

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND
REHABILITATIVE SERVICES
REHABILITATION SERVICES ADMINISTRATION
WASHINGTON, D.C. 20202

INFORMATION MEMORANDUM
RSA-IM-91-22
RSM-1001
DATE: June 5, 1991

ADDRESSEES: STATE VOCATIONAL REHABILITATION AGENCIES (GENERAL)
STATE VOCATIONAL REHABILITATION AGENCIES (BLIND)
CLIENT ASSISTANCE PROGRAM GRANTEEES
RSA RECIPIENTS OF DISCRETIONARY FUNDS
RSA SENIOR MANAGEMENT TEAM

SUBJECT : ACCOUNTABILITY FOR UNLIQUIDATED OBLIGATIONS UNDER
STATE VOCATIONAL REHABILITATION PROGRAMS

CONTENT: Accurate and timely accounting records of unliquidated obligations are especially important for the State vocational rehabilitation programs because of the provision for reallocation of program funds under 34 CFR Part 361.87. In particular, the accurate and timely determination of all unliquidated obligations by State vocational rehabilitation agencies is needed. Over-statements of reported unliquidated obligations adversely affect reallocation decisions to the extent that the excess program funds reflected in the overstatements could have been given up during the reallocation process and used by other State agencies in need of additional funds.

The Rehabilitation Service Manual in Section 1001.10 provides that a State vocational rehabilitation program should document its unliquidated obligations as follows:

"Invoices or other evidence of indebtedness which remain unpaid at the end of a reporting period are generally listed by name of the vendor and the amount direct from the obligating documents. This list is the schedule of unliquidated obligations."

As in the past, RSA will monitor the reallocation process. However, to be realistic in terms of the resources and time required to assess accountability, RSA will concentrate its monitoring efforts on "high risk" grantees as defined under 34 CFR 80.12(a).

"A grantee or subgrantee may be considered "high risk" if an awarding agency determines that a grantee or subgrantee: (1) Has a history of unsatisfactory performance, or (2) Is not financially stable, or (3) Has a management system which does not meet the management standards set forth in this part ..." A grantee that has a history of overreporting unliquidated obligations would meet the definition of "high risk".

High risk grantees are known candidates for accountability improvements, as determined by RSA from potential information sources that include but are not limited to:

- program and financial reports
- monitoring activities
- independent audits
- program evaluations, and
- telephone calls, correspondence or site visits

Information sources may indicate past problems or current or potential problems. In addition, available audit or evaluation findings or data on the financial stability of a State agency may indicate close scrutiny of the agency is required. A State agency that has a sudden or unanticipated problem or change may require RSA follow-up, as well.

For high risk grantees, RSA may impose "Special conditions or restrictions in the grant award (which) may include:... (3) Requiring additional, more detailed financial reports; (4) Additional project monitoring..." (34 CFR 80.12(b).

RSA may request additional information to ensure reliable and timely information for reallocations. RSA's request will be on a case-specific basis and may include requiring a submittal of a schedule of unliquidated obligations as described under Section 1001.10 of the RSA manual (cited earlier). In addition, RSA will compare year-end obligated balances with amounts reported in the final report, and schedule high priority reviews accordingly.

RELATED REGULATORY AUTHORITIES:

34 CFR 76.260, .261, .702, .730, and .731 and 34 CFR 80.20, .41, and .50

INQUIRIES TO: RSA Regional Commissioners

Commissioner