENDATION

ILSNC shall not combine line items without following the appropriate amendment/revision processes stipulated in the grant. ILSNC has already submitted a revised budget narrative to DOR program staff.

2. ILSNC did not have certifications for four of their grant staff verifying completion of the DOR ARRA Fraud Training required by the grant. ILSNC stated that all employees involved were trained, but they were not aware of the requirement to submit their certifications back to DOR program staff.

Standard Grant #27672A, ARRA Agreements-Subvention, Supplemental terms and conditions: states the Contractor, its employees or any individuals performing activities related to this contract shall certify completion of DOR ARRA Fraud Training no later than 30 days upon contract award.

RECOMMENDATION

ILSNC shall meet grant requirements such as timely remittance of the fraud certifications. Subsequent to bringing this matter to ILSNC’s attention, all

certifications have been submitted for all staff involved with the DOR OIB
ARRA Grant.