

Department of Rehabilitation

Audit Services Report

Older Individuals who are Blind (OIB) American Recovery and Reinvestment Act (ARRA) Grant #27670A for San Diego Center for the Blind

Date: September 20, 2011

Control Number: 2010A - 114

Audit Team Staff:

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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 #27670A for San Diego Center for the Blind (SDCB). The OIB ARRA Grant budgeted for \$100,000.00 is effective December 1, 2009 through September 30, 2011.

San Diego Center for the Blind's mission is to rehabilitate blind and vision-impaired adults to reach their highest level of independence and self-reliance. They provide services to vision impaired adults in the 4,260 square miles of San Diego County. The center has two permanent sites to serve the community, the primary site is located in San Diego and the other site is located in Vista to accommodate the northern part of the county. Over 75% of the clients served are fifty-five (55+) years of age or older. Through the ongoing analysis utilizing case management, pre and post testing, short and long-term follow-up SDCB is able to assess program effectiveness by evaluating whether the OIB consumer is able to continue major life activities such as cooking and preparing meals, safe travel in the home and community at large, handling personal finances, effective use of technology and alternative forms of communication.

The purpose of the OIB ARRA Grant is to increase outreach efforts and it is expected that there will be an increase in the number of OIB being referred to and provided core services at either of their sites in San Diego or Vista. Additional outreach will also be able to provide core services in the field for those not able to attend in-house training and counseling. The following goals and objectives will impact both locations thus benefiting the entire county:

Goal #1 - Improve Program Performance by developing and implementing an accessible SDCB website that is online by the end of year one.

Goal #2 - Increase and enhance development for OIB staff by funding continuing education for professional staff in order to maintain licensure, certifications and professional growth.

Goal #3 - Improve infrastructure through the purchase of assistive technology for staff and clients.

Goal #4 - Increase capacity through expansion of existing outreach services.

Goal #5 - Hire staff to track and document what is accomplished under ARRA.

SCOPE

Audit fieldwork was conducted during April 2011 - June 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 2CFR 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/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**.

SDCB RESPONSE TO THE AUDIT

SDCB did not respond to the draft audit report that was sent to them July 29, 2011. Since no response was received we believe SDCB concurs with the audit findings in this report.

We would like to thank San Diego Center for the Blind staff for their assistance with our audit.

GRANT PROVISION COMPLIANCE

1. SDCB did not have certifications for two of their staff verifying completion of the DOR ARRA Fraud Training required by the grant. SDCB stated that although one of their employees attended the ARRA training they were not aware whether she shared this information with all staff related to the grant.

Standard Grant #27670A, ARRA Agreements-Subvention, Supplemental terms and conditions for contracts using ARRA funds 11. Fraud Training: 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:

SDCB shall ensure grant requirements are met.

OPERATING EXPENSE

2. SDCB invoiced DOR for website development costs which SDCB paid in full in January 2010 and to date this website development has not been completed.

Grant #27670A stipulated that SDCB was to develop and implement an accessible website that is online by the end of year one, December 8, 2010. They did not meet the due date specified nor has anything substantial been provided to support the website development up to this point.

RECOMMENDATION:

SDCB assure the final website enhancement project is completed as soon as possible. SDCB shall immediately notify DOR OIB ARRA staff, if the website enhancement will not be completed as was required in the grant.

ACCOUNTING SYSTEMS/FUNDING

3. SDCB does not have a written cost allocation plan that identifies an appropriate, reasonable allocation methodology and allocation base for each item of cost for both direct and indirect expenses. SDCB indicated that they were not aware that they were required to have a cost allocation plan. By not having a cost allocation plan there is no assurance that direct and indirect expense allocations are reasonable and consistently applied across various funding sources and general administration.

2CFR Part 230 Cost Principles for Non-Profit Organizations establishes the principles for determining the costs of grants, contracts and other agreements with the federal government. It contains the following definitions:

- A. Allocable cost. A cost is allocable to a particular cost objective, such as a grant, in accordance with the relative benefits received.
- B. Direct costs are those that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization.
- C. Indirect costs are those that have been incurred for common/joint objectives.

2CFR Part 215.21 requires that the recipient's financial management system shall have written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.

RECOMMENDATION:

SDCB shall develop a cost allocation plan that identifies a methodology for allocating direct/indirect expenses that measures the benefits to each funding source and is consistent with federal regulations.