## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmittal Letter</td>
<td>1</td>
</tr>
<tr>
<td>Scope</td>
<td>3</td>
</tr>
<tr>
<td>Objectives</td>
<td>3</td>
</tr>
<tr>
<td>Methodology</td>
<td>3</td>
</tr>
<tr>
<td>Conclusions</td>
<td>4</td>
</tr>
<tr>
<td>Findings and Recommendations</td>
<td></td>
</tr>
<tr>
<td>Purchasing and Inventory of Client Clothing</td>
<td>5</td>
</tr>
<tr>
<td>Ratio of Staff to Clients</td>
<td>6</td>
</tr>
<tr>
<td>Expenditures Improperly Reported</td>
<td>7</td>
</tr>
</tbody>
</table>
The Honorable Christine Todd Whitman  
Governor of New Jersey  

The Honorable Donald T. DiFrancesco  
President of the Senate  

The Honorable Jack Collins  
Speaker of the General Assembly  

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services  

Enclosed is our report on the audit of the Department of Human Services, Division of Developmental Disabilities, Vineland Developmental Center for the period July 1, 1994 to June 30, 1996.

If you would like a personal briefing, please call me at (609) 292-3700.

Richard L. Fair  
State Auditor  
June 26, 1997
Department of Human Services  
Division of Developmental Disabilities  
Vineland Developmental Center

**Scope**

We have completed an audit of the Department of Human Services, Division of Developmental Disabilities, Vineland Developmental Center for the period July 1, 1994 to June 30, 1996. Our audit included financial activities accounted for in the state’s General Fund.

Total expenditures of the center during the 24 month audit period were $130 million. The prime responsibility of the Vineland Developmental Center is to care for approximately 650 female developmentally disabled individuals. Revenues of the agency totaled $11 million during our audit period. The major components of revenue were medicare, medicaid, and client maintenance recoveries.

**Objectives**

The objectives of our audit were to determine whether financial transactions were related to the center’s programs, were reasonable and were recorded properly in the accounting systems. We also tested for resolution of significant conditions noted in our prior report.

This audit was conducted pursuant to the State Auditor’s responsibilities as set forth in Article VII, Section 1, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

**Methodology**

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

In preparation for our testing, we studied legislation, administrative code, circular letters promulgated by the State Comptroller, and policies of the center. Provisions that we considered significant were documented and compliance with those requirements was verified by interview and observation and through our samples of financial transactions. We also read the budget message, reviewed financial trends, and interviewed agency personnel to obtain an
understanding of the programs and the internal control structure.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Nonpayroll expenditures were sampled using dollar unit sampling techniques, supplemented by judgmental samples. Payroll and revenue transactions were judgmentally selected.

To ascertain the status of findings included in our prior report, we identified corrective action, if any, taken by the center and walked through the system to determine if the corrective action was effective.

Conclusions

We found that the financial transactions included in our testing were related to the center’s programs, were reasonable and were recorded properly in the accounting systems. In making this determination, we noted certain internal control weaknesses and matters of compliance with laws and regulations meriting management’s attention. We also found that the center has resolved the significant issues noted in our prior report. Details of our findings and recommendations follow.

Auditee’s Response

Thank you for the opportunity to respond to the Financial and Compliance Review of Vineland Developmental Center for the period July 1, 1994 to June 30, 1996. I was pleased to note that your review disclosed the fiscal activities of Vineland were reasonable and were recorded properly in the accounting systems.

\[\text{\textcopyright} 1996\]
The center has relatively high cost of clothing per client and inadequate inventory controls.

During fiscal year 1995 the center spent $665,000 on clothing for its clients. This represents $1,000 per client annually in clothing purchases compared with an average of $370 for the other centers. In addition, the center employs eight clothing consultants, at a total annual cost including fringe benefits of approximately $310,000, whose main function is to purchase clothing and manage the inventory of clothing. The other centers had only two or three employees performing similar functions. Each of these employees is informed of their annual budget and receives updates each month on the remaining balance. No other constraints are placed on the spending plans. We toured the facility and noted a large inventory of clothing at each of the two campuses as well as more inventory in the cottages.

The clothing managers order all of the clothes, verify receipt and have physical custody of the inventory. These functions should be segregated to maintain proper accountability over the clothing purchases and inventory. There are no inventory records kept of clothing. Receipts from the cottages to record the movement of clothing from storage to the client were not always used or available for review.

Recommendation

The center should review all aspects of its clothing operation. Cost containment, reduction or reassignment of staff, and improved controls over purchasing and inventories must be instituted. Procedures designed to improve accountability of the receiving function were initiated during our field work.

Auditee’s Response

The Department is in the process of implementing a Department-wide inventory system. As part of that implementation, current business practices are reviewed and, if appropriate, altered to establish reasonable internal controls to safeguard assets. The procedures related to the handling of clothing will be upgraded immediately and reviewed again at the time of the Vineland inventory system implementation during FY 98. In FY 97 the clothing budget at Vineland was significantly reduced down to an average of $430 per client. In addition, three clothing consultants were laid off.
Ratio of Staff to Clients

Staff size has not decreased at a rate similar to clients. The population at Vineland Developmental Center has decreased significantly in the last ten years. Between 1986 and 1996 the average daily client population has gone from 1,200 to 650, an almost fifty percent reduction. During the same period, the staff at the center has decreased by less than ten percent. The total staff for the same period has gone from 1,840 in 1986 to 1,660 during our current audit. We also noted that the center has an employee to client ratio of 2.5 to 1 while other centers average less than 2 to 1. While many positions must be filled regardless of the size of the client population, the center should examine areas where savings could be realized.

Recommendation

The center should review its current operations to determine if there are areas where staff reductions could occur without jeopardizing care to the clients.

Auditee’s Response

The auditors have noted the employee to client ratio is higher at Vineland than at other developmental centers. While the comparison of staff ratios provides some useful information it is the level of care required by the consumers that dictates the amount of staff at this facility.

Since the audit period, the number of staff at Vineland has decreased by 137 positions.

While attending to a developmental center closing and waiting list needs, the Division in conjunction with the Department, is continuing to review the entire system to efficiently re-allocate existing resources.
Expenditures Improperly Reported

Motor vehicle costs for the center are not properly recorded.

The center has no budget or account for its motor vehicle expenditures. Based on reports from the Department of the Treasury, Bureau of Transportation Services the center spends over $200,000 annually on vehicle rent, gasoline and maintenance. These expenditures are not recorded on the state accounting system as costs of the center. This treatment is not consistent with some other centers.

The Department of Human Services administration manages the motor vehicle account for all institutions. The total amount budgeted for the Division of Developmental Disabilities in fiscal year 1996 was $640,000 while the actual cost was almost $2 million. This budget did not include any funds for Vineland.

Recommendation

The center and the department should accurately budget all costs of the institutions.

Auditee’s Response

The Department and the Division agree with the finding. The Department will request, through the available budget planning processes, that interdepartmental accounts are accurately budgeted to meet projected expenditures.

¼½