EXECUTIVE SUMMARY
DIVISION OF DEVELOPMENTAL DISABILITIES
ADMINISTRATIVE SUPPORT SERVICES

Our audit found that the financial transactions included in our testing were related to the agency’s programs, were reasonable, and were recorded properly in the accounting systems; however we noted certain internal control weaknesses and matters of compliance with laws and regulations. We also identified potential cost savings and revenue enhancements.

AUDIT HIGHLIGHTS

- Our review of the contribution to care of other states disclosed that of the 20 states surveyed, 18 require clients to pay for room and board or to contribute 100 percent of their unearned income. Currently, New Jersey requires clients to contribute 75 percent of their net unearned income toward their cost of care and maintenance. We estimated the change to the regulations to increase the required contribution for care to 100 percent of unearned income would provide additional revenues of $3.2 million annually.

- In conjunction with our discussions with management, as of June 30, 2012, the division ended its contract with a vendor to perform initial assessments of new client’s financial ability to contribute to their cost of care and maintenance, and to establish and maintain an accounts receivable system. The operation has been assumed by the division. Based on our analysis, including the consideration for additional staffing, the division could realize an annual savings of approximately $600,000 for eliminating the contract and assuming the vendors responsibilities.

- Federal benefits including Social Security, Supplemental Security Income (SSI) are typically the only source of assessable income for the majority of clients receiving division sponsored residential services. Our review noted the division is the direct representative payee for 72 percent of the recipients and required care contributions are collected from these funds. The benefit payments for approximately 2,600 current clients are received by other representative payees who should submit the required contributions to the division. However, the division is not receiving all of the assessed care and maintenance payments for these clients. Our review of the January 2012 accounts receivable records showed $11.8 million was owed by 3,325 clients. Thirty percent ($3.5 million) are due from 357 clients who have not made any payments since January 2009. The division has made no efforts to collect the outstanding receivables.

- A lien is required to be filed against the real and personal property of the client or legally responsible relative for the full costs of care and maintenance. Our review identified 1,665 clients who had no liens filed as of April 2012. Lien collections from July 2009 through May 2012 for community residents amounted to $3 million. Recoveries would not have occurred had the liens not been filed by the division.

AUDITEE RESPONSE
The department generally concurs with our findings and recommendations.

For the complete audit report, click here.